

DEPARTMENTS OF LABOR, HEALTH AND HUMAN
SERVICES, EDUCATION, AND RELATED AGENCIES
APPROPRIATIONS FOR 2013

HEARINGS
BEFORE A
SUBCOMMITTEE OF THE
COMMITTEE ON APPROPRIATIONS
HOUSE OF REPRESENTATIVES
ONE HUNDRED TWELFTH CONGRESS
SECOND SESSION

SUBCOMMITTEE ON THE DEPARTMENTS OF LABOR, HEALTH AND
HUMAN SERVICES, EDUCATION, AND RELATED AGENCIES

DENNY REHBERG, *Montana, Chairman*

JERRY LEWIS, California
RODNEY ALEXANDER, Louisiana
JACK KINGSTON, Georgia
KAY GRANGER, Texas
MICHAEL K. SIMPSON, Idaho
JEFF FLAKE, Arizona
CYNTHIA M. LUMMIS, Wyoming

ROSA L. DELAURO, Connecticut
NITA M. LOWEY, New York
JESSE L. JACKSON, JR., Illinois
LUCILLE ROYBAL-ALLARD, California
BARBARA LEE, California

NOTE: Under Committee Rules, Mr. Rogers, as Chairman of the Full Committee, and Mr. Dicks, as Ranking
Minority Member of the Full Committee, are authorized to sit as Members of all Subcommittees.

SUSAN ROSS, KEVIN JONES, JOHN BARTRUM,
ALLISON DETERS, JENNIFER GERA, and LORI BIAS,
Subcommittee Staff

PART 5

	Page
Overview—Veterans Employment and Training	
Programs	1
U.S. Department of Education	57
Department of Education—K-12 Education Budget	143
Department of Labor	201



Printed for the use of the Committee on Appropriations

U.S. GOVERNMENT PRINTING OFFICE

COMMITTEE ON APPROPRIATIONS

HAROLD ROGERS, Kentucky, *Chairman*

C. W. BILL YOUNG, Florida ¹
JERRY LEWIS, California ¹
FRANK R. WOLF, Virginia
JACK KINGSTON, Georgia
RODNEY P. FRELINGHUYSEN, New Jersey
TOM LATHAM, Iowa
ROBERT B. ADERHOLT, Alabama
JO ANN EMERSON, Missouri
KAY GRANGER, Texas
MICHAEL K. SIMPSON, Idaho
JOHN ABNEY CULBERSON, Texas
ANDER CRENSHAW, Florida
DENNY REHBERG, Montana
JOHN R. CARTER, Texas
RODNEY ALEXANDER, Louisiana
KEN CALVERT, California
JO BONNER, Alabama
STEVEN C. LATOURETTE, Ohio
TOM COLE, Oklahoma
JEFF FLAKE, Arizona
MARIO DIAZ-BALART, Florida
CHARLES W. DENT, Pennsylvania
STEVE AUSTRIA, Ohio
CYNTHIA M. LUMMIS, Wyoming
TOM GRAVES, Georgia
KEVIN YODER, Kansas
STEVE WOMACK, Arkansas
ALAN NUNNELEE, Mississippi

NORMAN D. DICKS, Washington
MARCY KAPTUR, Ohio
PETER J. VISCLOSKEY, Indiana
NITA M. LOWEY, New York
JOSE E. SERRANO, New York
ROSA L. DELAURO, Connecticut
JAMES P. MORAN, Virginia
JOHN W. OLVER, Massachusetts
ED PASTOR, Arizona
DAVID E. PRICE, North Carolina
MAURICE D. HINCHEY, New York
LUCILLE ROYBAL-ALLARD, California
SAM FARR, California
JESSE L. JACKSON, JR., Illinois
CHAKA FATTAH, Pennsylvania
STEVEN R. ROTHMAN, New Jersey
SANFORD D. BISHOP, JR., Georgia
BARBARA LEE, California
ADAM B. SCHIFF, California
MICHAEL M. HONDA, California
BETTY MCCOLLUM, Minnesota

¹ Chairman Emeritus

WILLIAM B. INGLEE, *Clerk and Staff Director*

DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, EDUCATION, AND RE- LATED AGENCIES APPROPRIATIONS FOR 2013

WEDNESDAY, MARCH 21, 2012.

OVERVIEW—VETERANS EMPLOYMENT AND TRAINING PROGRAMS

WITNESSES

**LIEUTENANT COLONEL ISMAEL ORTIZ, USMC, RETIRED, DEPUTY AS-
SISTANT SECRETARY FOR VETERANS' EMPLOYMENT AND TRAINING,
U.S. DEPARTMENT OF LABOR**

**LIEUTENANT COLONEL KEVIN M. SCHMIEGEL, USMC, RETIRED, EXEC-
UTIVE DIRECTOR, HIRING OUR HEROES, VICE PRESIDENT, U.S.
CHAMBER OF COMMERCE**

JOSEPH CARBONE, PRESIDENT AND CEO, THE WORKPLACE, INC.

Mr. REHBERG. I want to thank everyone for being here.

Job creation and unemployment are the top challenges facing Congress right now. When we are talking about job opportunities for veterans, I think we understand the urgency with which we need to identify and implement workable solutions.

I am fortunate to represent the entire State of Montana, where we have the highest per capita rate of veterans in the country, other than Alaska. With a population of a million people, more than 1 out of 10 people who live in Montana serve their country in the armed forces. Montanans are proud of our veterans, and rightfully so.

For the men and women who answer the call to service, it is difficult to grasp the personal sacrifice involved. It is impossible to fully repay it. They are asked to uproot their lives and go where their grateful nation sends them in the cause of liberty. They must leave loved ones at home, as well as the stewardship of the homeland.

But in a lot of ways, this country has failed to maintain the homeland while its soldiers were away. Today's veterans are returning home to find an economy that has no place for them. There simply aren't enough jobs.

And for the past 3 years, the Federal Government has been spinning its wheels. Trillions have been spent, borrowed for so-called stimulus or for bailing out big banks, bankrupt governments, and failing companies. We have got to do better.

VETERANS UNEMPLOYMENT

We are here today to address veterans unemployment. I believe that one of the best ways to help returning veterans find the jobs they need is to do what needs to be done to encourage broad economic recovery. As they say, a rising tide raises all ships.

If our economy is producing more jobs for everyone, our vets will have more opportunities when they come home. To that end, I am going to keep working with my colleagues here to get this economy back on track.

But once the jobs exist, there are still plenty of challenges to getting vets integrated into the workforce. A 2010 study found that 1 out of 4 post-9/11 veterans reported having a service-connected disability. In 2011, there were more than twice as many combat-related amputations than there were in 2009.

These soldiers are literally giving their life and limb for the service of their country. What is their country prepared to offer them in return? I think this is one of those situations where everyone—Republican, Democrat, public, and private—wants the same outcome.

How can we work together to leverage this to find the best solutions? I look forward to hearing from the experts on our panel.

I know there are some very promising things happening on the private front. Microsoft's Elevate America veterans program, for example, helps trains vets and their spouses in high-tech training and certifications.

On the public front, the Department of Labor oversees the Transition Assistance Program to help returning veterans reintegrate into the private sector. I think we can do more to leverage the valuable skills they learn in the service to the private sector.

As President Obama winds down our efforts in Afghanistan, it will become all the more important to ensure that our shared efforts are effective and efficient. In many cases, the challenges our men and women must overcome will last a lifetime. It is our job to make sure that, as a nation, we are there to provide whatever help we can for the long haul.

Sometimes the challenges we face in Congress are daunting, but when I see a young man who needs a job after serving two tours in the Middle East, I know we have got to find a way to work together. They handled their end of the bargain overseas. Now I hope that we can find a way to uphold our end on the homefront.

Before turning to Ranking Member DeLauro, I would like to personally welcome the distinguished panel. Mr. Ortiz, Mr. Schmiegel, both retired Marines who left the Marine Corps after 20 years of service, continue to serve our country in the all-important civilian capacity. Mr. Carbone, who brings the vast experience associated with the Connecticut workforce system, is a perfect complement to the panel.

I thank you all for appearing today and look forward to hearing your testimony.

Ms. DeLauro.

Ms. DELAURO. Thank you very much, Mr. Chairman.

I apologize for being a few minutes late, but I took my grandkids to daycare this morning.

Mr. REHBERG. Good for you.

Ms. DELAURO. I did. And I, quite frankly, don't know how—I don't know how especially single women get out of the house in the morning. [Laughter.]

Mr. REHBERG. How old are they?

Ms. DELAURO. One is 7, and one is 4½. Very independent-minded young people.

Mr. REHBERG. I am shocked. Your grandchild? [Laughter.]

Ms. DELAURO. Right.

Mr. REHBERG. Shocked.

Ms. DELAURO. Thank you.

I want to also say thank you to you, Mr. Chairman, for convening the hearing and to thank our witnesses.

And first, to welcome Kevin Schmiegel and Ismael Ortiz and to thank you for your service to our country and for being here today to share your insights and expertise.

A particular hello and a thank you to a good friend, Joe Carbone, who is president and the CEO of The WorkPlace. And through his hard work, thousands of residents in my State, including countless veterans, have found better, richer, and more fulfilling employment.

Recently, Joe's innovative efforts to target the long-term unemployed were recognized nationally and spotlighted on CBS's 60 Minutes. So we thank you, and it is wonderful to see you.

The brave men and women who serve our Nation overseas deserve our admiration, our grateful thanks, and when they get back, opportunities for a good, well-paying job to support their families. In 2011, the average unemployment rate for new veterans, those serving since September 2001, was 12.1 percent, compared to an 8.7 percent annual average for nonveterans.

The most recent monthly reports in January and February of 2012 have been more encouraging, with last month's unemployment figures for new veterans dropping to 7.6 percent. The first time below the national average of 8.3 percent since August of 2010.

Despite these potentially hopeful indicators, it is clear we need to do much more to help our veterans returning from Iraq and Afghanistan find work. This is particularly true of our young veterans. In 2011, the unemployment rate for new veterans aged 18 through 24 was a staggering 30.2 percent, almost double the over 16 percent unemployment faced by nonveterans in this age group.

With a projected 1 million more men and women returning to civilian life in the next 5 years, we have to be sure we are doing everything that we can to facilitate the transition from the battlefield back to the job market.

And we must remember as our veterans are seeking work, they are often trying to transition back into their life at home with their families. And sadly, far too many are dealing with post traumatic stress disorder and other combat-related challenges. These transitions take time, and it is important to remember that our veterans employment initiatives do not take place in a vacuum.

VOW TO HIRE HEROES ACT

I am glad that despite our differences on other issues, all Members of Congress have come to agreement on the crucial importance of veterans employment, as exemplified by the unanimous passage of the VOW To Hire Heroes Act last November. Under the leadership of President Obama, Jeff Miller, chair of the Veterans' Committee here in the House, Senate Veterans Affairs Committee chair Patty Murray, Senator Tester, and others from both sides of the aisle, this bill includes a new returning heroes tax credit of up to \$5,600 for veterans who have been unemployed 6 months or longer.

It also includes a wounded warriors tax credit of up to \$9,600, increasing an existing tax credit for firms that hire veterans with service-connected disabilities who have been unemployed for 6 months or longer. And this bill overhauls the military's Transition Assistance Program to provide veterans with the baseline training for getting work in the civilian job market. It updates job protection laws for deployed Guardsmen and Reservists and creates a job training program for unemployed older veterans.

I hope today that we can discuss how the implementation of this overhaul is proceeding, and how we in the Congress can best complement these efforts in the 2013 budget. I look forward to discussing the impact of this new law on the needs of all Department of Labor programs that serve veterans.

This is something I take seriously. Last Congress, I introduced legislation expanding the opportunities under the post-9/11 GI bill to include a benefit to support on-the-job training and apprenticeship programs on par with that offered through the Montgomery GI bill. Similar legislation, though not retroactive, was included in the post-9/11 Veterans Educational Assistance Improvements Act that was signed into law last January.

Veterans have put their lives on the line for our safety and security. They have been overseas, away from their families for long stretches. The least we can do to honor their bravery and their service is to help them to find good jobs when they get back.

No investment is more critical than investment in our human capital. And job training and re-employment services for veterans and, yes, for the rest of our citizens are part of the core essential role for government, helping responsible people succeed from their own hard work.

In any event, I look forward to today's testimony. I welcome all of you. I thank you for being here, and I look forward to the discussion and our questions.

Thank you very much.

Thank you, Mr. Chairman.

Mr. REHBERG. Great. Thank you very much.

Colonel Ortiz.

DOL/VETS MISSION

Lieutenant Colonel ORTIZ. Good morning, Chairman Rehberg, Ranking Member DeLauro, and members of the subcommittee. My name is Junior Ortiz, with Department of Labor's Veterans' Employment and Training Service.

Thank you for the invitation to testify today and for all the hard work that you do on behalf of our Nation's veterans.

I understand that my testimony will be entered into the record. So I would like to use this time to highlight some of the important work that we are doing at DOL.

VETS' mission is to provide veterans, transitioning service members, and their families with the critical resources to assist and prepare them to obtain meaningful careers, maximize their employment opportunity, and protect their employment rights.

As a Marine Corps veteran, I understand the importance of the service we provide. I have three sons on active duty and one who just left the service. And between them, they have 10 tours in Iraq and Afghanistan. So I understand the sacrifice made by our service members, their families, as well as the challenges they face when they return home.

Secretary Solis and I believe that we have an obligation to serve these men and women as well as they have served us. This is what VETS does every day. But we can't do it without the support of our partners in the public and private sector. These partnerships are critical to the work we do every day.

That is why I am pleased to be on the panel with Mr. Carbone and Lieutenant Colonel Schmiegel. Mr. Carbone's organization does important work that VETS is proud to support. Having the head of the Workforce Investment Board here also demonstrates the integration of our VETS programs in the public workforce system.

Thank you, sir.

VETS PROGRAMS

Mr. Schmiegel has stated in his testimony we have been a part of the Chamber's Hiring Our Heroes program since the beginning. We are proud of the great work they are doing and the success of this program.

Now I would like to highlight what VETS programs are doing to prepare, provide, and protect our men and women who have served our country. With more than 160,000 active duty service members and 95,000 Reserve and National Guard demobilizing each year, our first aim is to prepare these men and women for the transition from military service to the civilian workforce.

As part of this transition, DOL provides the TAP employment workshops at military installations worldwide. Over 2½ days, we provide them with the information and resources they will need to succeed when they leave the military.

We teach them about job searches, current labor market conditions, resume preparation, and interviewing techniques. We are presently redesigning the TAP employment workshop in an effort to bring more effective ways to help our service members successfully transition into civilian life.

Last year, over 144,000 transitioning service members and their spouses attended one of these workshops. We anticipate that this number will increase dramatically in the coming months.

As these men and women leave the military service and complete their transition back to civilian life, VETS continues to provide them with the tools they need to succeed. This is done at our local

level with the State workforce agencies and our partners at the Employment and Training Administration.

VETERANS STATE GRANTS PROGRAM

Through the Jobs for Veterans State Grants program, we provide State workforce agencies with funds to hire, train, and support veterans employment staff. These (DVOPs) and Disabled Veterans' Outreach Program Specials and (LVERs) Local Veterans' Employment Representative provide intensive service to those veterans who face barriers to employment. They are part of the workforce system that connects veterans to the full range of programs that are available with a priority of service in DOL programs.

Mr. Chairman, I know you are committed to ensuring our disabled veterans have the resources they need to succeed. I want to assure you that we share the same commitment. In fact, last year, over 330,000 disabled veterans were served by our DVOP specialists, and we will continue to make them a priority in our programs.

HOMELESS VETERANS' REINTEGRATION PROGRAM

We are also committed in the goal of eliminating homelessness among veterans. Last year, we served close to 16,000 homeless veterans through the Homeless Veterans' Reintegration Program. As we move forward, we will continue to provide employment services for homeless veterans, including homeless female veterans and those with families.

VETS is not only an employment and training agency, but also a worker protection agency. We are committed to protecting the rights of our returning service members by enforcing USERRA and the statutes requiring veterans' preference in Federal hiring.

Last year alone, we investigated over 1,500 Uniformed Services Employment and Reemployments Act (USERRA) claims and 844 veterans' preference complaints. We will continue to vigorously enforce these important statutes, as well as educating employers, service members, Guard, and Reserve about their employment rights and protections.

In conclusion, the Department of Labor's veterans' employment and training program are part of a large effort to help our veterans succeed. It is our job to give them the tools they need to be successful in the civilian workforce.

Mr. Chairman, members of the committee, this concludes my statement. I would be happy to answer any questions.

[The information follows:]

**TESTIMONY
OF
ISMAEL ORTIZ
DEPUTY ASSISTANT SECRETARY FOR
VETERANS' EMPLOYMENT AND TRAINING
U.S. DEPARTMENT OF LABOR**

**BEFORE THE
HOUSE COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE ON LABOR, HEALTH AND HUMAN SERVICES, EDUCATION,
AND RELATED AGENCIES**

MARCH 21, 2012

Chairman Rehberg, Ranking Member DeLauro, and members of the Subcommittee, thank you for your service to our nation's Veterans and for the opportunity to testify before you today about what the Department of Labor's (DOL) Veterans' Employment and Training Service (VETS) is doing to help our Veterans and transitioning Service Members.

President Obama and Secretary Solis are committed to ensuring that the men and women who serve this country have the employment support, assistance and opportunities they deserve. In support of this goal, the Administration has undertaken initiatives to train, transition and employ Veterans, including support for the Federal hiring of Veterans and working with the private sector to increase job opportunities, especially for recently separated Veterans. These initiatives are, of course, in addition to the core programs DOL has been administering for decades, providing Veterans and transitioning Service Members with critical resources and expertise to assist and prepare them to obtain meaningful careers, maximize their employment opportunities, and protect their employment rights.

I am proud to testify today on the essential programs DOL provides our Veterans and transitioning Service Members. I would like to begin by providing an overview of DOL's core Veterans assistance programs, and then highlight some of the recent initiatives we've undertaken in with our agency partners to help Veterans obtain good jobs and maintain stability.

DOL coordinates its programs to ensure that Veterans receive priority of service for various employment services and other programs. Title 38 USC, section 4215 establishes Priority of Service (POS) for Veterans. The purpose is to provide Priority of Service to Veterans and certain eligible spouses for the receipt of employment, training, and placement services in any workforce preparation program directly funded, in whole or in part, by the Department. To obtain Priority of Service for a specific program, a Veteran or eligible spouse must meet the statutory definition of a "covered person" and also must meet any other statutory eligibility requirements applicable to that program. The Department issued regulations to implement Priority of Service in qualified job training programs on January 19, 2009. DOL's workforce training agencies worked in lock-step to issue relevant guidance. On November 10, 2009, the Employment and Training Administration (ETA) and VETS issued joint guidance through Training and Employment Guidance Letter

(TEGL) 10-09 and Veterans' Program Letter (VPL) 07-09 to provide additional details on the expectations for implementing Priority of Service for Veterans and eligible spouses under Department of Labor-funded job training programs. Veterans receive priority of service in several ETA programs, including, but not limited to:

- Wagner-Peyser Funded Programs;
- Trade Act Programs;
- Workforce Investment Act (WIA) Adult, Dislocated Worker and Youth Programs;
- National Emergency Grants;
- Senior Community Service Employment Program;
- Indian/Native American and Migrant/Seasonal Farm Worker Programs;
- Projects authorized under WIA §171, including grants to smaller or grassroots entities such as faith-based and community organizations, and grants under the Re-Integration of Ex-Offenders Program;
- Virtual Workforce Information Tools; and
- High Growth Grants.

Core Programs

VETS administers five programs to promote the hiring and job readiness of Veterans:

- The Jobs for Veterans State Grants (JVSG);
- The Transition Assistance Program Employment Workshops (TAP);
- The Homeless Veterans' Reintegration Program (HVRP);
- The Veterans Workforce Investment Program (VWIP); and
- The Uniformed Services Employment and Reemployment Rights Act (USERRA), and Veterans' Preference in Federal Employment.

Jobs for Veterans State Grants (JVSG)

Jobs for Veterans State Grants help Veterans find good jobs through services provided at One-Stop Career Centers, the cornerstone of the Nation's workforce system administered by DOL, and other locations. As you know, much of the Department's work with Veterans and other eligible individuals is concentrated on maximizing the employment and training opportunities developed through VETS and the Employment and Training Administration's (ETA) strong relationship with State Workforce Agencies. Based on these relationships, DOL has decades of experience working with the employer community, at both local and national levels, to recruit, train, and find employment for Veterans and transitioning Service Members. Through the JVSG, for example, the Department provides grants to the State Workforce Agencies in each state, the District of Columbia, Guam, Puerto Rico, and the Virgin Islands to fund support services to Veterans through two primary staff positions, Disabled Veterans' Outreach Program (DVOP) specialists and Local Veterans' Employment Representative (LVER) staff members.

DVOP staff members have specialized in providing intensive employment services to Veterans for the past 32 years. The primary duty of DVOP specialists is to provide intensive services to Veterans. They may be located within the One-Stop Career Centers or co-located with other service providers such as the Department of Veterans Affairs' (VA) Regional Offices and other

points of entry to VA's Vocational Rehabilitation and Employment (VR&E) services to help VR&E participants find good jobs. DVOP Specialists:

- Provide intensive services to meet the employment needs of special disabled, disabled, and other eligible Veterans; and,
- Provide a full range of employment services to Veterans with maximum emphasis on assisting economically or educationally disadvantaged Veterans.

LVER staff members have been providing employment services to Veterans for the past 67 years. They are primarily responsible for conducting outreach to employers to assist Veterans in gaining employment. LVER staff members are located in service delivery points -- such as One-Stop Career Centers -- throughout the states. Their specific responsibilities are to:

- Conduct outreach to employers in the area to assist Veterans in gaining employment;
- Provide seminars for employers and, in conjunction with employers, conduct job search workshops and establish job search groups for job-seeking Veterans; and
- Facilitate employment, training, and placement services furnished to Veterans in states under the applicable state employment service delivery system.

In accordance with Title 38, United States Code (USC), chapter 41, each state is responsible for establishing the appropriate mix of DVOP and LVER staff based upon local economic conditions and related factors, and allocates a corresponding share of its JVSG funds to support those staff members each year. We note that in 2011, approximately 530,000 Veterans and transitioning Service members received employment services through JVSG programs.

Your invitation mentioned that you were particularly concerned with those individuals who have become disabled during the course of their service to our country. The Department is committed to supporting our disabled Veterans, and works closely with the Department of Veterans Affairs' Vocational Rehabilitation and Employment (VR&E) program to ensure that robust employment services are made available. DVOPs are outstationed at VR&E offices to provide employment information to VR&E participants during their rehabilitation program, and refer them to DVOPs at One-Stop Career Centers when the program is over. The DVOPs at One-Stop Career Centers then provide intensive services to referred participants to assist them in obtaining employment.

Besides working with job-ready Veterans, the outstationed DVOP is involved at the front end of the VR&E process to help Veterans determine local labor market information. This interaction facilitates the rehabilitation planning process by providing the Veteran and the VR&E counselor with current data on salary and job outlook as well as increasing understanding of working conditions for specific occupations. There is currently either a DVOP specialist or LVER outstationed at least half-time in 48 of the VA Regional Offices and in 19 satellite offices.

Transition Assistance Program (TAP) Employment Workshops

The U.S. military transitions approximately 160,000 active duty Service Members and demobilizes 95,000 Reservists and National Guard Members annually. Given these figures, transition assistance and employment services for Veterans are essential to helping our men and women in

uniform reintegrate into the civilian workforce. This is especially true now that the Iraq war has officially ended and we are winding down our presence in Afghanistan.

One important program designed to help Service Members successfully reintegrate into civilian life is the Transition Assistance Program (TAP), an interagency effort among DOL, VA, and Departments of Defense and Homeland Security. Through TAP, the Department of Labor brings to bear its extensive expertise in employment services to provide a comprehensive two and a half day voluntary Employment Workshop at U.S. military installations around the world to assist separating Service Members and their spouses transition from the military to civilian employment. In 2011, for example, VETS provided more than 4,200 TAP Employment Workshops to nearly 145,000 participants combined at domestic and overseas locations. This figure is only expected to increase over the coming months as partner agencies implement the VOW to Hire Heroes Act of 2011, which will now require mandatory Service Member participation for all TAP components, including the Employment Workshop.

The TAP Employment Workshop is standardized so that all attending transitioning Service Members and spouses receive the same high level of instruction. Participants receive the same student manual, and all TAP facilitators work from the same facilitator manual (which are both available online at <http://www.dol.gov/vets/programs/tap/main.htm>). Participants also receive an individualized skills assessment and evaluation of their employability relative to the current job market. The course curriculum provides information on a variety of topics including career exploration, job search techniques, current labor market conditions, resume preparation and interview techniques, as well as information on eligibility for other Veterans' benefits. Further, VETS requires that all Employment Workshop facilitators receive training conducted by the National Veterans Training Institute (NVTI) at the University of Colorado in Denver.

VETS began offering TAP Employment Workshops to members of the Reserve and National Guard returning from active duty assignments in FY 2005. VETS' State Directors for Veterans' Employment and Training (DVETs) coordinate closely with JVSG grantees to ensure that State staff members are available to facilitate TAP Employment Workshops for returning Reserve and National Guard component Service Members and their spouses. Additionally, DVETs work directly with state Adjutant Generals and local reserve unit commanders to advertise the availability of TAP Employment Workshops. And, during most Employment Workshops, representatives from the VA are also on hand to provide pertinent information on VA benefits, VA education assistance, and Post Traumatic Stress Disorder. VETS has also committed to provide any requested TAP Employment Workshop module at the 30, 60, and 90-day Yellow Ribbon Reintegration programs, a DoD-led effort to promote the well-being of National Guard and Reservists, their families, and communities by connecting them with appropriate resources throughout the deployment cycle.

Last year, in direct response to external assessments and participant feedback, VETS worked with its partner agencies to significantly redesign the TAP Employment Workshop to make it more engaging and relevant in light of the unique challenges facing returning Service Members as they look to transition into meaningful civilian careers during the current economic recession. Aside from a new curriculum, delivery methods, and student hand-out materials based on established best practices in career transition, the redesign of the Employment Workshop also includes tools to help Service Members translate their military skills and training to meet applicable civilian licensing and credentialing requirements that are required in their chosen career field. As part of this

feature, Employment Workshop facilitators help transitioning Service Members to better understand the Verification of Military Experience and Training (VMET) document provided by DoD; the VMET certifies job skills and experience acquired on active duty that may also apply to licensing and certification needed for civilian employment.

We are currently piloting the redesigned Employment Workshop at 11 test sites and plan to have it fully implemented at all locations by November 1, 2012.

Homeless Veterans' Reintegration Program (HVRP)

Secretaries Solis, Shinseki, Sebelius, and Donovan share a strong commitment to eliminating homelessness among our Nation's Veterans.

At DOL, our primary program aimed at eliminating homelessness among Veterans is the Homeless Veterans' Reintegration Program (HVRP). The HVRP provides employment and training services to assist in reintegrating homeless Veterans into meaningful employment within the labor force and to stimulate the development of effective service delivery systems that will address the complex problems facing homeless Veterans. HVRP is the only nationwide program focusing exclusively on employment of Veterans who are homeless. HVRP funds are awarded to eligible entities through a competitive grant process. These grantees provide an array of services utilizing a holistic case management approach that directly assists homeless Veterans and provides training services to help them transition into the labor force. Grantees also provide critical linkages for a variety of supportive services available in their local communities, including employers. In Program Year (PY) 2010, VETS awarded 140 HVRP grants; 15,941 homeless Veterans received services from HVRP grantees, 9,447 (59 %) obtained employment.

Veterans' Workforce Investment Program (VWIP)

Through the Veterans' Workforce Investment Program (VWIP), DOL awards competitive grants geared toward focused training, re-training and employment opportunities for recently separated Veterans, Veterans with service-connected disabilities, Veterans with significant barriers to employment and Veterans who served on active duty during expeditions or campaigns for which specific badges were awarded. These grants are awarded to meet the needs of employers for qualified workers in high demand industries, particularly those occupations requiring a license or certification. The Secretary is appearing before the Committee next week to discuss the Department's FY 2013 budget request, which reallocates funds from VWIP to other programs which serve greater numbers of Veterans. We are proceeding with both option years for current grantees and a competitive grant solicitation for the remainder of the funding in the FY 2012 bill.

The Uniformed Services Employment and Reemployment Rights Act (USERRA) and Veterans' Preference in Federal Employment

DOL administers and enforces a host of laws that protect American workers to ensure their workplace safety, protect their hard-earned retirement benefits, and to ensure that they are treated fairly on the job. Among these important worker protection laws is the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA). Through USERRA, VETS works tirelessly to ensure that our Nation's Service Members and Veterans are protected against adverse discrimination due to their past, present, or future military service obligations. VETS is committed to protecting their employment and reemployment rights, and also works diligently to

help ensure that Veterans receive their due preference in securing Federal employment, as provided by Title 5 of the U.S. Code.

VETS' professional investigative staff accepts and investigates complaints filed by individuals who believe that their USERRA employment or reemployment rights have been violated by public or private-sector employers. In addition, it investigates complaints brought by eligible Veterans who allege their Federal Veterans' preference rights have been violated. VETS has established an electronic filing capability for both USERRA and Veterans' Preference complaints. The ability to file electronically benefits both the claimant and the VETS investigators to ensure that timely attention is given to complaints. The filing of complaints is available directly through VETS' elaws Veterans' Preference Advisor and the USERRA Advisor, both of which are interactive systems designed to provide the user with information on the roles and responsibilities of employees and employers under these laws.

VETS staff also provides technical assistance and informational briefings on the law to the public. Many employment disputes arise from misunderstandings on employee and employer rights and obligations under the law, and, as a result, VETS seeks to resolve issues at the earliest possible opportunity. Since September 11, 2001, VETS has received and investigated approximately 1,375 cases per year. VETS conducts thorough and complete investigations, including obtaining all documentary evidence and witness statements. VETS also has subpoena authority and uses it when necessary.

VETS works with the employers and claimants to achieve a satisfactory resolution. When VETS is unable to resolve the issue, the claimant may request that his or her case be referred to either the U.S. Department of Justice (for non-Federal employers) or the Office of Special Counsel (for Federal-sector employers) for those agencies to determine whether they will provide representation in Federal District Court or before the Merit Systems Protection Board, respectively. In the alternative, the claimant may elect to pursue relief as a *pro se* litigant or through private counsel at his or her own expense.

VETS is proud to lead the Department's efforts on many of its programs, and works in tandem with other DOL workforce training and employment protection agencies, such as ETA and the Office of Federal Contract Compliance Programs (OFCCP), to provide essential services, assistance, and employee protections to our Service Members and Veterans. DOL is taking similar steps to ensure implementation of the VOW to Hire Heroes Act of 2011 – an integrated DOL effort involving VETS and several other DOL agencies, all working to ensure that the men and women who served our Nation are cared for when they leave the service.

Interagency and Public-Private Initiatives, Projects, Programs and Services

I would like to touch now briefly on just some of the initiatives, both public and private partnerships, the Department leads or supports to improve services to Veterans and transitioning Service Members in the area of employment. On all of these initiatives, VETS provides valuable insight and assistance to DOL agencies about the unique employment-related needs of our Nation's Veterans and Service Members, and also helps coordinate with our Federal partners.

National Resource Directory and Veterans Job Bank

The National Resource Directory (NRD, <https://www.nationalresourcedirectory.gov/>) is a website for connecting wounded warriors, Service Members, Veterans, their families, and those who support them, to services and resources at the national, state and local levels to support recovery, rehabilitation and community reintegration. The NRD is a partnership among DoD, DOL, and VA. NRD includes information from Federal, state and local government agencies; Veterans service and benefit organizations; non-profit and community-based organizations; academic institutions; and professional associations that assist wounded warriors and their families. VETS is the Department's lead agency for this initiative.

The Veterans Job Bank (https://www.nationalresourcedirectory.gov/home/veterans_job_bank), powered by NRD, provides a central source for Veterans to identify Veteran-committed employment opportunities and for America's employers to identify qualified Veterans. It facilitates access to nearly one million private-sector job openings drawn from various job boards that have posted or specifically tagged jobs for Veterans. The Veterans Job Bank, co-managed by DoD, DOL, and VA, enables Veterans to search for jobs from thousands of military-friendly employers worldwide based on keyword, military occupation code (MOC), and/or location.

As part of the Department's Employment Laws Assistance for Workers and Small Businesses (elaws) program, VETS has developed an e-VETS Resource Advisor. This Advisor integrates with the NRD and assists Veterans, Service Members and all those who support them, to quickly and easily navigate information and resources on a range of topics, including: Benefits and Compensation; Education and Training; Employment; Family and Caregiver Support; Health; Homeless Assistance; Housing; Transportation and Travel; Other Services and Resources; and State-Specific Information and Resources. The Advisor is available 24/7.

Gold Card Initiative

The "Gold Card" provides unemployed post-9/11 era Veterans with the services they need to succeed in today's job market. VETS, in conjunction with DOL's Employment and Training Administration (ETA), has developed a suite of enhanced intensive services, including follow-up, designed to address the barriers to employment faced by post-9/11 era Veterans. By maximizing synergies between VETS-funded programs and the One-Stop Career Center system funded mainly by ETA, these services, when provided under the Veterans' priority of service, are designed to overcome such barriers to employment and return our post-9/11 era Veterans to the civilian workforce.¹

¹ DOL, DoD, and VA have also collaborated on outreach to publicize several DOL products and tools to assist Veterans, including the Veterans ReEmployment Page (www.careeronestop.org/reemployment/veterans/default.aspx); the Key to Success Career site (www.careeronestop.org/militarytransition), which connects Veterans and transitioning Service Members to high-quality career planning, training, and job search resources available online and at local OneStop Career Centers; and MyNextMove for Veterans (<http://www.mynextmove.org/vets>), an easy-to-use electronic tool that enables military Veterans to enter their military occupational experience to explore related civilian occupations and find career information, including job openings, job outlook information, salaries, apprenticeships, and other related education and training programs. These sites also link to the National Resource Directory.

Reemployment for Military Unemployment Compensation Claimants

VETS and ETA are working with the Department of the Army and DoD to support the rapid reemployment of transitioning Service Members who are receiving Unemployment Compensation for Ex-Military Members (UCX). Better reemployment outcomes for UCX claimants will help military families in need while producing savings from the approximately \$900 million in annual UCX costs to taxpayers. The interagency UCX reemployment team's strategies include: facilitating more timely and aggressive outreach to UCX claimants, leveraging existing Veteran resources and tools of DOL and the public workforce system, and supporting state workforce agency engagement in these efforts.

Joining Forces

Joining Forces is a comprehensive national initiative, co-led from the White House by the First Lady and Dr. Jill Biden, to mobilize all sectors of society to give our Service Members and their families the opportunities and support they have earned. DOL is working through this initiative to help highlight the workforce potential of transitioning Service Members, Veterans and military spouses, whose moves from one community to another make it difficult for these spouses to continue their careers or find similar jobs in new locations. This initiative will help to expand employment and career development opportunities and help employers create military family-friendly workplaces. VETS is the lead DOL agency for Joining Forces.

Veterans Transportation and Community Living Initiative

As co-chair of Veterans Work Group of the Department of Transportation's interagency United We Ride effort, DOL's Office of Disability Employment Policy (ODEP) has played a leadership role in developing a \$35 million Veterans' Transportation and Community Living Initiative, announced by Transportation Secretary LaHood on November 12, 2011. Grants were awarded to 55 local communities to assist newly disabled Service Members returning from Iraq and Afghanistan, and their families, to access needed transportation supports and services, including employment-related transportation. Secretary LaHood has recently announced the availability of an additional \$30 million for this program for a total of \$65 million in this fiscal year.

United Services Military Apprenticeship Program (USMAP)

The United Services Military Apprenticeship Program is a formal military training program that provides active duty Coast Guard, Marine Corps, and Navy Service Members the opportunity to improve their job skills and to complete their civilian apprenticeship requirements while they are on active duty. DOL's Employment and Training Administration provides the nationally recognized "Certificate of Completion of Apprenticeship" upon program completion. This assists Service Members in earning an apprenticeship credential while on active duty that can be leveraged toward civilian employment when they separate.

Guard Apprenticeship Program Initiative (GAPI)

To help soldiers improve their job skills and establish a lifetime career, the Army National Guard has established the Guard Apprenticeship Program Initiative (GAPI) – a partnership with DOL's Employment and Training Administration in coordination with VA offices. The GAPI is an "earn

while you learn" experience, where soldiers learn new concepts and skills and also obtain national certification in one of over 100 occupations while earning civilian wages. These skilled occupations are mapped to 107 military occupational specialties, and eligible soldiers receive VA educational benefits while they pursue a registered apprenticeship program.

America's Heroes at Work

America's Heroes at Work (www.americasheroesatwork.gov) is a DOL technical assistance and public awareness campaign targeting America's employers. America's Heroes at Work focuses on the employment challenges of returning Service Members and Veterans living with Traumatic Brain Injury (TBI) and/or Post-Traumatic Stress Disorder (PTSD). The initiative equips employers and military support systems with the tools they need to help these men and women affected by TBI and/or PTSD succeed in the workplace—particularly Service Members and Veterans returning from Iraq and Afghanistan. The program is managed by VETS, with the assistance of ODEP and in collaboration with other Federal agencies engaged in TBI and PTSD programs, including the DoD, VA, the Department of Health and Human Services (HHS), and others. As part of this effort, ODEP and VETS sit on the advisory committee for DoD's Real Warriors Campaign administered by the Defense Center on Excellence for Psychological Health and Traumatic Brain Injury.

Hiring Our Heroes

VETS is also working with the private sector to increase the employment of our Veterans and returning Service Members. The first of these initiatives is our work with the US Chamber of Commerce. The Chamber, in partnership with VETS and ESGR, will have conducted 100 hiring fairs exclusively for Veterans, transitioning Service Members and their spouses between March 2011 and March 2012. Through this partnership, the Chamber and its affiliates secure the participation of employers, while the VETS team and ESGR focus on participation by Veterans, transitioning Service Members, and their spouses. The Chamber hiring fairs have hosted more than 84,000 Veterans and military spouses and given them the opportunity to meet with over 4,300 different employers. As a result, the effort has helped more than 7,300 Veterans and military spouses and 60 wounded warriors find employment.

Information Technology Industry Training and Certification

Working with DOL in a liaison role, Microsoft Corporation will offer 10,000 technology training and certification packages to U.S. military Veterans over a two-year period in five cities- Seattle, Houston, San Diego, Jacksonville, and Northern Virginia. The technology training and certification will be available at intermediate and advanced levels and will be delivered through e-learning, with additional in-person support. This partnership with the One-Stop Career Center system is an extension of the overall Microsoft Elevate America Veterans initiative, which demonstrates a total investment of \$12 million cash, product, and related support for U.S. Veterans.

Conclusion

This testimony has outlined the Department's considerable efforts, through both formal government programs and a series of initiatives and partnerships that work in concert, to serve

America's Veterans. Each has an important role to play, and the men and women who work within the Department, within the State and local workforce system where many of our services are delivered, and within our grantees, all understand that no one part of the system can go it alone. Employers want and need the skills that our Veterans can provide to their workforce, and when we can make the connection between the job-seeker and the employer, both win.

I am deeply humbled to have the privilege of serving our nation as the Deputy Assistant Secretary for Veterans' Employment and Training. Secretary Solis has been an incredible source of guidance and support, and has made Veterans and VETS one of her top priorities. Our programs are an integral part of Secretary Solis's vision of "*Good Jobs for Everyone*," and her commitment to help Veterans and their families get into the middle class and maintain stability.

Chairman Rehberg, Ranking Member DeLauro, and members of the Subcommittee, this concludes my statement. Thank you again for the opportunity to testify today. I would be pleased to answer any questions you may have.

Mr. REHBERG. Thank you very much.

Colonel Schmiegel, welcome. It was nice having you in Montana. Thank you for coming to Gore Hill.

As I understand—I was there, but as I understand, the rest of the day was extremely successful.

Lieutenant Colonel SCHMIEGEL. It was.

Mr. REHBERG. I saw the numbers and the number of people that showed up, and it was a nice public-private combination because there was a lot of volunteers that occurred, and a lot of people took advantage of it. So I thank you for taking the time to come out to Montana and being a part of that.

EXECUTIVE DIRECTOR OF HIRING OUR HERO

Lieutenant Colonel SCHMIEGEL. Thank you.

Chairman Rehberg, Ranking Member DeLauro, and members of the committee, my name is Kevin Schmiegel. I am the founder and executive director of Hiring Our Heroes at the U.S. Chamber of Commerce.

Thank you for allowing me to appear as a witness and speak to you about what the chamber is doing to help our Nation's heroes find jobs. The reason we are interested is simple. Many of our members want to hire veterans and military spouses.

Even with high unemployment, we have a huge skills gap in America that is hindering our recovery and undermining our global competitiveness. Several weeks ago, the President of the United States in his State of the Union address pointed to 2 million jobs that aren't being filled right now because we lack a trained workforce.

Veterans can help fill that gap. They have unique leadership experience, advanced technical skills. They are team players and problem solvers, and they are extremely reliable workers.

DoD spends millions and millions of dollars training our forces, and it is a lost investment if we don't repurpose those skills for the private sector. In the President's own words, "We have trained these folks to nation-build abroad. Now we need nation-building here at home."

As a veteran myself, it is an honor to be here today. In 2009, I retired from the Marine Corps as a lieutenant colonel. My own transition was full of good fortune. I was lucky to have a mentor like former National Security Adviser General Jim Jones, and I was lucky to be hired by an organization like the U.S. Chamber of Commerce that understands the value of hiring a veteran.

Not every veteran is that lucky, which is why in March of 2011, the Chamber launched Hiring Our Heroes. Working with our State and local Chambers, DOL VETS, Employer Support of the Guard and Reserve, (ESGR), the Military Spouse Employer Partnership at DoD, veterans services organizations, nonprofits, and the business community at large, we have led a massive public-private sector coordinated campaign to help veterans and military spouses find careers in hundreds of local communities across America.

In less than a year, we have created a movement. With hiring fairs in 115 cities and 45 States, we have connected more than 100,000 veterans and military spouses with over 5,000 different employers, and more than 8,500 of them have gotten jobs. And we

are just getting started. This year, we are expanding our efforts to 400 cities across the country.

Recognizing the unique challenges that military spouses face, the Chamber has also launched a standalone program that focuses on job portability and career progression. It will include 20 hiring fairs at major military installations across the country.

VETERANS EMPLOYMENT ADVISORY COUNCIL

This past Veterans Day, we also formed a Veterans Employment Advisory Council, comprised of more than 20 of America's biggest employers, representing 25 million jobs in America. With this council, the Chamber will also lead a sustained campaign to enlist the support of the small business community. With our 3 million small businesses that are part of our federation and 3.7 million veteran-owned small businesses in America, we will move the needle on the staggering rates of unemployment that Ms. DeLauro mentioned in her statement.

We should view hiring veterans and military spouses as a national security imperative. High unemployment for post 9/11 veterans, members of the Guard and Reserve, and military spouses will become both a recruiting and a retention issue if we don't act now.

George Washington once said, "The willingness with which our young people are likely to serve shall be directly proportional to how they perceive veterans were treated and appreciated by their nation."

How can we expect young men and women to raise their right hands and volunteer for service if they face higher unemployment rates than their peers after serving our Nation? And why should military spouses encourage their partners to make the military a career and endure long separations and frequent moves if they can't achieve their own career aspirations?

Over the past year, many leaders in the public sector have called on the business community to do more. I believe we are at the point now where our Government must help them do just that. We must look for innovative ways to assist transitioning service members before they become veterans.

This includes helping them launch a small business, equipping them to make informed decisions about employment, and improving and expediting certification and licensing. And finally, Government programs, both existing and new, should be measured against clear objectives and established metrics so we can focus on what is working and stop funding programs that are not producing results.

Chairman Rehberg, Ranking Member DeLauro, and distinguished members of the committee, I pledge to you that the Chamber will continue to do its part to demonstrate to our Nation's heroes that their service is not only appreciated, but valued, namely by helping them find jobs.

I appreciate the opportunity to testify, and I look forward to your questions.

[The information follows:]



100 Years Standing Up for American Enterprise
U.S. CHAMBER OF COMMERCE

Statement of the U.S. Chamber of Commerce

ON: Veterans' Employment and Training Programs

**TO: House Committee on Appropriations
Subcommittee on Labor, Health and Human Services,
Education, and Related Agencies**

DATE: Wednesday, March 21, 2012

The Chamber's mission is to advance human progress through an economic,
political and social system based on individual freedom,
incentive, initiative, opportunity and responsibility.

The U.S. Chamber of Commerce is the world's largest business federation, representing the interests of more than 3 million businesses of all sizes, sectors, and regions, as well as state and local chambers and industry associations.

More than 96 percent of the Chamber's members are small businesses with 100 or fewer employees, 70 percent of which have 10 or fewer employees. Yet, virtually all of the nation's largest companies are also active members. We are particularly cognizant of the problems of smaller businesses, as well as issues facing the business community at large.

Besides representing a cross-section of the American business community in terms of number of employees, the Chamber represents a wide management spectrum by type of business and location. Each major classification of American business -- manufacturing, retailing, services, construction, wholesaling, and finance -- is represented. Also, the Chamber has substantial membership in all 50 states.

The Chamber's international reach is substantial as well. It believes that global interdependence provides an opportunity, not a threat. In addition to the U.S. Chamber of Commerce's 115 American Chambers of Commerce abroad, an increasing number of members are engaged in the export and import of both goods and services and have ongoing investment activities. The Chamber favors strengthened international competitiveness and opposes artificial U.S. and foreign barriers to international business.

Positions on national issues are developed by a cross-section of Chamber members serving on committees, subcommittees, and task forces. More than 1,000 business people participate in this process.

**Oral Testimony of Kevin M. Schmiegel
Vice President, U.S. Chamber of Commerce
Executive Director, Hiring Our Heroes
U.S. Chamber of Commerce
March 21, 2012
Before the House Appropriations Committee
Subcommittee on Labor, Health and Human Services,
Education, and Related Agencies**

Chairman Rehberg, Ranking Member DeLauro, and Members of the Committee, my name is Kevin Schmiegel, and I am the founder and executive director of the Hiring Our Heroes program at the United States Chamber of Commerce.

Thank you for the opportunity to appear as a witness before the Committee and speak to you about veteran and military spouse employment, and what the U.S. Chamber is doing to help our nation's heroes find meaningful employment in the private sector.

As you know, the U.S. Chamber of Commerce is the world's largest business federation representing the interests of three million businesses and organizations of every size, sector, and region.

The reason the Chamber is interested in our nation's veterans and military spouses is simple. Many of our members, which include thousands of small, medium, and large businesses, want to hire veterans. Even with high unemployment, we have a huge skills gap in America that is hindering our recovery and undermining our global competitiveness.

Several weeks ago in his State of the Union address, President Obama pointed to two million jobs in America that aren't being filled because we lack a trained workforce. Veterans can help to fill that gap, because they have unique leadership experience and advanced technical expertise; they are excellent problem-solvers and they are extremely reliable.

The Department of Defense spends hundreds of thousands of dollars training service members, and it is a lost investment if we don't re-purpose those skills to the private sector. In the President's words, we have trained these folks to nation-build abroad...now we need nation-building here at home. The Chamber's veterans programs will continue to raise awareness across the business community of this great pool of potential workers who can help fill our nation's skills gap.

As a veteran myself, it is an honor and a privilege to be here today. In 2009, I retired from the United States Marine Corps as a lieutenant colonel after 20 years of active duty service. My own transition from the military to the civilian workforce was full of good fortune.

I was lucky to have a mentor like former National Security Advisor, General Jim Jones, who took a very special interest in my search for a second career. I was lucky to be at the right place at the right time. And I was lucky to be hired by an organization like the U.S. Chamber of Commerce, whose President and CEO Tom Donohue understands and appreciates the value of hiring a veteran. Not every veteran is that lucky.

The Bureau of Labor Statistics' report on the "Employment Situation of Veterans in 2010" shows that on average there were over one million unemployed veterans in America during 2010. While recent monthly reports from BLS show positive signs, alarming trends for post-9/11 veterans between the ages of 18 to 24 and members of the National Guard and Reserve continue.

Data for these cohorts are even more concerning given an additional one million service members will be leaving active duty over the next five years and tens of thousands of guard and reservists will be demobilized and returning to the workforce.

With the drawdown of our armed forces and significantly higher rates of unemployment for younger Iraq and Afghanistan veterans and returning guard and reservists on the horizon, the Chamber is ramping up its efforts to enhance private sector job opportunities for veterans and military spouses.

The U.S. Chamber's *Hiring our Heroes* Program

In March of 2011, the U.S. Chamber of Commerce launched our *Hiring our Heroes* program, a nationwide campaign to help veterans and military spouses find meaningful employment. The Chamber started the program in partnership with the White House's *Joining Forces* initiative, Department of Labor Veterans Employment and Training Service and the Employer Support of the Guard and Reserve to improve public-private sector coordination in local communities, where veterans and their families are returning every day.

With our federation of business leaders, state and local chambers, and industry associations spanning nearly every state and city, the Chamber has been at the heart of a nationwide campaign to connect veterans and military spouses with employers.

Working with our extensive network of state and local chambers, DOL VETS, ESGR, the Military Spouse Employer Partnership, veterans' services organizations, and businesses of all sizes representing all sectors, we have led the largest public-private sector, coordinated campaign focused on matching veteran talent with career opportunities in hundreds of local communities.

In addition to our efforts to create a movement across the country, Hiring Our Heroes has also forged strategic partnerships in three other areas to deal with specific populations of veterans and their unique challenges. They include: a transition assistance program for wounded warriors; focused initiatives to help post 9-11 veterans, to include student veterans, find jobs; and mentoring and employment programs for women veterans and military spouses.

In our first year, we pledged to host hiring fairs in 100 cities, and I am proud to report that we have already exceeded that goal conducting 114 hiring fairs in 45 states and the District of Columbia. Since its inception, Hiring Our Heroes has connected more than 100,000 veterans and military spouses with 5,000 different employers, and more than 8,500 of them have gotten jobs. And we're just getting started.

Hiring Our Heroes will significantly expand its efforts in year two. In addition to scaling our program to conduct hiring fairs in 400 communities, we will refine our existing programs so that a higher percentage of veterans and military spouses find jobs at our events.

Working with the Department of Veterans Affairs (VA) and several private sector and non-profit partners, we will establish transition workshops for veterans and military spouses to improve resumes, connect them with mentors in the business community, and a host of other services to ensure that if they don't find a job, they at least leave our hiring fairs better prepared for their next interview.

Recognizing the unique challenges that military spouses face in their search for meaningful careers, the Chamber has also launched a stand-alone program for military spouses. And we hired the very best to run our program. As the co-founder and Chairperson for Blue Star Families and a military spouse herself, Laura Dempsey was the perfect choice to lead this effort.

In just four months she formed the Military Spouse Business Alliance bringing together nine of the largest military family non-profits under one umbrella; she launched an e-mentor platform comprised of senior executives from dozens of Fortune 500 companies; and she organized the largest ever hiring fair for military spouses at the Washington DC's convention center on January 13. On the heels of

those successes, she will lead our efforts to host 20 hiring fairs for spouses on or near military installations across America.

Laura epitomizes the talent, strength, and resilience of the military spouse community. As a mother of two small children, married to Army LtCol Jason Dempsey, who is about to deploy to Afghanistan for his third overseas tour, Laura has moved her family nine times in 13 years and has passed the bar exam four times in Washington State, New York, Georgia and the District of Columbia.

Working with our private sector Veterans Employment Advisory Council, comprised of more than 20 of America's biggest employers and representing 25 million jobs, Hiring Our Heroes will enlist the support of the small business community in a sustained grassroots campaign. With the Chamber's access to 3 million small businesses and our strong relationships with the public sector, veteran services organizations and a host of nonprofits to reach out to the 3.7 million veteran-owned small businesses in America, thousands more veterans and military spouses will find meaningful careers in the private sector.

Hiring veterans and military spouses is a national security imperative for our country. High unemployment for our youngest veterans, members of the guard and reserve, and military spouses is both a recruiting issue, as well as a retention issue for our all volunteer force.

Our first president, George Washington, once said, "The willingness with which our young people are likely to serve shall be directly proportional to how they perceive veterans were treated and appreciated by their nation."

How can we expect young men and women to raise their right hands and serve in the armed forces, if they face higher unemployment than their peers after serving our nation? Similarly, why should military spouses encourage their husbands and wives to make the military a career and endure long separations and frequent relocations, if they cannot achieve their own career aspirations?

Hiring Our Heroes is not about charity. Companies that hire veterans and military spouses gain a competitive advantage. Our nation should view the imminent drawdown as an opportunity, and there is a precedent. After WWII we saw millions of veterans re-enter the workforce, and the massive infusion of talent that helped the manufacturing sector to grow and America's economy as a whole to thrive. As we come out of this recession we need to look to sectors that are growing like energy, healthcare, and infrastructure and hire transitioning post 9/11 veterans to help those industries expand and our economy to prosper.

Over the past year, many leaders in the public sector have called on the business community to do more. I believe we are at the point now where we need the government's assistance in several key areas to help the private sector to do just that. We must look for innovative ways to assist transitioning service members before they become veterans. This includes helping them launch a small business, providing vocational education and apprenticeships, improving and expediting certification and licensing, and enhancing the availability of internships and mentoring programs.

I recommend that the public and private sectors come together as we have in more than 100 cities to focus on three specific areas that will help service members and military spouses find meaningful careers after serving our nation. They include: removing barriers that impede veterans from receiving credit and applying what they learned in the military to rapidly find jobs in the private sector; revamping the transition assistance program; and providing private sector employers with more access to transitioning service members before they leave the military. Together, these actions would help military families make more informed decisions about their transitions.

Finally and most importantly, I would suggest that all government programs—existing and new—should be measured against clear objectives and established metrics, so we can focus on what is working and stop funding programs that are not producing results.

Principles for Success

Hiring Our Heroes was founded on two fundamental principles that we believe are critically important to the success of our nationwide and sustained grassroots campaign.

First, local communities must be the cornerstone of any national program to reduce veterans' unemployment. The reason is simple: when veterans and their families transition from the military, an overriding consideration for them is to get back to a local community where they can be close to family and friends. By targeting resources where we know veterans are... and want to be... we can be that much more effective.

Second, we must coordinate the efforts and resources of the public and private sectors. While there are hundreds of veterans hiring programs, it is clear they are not working well enough. In many cases, they are duplicative, they compete with one another, and they cause unnecessary confusion for veterans and their families. We believe that the U.S. and local chambers of commerce are uniquely positioned to better coordinate public and private sector efforts in hundreds of cities across America.

We believe there is an incredible opportunity to build on the momentum that has brought veterans' issues to the forefront of America's psyche and take advantage of what the former Chairman of the Joint Chiefs of Staff, Admiral Mullen referred to as a "sea of goodwill."

As Martin Luther King Jr. once said, "The time is always right to do what is right." It is clear that now is the time to positively affect veterans unemployment and to do it right.

Working collaboratively with the public and nonprofit sectors and our own network of 1600 local chambers of commerce and 600 trade associations, we will continue to do our part to demonstrate to our nation's veterans and military spouses that their service is not only appreciated but valued—namely by helping them find meaningful careers in the private sector.

Conclusion

Chairman Rehberg, Ranking Member DeLauro, and distinguished members of the Committee, the U.S. Chamber of Commerce is committed to helping better coordinate public and private sector efforts to find meaningful employment for veterans and their spouses in local communities where they are returning every day. Our success will be measured by the impact our programs have on helping our veterans and military spouses find and keep good jobs in the private sector.

I appreciate the opportunity to testify before you today and look forward to answering your questions.

Mr. REHBERG. Thank you, Colonel.

Mr. Carbone? Welcome. From Connecticut.

Mr. CARBONE. Good morning. Thank you.

Is this on? Is it okay?

ONE-STOP SYSTEM

Okay. Thank you for this opportunity to talk about how the One-Stop system, the umbrella, I think, to broad partnerships in communities all over the Nation, offers the best opportunity to bring veterans to employment.

My region is the lower part of Fairfield County in Connecticut, and I have got three One-Stops in my region. And about 30,000 people a year will come through our centers, and at least 2,000 will be veterans.

We have an opportunity, given the broad partner base that we have to basically leverage the Federal dollars that come in to support the One-Stop system and create real value added, to bring partners that can contribute and help veterans to get beyond that. Let me give you some examples.

The Connecticut Department of Labor, through their LVERs and DVOPs, are present at the One-Stops. So they are there to provide services. They have got their own area that has been identified. They can use the normal One-Stop services and things like helping people to create the resume, to develop skills in interviewing, to learn about the job—actual job search strategies, dealing with things like social media, education refreshers, be it in math or in English or whatever it may be. There are certified teachers onsite at our One-Stops.

At our One-Stop in Bridgeport and in Derby and in Stamford, all three of them, we have got a community resource center. That center is supported through dollars from the United Way, from foundations, from corporations, and companies like JPMorgan Chase.

We provide financial assistance for people that need it. We provide all kinds of counseling, energy assistance. It is a location where people can access other Government programs that can help them while they are unemployed and in some kind of a job search.

It is also a site, what we call here a Volunteer Income Tax (VITA) site, so they can do—get their tax preparation work done. We do about 200 a year. About 20 percent of them are vets, and the average return is more than \$2,000.

Our One-Stop system has enabled us to make contact under that partnership with a number of veteran residential facilities, things like Homes for the Brave, which is a 51-bed facility in Bridgeport—just opened one for female vets with children—and other kinds of supportive housing operations. Again, it is value added.

We have, at the One-Stop, a disability resource center. One could actually traverse the entire American workforce system. You can look for jobs anywhere. You can get assistance. It is completely staffed by people with disabilities, but it can help them to get beyond that disability and get to employment.

We have applied for a number of Federal competitive grants that have helped us here with veterans, one of which will be called Teleworks. It has been in operation for a number of years. And for

veterans who are looking for opportunities to work from home, we have got a trained counselor at the One-Stop to do just that.

We buy blocks of classes at the community colleges. This is where you can create, I think, real value added. You buy the class, and it can be veterans and other people that can be in it. But you will get better product for a better cost.

We have got a fatherhood initiative, you know, for the noncustodial parents. We have got a coach, a mobile coach, 39-footer that can go anywhere that needs to go. We do about five job fairs a quarter, mostly for veterans, but for other groups as well. It is supported by private contributions.

HOMELESS VETERANS' REINTEGRATION GRANT

And in the competitive side, we have our third Homeless Veterans' Reintegration grant. So we are actually in year 7 of doing that, and again, Homes for the Brave and a number of other groups are our partners.

I can go on giving you a litany of different grants that we have put together. I think the basic message here is that you are investing in a system already under the Workforce Investment Act. It opens doors. It puts keys in the door. You have got trained staff that are there, offering a whole variety of services.

It is not just the issue of training. It is a lot of other things that do contribute in a positive way to help to bring people to work.

Let us not forget that when you have been away from a job for a long period of time, be it unemployed or being in the service, there are other issues like emotional support needs that people have or, basically, the motivation issues, things that will help them to get beyond whatever barriers that they have.

I think the One-Stop, for all that it can offer, offers the best opportunity for value-added, better product for better cost. It is there. It is part of the Federal budget. It works, and it ought to be centerpiece for the American veteran operation in jobs.

Thank you.

[The information follows:]

Statement of Joseph M. Carbone
President and CEO, The WorkPlace
(203) 610-8502, jcarbone@workplace.org

Before the Subcommittee on Labor, Health and Human Services, Education and Related Agencies,
Committee on Appropriations
United States House of Representatives
March 21, 2012

Good morning Chairman Rehberg, Ranking Member DeLauro and Members of the Subcommittee. Thank you for inviting me to testify about Veterans Employment and Training Programs. My name is Joseph Carbone, and I am CEO of The WorkPlace, a 30-year-old, Fairfield County, Connecticut nonprofit. The WorkPlace acts as the Workforce Investment Board for southwestern Connecticut and is responsible for the operation of three One Stop Centers in our region, serving an average of 30,000 individuals each year, including over 2000 Veterans. I appreciate the opportunity to discuss the array of employment-related services available to our returning veterans through America's workforce development system.

The One Stop system and its network of partners is the foundation of the American workforce development structure. This system is designed to deliver and provide access to a host of services to help people gain employment. The WorkPlace works closely with a vast number of provider partners and employers as well as the Connecticut Department of Labor's Office for Veterans Workforce Development and its Local Veterans Employment Representatives (LVER), and its Disabled Veterans Outreach Program (DVOP) to ensure the delivery of an array of veteran-specific services through the One Stop delivery system. Through the One Stops in southwestern Connecticut, veterans can receive access to a variety of employment readiness workshops, skills training, technology classes, job search, education refreshers and language skills as well as case management and job placement support.

At the WorkPlace, we understand that the needs of the unemployed and the underemployed in today's economy require us to seek ways to enhance the traditional One Stop services to help support individuals as they seek employment. In an effort to provide value added services in the One Stops we conceptualized, designed, created and sought private funding for a Community Resource Center (CRC). The center is the hub of supportive services in the One Stop and is supported by corporate and foundation support. With these private dollars, veterans receive financial assistance to help with food, utility bills and security deposits as well as purchase special equipment or tools, immunizations, licenses, and car repairs to obtain or retain employment. The CRC also houses partner agency staff to help veterans obtain energy assistance, rental assistance, and foreclosure prevention services in addition to financial counseling, literacy, as well as help with non-custodial parenting and child support modification assistance.

Our One Stop is a VITA (Volunteer Income Tax Assistance) site in addition to being an Employment Network to serve people with disabilities. Our Disability Services unit provides specialize employment services for those with disabilities, specifically veterans. Our One Stop has all the adaptive technology that one with a disability would need to seek work, in addition to trained staff who participate in case conferencing with staff from the Vocational Rehab agencies to ensure coordinated services. Our telework website was designed specifically to help people with disabilities explore and prepare for telework opportunities.

We have been fortunate to leverage the infrastructure of the One Stop to obtain competitive grants to provide specific services to veterans. These grants include three, 3 year Homeless Veterans Reintegration grants over the past decade, a three-year Incarcerated Veterans Transition Program grant, and a three-year grant providing green sector-based training and employment services to recently separated veterans. Each of these grants has “filled a gap” by providing additional opportunities to help veterans and their families regain their footing.

Our **Homeless Veterans Reintegration** program (HVRP) provides homeless veterans services to assist their reintegration into meaningful employment. The HVRP is important because it is an initial step in providing employment solutions to the ever increasing number of homeless servicemen and women. Through the HVRP program, we have cultivated partnerships with the Veterans Administration, transitional housing programs (Homes for the Brave and Columbus House) and organizations that provide mental health and addiction services. Veterans in this program receive intensive case management and classroom training, as well as supported job placement and retention services. The employment statistics and retention outcomes for this grant have been stellar, with over 60 homeless veterans entering employment each year and a nearly 70% retaining employment after 180 days.

The **Incarcerated Veterans Transition Program** (IVTP) is a statewide program which provides incarcerated veterans at risk of homelessness with options for stable housing, as well as employment services (which begin prior to release). IVTP program staff work with veterans to develop transition plans which include housing, employment and other work supports. Our goal is to reduce the likelihood of recidivism by fostering a stable situation for our veterans. The WorkPlace collaborates with veteran-serving organizations through IVTP and work closely with the State of Connecticut’s Department of Corrections, along with its Division of Parole and Office of Probation to coordinate activities following release. We have been successful in securing housing for formerly incarcerated veterans and employment in a variety of industry sectors. We have an 86% retention rate in employment for these vets and an average wage at placement of \$12.00 per hour.

Our **Sector-Based Veterans Program** provides green classroom and on-the-job training to recently separated veterans. Through this program we offer training which provides stackable credentials in the green and renewable energy sector. By working with veteran-friendly employers, The WorkPlace has been able to secure several on-the-job training opportunities that have led to permanent employment for veterans. This grant serves 200 veterans per year and has provided veterans with sustainable careers in green.

Funding for all three of the programs discussed above was competitively awarded by the United States Department of Labor, Office of Veterans Employment Services.

The success of these programs is due to the combination of grant-funded services with additional services leveraged through the One Stop infrastructure. Effectively meeting the unique needs of veterans requires an array of flexible programming. Neither element by itself is sufficient to ensure that all of our veterans receive the necessary assistance to return to employment. A combined effort is required for two reasons.

First, the current workforce development system was created by the Workforce Investment Act (WIA) of 1998 and was designed against a background of a 4.5% national unemployment rate and projections of labor shortages. Its focus was on short-term, pre-vocational workshops and training. Under WIA, veterans receive priority for services through the One Stop system—services ranging from pre-employment workshops to career management counseling to skills training to enhanced educational opportunities. These services are available to all populations, including veterans as well as low-income adults, TANF recipients, dislocated workers, at-risk youth, and persons with disabilities. They must be delivered in the context of local unemployment which is nearly double the rate at the system's creation, in the face of dramatically increasing employer demand for skills, and while serving multiple populations.

Second, veterans also present a host of challenges similar to those facing the long-term unemployed—challenges which extend beyond employment, into emotional, behavioral, and financial issues. Veterans have spent years outside the civilian workforce, and the effects of years of service and the transition back to civilian life are often similar to being out of work for a significant period of time. Self-confidence falters, concerns (legitimate or not) grow that employment skills have atrophied, and basics such as housing and food hinder progress. Many veterans can achieve long-term success returning to employment only after these fundamental needs have been addressed.

In southwestern Connecticut, we have successfully addressed many challenges interfering with veterans and/or their family members as they prepare to re-enter the workforce. The WorkPlace leverages WIA dollars to support additional training required by employers and bring in partners to

provide access to other support services. We have built a solid network of partners and employers that support male and female veterans and their families, so veterans coming to our One Stops are not looking for work in isolation of other issues they experience. These are critical wraparound services that support a veteran through the search for employment.

Unfortunately, it is common for programs outside the employment system to deal with some of these issues, only to refer veterans to the unemployment system much later. Similarly, many veterans get pure employment assistance without the other services necessary to provide the stability that enables them to hold a job over the long term.

There are two key steps that will significantly enhance the workforce development system's capacity to offer coordinated services to veterans. First, any resources for veteran's employment and training should be allocated through the One Stop system. One Stops are already designed to provide multiple services, with capacity for case management, assessment of needs and coordination of programming. With more resources focused on veterans' needs, One Stops can enhance the services offered directly, or through local partners, to address challenges beyond the existing scope of workforce development.

Second, to increase employer engagement and raise the profile of employers who are committed to the employment of veterans, Workforce Investment Boards should be required to have a minimum of 10% of the business members of the Board of Directors come from employers who have an established culture of hiring and promoting the hiring of veterans. These veteran employer champions could educate their peers on the benefits of hiring veterans and serve as model community leaders. They would also serve a key role in engaging partners to provide more comprehensive services through the One Stop delivery system and raising awareness of veterans' employment challenges.

The American workforce system is uniquely positioned to adapt and align its programming to meet the needs of veterans. Providing a more comprehensive array of programming through the nationwide One Stop infrastructure will create a more streamlined, comprehensive and effective approach to serving our veterans, as we honor their service.

Mr. REHBERG. Great. Thank you all.

EMPLOYMENT CHALLENGES FOR VETERANS

I appreciate mostly hearing about your success or the programs you are working on. If I could get you to dwell on the challenges, what are the barriers? What are the problems? Are they private sector problems, Government problems? Are they financing problems?

When I went to the job fair at Gore Hill, I am trying to remember the two rooms and all the various people that were involved in it and the type of people that were coming. I don't remember if there were any public colleges. I know there were a lot of for-profit colleges there, at least four or five. I know the Forest Service was there, BLM.

So I know the kind of people who are looking for jobs, but I don't know where the problem exists between the veteran and getting the job. The logical answer would be things like sometimes our schools are training them for jobs that don't exist.

I don't know if that is something that sticks out in your mind. I just throw that out to start the conversation. So why don't we mix it up and start with you, Colonel, and then we will go that way and that way just for something different.

Lieutenant Colonel Schmiegel. Sure. I should start by saying we are all going to look at this through a different lens, obviously, in our roles. Junior has got a very important role from the Government perspective. I will provide my perspectives based on the strong relationship we have with the administration, with the Government agencies, but also just to be an honest broker in terms of what the private sector would like more help with in order to be more helpful to veterans that are transitioning.

I think the main issue, to sum it up in one word, is access. The private sector does not have access to service members before they transition. This is apparent in a number of different programs that are currently underway.

TRANSITION ASSISTANCE PROGRAM (TAP)

I think if you look at the Transition Assistance Program, we know that the Government is working hard to improve that. But they need a private sector eye.

Listen, I was a Marine for 20 years. I was not in a position, when I was a lieutenant colonel leading Marines, to give them informed advice about what they can expect in the private sector. And we need to be a little bit more creative and allow the private sector into that process.

There is a Veterans Employment Task Force that is comprised mostly of Government agencies. There is not a seat at the table—

Mr. REHBERG. How soon before they become discharged would you do that—weeks, months, years?

Lieutenant Colonel SCHMIEGEL. Well, we spend 13 weeks taking someone from jeans and t-shirts and putting them in a uniform. We should spend at least 13 weeks to bring them out of a uniform and put them in a suit or a pair of coveralls.

So I would look at a 4-month minimum. I think we should start, in my opinion, as soon as they come in the military. We should

start helping them with their personal brand and start helping them think about transition.

At the end of the day, 3 out of every 4 Marines are leaving after their first 4 years. We have a fundamental responsibility to start preparing them from the moment they put on the uniform because the argument that it disincentivizes them to make a career is moot. If 3 out of 4 are going to leave anyway because our manpower system directs 3 out of 4 to leave because we want to keep a young force, we certainly have a responsibility to make sure they are better prepared.

Mr. REHBERG. Mr. Carbone.

Mr. CARBONE. Yes, I would say that they are facing the same kind of challenges that other long-term unemployed people face. When you have been unemployed for 2 years or you have been in the service for 2 years and you have been certainly distant from the civilian workforce, I think you are facing a challenge in terms of emotional issues and other kinds of things like motivation and things of that sort. That if they can be addressed in the part of their comeback here with respect to job search, they would be a lot better prepared.

I mean, let us understand that business is still making I think very, very great demands in terms of what they require for workers. Even businesses——

Mr. REHBERG. Does what Colonel Schmiegel say——

Mr. CARBONE. I'm sorry?

Mr. REHBERG. Does that make sense? The same——

Mr. CARBONE. Yes, it does. I think it does make sense. I think but once they come into the job sector or the job search sector, those kinds of services need to continue, in fact, even intensify. That is the moment, I think, that they need to get prepared for what business is going to be demanding.

Even if you can get the most accommodating businesses, and we have got a bunch in our region, when the person comes for the interview, that employer has to know that that person could do the job as well as anybody else. So let us understand. I mean, that when they come to us, they are suffering from things like long-term unemployment issues.

Mr. REHBERG. Colonel Ortiz.

PREPARING OUR VETERANS

Lieutenant Colonel ORTIZ. You know, I tend to agree with what both Kevin and Joe have said in the sense that preparing our veterans to do what needs to be done is very important, even from the moment they walk into the service and they go out.

I think it is important that we teach them what their value is when they get out because, as Joe has said, the biggest thing that happens when these young men and women come in is being able to sell themselves to the companies. At the same time, the educational piece of teaching the companies of how to ask the right questions.

Because sometimes, sometimes, you know, the person that you are looking for is right in front of you, except you are not asking the right questions.

Mr. REHBERG. Yes. Well, thank you.

One of the things I have recognized over the years, having been involved both with veterans and the Department of Defense, is the Department of Defense's lack of a desire to recognize that anybody is ever going to leave them. And so, you especially see that in veterans medical where if you do anything to encourage veterans, the Department of Defense is all over you, saying, oh, you are trying to steal our best and brightest, and you want them to quit.

So you are probably up against institutional bias in not wanting to recognize that 3 out of 4 are leaving the service after their first tour of duty. So it is the right answer. It just will be interesting to see how that occurs.

Ms. DeLauro.

NEWLY DISCHARGED VETS

Ms. DELAURO. Thank you, Mr. Chairman.

Colonel Ortiz, in that vein of continuing this conversation somewhat, what type of labor market information do newly discharged vets receive when they exit the military? What connections are made with the One-Stop centers upon discharge in order that vets have the best opportunity as quick as possible to look at how they may regain civilian employment?

Lieutenant Colonel ORTIZ. Well, ma'am, I think, as Kevin already alluded to, I think it starts once they are in the service. I think our biggest thing that helps our young men and women do this is going through the employment workshop. In other words, understanding what it is that they are going to face once they get out.

Understanding—

Ms. DELAURO. And that is happening at the end of their service now?

Lieutenant Colonel ORTIZ. Yes, ma'am. Yes, ma'am.

And it all depends, ma'am. It depends on if you are retiring, it is up to 2 years prior to retirement that you go through the TAP, the TAP program.

Ms. DELAURO. Right.

Lieutenant Colonel ORTIZ. Up to a year if you are separating from the service. The idea is to get as much information to these individuals, which we try to do with the TAP employment workshop, teaching them how to write a resume, present themselves, be able to dress the correct way, learn the different culture of the civilian side of the house, ma'am, because that is very important.

I mean, we are in a culture for 4 years that have taught us to be very successful in everything we do. We have to teach them how to be able to go out there and do the right job.

THE EDUCATION OF THIS GENERATION'S VETERANS

Ms. DELAURO. Isn't it true, and I will just ask all of you this question, that as I read the background material and the literature here that in terms of education, education levels, and the kinds of preparation that you are talking about, this generation of veterans, if you will, has less education, less training, not military training they have, but other kinds because they are a younger population? They are coming in at a younger age into the service, and they are coming in with less education than we have seen in the past.

I think that that is right. I think that that is what I have read. So I am just trying to gauge between because I think there is a great mix here of Federal, of private, of Chamber, and of the again public sector, but working both as to how we take these young men and women as to where they are and are not imposing something that is top-down with a set of skills that are not there. But building from the bottom-up on skills that they need to have, whether that is educational or work skills.

And, yes?

VETERANS UNDER AGE 25

Lieutenant Colonel SCHMIEGEL. So, if I may? You hit the nail on the head. The population that is suffering the most are veterans under the age of 25.

Ms. DELAURO. Twenty-five, right.

Lieutenant Colonel SCHMIEGEL. So most of them are sergeants and below, enlisted troops that have served for 4 years and have left the service.

The fact is that the TAP program, the Transition Assistance Program, is a 3-day program. It is very general in nature, and it is not specific. It is not pointing service members to a pathway to a direct program where there are jobs.

Service members are not making informed decisions when they leave the military. The TAP program does not prepare them in a way that shows them there are companies across America that have a skills gap. If you go to this community college and get a 1-year credential, you can get a job in this company making X dollars, and the jobs exist.

Service members that are leaving make a decision of the heart. They go to a geographic location, and they are not thinking about what they are going to—

Ms. DELAURO. But when Mr. Carbone spoke, he talked about working with community colleges and providing that kind of service and training that is necessary. So I am trying to figure out the link that is going from your piece of training, then I am making a presumption that it goes—there is some sort of a pathway to the One-Stop center, which has these kinds of services that are available that then move into working together with industry here.

And you are dealing with almost the credentialing side of this thing in some way. Is that right, Mr. Carbone?

Mr. CARBONE. Yes, we are. And I think we are dealing with other issues as well. But I think most of the veteran organizations in our region eventually make the referral to the One-Stop.

So the One-Stop, in my view, at least in my part of Connecticut, is providing the search for a job, education, training, whatever it takes to get there. It is coming from the One-Stop.

I think the important thing here is that they have been away for 2 years, and there has been a transformative change in what business requires. So whatever they might have done before may not have any relevance at this point. And if they are younger, they are. They are missing education credentials that you have to deal with, all right?

But I think the important thing here is that if you work with businesses closely, you can sometimes make that match, and busi-

nesses are willing to give them a chance and to accommodate. So that part of it is important.

Lieutenant Colonel SCHMIEGEL. The only add-on in that is triage. It is not being proactive. It is being reactive. So I continue to say access earlier.

Ms. DELAURO. Thank you, Mr. Chairman.

Mr. REHBERG. Mr. Alexander.

Mr. ALEXANDER. I am surprised he called on me. He told me yesterday I needed a haircut. [Laughter.]

Ms. DELAURO. No way.

Mr. ALEXANDER. He made a good colonel in the Marine Corps.

THE TAP PROGRAM

The TAP program, I understand how important it is. But I am concerned maybe about the length of training time. We have got men and women that have been in the service or in uniform 5, 10, 15, 20 years. Are 2½ days enough to properly train them for what they need to be doing?

Lieutenant Colonel ORTIZ. Sir, as a person who runs a TAP employment workshop, sir, I mean, it is a basis, as Kevin alluded to. It is a way of preparing them. It is a way of being able to give them the fundamental tools so that when they do, in fact, get out, they have a basis of what needs to be done.

Understanding how to write a resume, what should be in there, what is the business—what is it going out there, what is the economy like, and things like that. Then being able to hand them over, if you will, almost like a warm handoff, to what Joe and his crew do as far as the One-Stop centers throughout the country.

That is the force multiplier. That is where the individual comes in and actually gets the aid that they need in order to be able to be successful to find a job.

Mr. REHBERG. Mr. Alexander, if you would yield for a minute? Maybe you could expand upon it?

As I understand it, it is only mandatory for Marines, though. It is not mandatory for Army and Navy?

Lieutenant Colonel ORTIZ. Well, sir, if I may—

Ms. DELAURO. It is now mandatory.

Lieutenant Colonel ORTIZ. Mr. Chairman, the VOW Act has made it mandatory now.

Ms. DELAURO. Right. Mandatory, yes.

Mr. REHBERG. For all?

Lieutenant Colonel ORTIZ. For all services.

Ms. DELAURO. For all the services.

GOLD CARD INITIATIVE

Lieutenant Colonel ORTIZ. And I applaud that only because of the fact that we need to be able to get our young men and women prepared to lead. And I have got to tell you, sir. I have a young man who just left the service who, when he decided to get out, was a little bit shaky on exactly what he needed to do. The Gold Card initiative gave him the opportunity to go into a One-Stop and be able to get 6 months of intensive training.

Mr. ALEXANDER. Well, the trainers that are doing the training are taught by the veterans. Is that correct? The point I am trying

to make is how much input do Chambers have, business people, into training the program?

And the reason I ask that is a few days ago, I was having a meeting down in my district in Louisiana. And I asked an employer that was conducting some workshops for the employees, I said how often do people from the Education Department and the labor force training, how often do they call you and say what would you like for us that are educating the young men and women, potential employers, what would you like for us to train them to do? And he said, "I have never had anybody to ask me that before."

So the point being that are we training people sometimes, and we don't necessarily know what we are training them to do or why we are training them? How much input do the business people have with saying this is what we need you to teach these veterans so we won't have to train them once again if we hire them?

ACCESS TO THE BUSINESS COMMUNITY

Lieutenant Colonel SCHMIEGEL. There is very little access with the business community. There are rules, the joint ethics rules. This is what I am talking about, creativity and maybe looking at the rules that are in place and inviting the private sector in earlier.

The TAP program, I went through it just under 3 years ago. And for someone like me, who is leaving as a lieutenant colonel, I probably don't need to go through TAP. It doesn't prepare an E5. And to my point exactly, we need to be more creative and think about these solution sets earlier.

How much sense does it make that a driver goes to military, gets a military driver's license, and then has to get credentialed in each of their States after they leave? They have to go through an arduous process to do that. How much sense does it make that a man or woman, as a corpsman or medic, saves lives in the battlefield, and they have to go through an EMT certification?

We could very easily, if the private sector was invited in, get a serviceman or woman a commercial driver's license while they are getting their military driver's license. And then they have their credential before they leave. Just like we can do the same thing for a corpsman or medic and get them their EMT certification.

Creativity, access earlier. If we do those two things, we aren't going to be talking about connecting them with One-Stops or services after they leave when they are on the unemployment rolls. And it is over \$1,000,000,000 our country is paying for that.

Mr. REHBERG. I entirely agree. You know, I fly a helicopter, and yet the military that are coming out don't qualify for a rotorcraft license. They have to go through the whole process again. And they are much better pilots. It is absolutely amazing the lack of cooperation. What you say is exactly correct.

Ms. DELAURO. Mr. Chairman.

Mr. REHBERG. Yes, Ms. DeLauro.

Ms. DELAURO. I am not going to take your time, but I just would like to—not at this juncture, Ms. Roybal-Allard is next up. But I want to just find out why businesses can't be—you mentioned in your early comment about ethics and so forth. So when we get around to that again, I am interested in why they can't.

Mr. REHBERG. Okay.

Ms. Roybal-Allard.

MILITARY RECRUITMENT ASSESSMENTS

Ms. ROYBAL-ALLARD. Just following up a little bit on the discussion, are any assessments made when someone goes into the service so that it is determined that this person is good in math, this person is good in something else? Are those assessments made when they first go in that could then be used to start providing them with the kind of experience within the service that would be helpful for them to transition?

Lieutenant Colonel ORTIZ. Yes, ma'am. In every military service, a person is assessed while they are at boot camp. Actually, they are assessed prior to. They are given I guess like almost an entrance exam to see where they are placed and see how they come out and what their strengths are.

For example, I will use myself as an example. My strengths were in the military police, in law enforcement side of the house. So, obviously, my recruiter helped me to get to that area.

So, yes, that is one piece. We also have young men and women who come in and they score a certain level. And based on what they have, their strengths and weaknesses, they are pushed into that area.

Now we say that our infantrymen don't have that capability. I disagree wholeheartedly with that because some of our smartest, our smartest Marines are our infantrymen. They just chose to be that vice a mechanic or vice anything else.

And as far as being able to get them into a specific level of training, again, ma'am, it depends on, number one, the needs of the service, what their capabilities are, and what they are able to achieve while they are in the service. That, in itself, is one problem, or one thing, excuse me.

The second thing is let us say they do become a motor transporter or a medic or a corpsman. The idea of being able to certify them later on is something that we are all working to try and achieve. I mean, on the business side of the house as well as on the military side of the house because it is very important.

However, ma'am, and with respect, the legislation for each one of the States are completely different. You know, unless there was a unified stance across the board where all the Governors agreed that when a person goes to Fort Lewis or a school specifically to be a driver, and when they come out, as soon as they finish, they get a commercial driver's license.

If that was to happen across all lines, ma'am, we wouldn't be discussing the problem that we are having right now. But unfortunately, that is every State has different rules and regulations.

ARMED SERVICES VOCATIONAL APTITUDE BATTERY (ASVAV)

Lieutenant Colonel SCHMIEGEL. The test itself that Junior refers to, I don't know, because I came from the military, I am not sure what the acronym stands for. It is the ASVAV test, A-S-V-A-V. If you want, people can look it up.

But Junior hit the nail on the head. There are two factors. Even if you score the ASVAV test and it directs you towards a specific MOS, as a service member that is joining, you have your own pref-

erence. And then, obviously, there is the specific needs of the recruiters, and they are trying to fill specific spots. So it is never a perfect alignment, but they do use that test.

Ms. ROYBAL-ALLARD. I was just trying to get—no, go ahead.

Mr. CARBONE. Yes, the one point I would like to make here is that often, because they have been away for 2 years or longer, they will come in and they are interested in getting a job as quick as possible. And they might choose the quickest way of getting there, which is the shortest form of training. It may not be exactly what they want or what is perfect for them.

But one of the things we have tried to do is to keep them in touch with our system. I mean, it is important to get them what they need immediately. But if they don't continue education or training on some kind of a lifelong learning basis, they are going to fall out of the workforce at some point, and they are not going to achieve their goals and objectives.

So we try to get them the job. But I think our folks at the One-Stops have done an excellent job with keeping in touch with them once they are employed and with the employer. Because in many cases, the employer offers those kind of opportunities.

Ms. ROYBAL-ALLARD. I would like to change to the Homeless Veterans' Reintegration Program. Los Angeles has more homeless people probably than any city in the Nation, including 7,000 homeless veterans on any given day.

And organizations in my district depend on the HVRP program to provide critical job training services to homeless veterans. Demand for HVRP funding will greatly increase as our military operations wind down in Iraq and Afghanistan. How do you plan to meet this increased demand with only the level of funding that is being requested in the President's budget?

Mr. REHBERG. I will ask that you answer that very quickly. That was a long question in the last 30 seconds.

Ms. ROYBAL-ALLARD. Yes, I am sorry.

Mr. REHBERG. Unless you want to carry it over into your second round so you could have a more meaningful? If you would like to expand upon that, we are going to do a second round. And so, if you wanted to wait and—

Lieutenant Colonel ORTIZ. If you wouldn't mind, I would like to wait a minute, ma'am. If you don't mind?

Mr. REHBERG. Okay. We will do that.

PLACEMENT AND PERFORMANCE METRICS

Then we will begin our second round of questioning. And I wanted to go back, Colonel Schmiegel, to something you said about metrics and objectivity. And that is one of the things that we talk about in this subcommittee a lot is oversight, especially as it relates to job service, the Department of Labor, One-Stop.

And so, we always worry that are we really providing the service that we intended to provide for the dollars that we are spending? And when you see the number of various job training duplications in the various agencies, you worry about that. How would you set up some kind of a metrics or an objective determination as to whether you are providing the service for the veterans that you intend to provide?

And then I will ask the others the same question. And Mr. Carbone, I am really impressed with your One-Stop. Eventually, we will expand upon that as well. It sounds like you are doing it right. There are others that aren't quite.

So, Colonel Schmiegel.

Lieutenant Colonel SCHMIEGEL. Well, again, our program is singularly focused on jobs. So our primary metric is all related to jobs. I think that has to drive the debate right now. If you look at the fact that 12.1 percent—

Mr. REHBERG. But would your metric be placement or going back in 6 months and seeing if they are still in the same spot, that their employer is happy with them, whether they have accomplished—

Lieutenant Colonel SCHMIEGEL. Both. I think placement and retention. So—

Mr. REHBERG. Is the Chamber working on that?

Lieutenant Colonel SCHMIEGEL. Yes. We are. We are working with a number of different organizations on a smaller-scale level in a pilot with an organization called Hire Heroes USA. It is an Atlanta-based organization run entirely by Iraq and Afghanistan veterans.

Mr. REHBERG. Is Mr. Ortiz or someone else involved with the Department of Labor? Have you even attempted to go outside for—

Lieutenant Colonel SCHMIEGEL. No. No. In this case, we decided on a parallel track in the private sector only.

Mr. REHBERG. Colonel Ortiz, would that be something you would be interested in learning about, watching, participating, or maybe you don't want their participation? I don't know.

Lieutenant Colonel SCHMIEGEL. No, we would be happy for the public sector to participate.

Mr. REHBERG. Colonel?

Lieutenant Colonel ORTIZ. Yes, sir. That is something we can look at. Kevin and I, we do a lot of things together when it comes to the veterans side of the house, sir. So—

Mr. REHBERG. Are you working on any objective standards so that you can see that the programs that you are working on are, in fact, working?

Lieutenant Colonel ORTIZ. Actually, sir, we try to meet our standards based on the needs of our service members, sir. So we are in conversation with some of our public sector areas and—

Mr. REHBERG. That is a yes or a no?

Lieutenant Colonel ORTIZ. Yes, sir. We do.

Mr. REHBERG. Okay. Mr. Carbone.

Mr. CARBONE. Well, I mean, I think the kind of services that we talked about earlier that we are providing at the One-Stop and kind of bringing together all those organizations that can assist people and to get to a career or to get to a job—

Mr. REHBERG. Do you have a review? Do you have an objective standard?

Mr. CARBONE. Yes, the standard is to arrive at placement, at placement. So you try to achieve that as soon as you can, but I think the important factor is to keep in contact with that person, that business that they went to so that you don't lose them.

Mr. REHBERG. Exactly. The important standard is where are they in 6 months?

Mr. CARBONE. Where are they in 6 months? Exactly.

Mr. REHBERG. Do you keep track of that?

Mr. CARBONE. We go to a year.

Mr. REHBERG. Okay.

Mr. CARBONE. We go to 1 year. But in between that 1-year period, I mean, there is a lot of contact made with that business. And that is why it is important. Be a little bit selective here on the kind of businesses that you try to make that connection to. You want businesses that will work with them and nurture them, appreciate them and respect them and nurture them and try to help them to advance.

VETERANS JOB RETENTION

Mr. REHBERG. And Colonel, I guess I would ask what are the barriers to your trying to create either the appropriate metric or working with the Government?

Lieutenant Colonel SCHMIEGEL. Yes. As you spoke, I think you hit the nail on the head, Mr. Chairman. Veterans will have 3 jobs in their first 3 years on average. So retention is a critical issue.

The private sector innovates 35 times faster than the public sector. We should go to a company and ask them how they are doing it.

General Electric knows that their veterans are retained at a rate of 7 percent higher than nonveterans that work for their company. They have 10,000 veterans. That is a huge sample size. Bring the private sector in. Let them explain how they are doing it, and adopt that in a Government-wide program.

Mr. REHBERG. Yes, sir?

Mr. CARBONE. Yes. I think that is—that would be the result of a company that cares, a company that is trying to nurture that candidate, working with that candidate and helping them along every step of the way. If you try to deal with companies that have a good culture like that, it makes the difference.

Lieutenant Colonel ORTIZ. I am in agreement, sir.

Mr. REHBERG. Do you provide a directory of those kinds of employers so that I think you suggested they go back to their hometown, whether there is a job there or not. Is there a central source of information of the kind of friendly employers that are out there like GE?

Lieutenant Colonel SCHMIEGEL. We are creating that right now, Mr. Chairman. That is the whole basis of the Chamber's initiative. And now we are going to major military installations to host hiring events because the Chamber is a nonprofit organization in this regard.

So we talked a little bit about access. We are going to go and bring dozens of companies to each of the bases, not just one.

Mr. REHBERG. Okay.

Ms. DeLauro.

Ms. DELAURO. I have just a couple of things. I just want to first of all, make a comment. I think there would be agreement that we ought to go to a longer period of training, whether it is 2½ days, 3½ days, whatever it would be. That requires resources.

I say that because we are an appropriations committee, and we need to ask for more time for training and then be willing to put the resources where they are necessary to accomplish that.

VETERANS PROGRAM EVALUATIONS

But I also wanted to deal with program evaluation in some way, and there are a lot of new efforts that are underway with regard to both the Federal Government and your program, Colonel Schmiegel, started in March of 2011.

Lieutenant Colonel SCHMIEGEL. That is right.

Ms. DELAURO. So we are looking at a year in terms of trying to deal with it.

But I would just say, and I am not going to go through all the data, but I think it ought to be useful to put into the record program evaluation data. A new initiative, Joining Forces. Since August, 45,000 hires have been reported. They have got businesses pledging to hire in excess of 195,000 veterans.

The Veterans Jobs Bank, a joint venture between Department of Labor, the VA, and Google, there are 1 million jobs posted. The site has a skills translator that is embedded.

The tax credit for business hiring veterans, waiting to hear about whether that is working or not. And again, there is Jobs for Veterans States Grants, the VETS program, transition programs. There is data on results in those, all of those programs.

The Homeless Veterans' Reintegration Program, 2010, awarded 140 of those grants. Almost 16,000 homeless vets received services. So the data and the statistics are important, and I am just saying that they are there at the Department of Labor for people to look at.

I understand, Colonel Schmiegel, that you are now putting these pieces in place. You are a year old. And the question becomes, again, what you have said is that when a company comes out with a public pledge, do you have a mechanism for following up to confirm that the hires actually occurred? I presume you do. Yes?

Lieutenant Colonel SCHMIEGEL. Yes.

Ms. DELAURO. Okay. Are you able to track actual placements from job fairs and the satisfaction rates of service members once they are on the job?

Lieutenant Colonel SCHMIEGEL. Yes.

Ms. DELAURO. Okay. Is there data yet on the retention in the positions that have been secured? All that is—

Lieutenant Colonel SCHMIEGEL. No, not yet.

Ms. DELAURO. No, exactly.

Lieutenant Colonel SCHMIEGEL. It is a year old.

Ms. DELAURO. You are a year old. I am making the point that you have got some programs that have been there that are existing programs, and Mr. Carbone, you go back, you said, I thought I heard you say you go back it is a year to see whether they are on the job in a year.

Mr. CARBONE. One year.

Ms. DELAURO. So that I think we have seen that we have got the real basis and cooperative relations here between both business and the private and the public sector to make sure that the pro-

grams are not duplicative, that they are doing the job that they are supposed to, that they are supposed to be doing.

And I think that that is gratifying. I think I am hearing for the first time a kind of a relationship here that exists that is workable.

Let me just, I am going to ask a question about military spouses, because this is a problem. Spouses are on their own, for the most part. It seems again from the data that they are educated people, and they are looking for a way to demonstrate self-worth.

And so, I guess there are two pieces here. Are we going to do another round, Mr. Chairman? Will we have enough time for that? I think so. It is only 11:00 a.m.

Mr. REHBERG. Excuse me? [Laughter.]

Ms. DELAURO. We are supposed to be on from 10:00 a.m. to 12:00 p.m., right?

Mr. REHBERG. We will do another round.

COMMUNITY COLLEGES AND ONE-STOP

Ms. DELAURO. Thank you so much, Mr. Chairman.

But there is this certification piece on the people that you have there. It is not there at the moment. There ought to be if you can be in the motor pool in one place, you can be in a motor pool in another place.

But it is actually working with the community colleges on the certifications. What is being done on the certification area to speed that process up? Is there anything, Mr. Carbone?

Mr. CARBONE. Yes, I can tell you that the fact that we bought these blocks of classes at the communities colleges.

Ms. DELAURO. What does that mean, you bought blocks of classes?

Mr. CARBONE. You buy the whole class. I mean, when you are dealing with the One-Stop, it is not only the vets. It is your entire customer base that there are folks from each of them that may need those services. The colleges, by and large, cannot take a loss. They can post that they are going to do the class, but they have got to get a minimum number of people.

So if we buy the class, we are sure it is going to happen, and we can take people from all sectors of our customer base and put them in there. That makes a big deal here because you can get it done on time. And often then it can correspond with the needs that businesses have to have the person actually complete that program on a certain date.

Ms. DELAURO. Is Pell useful in that process?

Mr. CARBONE. Pell is not needed in that process, no.

Ms. DELAURO. Okay. Thank you.

Thank you, Mr. Chairman.

Mr. REHBERG. Mr. Alexander.

Mr. ALEXANDER. Kevin, you have mentioned that you would be happy for the private sector to participate. Can you expand on that a little bit?

Lieutenant Colonel SCHMIEGEL. I am putting that into action, and I actually went to the individual services myself. I spoke to the head of their different manpower departments and, in some cases, the service chiefs directly. Sometimes it is helpful to know and to

work for a former service chief like General Jim Jones. And we have asked for access to the bases.

I referred earlier to joint ethics regulations. A lot of companies that we work with have individual contracts with the Government. So they are defense contractors. But if the Chamber comes on and offers to work in 40 bases and stations to do these hiring fairs, we can have access, but we invite all the companies from the individual industries and sectors to take part.

The only criteria is that they have jobs for transitioning service members and spouses that will attend those fairs. If they don't have jobs and a service member or their spouse says that they were referred to a Web site or that company doesn't have a job, they want to hand out pamphlets, they are not going to be invited to our hiring fairs anymore.

Mr. ALEXANDER. Well, let us know what we can do to help with that.

Colonel Ortiz, how often do you find that the employers simply are just unaware of the regulations in the USERRA?

Lieutenant Colonel ORTIZ. USERRA, sir?

Mr. ALEXANDER. USERRA. Do they ignore them, or do they just not know about them?

Lieutenant Colonel ORTIZ. I would say about 95 percent of the time, sir, that the companies are aware of them, and they pretty much stick by them. Other times, it is a matter of education, of being able to outreach them because sometimes they don't know the specifics behind it.

Mr. ALEXANDER. Okay.

Lieutenant Colonel ORTIZ. And especially when you are talking about low and medium companies. They may not know the specifics behind it. But I would say, sir, that the majority of our companies out there are very, very supportive of our troops.

Mr. ALEXANDER. Thank you.

Mr. REHBERG. Ms. Roybal-Allard.

ACCESSIBILITY OBSTACLE

Ms. ROYBAL-ALLARD. Before I go back to my original question, if I understood what Ms. DeLauro was saying, it seems like all the pieces are there to achieve the goals that we all want to get to and that you are moving in that direction.

What are some of the obstacles that you are running into or some of the things that concern you the most that aren't enabling you to move more quickly in that direction or that are actual obstacles to what the objectives are? And how could we be helpful in that way?

Lieutenant Colonel SCHMIEGEL. I go back to the original point. I think access earlier is the most important issue. A lot of the stuff that Mr. Carbone addressed is after the fact. The service members are leaving. When we go on base for these 40 hiring fairs, we are going to do something very interesting. I think Mr. Carbone and Junior would agree that this is the right way of going.

We have enlisted the support of 20 companies that have huge pockets of employment. If you take a company like Entergy in Louisiana, they are not employing in all 50 States. You take a company like Chesapeake Energy in Texas. You take a company like

Capital One, which is actually a bank that is growing. They are looking for hundreds of people.

So imagine if you go to a hiring fair on base with 50 companies, but the Chamber sets up its own booth with 20 companies that have 10,000 jobs in 100 cities, and we just lay on a 6-foot table a map with 100 pushpins. And there is 100 packets that a service member can take with them.

And it shows them if you use your GI bill to get credentialed for 1 year or 6 months or whatever the case may be, you get a job guaranteed with one of these 20 companies in those 100 cities. Then we are not doing it after. We don't have to worry about the service they get after.

We are going to where they are making the decision, and we are helping them make an informed decision because you have young men and women that are using their GI bill to get a history degree or a geography degree, and they are dropping out after 2 years.

This has to be holistic, and you have to bring it to them before they leave, not after they are already unemployed.

Ms. DELAURO. Would the gentleman yield for one—

Lieutenant Colonel ORTIZ. I am sorry, ma'am. I will tell you, ma'am, that in principle I do agree with everything that Kevin is saying, based on the fact that being able to get to the individuals earlier. Because the earlier you get to an individual, the more informed they are, the easier it becomes for them to be able to move in that life cycle, if you will.

However, the biggest problem that occurs is, and this is where, at least from what I see, that Junior Ortiz sees, is the fact of being able to bring in a company that wants to hire Kevin, but yet he has 6 months left in the service or 12 months left in the service, you know?

There are some companies out there that are willing to wait because they know what the value is of that individual. However, there are a lot of them that are trying to fill the ranks now, and they want to be able to do what needs to be done. I think once you are able to get that information out to everybody and let them know that there are jobs available and that there are jobs available for you when you get out, that is one thing.

To guarantee them a job and everything as they get out, you know, if a company can do that, we are all for it, ma'am. The point being is the needs of the service, the military member doing what needs to be done, and believe me, ma'am. I am very supportive of trying to get our kids—and I say "kids" because I can—out and be able to get jobs once they leave.

Again, it is the accessibility of being able to hit them early that runs into problems.

HOMELESS VETERANS PROGRAM

Ms. ROYBAL-ALLARD. Do you want to answer the previous question with regard to—

Lieutenant Colonel ORTIZ. Yes, ma'am. I mean, we were talking about since the administration took office, HVRP has increased about 46 percent, ma'am. We approximately—we had about 26 million, and right now, it is over 38 million. You were talking about

how many grants we will be able to fill and especially in your area, ma'am.

Ms. ROYBAL-ALLARD. Given the increase.

Lieutenant Colonel ORTIZ. We have 151 grants right now. The grantees are using what needs to be done based on the money that they are given. I think one of the things that we need to understand is we need to protect the funding stream. We definitely need to protect that, making sure that our newly separated service members don't become homeless.

I mean, the key in this whole entire thing is if we can stop the homeless piece, then the HVRP programs, as well as they are, as well-intended as they are, will cease to exist. And if we could do that, you ask how do we help the future? Let us hope to God that we don't get our young veterans—and believe me, ma'am, now we are seeing in the homeless programs, we are seeing younger and younger veterans going in there and especially young women.

Mr. REHBERG. Thank you.

We will begin the DeLauro final round.[Laughter.]

And first of all, may I ask a question? What was your expertise or your specialty in the Marine Corps?

Lieutenant Colonel ORTIZ. I had a few, sir.

Mr. REHBERG. Okay. Couldn't keep a job? [Laughter.]

Lieutenant Colonel ORTIZ. You are right, sir. I could not. I was an airlifts control officer. I was a counterdrug/counterterrorist specialist. I was an administrative officer. I was an operations officer. I was also an instructor at the U.S. Naval Academy. I taught Spanish and leadership.

I was also the director of marketing and advertising for all the Marine Corps, a professional recruiter, if you will.

Mr. REHBERG. You were all-around.

Lieutenant Colonel ORTIZ. And a few other cats and dogs.

Mr. REHBERG. Well, first of all, let me thank you for your service. But more importantly, your kids. That is a testament to you and your leadership and your fatherhood. So thank you for doing that.

Lieutenant Colonel ORTIZ. Thank you, sir.

Mr. REHBERG. What was your——

Lieutenant Colonel SCHMIEGEL. I was an artillery officer. I deployed for the first Gulf War as an artillery officer. And the latter half of my career, I was very focused on the human resources process in the Marine Corps. I ran——

Mr. REHBERG. That shows, and thank you.

Lieutenant Colonel SCHMIEGEL. Thank you.

Mr. REHBERG. And I won't put you through it, but thank you. Very impressive. I like what I am hearing about your program. I would like to see more about the One-Stop because One-Stop is something that actually does concern me nationwide. I am a little concerned that some get it, some don't.

There is a certain level of disjointment going on, and it sounds like you have got your act together.

Mr. CARBONE. Yes. I would say that for sure the structure of the system is there, and it was put there for the right purposes. It may not be used evenly. It may not be the same all across the Nation. But——

Mr. REHBERG. Well, and maybe it doesn't need to be. You know, we call it One-Stop, but maybe the flexibility sometimes is important as well.

Mr. CARBONE. That is right. Right.

Mr. REHBERG. Inefficiency is unacceptable, especially when it comes to veterans. But we don't want to create inefficiency by making everybody fit into the same piece, and it sounds like you have got a handle on it.

And thank you, Ms. DeLauro, for bringing or inviting him to come down.

TAX CREDITS FOR BUSINESSES HIRING VETS

Now I really want to ask a question about the success or perceived lack of success perhaps of the tax credits for businesses for hiring. You have a piece of it because you are supposed to be monitoring it. You see it day in and day out.

Do you think it is working or not? And the only reason I ask that question is because I come from the State legislative arena. I was a Lieutenant Governor. Before that, I was a State legislator. And I was always very active and helped to cosponsor veterans' preference, and we had a miserable time making it work. It was so difficult to make a veterans' preference.

And we wanted to, and it was the best intention, and we thought everybody was going to participate. It just never worked as well as we wanted. And that is why I worry that the tax credits are available. Are the businesses taking advantage of it? Is it working as well as you thought it was going to?

And Colonel Ortiz, are you monitoring it? And what would you be, your opinion as to whether it is working or not? Not that I want to change anything. I just want to know from your perspective is it working?

Lieutenant Colonel SCHMIEGEL. Sure. I think, one, Mr. Chairman, there are two pieces. There is a big business component and a small business component. I will give you the top line because I don't think the tax credit is being utilized.

I can tell you that we have worked with several thousand companies, and I have spoken to hundreds of them, and not a single company that I have spoken to has used the tax credit. I think big businesses are figuring it out because they have an HR team. They have tax consultants and lawyers.

Small business, if you offer them \$5,000 or \$10,000, they don't have an HR manager. They don't have a tax consultant, and they don't have someone to advise them in the legal side of this on whether or not they should take advantage of the tax credit.

And if you are small business owner, and there are 27 million in America, you are not going to take an extra hour at the end of a 16-hour day to figure out whether or not it is worth your time to get a \$5,000 tax credit.

So I don't think on the small business side it will be used. I think we might see some movement on the big business side.

Mr. REHBERG. Colonel?

Lieutenant Colonel ORTIZ. I tend to agree with Kevin in the sense that is it being utilized as much? I am not seeing that, sir. I can't—I can't answer that specifically.

I see a lot of the organizations and a lot of companies out there hiring veterans because they think it is the right thing to do. And in actuality, that is what it should be.

Mr. REHBERG. Right.

Lieutenant Colonel ORTIZ. You know, the tax credit, it is great to have it. Especially if you are a medium size or a small company, that may help you. But the bottom line on that is you shouldn't be hiring a veteran because you are going to get a tax credit.

Mr. CARBONE. I can tell you that in our practices I consider them to be really worthless. I don't—I think in particular in the post recession economy, businesses are not all that focused on whether or not the tax credit is going to be there. They are looking for a skilled person who is going to make a difference in terms of their bottom line.

So tax credits don't open doors, don't get people employed unless there is a lot more reason to hire the person than just that. If it is the right candidate for the right job, and that person happens to have a tax credit, then fine. They will take advantage of it. But it is not going to make the difference, in and of itself.

Mr. REHBERG. Ms. DeLauro.

Ms. DELAURO. Just several points. We have talked about access. I just want to pursue one comment on the credentialing and certification. Are we looking at getting credits, certifications, it seems to me that we have got to get both business and the academic side to accept the work that is being done in the military as work experience that goes toward accreditation in some way.

And I just need a quick answer on this. Is that happening or not happening?

Mr. CARBONE. It is not—I have not seen it happen, at least in my region.

Ms. DELAURO. Yes?

Lieutenant Colonel SCHMIEGEL. The Chamber with the American Legion hosted a credentialing licensing summit. DoD is looking at that right now.

Ms. DELAURO. Okay. I think that this is just like what is your work experience? The job description says 4 years of college or equivalent work experience, you know, whatever it is to be able to use as a lever to move this process more quickly.

Lieutenant Colonel SCHMIEGEL. DoD is looking at it.

USERRA ENFORCEMENT

Ms. DELAURO. The other—let me just again quickly, Colonel Ortiz, USERRA enforcement. Department of Labor is working at making sure these rights are enforced here for these folks to be able to go back to their jobs?

Lieutenant Colonel ORTIZ. Yes, ma'am. We are committed to aggressively enforce these laws.

Ms. DELAURO. Okay.

Lieutenant Colonel ORTIZ. We provide them as best as we can. We have—we have representatives throughout the country that make sure that these things are investigated properly, any complaints that we have.

Last year alone, as I had stated in my testimony, ma'am, we had 1,500 USERRA claims. Through the efforts, we have recovered al-

most \$2,000,000 worth of lost wages and benefits. So we are, in fact, doing what needs to be done.

Ms. DELAURO. I want to—a couple of other things. There are some things happening here which I think are worth noting. And we may be in the midst here of two things. One, and I know the legislation I think that we have all signed on to, new incentives to hire veterans as first responders—Department of Justice, FEMA, hiring vets to protect Americans as first responders, law enforcement people. Putting people to work. Now those are public sector jobs.

And one of the issues that comes up here is that, and I think the statistic is, is that men—it is about 21 percent of veterans are in public, Government and public sector jobs, the vets, and about 29 percent of women veterans are in those jobs. Now we are looking here at one, there is the issue of sequester, which may be coming up, which would then be, you know, what, 7, 8, 8.5 percent cut across the board.

And that is for the Federal workforce system that is serving that veterans group, targeted veterans programs, as well as employing veterans. What is your sense of what that means in terms of the future for veterans here?

Lieutenant Colonel SCHMIEGEL. I think it means we need to do more. It is not, it is no surprise that veterans are 50 percent more likely to serve in the public sector if the public sector is using resources to encourage them to serve in the public sector.

The answer to all these questions, the answer to solving the issue of veterans employment lies with small business. That is the job growth engine of this country. As we come out of the recession, jobs will be created in small businesses.

So if we are going to look at programs, we have to look at the private sector and small businesses.

Ms. DELAURO. Well, I understand that, and I would concur except that we are looking at, again, the COPS program. And again, we have all supported these—

Lieutenant Colonel SCHMIEGEL. Sure.

Ms. DELAURO. Veterans bills. We are talking about making sure that veterans come out of the military with the training or the cert that they have that they are looking at employment that is somehow based on their experience. And we are encouraging people to actively go into these efforts.

I might also add that the SBA is working very, very closely with veterans to look at how they can be set up as entrepreneurs, et cetera. So that is working with business, et cetera.

But we should be careful is what I am saying here as to what we are all doing on our side of the table, and what we are demanding that our agencies do and who they are hiring. And then, by the same token, then on the other side of it saying that we are going to look at public sector jobs cut because of budget tightening at the State level, at the Federal level, and then if that is the case, what are the assurances that we are moving veterans into long-term and sustainable jobs?

And unless we have that full discussion, we are going to find ourselves in a position where we have brought people in to jobs that

we think they ought to fill, and then we cut them out of them, and then they have no place in which to go.

Mr. REHBERG. Ms. Roybal-Allard.

EDUCATING VETERANS ABOUT SERVICES

Ms. ROYBAL-ALLARD. I just wanted to raise one issue with regard to the fact that representatives of the Los Angeles County Workforce Investment Board have told me that it is going to be very difficult for veterans to find information about the employment services that are available to them. Are the VA and the Department of Labor and other agencies coordinating efforts to address this issue and to help educate veterans about the services?

Lieutenant Colonel ORTIZ. For me, ma'am?

Ms. ROYBAL-ALLARD. Yes.

Lieutenant Colonel ORTIZ. Yes, ma'am. We are working hand-in-hand with a lot of our agencies, with some of our partners also. The majority of the things that we are trying to achieve is the fact that we are making everything feasible by starting them off by the Transition Assistance Program, which the DoD, VA, DHS, and DOL work.

We also work hand-in-hand with the agencies as far as our reintegration programs and also our—the Veterans Reintegration Employment part where VA gives them a certain amount of—prepares them for work and then brings them, puts them over to the DOL One-Stop shops where we are able to help them find employment through this.

So, yes, ma'am. We are, in fact, working hand-in-hand to make sure those things happen.

Mr. CARBONE. Yes. I can say that that has not been a problem in my region. If the One-Stop or the WIB is operating the way it should, you have got avenues to all of those groups. And as information is available, it is made available to the One-Stops and to the system.

I think the point I have been trying to make here today is that that infrastructure is in place. How it works is up to the Department of Labor and, of course, to the Congress. If funding is reduced, it means you have got to make less money available because it does not reduce the number of groups that you have to serve.

And what I have given you here with respect to veterans is that in some respects they are no different than long-term unemployed. They come with the same kinds of emotional challenges and a need for self-confidence building and other factors that sometimes cost a little bit more. But in the long run, they certainly provide a great difference in terms of the eventual outcomes that you have.

Lieutenant Colonel SCHMIEGEL. I would say, if I could, two things. One, the idea of a hiring fair being the be all to end all for hiring, getting veterans jobs is not. I don't want to give people that impression.

But we do bring the VA, Department of Labor, ESGR, and other Government agencies and nonprofits around this single event. So if those communities come together around one event, they can certainly meet twice a month to help veterans and military families reintegrate into communities.

We have done events in L.A. It is a big city. We are going to be back in L.A. What you see when you do this in a community is a different core group of leaders, and it will look different because sometimes the DOL leader may be weak. Sometimes the Chamber leader may be weak. So you need kind of some depth there.

OPPORTUNITIES FOR AMERICA

The last thing I want to say and it keeps on coming up, whether or not it is the right thing to do for business. This is not charity, and if anything, we are helping businesses do the smart thing, not just the right thing.

We have to bring that point home because this is an opportunity for America. In World War II, millions of veterans went back into the workplace, and they raised our economy and made our manufacturing sector the strongest in the world.

There are sectors growing in America right now. We have an opportunity with a million service members leaving over the next 5 years to infuse the energy sector, the healthcare sector, the infrastructure sector with talented people. This is not charity.

Ms. DELAURO. Mr. Chairman, I just have or two—

Ms. ROYBAL-ALLARD. Can I just ask one quick? Do you know when you are going to be in L.A.?

Lieutenant Colonel SCHMIEGEL. I don't know off the top of my head. We have 400 dates on the calendar. But I will send them to you, ma'am.

Ms. ROYBAL-ALLARD. Okay. Thank you.

Mr. REHBERG. Ms. DeLauro.

Ms. DELAURO. Just a couple of things, and Mr. Ortiz, if you could, I don't know if you can do it briefly or do it for the record, but this is on the DOL performance measures. If you can get us that information, that would be very useful and helpful information.

Lieutenant Colonel ORTIZ. Yes, ma'am.

Ms. DELAURO. Of course, I don't know if you could say anything quickly because I know the chairman wants to wrap up.

Lieutenant Colonel ORTIZ. I will be more than happy to provide that for the record, ma'am.

[The information follows:]

The Department of Labor's (DOL) Veterans' Employment and Training Service (VETS) measures outcomes for its grants programs as follows:

Under VETS' Jobs for Veterans State Grants (JVSG) there are three key measures of the outcomes experienced by participating job seekers. The first is the Entered Employment Rate (EER), which is the percent of the participants who entered employment in the quarter after the last quarter in which they received services. The second measure is the Employment Retention Rate (ERR), which is the percent of those who also are employed in the second and third quarters after the last quarter in which they received services. The third measure is the Average Earnings (AE), which is compiled for those participants who are retained in employment during the second and third quarters after the last quarter in which they received services. So, it is a six-month or semiannual measure of their earnings

For our competitive grant programs, Homeless Veterans' Reintegration Program (HVRP) and Veterans' Workforce Investment Program (VWIP), VETS measures each program's outcomes by the Placement Rate of its participants and the average hourly wage at placement. The Placement Rate is simply the number of participants placed in employment divided by the number of participants enrolled. In addition, we track EER and ERR as measured in our JVSG program. HVRP and VWIP grantees do not generally have access to the State Unemployment Insurance wage records used by States to measure outcomes in the JVSG program. Therefore, the outcome measures for our competitive grant programs are slightly different than those in the JVSG program.

These performance measures can be found in VETS' budget justification and its Annual Report to Congress.

Ranking Member DeLauro, I hope this answers your question. Thank you.

Ms. DELAURO. If you can, because I think it is important. And we are getting information about what is happening with the Chamber. I think that is critical.

And the same with Mr. Carbone, you know, with what are the objects?

And I would just like to—Mr. Chairman, we didn't get at all to talk about, I think, an issue which is so critically important, and that is the issue of women veterans.

Lieutenant Colonel ORTIZ. Yes, ma'am.

Ms. DELAURO. And they, quite frankly, are behind the curve in every effort here, and they are most unemployed. They are most of our homeless, and it is becoming a very serious problem. And they are serving in the same capacity that male veterans have, and what I wanted to try to do was to get some quick appraisal of what you all are doing with regard to female veterans?

Lieutenant Colonel ORTIZ. Well, ma'am, I will tell you. The Department of Labor, we have HVRP programs specifically for our females.

Ms. DELAURO. For women.

Lieutenant Colonel ORTIZ. And we have 26 grants last year that we gave out. The Women's Bureau holds listening sessions across the country to make sure we cover, we go to women stand-downs specifically for our women veterans.

We are part of the women's veterans groups to make sure—Secretary Solis is very, very adamant to making sure that we reach out specifically to them. Not just to veterans, but to female veterans and female veterans with families.

Ms. DELAURO. Right.

Lieutenant Colonel ORTIZ. Because sometimes it is hard for them to be able to do certain things. So it is important for us to do that.

Mr. REHBERG. Real quickly, the other two gentlemen, please.

Lieutenant Colonel SCHMIEGEL. I will be quick.

Mr. REHBERG. And then I will point out that the record will be open for a period of 14 days for the Members to ask additional questions. If asked, I hope you will answer in a timely fashion.

Mr. REHBERG. And we will conclude then with the two gentlemen, please.

Thank you.

Lieutenant Colonel SCHMIEGEL. Thank you.

I would like to tie two points together. You mentioned military spouses earlier, and we didn't get to it.

Ms. DELAURO. Right. We didn't get to that.

Lieutenant Colonel SCHMIEGEL. Forty percent of military spouses are women veterans. It is not surprising given they meet their mate at that point in their life. My wife was a military spouse for 15 years, serving alongside me. Twenty-six percent of military spouses are unemployed. So they face an equally challenging issue as women veterans.

I think you need to approach this differently. Women veterans, first, one out of three don't self-identify, and they don't like to go to hiring fairs to find a job. We have hired three women veterans in our program. We have also hired a woman named Laura Dempsey, who is the founder and co-chair of Blue Star Families.

She has started a couple of initiatives. She brought together nine nonprofits under one entity, one umbrella called the Military Spouse Business Alliance. And we are starting an e-mentor platform. And I think mentoring women, and business executives need to mentor women veterans and military spouses about the challenges they face when they transition.

Ms. DELAURO. We also have on our committee Ms. Granger, and she is not on our committee, but on Armed Services, Susan Davis, are on the board, Mr. Chairman, of Joining Forces, which is active in this area as well. And our State commissioner of veterans in Connecticut, Linda Schwartz—

Mr. CARBONE. Schwartz.

Ms. DELAURO. Sits on that effort as well.

Mr. REHBERG. Mr. Carbone.

Mr. CARBONE. Yes, we were—we did win one of those awards, by the way, that you alluded to, and it does serve the female veterans. We have got a program now in Stamford, and we have got one in Bridgeport as well, and both are working well. In fact, we have got a residential facility that was just opened in Bridgeport as well.

Just want to make one point on the performance measurements that you made reference to earlier. One of the things that is not really a performance measurement, but I think says a lot as to whether or not that One-Stop or that WIB is being effective is whether or not they can leverage those formula dollars to grow the business, to create some kind of an environment where you can do a lot more things and do greater things as a result of money that you may even have a lot more flexibility with.

I think that is important, and I think that has made the difference here in some of the programs that you have read about at The WorkPlace.

One last point I would like to make with respect to the job fairs. It is not unusual sometimes that you will get 75 or 80 businesses that will want a table at the job fair. Your reference before about not inviting businesses back that just come there to put up their shield, kind of take advantage of the nice picture or something of that sort, but don't respond with jobs, all right?

Just like you do, I am doing that herein because we have got 5 that we are doing over the next 2 months. And there is a good 30 or 40 businesses that come there, proudly put up their shield, but don't hire anybody.

Mr. REHBERG. Thank you very much.

THURSDAY, MARCH 22, 2012.

U.S. DEPARTMENT OF EDUCATION

WITNESSES

ARNE DUNCAN, SECRETARY, DEPARTMENT OF EDUCATION

THOMAS P. SKELLY, DIRECTOR, BUDGET SERVICE

INTRODUCTION OF WITNESSES

Mr. REHBERG. We do start on time here.

Good morning, Mr. Secretary. Welcome to the subcommittee.

CHAIRMAN'S OPENING REMARKS

This morning we have an opportunity to talk about what I think is one of the most important investments we can make in our country, the education of our young people.

FISCAL YEAR 2012 EDUCATION APPROPRIATIONS

I am proud to say that last year, even under very difficult budget circumstances, we were able to maintain the maximum Pell grant at \$5,550 while making commonsense reforms to put the program on a solid financial footing this year. We were also able to increase IDEA grants to States by a modest amount, \$100 million. It isn't as much as the \$1.2 billion increase that I had proposed in the bill I introduced last fall, but I know that every penny makes a difference to struggling local districts. And, finally, Title I grants to States were increased by \$60 million.

Although the overall funding level at the Department of Education actually represented a cut from the prior year, we made the tough decisions to prioritize these core, large formula grants that benefit almost every district in the country.

FISCAL YEAR 2013 EDUCATION BUDGET REQUEST

So I was very disappointed when I saw that, with the nearly \$2 billion in new money allocated for education resources in the President's budget this year, he didn't put funds into IDEA to help meet our Federal commitment there, you didn't put them into Title I, you didn't put them into Impact Aid basic support payments or rural education programs or TRIO—not one penny.

Instead, your budget requests \$1 billion for a new, never-authorized Race to the Top program which would be operated at the college level. The budget request does not provide any authorizing legislation to carry it out or details about how this program would work. Your request also includes a \$300 million increase for the K-12 Race to the Top program, which members of this subcommittee as well as members of the authorizing committees have serious res-

ervations about. I think you should have gotten that message loud and clear last year. I notice a pattern here.

Many other aspects of your budget request also echo the theme of less money for tried-and-true formula grant programs to States and more money in flexible pots for brand-new ideas left entirely to your discretion, and yours alone, without congressional input. Why are these large grant programs all level-funded in your budget while new and untested ideas like Race to the Top and the so-called First in the World competition get huge increases? This is a question we will address.

Sometimes it is necessary to level-fund a program in tough budget times. I understand that. But I do not understand why, instead of investing the nearly \$2 billion in additional educational resources you had to help meet our Federal commitment to IDEA, you chose to create brand-new programs out of whole cloth that you must know are not going to go over particularly well within this congressional committee.

I will ask some questions along these lines in a moment, but at this time I would like to yield to my ranking member, Ms. DeLauro, for her opening statement.

[The information follows:]

Opening Remarks of the Honorable Denny Rehberg, Chairman
Subcommittee on Labor, HHS, Education and Related Agencies Appropriations
Department of Education FY13 Budget Hearing
March 22, 2012

Good Morning Mr. Secretary, Welcome back to the Subcommittee.

This morning we have an opportunity to talk about what I think is one of the most important investments we can make in our country – the education of our young people.

I am proud to say that last year, even under very difficult budget circumstances, we were able to maintain the maximum Pell grant at \$5,550, while making common sense reforms that put the program on a solid fiscal footing this year. We were also able to increase IDEA Grants to States by a modest amount -- \$100 million -- it isn't as much as the \$1.2 billion increase I had proposed in the bill I introduced last Fall, but I know that every penny makes a difference to struggling local school districts. And finally, title I grants to states were increased by \$60 million. Although the overall funding level at the Department of Education actually represented a cut from the prior year, we made the tough decisions to prioritize these core, large formula programs that benefit almost every district in the country.

So I was very disappointed when I saw that, with the nearly \$2 billion in new money allocated for education resources in the President's budget this year, you didn't put the funds into IDEA to help meet our federal commitment there. You didn't put them into title I. You didn't put them into Impact Aid basic support payments, or rural education programs, or TRIO. Not one penny. Instead, your budget requests \$1 billion for a new, never-authorized "Race to the Top" program which would be operated at the college level. The budget request does not provide any authorizing language to carry it out, or any details about how this program would work. Your request also includes a \$300 million increase for the K-12 Race to the Top program, which members of this Subcommittee, as well as members of

the authorizing committees, have serious reservations about. I think you should have gotten that message loud and clear last year.

I notice a pattern here. Many other aspects of your budget request also echo the theme of less money for tried-and-true, formula grant programs to states and more money in flexible pots for brand new ideas left entirely to *your* discretion – and yours alone, without Congressional input -- to distribute.

Why are these large grant programs all level funded in your budget, while new and untested ideas like Race to the Top and the so-called First in the World competition get huge increases? This is a question we need to address.

Sometimes it is necessary to level fund a program in tough budget times. I understand that. But I do not understand why instead of investing the nearly \$2 billion in additional education resources you had to help meet our federal commitment to IDEA, you chose to create brand new programs out of whole cloth that you must know are not going to be well received by any Congressional Committee.

I will ask some questions along these lines in a moment, but at this time I would like to yield to my Ranking Member, Rosa DeLauro, for an opening statement.

RANKING MEMBER'S OPENING REMARKS

Ms. DELAURO. Thank you very much, Mr. Chairman.

Good morning. Welcome, Mr. Secretary. Mr. Skelly, good to see you.

PAST AND PROJECTED EDUCATION BUDGET CUTS

As we think through the President's budget proposal for 2013, I think it is critical to remember the context in which it comes. This year's request arrives after two successive rounds of budget cutting. It comes as the House majority is once again proposing a budget that asks the middle class to pay for more tax cuts for the wealthiest Americans, including by making significant cuts to investments in education.

Under the 2012 legislation enacted in December, appropriations for the Department of Education, excluding Pell grants, are \$1.5 billion less than the comparable level 2 years earlier. That is the cut in actual dollar terms without taking into account rising costs, growing population and student enrollment, and unusually high levels of need.

An enormous number of critical programs and services have already been cut and, in many cases, completely eliminated. A few examples: Education Technology State Grants, Smaller Learning Communities, Civic Education, Teaching American History, Foreign Language Assistance, Javits Fellowships, Even Start. The list goes on.

Meanwhile, many of the foundational grant programs that are at the core of the Department's mission have simply been frozen. And it goes without saying that after considering rising student enrollment, local and State budgets, growing pressure to improve student achievement, providing level funding to these programs serves as an effective cut in services.

I should note that, had the majority had their way, these cuts to education would have been even more severe. A year ago, we were debating H.R. 1, the chairman's proposed budget for the remainder of 2011, which would have cut Federal education accounts by \$5 billion. A total of 957,000 children would have lost Title I support; 482,000 children would have seen School Improvement Grant funding dry up; 196,000 children would have lost access to Head Start; and college students would have lost \$845 a year in Pell grants.

In the final 2012 budget, I was pleased to work with Chairman Rehberg to instead secure some modest increases for some of our education priorities, such as Title I, IDEA, Promise Neighborhoods. But the 2013 budget proposal put forward by Budget Committee Chairman Ryan earlier this week argues for similarly deeper cuts. It rolls education, job training, social services into one budget function that is 20 percent less than 2012 levels.

Further information was put out by OMB, and in their calculation the Department of Education would be cut by more than \$115 billion over a decade. For IDEA, it would be a 5.4 percent cut, \$645 million cut to IDEA if this budget goes into effect, that is 18.9 percent below 2012. That clearly doesn't meet our commitment, no-

where meets our commitment to 40 percent funding for Special Education.

This is wrong. It does not make sense to roll back our critical investments in education, particularly at this difficult and delicate economic moment. If we want to create jobs, grow the economy, reduce the deficit in the long term, we have to maintain our investments in education, work to ensure educational opportunity for all.

FISCAL YEAR 2013 EDUCATION BUDGET REQUEST

Education is the great equalizer. It sets aside your gender, your race, your socioeconomic status, your religion, your political party, and it says, your God-given talent is what ought to drive your ability to succeed. Education, all types of education, including vocational, community colleges, is the key to our successfully navigating this transitioning economy. I am glad to see the administration recognizes this by increasing the Education Department's budget by 2.5 percent.

COMPETITIVE VERSUS FORMULA-GRANT FUNDING

Mr. Secretary, you know, and we have had these conversations, I continue to be concerned with the emphasis on competitive grants in the budget at the expense of formula funding. The 2013 request puts a full 18 percent of funding into competitive grants. That is a 50 percent increase from last year. Formula funds fall by \$1.2 billion, while competitive grants go up by about \$2.8 billion.

TESTING AND STUDENT ACHIEVEMENT

When we are looking at how we distribute these awards or measure program success, I also urge caution against overemphasis on testing. A recent systematic study by the National Academy of Science concluded that test-based incentive programs have had little to no effect on student achievement and that exit exams have depressed graduation rates by 2 percent with no impact on achievement.

Testing can be a very valuable diagnostic tool for identifying problems and determining how best to help a child succeed. But making tests, rather than the kids, the centerpiece of the education system and the one and only indicator of success or failure is problematic, in my view.

Instead, I believe we should be taking a more comprehensive approach to improving education. That means recognizing the profound impact that poverty, grinding poverty, has on learning so that we invest in early childhood education—yes, and I support universal preschool; I wish we could get to universal preschool education in this country—after-school programs, ensuring that our kids have access to good nutrition, good health care, and good counseling.

EARLY CHILDHOOD EDUCATION

With that in mind, I am excited about the Early Learning Challenge Grants included that have already been awarded in nine States. I look forward to seeing some great results. I strongly support the administration's prioritization of early childhood in this

year's budget proposal, and I firmly believe that the earliest experiences are essential and supportive environments are critical to long-term outcomes for children.

COLLEGE ACCESS AND AFFORDABILITY

I am glad to see the President is continuing his effort to increase college access and affordability in this budget. Continued support of the Pell program is vital to these efforts. More than 9 million low-income students depend on this benefit to keep them in school so that they can earn their degrees and find quality, well-paying jobs.

Unfortunately, Pell grants continue to be a target for both cuts and heated rhetoric by Members of the majority. In the national dialogue, some have been impugning the value of higher education and telling students to aim for second-best. Education is about telling people to reach for the stars, to aim for being the first, not to settle. That is what our goal should be. It is the great equalizer. It opens doors to opportunity, to jobs, to higher wages, and a better life for those who work hard. And I hope today we can discuss how best to provide that opportunity to all of our students.

In any event, on behalf of the students in my district and across this Nation, I want to thank you, Mr. Secretary, and I want to say a thank you to the President for continuing to invest in education. It is the right thing to do. It is what our economy needs.

And we thank you for coming today. I look forward to hearing your testimony and for our dialogue.

COMMITTEE CHAIRMAN'S OPENING REMARKS

Mr. REHBERG. Full committee Chairman Rogers.

Mr. ROGERS. Thank you, Mr. Chairman.

Welcome, Mr. Secretary and your colleagues.

EDUCATION AS A FOUNDATION TO DEMOCRACY

For years, in giving tours to young people through the Capitol, I close out my tour by saying that there are three basic reasons why we are a great country, one of which, I like to say, is universal free public education. As one of our Founding Fathers said, and I am paraphrasing, only an educated population knows how to run a democracy or can be a democracy. And I firmly believe in it and have voted that way down through the years.

The importance of education as an investment in future generations is a value that can be traced all the way back to our Founding Fathers. John Adams extolled the virtues of educational attainment. Thomas Jefferson founded that great university. Others promoted education across all classes, no doubt about that.

EDUCATION INVESTMENT AND RESULTS

We have spent billions of dollars over time with the goal of improving the quality of and access to education for all Americans. Forty years ago, we spent about \$4,500 per student in the country; today, that figure is over \$10,000. Yet we continue to see our students' achievement fall behind students in other countries.

When we see Federal dollars funneled to programs which have not improved outcomes, when examples arise of those dollars being wasted at the school-district level, and when groups demand more dollars with no oversight or reform, it makes some of us wonder if this Federal investment is being effectively used or is even worthwhile. As policymakers, it is our job in the Congress to ensure, along with you, that these investments have good returns.

MANDATORY VERSUS DISCRETIONARY EDUCATION FUNDING

Which brings me to this final thought. Two-thirds of Federal spending is now on automatic pilot—entitlements, mandatory spending. Only one-third is what is appropriated—that is to say, discretionarily advised by the Congress. When I came here 32 years ago, it was just the opposite. We appropriated two-thirds, and entitlements were, like, one-third.

The result is, we owe \$16 trillion. It is advancing by a trillion and a half a year. We are borrowing over 42 cents of every dollar we spend, a lot of it from people that don't wish us well around the world. We are digging a hole that is going to be almost impossible for even our grandchildren to dig their way out of.

So we have a problem. And although I am a strong believer in spending on education, like I have told the Supreme Court in their budget request, no one should be exempt from the austerity that we all have to face. And that includes education, unfortunately, but it does.

Mandatory spending, the largest driver of our debt, largely outside the purview of the Congress to oversee, is a big part of the problem. And I strongly believe that leadership from the administration and collaboration in Congress is urgently needed for us all to pull together to try to solve this problem that is eating away at our future. Unfortunately, the budget request that you have given to us doesn't help that problem. Your budget request seeks to add another \$9 billion to mandatory spending, putting critical dollars on autopilot, as I have described.

Mr. Secretary, basic economics tells us that if we do not bring mandatory spending under control and cease the trillion-dollar annual spending deficit, we will not only make it more difficult for our kids to receive a world-class education, we will have saddled them with a burden that severely limits their freedom and their opportunity and their future. And I just think we all need to pull together in the same harness to be sure that we stop this cancer that is eating away at the future of our country.

Thanks, Mr. Chairman.

COMMITTEE RANKING MEMBER'S OPENING REMARKS

Mr. REHBERG. Ranking Member Dicks.

Mr. DICKS. I thank Chairman Rehberg for recognizing me. And I want to join him, Ranking Member DeLauro, Chairman Rogers, and the rest of my colleagues in welcoming Secretary Duncan and Mr. Skelly.

PELL GRANT PROGRAM

Let me begin by raising the problems facing the Pell grant program. As my colleagues know, Pell grants are the foundation of our student aid program, helping almost 10 million students afford to go to college every year. The need for Pell grants expanded rapidly during the recession. People who lost their jobs decided to go back to college and get more education and better skills. And we know that there are jobs out there for people who have appropriate training. Also, the amount of your grant depends on your income and on your parents' income, and we had more people with less income qualifying for full Pell grants.

Working in a bipartisan fashion, Congress has now made some substantial changes to the Pell Grant program to help contain costs. CBO tells us that we have reduced the appropriation needed by more than \$20 billion over 5 years. There has also been some additional temporary funding derived from savings in other student aid programs that have helped us keep Pell going. And now it looks like we have a surplus in the program in the current fiscal year and again in 2013. That is great news.

Unfortunately, I would add quickly, we haven't found a permanent solution. When the additional funding runs out in fiscal year 2014, the Pell grant program will be back in deficit again by about \$6 billion under current estimates. All of us in both the legislative and executive branches need to get together on a workable long-term funding approach for Pell grants. This program is too important for us to fail. Cutting a lot of students out of the program or making big cuts in grant amounts just isn't an acceptable option. I am eager to hear the Secretary's thoughts on how we can address this serious problem.

RACE TO THE TOP COMPETITION AND WASHINGTON STATE

I also would like to raise my concern with the narrow definition of "innovative schools" that the Department of Education adheres to frequently when determining policy and awarding grant money. Perhaps the highest-profile example would be during the second round of the Race to the Top competition, the State of Washington applied after the State legislature approved a number of education reforms sought by the administration. Ultimately, the request was rejected by the Department of Education.

According to the Governor and the State superintendent of public instruction, a leading factor in the rejection was that the State does not allow charter schools. On three separate occasions, voters in Washington State have rejected charter schools on the ballot.

Washington has a long and progressive history of promoting choice, fostering innovation, and offering alternatives within the public school system. I have a list with me of more than 300 schools in the State that would qualify as "innovative" under any definition except perhaps that of the Department of Education. Aviation High School, for example, in the Highline School District near Seattle provides a unique focus on the STEM disciplines—science, technology, engineering, and math—in partnership with Boeing, Microsoft, and other premier Northwest companies. In my own congressional district, many school districts are engaging in

very innovative programs, such as the new STEM Academy at West Hills in the Bremerton School District, the Tacoma School of the Arts, and the Science and Math Institute in the Tacoma School District.

These schools are the equal of any charter school in terms of innovation and accomplishment, but, unlike many charter schools, they also have the discipline and accountability that public schools have and Washington State voters demand. I hope the Secretary understands that you can have innovation in education without charter schools and that the Department in the future will consider what these schools accomplish, rather than what label they may carry, when determining policy and grant awards.

I thank the chairman again for yielding to me, and I look forward to hearing the Secretary's testimony.

And, again, I support what Congresswoman Rosa DeLauro said. Education is fundamental in this country, and somehow we are going to have to figure out a way to keep supporting it and especially the Pell Grant program.

Thank you.

PROPOSED COMMITTEE RECESS FOR HOUSE VOTE

Mr. REHBERG. I would like to welcome you to the committee. As I mentioned to you before we began today, it looks like we are going to be called to a vote somewhere between 11:00 and 11:30. We will do everything we possibly can to get through at least one round of questioning, and I understand then that would probably complete our hearing. So if you can shorten your statement—we have it for the record—that would give us an opportunity to open up a dialogue.

But the time is yours, Secretary Duncan. Welcome.

OPENING STATEMENT OF SECRETARY ARNE DUNCAN

Secretary DUNCAN. Thank you so much, Chairman Rehberg, Ranking Member DeLauro, 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. This budget request 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.

EDUCATION INVESTMENTS TO SECURE AMERICA'S FUTURE

Our budget reflects the administration's dual commitment to reducing spending and becoming more efficient while investing to secure our future—investments that improve our global economic competitiveness, and, as the Council on Foreign Relations' Task Force on Education stated this week, investments that directly impact our national security. According to the task force co-chairs, former Secretary of State Condoleezza Rice and former New York City Schools Chancellor Joel Klein, the State Department is struggling to recruit enough foreign language speakers. U.S. generals are cautioning that enlistees cannot read training manuals for sophisticated equipment. And a report from the 18th 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 touch so many parts of our lives and few investments are as important to our safety and wellbeing as the commitment that we make to education in America.

FISCAL YEAR 2012 EDUCATION APPROPRIATION

And I want to begin by thanking all of you for your work on the 2012 appropriation for education. I know that you faced some real challenges in reaching an agreement, but I believe the final appropriation reflected a reasonable balance of continued support for programs designed to help State and local leaders achieve groundbreaking education reforms as well as reductions in other areas where budget savings were difficult but a necessary decision.

RACE TO THE TOP AND INVESTING IN INNOVATION FUND

In particular, I want to thank you for your continued support for both Race to the Top and the Investing in Innovation Fund, the i3 Fund. As a result of Race to the Top, 46 States have created bold, comprehensive reform plans, with buy-in from Governors, legislators, local educators, union leaders, business leaders, teachers, and parents.

For an investment of less than 1 percent of total K-12 education spending, we have seen more reforms across the country in the last 3 years than we have seen in all the years of the previous decade put together. Even before we spent a single dime of taxpayer money, 32 States changed over a hundred 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 children's lives and transforming public education as we know it.

EARLY LEARNING CHALLENGE GRANTS

I am happy to report today that, thanks to your continued support for comprehensive education reform, we plan to use our fiscal year 2012 Race to the Top funds for both the district-level competition and another round of Early Learning Challenge Grants. We know that early-learning investment is probably the best investment we can make. We were fortunate to be able to fund nine States in the last round. We had many other great applications; we just simply didn't have enough money to fund them. And we want to continue to invest there this year and going forward. And we are still working out the details, but we look forward to updating the committee in the coming weeks with more information.

INNOVATION THROUGH FORMULA AND COMPETITIVE GRANTS

At their core, Race to the Top and i3 are about spurring reform by rewarding success and giving flexible funding to implement good

ideas. Especially in a time of tight budgets, we need to make the most effective use of Federal funds. Formula funds alone can't drive the kind of transformational reform our education system needs. We need to combine a strong foundation of formula funding, which is the vast majority of our budget, about 84 percent, with targeted use of competitive grant funds.

PROMISE NEIGHBORHOODS INITIATIVE

I was also pleased that you have doubled the funding for our Promise Neighborhoods initiative. The growing income inequality in America over the past 30 years has led to historically high child poverty rates. Sort of a staggering number, but close to one-fifth of America's children live in poverty. And in some States poor children represent almost 50 percent of all public school students. This is morally unacceptable, and it is economically unsustainable.

Education, as Congresswoman DeLauro said, education has to be the great equalizer. And if we ever hope to lift our children out of poverty, we must give them access to effective schools and to strong systems of family and community support. We think Promise Neighborhoods can help to break cycles of poverty, and I really appreciate your support for this initiative.

PELL GRANT PROGRAM

We also recognize the committee made 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.

REPRESENTATIVE RYAN'S BUDGET PLAN

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 America's students to compete in this globally competitive economy and undermine our national security. As you know, yesterday Congressman Ryan, whose leadership I respect, unveiled an alternative budget plan which you may soon be considering here in the House. And however well-intentioned, the Ryan plan would lead to catastrophic cuts in education programs by balancing the budget on the backs of America's students, teachers, and families.

If the Ryan budget is voted into law, we could see disastrous consequences for America's children over the next few years. By 2014, Title I, which helps fund educational programs and resources for millions of low-income, minority, and rural and Native American children, could see a \$2.7 billion reduction that might deny resources to over 9,000 schools serving more than 3.8 million students.

Mr. REHBERG. Secretary Duncan, please summarize your comments.

Secretary DUNCAN. Okay. I would like to walk through a couple more challenges there.

Funding to help educate special-needs students, students with disabilities, would be cut by over \$2.2 billion, which would trans-

late to a loss of over 30,000 special education teachers, aides, and other staff. One hundred thousand children could lose access to Head Start. Work-study programs for folks going to college, would be cut; 130,000 would lose access. TRIO programs, \$159 billion cut, leaving about 148,000 students in the lurch. And that is just the tip of the iceberg. Simply put, this country cannot afford to go backwards here.

SEQUESTRATION

Likewise, we can't afford the disastrous across-the-board cuts known as budget sequestration that could take effect next year. We look forward to your collective leadership to make sure that we don't go down that route.

FISCAL YEAR 2013 EDUCATION BUDGET PRIORITIES

As a country, we have to continue to invest, and that is why we are requesting in fiscal year 2013 \$69.8 billion in discretionary funding, an increase of about \$1.7 billion. Four areas of significant increase: supporting State and local reforms at the K-12 levels, elevating the teaching profession, strengthening connections between school and work, and trying to make college much more affordable, which is by far the largest share of this.

Our young people today have to get a higher education through 4-year universities, 2-year community colleges, or trade, or technical/vocational school training. We all must invest. We at the Federal role have to play our part. States have to continue to invest even in tough economic times. And universities have to keep down their costs and be reasonable there. The vast majority of the jobs of the future are going to require some form of higher education, and we have to make sure we are committing there. So whether it is maintaining the Pell grants that are so important, whether it is trying to double the number of work-study opportunities, or making the American Opportunity Tax Credit—AOTC tax credit permanent, we have to continue to make sure these options are out there for our Nation's hardworking young people.

ELEVATING THE TEACHING PROFESSION

We need to elevate the teaching profession. We have the baby-boomer generation that is retiring, and we want to invest heavily to bring in the hardest-working and most committed to fill those slots over the next 4 to 6 years. This is a once-in-a-generation opportunity.

INVESTMENT IN COMMUNITY COLLEGES

We want to invest in community colleges. We think they are a hugely important piece of the education continuum. And as folks get back on their feet—green energy jobs, health care jobs, IT jobs—community colleges have a huge role to play.

BIPARTISAN SUPPORT NEEDED FOR EDUCATION INVESTMENTS

I think these investments in education, again, aren't Republican, aren't Democratic ideas; these are American ideas. Education is the great equalizer. We have to educate our way to a better economy,

and we look forward to partnering with you to help strengthen our Nation.

Thank you so much, Mr. Chairman.

Mr. REHBERG. Thank you.

[The prepared statement and biography of Secretary Duncan follow:]

DEPARTMENT OF EDUCATION**Statement by****Arne Duncan
Secretary of Education****on the****U.S. Department of Education Fiscal Year 2013 Budget Request**

Mr. Chairman 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.

FISCAL YEAR 2012 APPROPRIATION

I want to begin by thanking the Chairman, the Ranking Member, and other Members of this Subcommittee for your work on the 2012 appropriation for education. As always, I know that you faced some real challenges in reaching agreement on the 2012 budget, but I believe the final appropriation reflected a reasonable balance of continued support for programs designed to leverage change and improvement in our education system, as well as reductions in lower-priority activities.

In particular, I want to thank you for your continued support for the Race to the Top and Investing in Innovation (i3) programs. We believe both of these programs are creating incentives and promoting new thinking at the State and local levels around how to transform teaching and learning so that all students graduate high school college- and career-ready, as well as helping to improve the productivity of our education system. One of the biggest challenges confronting State and local leaders across the Nation is how to do more with less, and we think Race to the Top and i3 are encouraging the right conversations about how to make this happen in education.

I was also pleased that you agreed to double the funding for our Promise Neighborhoods initiative. One of the unfortunate side-effects of the growing income inequality in our Nation over the past 30 years, and something that does not receive nearly enough attention in our national political debates, is a significant increase in child poverty rates. According to the Census Bureau, about one-fifth of America's children live in poverty, and if you look at the free- or reduced-price lunch counts used to measure

poverty in most school districts, the share of poor children may reach as high as 50 percent in many States. That's unacceptable, and part of our response has to be improving educational opportunity for children in high poverty communities by giving them access to effective schools and strong systems of family and community support. We think Promise Neighborhoods can help break the cycle of poverty in some of these communities, and I really appreciate your support for this initiative.

We also recognize the Committee made some difficult choices with respect to the Pell Grant program. For example, beginning in July, students who do not have a high school diploma or its recognized equivalent will no longer be able to qualify for a Pell Grant by passing a test demonstrating their ability to benefit from postsecondary education. Other changes to statutory provisions that determine financial need and eligibility duration will either reduce or eliminate Pell Grant awards for some existing recipients. We very much appreciate the Committee's work to maintain the maximum Pell Grant award at its current level. But going forward we also want to work with you to ensure that any changes made to keep the Pell Grant program on solid footing aren't done in such a way that suddenly ends benefits for students that are already in the program. We are concerned that such retroactive changes move the goalposts on students and could make them more likely to drop out.

PRESIDENT OBAMA'S 2013 BUDGET REQUEST

Turning to 2013, 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 this total, 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 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, that 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 ways such 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 contain 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 activities such 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 this investment in Federal student aid, including full funding of the \$5,635 maximum award in the 2013-2014 award year and the elimination of projected shortfalls for the 2014-2015 award year. The 2013 request would provide \$22.8 billion in discretionary budget authority for Pell, 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 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 helps nearly three-quarters of a million middle and high school students prepare for and enroll in college. The 2013 budget also would provide nearly \$600 million in combined 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 2013 President's request is to elevate the teaching profession so that all students will have access to effective teachers. With the support of this Committee, 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 change 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 temporary \$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 asking this Committee to support a new 25-percent set-aside of Effective Teachers and Leaders State Grant funds under Title II of the ESEA. This increased set-aside—approximately \$617 million—would fund efforts to recruit, train, and support effective teachers and school leaders; recruit and prepare effective science, technology, engineering, and mathematics 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 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 for reforming traditional postsecondary education and reshaping 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 initiative, jointly administered by the Departments of Education and Labor, that would improve access to job training across the Nation and support State and community college partnerships with businesses to build the skills of American workers. Increased investment in community colleges would help ensure our country has one of the most skilled workforces in the world. An additional \$1 billion over 3 years would expand Career Academies and increase by 50 percent the number of students in these programs. Career academies have been shown to reduce high school dropout rates 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 transform CTE by increasing the focus on outcomes and career pathways that 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, which I know is shared by this Committee, to formula grant programs for students most at risk of educational 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 also provides 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 become literate and 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 to increase the participation of individuals with disabilities in the workforce.

POTENTIAL IMPACT OF SEQUESTER

Before I conclude my testimony today, I want to briefly address an issue that we are increasingly hearing questions about at the Department of Education: 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, CBO 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 \$1.2 billion cut 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, 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.

Arne Duncan
U.S. Secretary of Education

Biography

Arne Duncan was nominated to be Secretary of Education by President-elect Barack Obama and was confirmed by the U.S. Senate on Inauguration Day, Jan. 20, 2009.

Prior to his appointment as secretary of education, Duncan served as the chief executive officer of the Chicago Public Schools, a position to which he was appointed by Mayor Richard M. Daley, from June 2001 through December 2008, becoming the longest-serving big-city education superintendent in the country.

Prior to joining the Chicago Public Schools, Duncan ran the non-profit education foundation Ariel Education Initiative (1992-1998), which helped fund a college education for a class of inner-city children under the I Have A Dream program. He was part of a team that later started a new public elementary school built around a financial literacy curriculum, the Ariel Community Academy, which today ranks among the top elementary schools in Chicago.

Duncan formerly served on the boards of the Ariel Education Initiative, Chicago Cares, the Children's Center, the Golden Apple Foundation, the Illinois Council Against Handgun Violence, Jobs for America's Graduates, Junior Achievement, the Dean's Advisory Board of the Kellogg School of Management, the National Association of Basketball Coaches' Foundation, Renaissance Schools Fund, Scholarship Chicago and the South Side YMCA. He also served on the Board of Overseers for Harvard College and the Visiting Committees for Harvard University's Graduate School of Education and the University of Chicago's School of Social Service Administration.

He has been honored by the Civic Federation of Chicago and the Anti-Defamation League. In 2007, he received the Niagara Foundation's Education Award, the National Foundation for Teaching Entrepreneurship Enterprising Educator Award and the University High School Distinguished Alumni Award. He also received honorary degrees from the Illinois Institute of Technology, Lake Forest College and National-Lewis University. In 2006, the City Club of Chicago named him Citizen of the Year. He was a member of the Aspen Institute's Henry Crown Fellowship Program, class of 2002, and a fellow in the Leadership Greater Chicago's class of 1995.

From 1987 to 1991, Duncan played professional basketball in Australia, where he also worked with children who were wards of the state.

Duncan graduated magna cum laude from Harvard University in 1987, majoring in sociology. He was co-captain of Harvard's basketball team and was named a first team Academic All-American. He credits basketball with his team-oriented and highly disciplined work ethic.

Duncan is married to Karen Duncan; they have two school-aged children, a daughter, Clare, and a son, Ryan.

SUPPORT FOR EARLY CHILDHOOD EDUCATION

Mr. REHBERG. I would like to begin the questioning. And I would just ask the Members, again we are now being notified maybe 11:00 to 11:15. Don't feel compelled to fill the time. Ask your question as concisely as you can, and we can hopefully get through at least one round.

Mr. Secretary, I understand you wanted to make some comment about early learning. One of the things that Ranking Member DeLauro and myself were particularly concerned about, and we have talked about this, is a lack of recognition or either understanding on your part or at least a recognition within the President's budget of our priority for early learning.

And so I guess I would like to ask you what you intend to do with early learning. And give me a specific amount that you are going to appropriate—or, not appropriate, but set aside within the fiscal 2013 budget if we give you the funding. I want to know exactly how much.

Secretary DUNCAN. Well, far from a lack of recognition, historically our Department has invested in early childhood education. This is something that has always been desperately important to me. I keep saying we don't need another study telling us, if we want our children to enter kindergarten ready to learn and ready to read, that high-quality early childhood programs are hugely important.

So, thanks to your support this past year, we invested heavily in States, with the partnership of HHS, cutting through bureaucratic silos. I felt great about that. We were able to fund nine states.

I am not prepared to give you an exact dollar figure today, but we want to use a significant piece of the Race to the Top resources this year to fund——

Mr. REHBERG. When will you give me an exact figure?

Secretary DUNCAN. Over the next couple weeks. We are working on this very, very quickly. We want to do two things——

Mr. REHBERG. So I will be able to put language in my bill in this committee specifically to that number?

Secretary DUNCAN. Again, I will have to check on the timing. But we want to fund a district-level competition; districts have been working very, very hard. And we want to continue to fund States that are doing a great job in their early childhood space.

EDUCATION BUDGET PRIORITIES—BASICS OR NEW PROGRAMS?

Mr. REHBERG. I appreciated your comments about the Ryan budget. It is always nice to talk about something that may or may not happen in the future. This is not necessarily the appropriate venue because you are here to defend your budget.

And so I guess the question is, with all of this “woe is me” about the Ryan budget, then why did you lack the priorities that we have tried to identify, as in the education basics of IDEA, Impact Aid, Title I and such, to move forward on unauthorized projects that seem to be the President's priority but are not necessarily the Congress' priority?

So, you know, if the Ryan budget, let's say, doesn't pass and there is a level funding, you personally, within your agency, are

doing the same damage that you are blaming him for to a greater extent in his budget. So, explain why the lack of priority among your administration for things like Impact Aid.

IMPACT AID—AN ADMINISTRATION PRIORITY

Secretary DUNCAN. No, Impact Aid is a huge priority. So, again, whether it is Impact Aid or funding for—

Mr. REHBERG. Then why not increase the funding?

Secretary DUNCAN. So, again, these are very tough economic times. We were able to maintain existing funding for that. And I think so many of the investments we are making—

FUNDING FOR EDUCATION BASICS AND NEW PROGRAMS

Mr. REHBERG. So, in your mind, new programs are more important than the existing basic education programs of Impact Aid, Title I, or making up for a lack of funding within IDEA.

Secretary DUNCAN. No, I think we are trying to do both. And I think what is so important is some of these competitive dollars have actually helped to leverage Impact Aid.

IMPACT OF COMPETITIVE FUNDING ON IMPACT AID

Let me give you a concrete example. One of the things that I do is—I go talk to military families across the country. One of the things that they most struggle with is the huge disparity in standards State by State, and every time they move they get hit by that. Thanks in part to some incentives through Race to the Top, States voluntarily adopted higher standards. As I talk to military families, they so appreciate that.

And, so, again, using some of the competitive money to better leverage Impact Aid, Title I, and IDEA funding, we think you get a bigger bang for your buck that way.

Mr. REHBERG. I think I am hearing a different answer from those that are receiving the Impact Aid dollars. They would rather see the funds going to the Impact Aid schools or the program itself or to IDEA. They just definitely disagree with you.

And so, you know, as Chairman Rogers said, in a time of tough fiscal times, you know, it is nice to have ideas and look for newer opportunities, but you are underfunding now, in our estimation, the basic programs.

INCREASING AND PROTECTING FUNDS FOR HIGHER EDUCATION

Secretary DUNCAN. Those are great questions. These are really tough economic times. The largest increase we are looking for in this year's budget is to try and create some incentives to get States and universities to continue to invest in higher education. And we desperately want to protect Pell grants and increase them.

We at the Federal level can't do it by ourselves, when you have 40 States cutting funding, when you have universities with tuition skyrocketing much faster than the rate of inflation. Again, we have to put some incentives out there to try and encourage universities to be full and equal partners at the table. Otherwise, the benefits of Pell grants get diminished.

Mr. REHBERG. I would just caution you, before you start laying comments on a proposed budget, the Ryan budget or any other budget, look at your own budget to see what you have done with the basic programs, the ones that we consistently have prioritized. And you seem to have lessened the prioritization within your administration. So let's not cast those stones yet. Let's take a look at your budget.

Secretary DUNCAN. Absolutely. And, again, I think in very tough economic times, to maintain funding in those areas, to not cut, and then to try and create some funding opportunities that would help leverage the impact of that funding, again, in serious economic times, we think that is the right way to go.

Mr. REHBERG. Ms. DeLauro.

EARLY CHILDHOOD EDUCATION

Ms. DELAURO. Thank you very much, Mr. Chairman.

And, Mr. Secretary, first of all, I want to say thank you to your commitment to early childhood. From my opening statement, you know where my commitment is in that effort. And I truly do hope we would get to universal preschool in this Nation at some point and we would make the commitment of resources to do that. I look forward to hearing from you in the next couple of weeks about the amount of money we are going to devote to this area.

I would just reinforce that I think the States have done an incredible job. There is real excitement out there amongst the States. And I would encourage the continued use of that vehicle in order to move forward on—

Secretary DUNCAN. If I could just say on the early childhood topic, we are in this for the long haul. So we are thrilled to be able to help this past year. We want to do it this year, and we want to do it going forward. I just want to be very, very clear about this. This is a hugely important area for us to continue to invest in.

NEED TO ANALYZE IMPACT OFF SEVERE EDUCATION CUTS

Ms. DELAURO. I also have just this one comment. I think one can't keep your head in the sand, any of us. If there is a document on the table, whether it is the President's budget or whether it is the Ryan budget, a massive cut, \$115 billion over a decade, what it means to Pell, what it means to the reforms in K-12 education, what it means to IDEA is critically important in the context of what we are undertaking today.

SCHOOL IMPROVEMENT—CONSULTANTS VS. TURNAROUND MODELS

With that said, let me just move to an issue that I want to talk about. This is about the School Improvement Grant program, SIG.

Turnaround is hard; we all know that. No one can make guarantees that any school or program is going to work. I am concerned that we are asking some of the toughest schools in the country to reinvent the wheel for themselves. They are relying particularly on advice from consultants rather than using what has been proven, whole-school models that are ready to go. We are seeing reports that some of the SIG schools are having serious difficulties. Even

where programs seem to be working in individual schools, we don't know how to extend what they are doing to additional schools.

On the other hand, I think that you have made an investment in the i3 program to look at the most promising school models and the scale-up for school improvement. It is my understanding that the top-rated scale-up and validation programs—Success for All, Reading Recovery, KIPP—the Knowledge is Power Program, and Talent Development High Schools—have not been extensively called upon to work in SIG schools. It would just seem to me to be logical to take advantage of the growing investment in this effort, which is very, very promising, other than having these schools look to consultants, which is becoming a cottage industry, and they are not dealing with the proven programs.

What the difference is—because I think this is important—between a program and a consultant is that the program provides specific materials, software, training, organizational plans that have been tested in high-poverty schools, found to be effective. The consultant can give you good advice, but it is a long road from advice to action.

WHOLE SCHOOL REFORM—HARKIN-ENZI BILL

I know in the Senate we have the Harkin-Enzi bill that is offering a whole-school reform. I won't go into it; I think you know about it. And it is an option for SIG schools focused on the evidence of effectiveness. So it says that they can use that model.

I would like to see this committee continue to fund SIG, a long overdue focus for Title I funds. Why not expand the program a bit, just to incentivize schools to use the programs that the Department is already endorsing in that i3 program?

SCHOOL TURNAROUND MODELS FOR REDUCING SCHOOL DROPOUTS

Secretary DUNCAN. Great point. And so, just first of all, I am thrilled, again, to thank this committee and everybody for their support.

For decades, Congresswoman, we just passively watched as these dropout factories perpetuated year after year after year, like we didn't expect poor children to learn or that black and brown children can learn. As a country right now, we have over a thousand schools that are in the process of being turned around, and we are seeing some amazing success stories. Some are struggling, some have a long way to go, but folks are engaged in this work.

But your point of, you know, using best practices, using proven players, getting folks who know how to make a difference for the children who historically have been desperately underserved by public education, I am absolutely with you on that.

Ms. DELAURO. Are you open to a fifth model, if you will, in terms of—

Secretary DUNCAN. I am open to anything that will work. And just to be real clear, so what we did on this, again, we put this money out to States, States competed it out to schools. And we are seeing some, you know, really interesting work going on there. There was an announcement this week with America's Promise Alliance that the number of dropout factories have gone down in this

country. We have about 400,000 fewer children in this country going to dropout factories. That is very encouraging.

But if folks can show me what they are doing to transform schools and offer opportunity and to do it with a sense of urgency, that is why we are doing this work.

Ms. DELAURO. Uh-huh. I would like to continue our discussion on this because I think that there are more models, and we can use what you have done with i3 and additional models in order to effect the change that you would like to make.

Thank you.

Secretary DUNCAN. As a country, we are finally in this business, and we want to get smarter and better every single year.

Ms. DELAURO. Thank you.

Mr. REHBERG. I usually ask in order of attendance at the time the gavel is dropped.

Mr. Alexander.

Mr. ALEXANDER. I will yield.

Mr. REHBERG. He yields to the chairman, which is a smart thing to do. We were going to ask if you wanted to, and I thought you would do the right thing.

Mr. Rogers.

Secretary DUNCAN. You saw that one coming.

Mr. ROGERS. Thank you, Mr. Chairman.

Thank you, Mr. Alexander.

MANDATORY SPENDING INCREASE PROPOSED

Your budget request for fiscal year 2013 includes a \$9 billion increase in mandatory spending—that is to say, money that will not be overseen by the Congress or by this subcommittee. You are asking for another \$9 billion to go onto automatic pilot without the public's chance, through the Congress, to oversee that spending.

What I want to know is, why is it so important to give the money for these programs outside the purview of the Congress and borrow the money from Red China to pay for it? Why is it that important?

Secretary DUNCAN. First of all, again, I think the President has a proposal, which folks may agree or disagree on, but he has a proposal that has a balanced approach. We all want to reduce the debt and not borrow from folks.

INVESTMENT IN COMMUNITY COLLEGES

But I think a couple of those investments, again, that we are making, one in community colleges, I can't overstate how important they are to our Nation. As I travel the country, I go to hundreds and hundreds of great schools; some of the most inspiring are my visits to community colleges. You have 18-year-olds, you have 58-year-olds, you have folks from all over the globe going back to retrain and retool—green energy jobs, healthcare jobs, IT jobs. You have some community colleges today literally offering classes 24 hours a day—24 hours. So we are trying to help meet that capacity.

INVESTMENT IN CAREER ACADEMIES

Secondly, we want to invest in career academies. And we are serious about preparing students for college and for careers. And we

think there are great jobs out there in the technical world that we are not preparing students for. Again, we have to educate our way to a better economy. And the only way we are going to reduce this dropout rate and build these 2 million high-wage, high-skilled jobs is through those investments. We think it is a really good thing for the country.

DISCRETIONARY SPENDING CUTS

Mr. ROGERS. Look, last year, last calendar year, this committee took on the chore—and it was not fun, and we have not been thanked for it either—but we took on the chore. And I had a great relationship, working relationship, with my Democratic partner, Norm Dicks, and the other members of this committee. We took on the chore and successfully cut discretionary spending, which is one-third of the budget, one-third of spending. We cut it by some \$95 billion and we did it over 2 years, which has not been done since World War II.

MANDATORY SPENDING INCREASE AND THE GROWING DEFICIT

We have bit the bullet. And we are going to have to bite the bullet again, mainly because of the growth in mandatory spending, entitlement spending, over which the Congress, through the committee, has no oversight or control. And I am asking all of us to ask of every person requesting funds, is this important enough that we borrow it from Red China to pay for and give the bill to our grandkids?

Now, under that kind of a test, where we are having to look at every dollar we spend—and there is spending on programs that are dear to a lot of us, including in education. But everyone has to bite the bullet. We haven't gotten that message through to the country yet.

But we have got a severe problem. And I just want to ask you, are you telling us this is important enough that we would run it past the Congress and not let them oversee the spending and then borrow the money from Red China and pass the bill to our grandkids? Is this that important?

Secretary DUNCAN. So, again, obviously, I just really appreciate your leadership. And I and the President absolutely share your concern on the debt side. We want to reduce debt. We may have slightly different strategies for getting there, but we want to do that.

But these are one-time investments to get our families back on their feet and ultimately our country back on its feet. And, again, we have to educate our way to a better economy. That is the only way we are going to get there. So I think these are critically important one-time investments.

We can get a lot more people retrained and retooled through the community college. You know, last week, 2 weeks ago, actually, a deaf individual had been an electrician. He lost his job, was back in community college for retraining, not asking for a handout, not asking for anything. He wants to get new skills for the new economy. We have to support those kinds of efforts.

Mr. ROGERS. Surely you must have realized, through all of last year and today even, that asking for a new mandatory spending

program is not the most popular thing in the world with the Congress.

Secretary DUNCAN. I fully understand.

Mr. ROGERS. Yeah. That being so, it seems to me that you would be thinking about spending your effort and your chits with the Congress on those very basic programs that are in jeopardy now in education and not be looking at these new mandatory programs that the Congress has been rejecting.

ENSURING COLLEGE COMPLETION

Secretary DUNCAN. I hear the concern. Again, where I think we may have a difference of opinion is, right now we have a 25 percent dropout rate in this country. There are no good jobs out there for a high school dropout. We have to make sure our young people graduate from high school and are college- and career-ready. And if we don't do that, if we just sort of maintain what we are doing with the 25 percent dropout rate, we condemn a whole set of folks around this country to poverty and social failure.

And this has changed. Thirty years ago when I was in high school, my friends actually could drop out of high school on the south side of Chicago and go work in the stockyards and steel mills—

Mr. ROGERS. Thank you, Mr. Chairman.

Secretary DUNCAN [continuing]. And have a decent life, and—

Mr. REHBERG. Mr. Dicks.

Secretary DUNCAN [continuing]. Those days are gone.

Mr. DICKS. Thank you, Mr. Chairman.

PELL GRANT PROGRAM

Let me ask you, you know, I have not served on this subcommittee during my tenure here, but I am concerned about the Pell grant issue, as I mentioned in my statement. As I understand it, in 2014 we are going to be \$6 billion short unless something is done. I think that is unacceptable both, I would hope, to the committee and to the administration.

How do we get out of this box we have gotten ourselves into without just destroying the program or severely hurting the program?

Secretary DUNCAN. I will ask Tom to walk through the details. We have a couple ideas of what we would do to maintain this critical investment.

Mr. SKELLY. We have seen a drop-off in the increase in Pell grant recipients. We don't think it is going up as fast, but we would have a \$6 billion shortfall in 2014.

The budget makes three proposals to try to offset those costs through some savings in mandatory programs. One is to expand the Perkins Loan Program. One is to reduce the amount that guaranty agencies get when they rehabilitate defaulted student loans. Another is—

Mr. DICKS. Would you pull the microphone a little closer? I am having—

IN-SCHOOL LOAN SUBSIDY LIMITATION

Mr. SKELLY. A third policy would reduce the length of time during which the in-school interest subsidy is given to students. Under subsidized loan programs, we would limit loans to only those who would use up 150 percent of the time that they are supposed to spend in school. If they are supposed to spend 4 years to get out of a program, we would give them 6 years before we cut it off. The same kind of thing we did with Pell grants last year, we would do that with loans.

In total, those things would save \$6 billion through 2014. That plus the surplus that we got from 2013 going into 2014 would mean you don't have any shortage through 2014.

Mr. DICKS. Would that take care of the problem into the future?

Mr. SKELLY. No, sir.

Mr. DICKS. Or do we have to do this every year?

Mr. SKELLY. We are going to have to do something in the future, also. We think this is a good way to make a downpayment on preserving that maximum Pell grant.

Mr. DICKS. Okay.

TIMELINESS IN ALLOCATING IMPACT AID FUNDS

Mr. Secretary, you and I have talked a couple times on the—and I appreciate the chairman's support for the Impact Aid program. Sometimes we have a hard time getting the money out the door on Impact Aid. And sometimes they get, I think, 87 percent or something, but then the rest of it takes a while. And, you know, this is a hardship for some of these school districts.

Are we doing any better on that problem?

Secretary DUNCAN. We are. And where we haven't done as well as we would like to in the past, historically, and obviously for preceding administrations as well, it is a real challenge. We have basically eliminated that backlog, so we have made real progress there.

Mr. DICKS. Great.

Secretary DUNCAN. And we are going to try and do everything we can to stay on top of it. And my staff is working extraordinarily hard.

IMPACT AID FUNDING

Mr. DICKS. So I understand the cut in Impact Aid is like 5.7 percent? Is that—

Secretary DUNCAN. It is smaller than that.

Mr. SKELLY. No, it is not that much. The proposed cut is \$67 million. We would still fund Impact Aid at \$1.2 billion. Most of the money is still there. The programs that fund students, in particular, are going to be retained.

SCHOOL BREAKFAST AND LUNCH PROGRAMS

Mr. DICKS. Now, let me ask you this. A lot of these kids, as I understand it, you know, are eligible for school breakfast, school lunch. Tell us about that. And how many kids are involved in that?

Secretary DUNCAN. So, again, we have as many as 20 percent of young people in some States eligible here. And, you know, it is a

real challenge. We worked very, very closely with, you know, my counterpart at Agriculture——

Mr. DICKS. I mean, in some districts it is 70 or 80 percent.

Secretary DUNCAN. When I was in Chicago, it was 85 percent of my children on free or reduced lunch.

Mr. DICKS. Yeah.

Secretary DUNCAN. And I served tens of thousands of children three meals a day—breakfast, lunch, and dinner. And you do what you have to do. So——

Mr. DICKS. How do they get by during the weekends?

Secretary DUNCAN. Well, what we did very quietly is, for a couple thousand children during the school year, we actually sent them home with backpacks of food on Friday afternoon so they would not come back to us hungry. And we worked closely with the food depository. We see lots of interest in public-private partnerships.

But if our children's stomachs are growling, they can't learn, they can't concentrate. There are some basic physical, social, emotional needs we need to meet, with food being at the top of that list. And I got some critique for that, but, again, if children are hungry, I don't know how in God's name they can concentrate on algebra, biology. It is just not going to happen.

NATIONAL GUARD YOUTH CHALLENGE PROGRAM

Mr. DICKS. You know, one program that I have been a supporter of is the National Guard Youth Challenge program. They take care of these dropouts, and they have had an enormously successful record. Are you familiar with that?

DROPOUT PREVENTION PROGRAMS

Secretary DUNCAN. Yes. Those kinds of programs, the JROTC, are all very, very positive programs.

Mr. DICKS. We have to work with the Labor Department, Mr. Secretary. You know, I think this is a model that could work. And we have all these disparate programs, and trying to pull them together and maybe use this as a model is something we ought to talk about.

Secretary DUNCAN. We would love to do that. And talking about career academies, we actually had in Chicago JROTC running a number of our career academies. So there are some interesting partnerships we wanted to do here.

Mr. DICKS. And I am short of time. I have saved you a couple minutes.

Mr. REHBERG. Thank you. And I appreciate your interest in these challenges. You know we have worked together.

Mr. DICKS. Right, no, I appreciate it.

Mr. REHBERG. You bet. I think it is a good program, as well.

Mr. DICKS. Mr. Lewis and I will keep on it.

Mr. REHBERG. Mr. Alexander has deferred one more time to Mr. Lewis.

Mr. LEWIS. Thank you, Mr. Chairman.

HISPANIC-SERVING INSTITUTIONS

Mr. Secretary, we very much appreciate your being here.

In the meantime, in Race to the Top and the additional funding for higher education, my district involves enough territory to put four eastern States in it, including the two major military bases. But probably your department doesn't know that the first funding, the very first funding that ever went in for HSIs—Hispanic-serving Institutions—was a proposal of my own.

And could you give me an idea of what you are proposing for Hispanic-serving institutions last year versus this year versus the coming year?

Secretary DUNCAN. I will have Tom walk you through the details. But HSIs, and HBCUs—Historically Black Colleges and Universities—are hugely important to us. We are going to continue to invest there.

Obviously the Pell Grant program has been very, very beneficial to students in those places. And we are trying to equalize opportunity. So many of our young people of color, if they are first-generation college-goers, have a chance to go to school at HBCUs and HSIs, and we do whatever we can to support them.

One thing I am actually very, very encouraged about, over this past year we saw a 24 percent increase in the number of Hispanic students enrolled in college. And we have to make sure they are graduating. So we want to continue to invest there.

And the final thing I will say is that we want to continue to recruit great teachers. We want to make sure our teachers reflect the diversity of our Nation's young people. I worry about the lack of diversity. And HSIs, HBCUs have been a huge pipeline of talent coming into education.

FUNDING FOR HISPANIC-SERVING INSTITUTIONS

Tom is going to walk you through the specifics of the HSI funding.

Mr. SKELLY. It is the same amount of money that we have had in 2012; \$221 million is the discretionary and the mandatory share of the HSI program.

CENTERS OF EXCELLENCE

We also have an investment this year in the budget in something called the Hawkins Centers of Excellence program, which is designed to help schools that have a large number of minorities do a better job of preparing teachers.

Mr. LEWIS. I feel very strongly that there is huge potential here, especially for the Hispanic communities. I am concerned that we haven't evaluated very well the money that we have spent in the past and where we ought to be going. I am not looking for you to change the world here, in terms of additional funding, but level funding is not necessarily a reflection of what I am suggesting.

Secretary DUNCAN. Well, I would love to work with you on that. And I have said repeatedly and publicly that we need these institutions not just to survive but to thrive going forward. And they have a critical role to play to try and strengthen our Nation's economy.

CHARTER SCHOOL FUNDING

Mr. LEWIS. Mr. Dicks mentioned a specific problem relative to the charter schools. And his State has voted to not have charter schools; that is not true in California. And we see some very good results; we see some that aren't so good. Specifically, out in the desert territory, there is a science and tech institution that does fabulous work. And I happen to think that those charter school funding flows are important.

So would you respond to that and also respond to Mr. Dicks' problem of—

Secretary DUNCAN. I actually agree with you; we just want innovative schools. And they can be charter, they can be traditional. Mr. Dicks referenced Aviation High School. I actually visited there. It is a fantastic school. We just want more great schools. And so you have high-performing district schools, that is great. Innovative schools, you have high-performing charters, that is great. But we have low-performing charters and—

Mr. DICKS. Mr. Secretary, we did not get funded.

Secretary DUNCAN. Well, that wasn't necessarily the reason.

Mr. LEWIS. That is because of Norm. You didn't want to fund him, I know that.

Mr. DICKS. You just wanted to make that point.

Secretary DUNCAN. And in all these things, to be really clear, we had many more good applicants in all these things than we had dollars available. That is just the fact, in every single one of these. The Promise Neighborhoods, for example, the first round, we could fund 20 communities, yet we had 300 applicants.

Mr. LEWIS. Mr. Secretary, I appreciate your being responsive to my district and not paying attention to Norm's district.

Mr. Chairman, thank you very much.

Mr. REHBERG. Ms. Roybal-Allard.

PERKINS LOAN PROGRAM

Ms. ROYBAL-ALLARD. Secretary Duncan, it is my understanding that the administration is proposing a major overhaul of the Perkins Loan Program, which offers need-based, flexible, low-interest loans. And while I strongly support efforts to increase college access and affordability, I am concerned that this proposal preserves the existing Perkins program in name only.

As I understand it, the new program will reach more students but is a costlier alternative because interest will accrue while students are enrolled. Students will be subject to a 1 percent loan origination fee. The current public service cancellation benefits will be lost. The 9-month grace period will be reduced to 6 months. And the interest rate will increase to 6.8. In other words, the program bears little resemblance to the Perkins program that currently benefits low-income students.

How does this program differ from the student loan program? And is there a way of preserving the existing Perkins program while also expanding loan volume, as you have proposed?

Secretary DUNCAN. I will have Tom walk you through the details. But to be clear, we are trying to keep Subsidized Stafford loan rates at 3.4 percent, not have them double. We need Congress to

act on that. That is part of our budget proposal, that, you know, by July 1st, if Congress doesn't act, we will go from 3.4 to 6.8 percent going forward. We don't want to see that happen. So we are absolutely taking that battle on.

Tom, do you want to walk through the changes?

Mr. SKELLY. The Perkins loan proposal is one you described, but the idea is to expand the number of schools that benefit. Right now there are only about 1,700 schools that get Perkins loans. We would like to expand that to about 4,400 schools. So more students at more schools would be able to benefit. We would also increase the loan volume. Right now we only make about \$1 billion in loans each year. We would expand it to about \$9 billion a year.

So, more loans, more students, more schools. We think we ought to provide incentives by giving money to schools that would do things like look at college affordability reforms, higher completion rates, or getting students good value out of their school.

Secretary DUNCAN. We desperately wanted to invest and invest in many, many more young people, at many more colleges, and a lot more resources there. But, again, we also want to challenge universities to keep their costs down and to make sure they are graduating students, particularly first-generation goers, you know, Pell grant recipients, and to try to get some partnerships underway. Here again, I don't think we can do this by ourselves.

So if we have a chance to dramatically increase access to the Perkins Loan Program, we think that is a great thing for our Nation's young people.

COLLEGE PREPARATION AND AFFORDABILITY

Ms. ROYBAL-ALLARD. I know that the President's goal is to significantly increase the percentage of Americans with college degrees. And to reach this goal is going to require closing that achievement gap that persists among low-income and minority students.

Therefore, again, I was surprised that TRIO, GEAR UP, and the High School Equivalency and College Assistance Migrant Programs have been level-funded. And, unlike your higher-education initiatives, these are proven college-preparation support programs that have successfully helped low-income students achieve.

So why, again, is the administration investing in new, untested programs instead of giving more resources to the existing programs that we know successfully reach low-income students?

Secretary DUNCAN. That is a great question. I guess the challenge to the country is that college is becoming unaffordable, not just for low-income folks but for middle-class folks. And I can't tell you how many town-hall meetings I have done in rural communities, suburban, urban, where hardworking middle-class folks are starting to think college isn't for them.

And so, we need to do something to encourage, to incentivize States to invest, to do something to incentivize institutions themselves to keep down their costs—some are being very creative here; most are not. The tuition cost of higher education is going up much faster than the rate of inflation. So putting out some carrots there so that States will continue to invest, that universities will do the

right thing, we need to do that or else whatever we do in Pell grants, or Perkins loans, just won't be enough.

Mr. DICKS. Would you yield just quickly?

Ms. ROYBAL-ALLARD. Sure.

IMPACT OF STATE BUDGETS ON TUITION COST

Mr. DICKS. What I am told is, you know, in our State of Washington again, it is the legislature that has dramatically cut back the funding——

Secretary DUNCAN. That is correct.

Mr. DICKS [continuing]. Because they don't have any choice. And the university actually is—the cost per student is actually down from where it was 20 years ago. It is an amazing thing.

I mean, I think you have to be very careful not to criticize the universities unfairly here for what the States are doing to them, especially the public universities.

Secretary DUNCAN. Yes, that is absolutely correct. But, again, this is about shared responsibility. You have some institutions and States that, in these tough economic times, are acting better than others—there is a variation here, there is a spread. Some are being very responsible; others are not. And we just want to incentivize all actors to keep costs as low as possible.

Folks are doing some really interesting things with technology to increase pass rates in classes, and also to reduce costs. Folks have to change, and universities have to be part of it. They can't do it by themselves, States can't do it by themselves, we can't do it by ourselves. All of us, all of us, have to come to the table and behave in different ways.

Mr. DICKS. Just be careful not to punish the people who have done good work.

Secretary DUNCAN. Absolutely. And I feel for States. Again, States are under huge budget pressure. I just think we have to invest in education.

Mr. REHBERG. Mr. Dicks, what I find ironic is somehow we expect our local governments to balance their budget, the universities to balance theirs, States are doing the same, and the Federal Government is the endless pit of money. We cannot continue to expect the Federal Government to make up for all of the shortfalls at the local level. The local level is probably where they recognize most there is a lack of funding. And somehow this administration thinks that they can continue putting money into new programs, but we are trying to keep the basic programs alive at the local level.

Mr. Alexander.

Mr. ALEXANDER. Thank you, sir.

Mr. SIMPSON. You are not going to yield to me? That tells you where I sit.

Mr. ALEXANDER. I have a great deal of respect for Dr. Simpson but not that much.

Thank you, Mr. Chairman.

COLLEGE AFFORDABILITY

Mr. Duncan, you used the word "skyrocketing" a while ago when you talked about tuition rising in relation to the inflation. Why? Do you have an idea of why that is——

Secretary DUNCAN. I don't have a simple explanation. And, again, I think a decent part of it, particularly in the public sector—Congressman Dicks is exactly right—is, when States disinvest, you know, one thing you do see is tuition goes up.

But, again, we are seeing some real spread. You are seeing some institutions actually reducing their tuition. You see some folks going to 3-year programs. I was in Texas recently; they are looking at \$10,000 college degrees.

And so I think there is some real creativity there in these tough economic times in how folks become more efficient, how they increase completion rates, how they use technology. There is some really good work going on out there. We just want to see that become more the norm rather than the exception.

FEDERAL STUDENT AID AND COLLEGE TUITION

Mr. ALEXANDER. Do you have any concern at all that federally subsidizing tuition might cause that tuition to go up?

Secretary DUNCAN. We have looked at that very closely over the past 30 years, and tuition has gone up every single year whether we increased Pell grants or not. And, in fact, in a year when we reduced Pell grants, tuition still went up.

So, you know, we have looked very, very closely at the history of this, and tuition has gone up regardless of what the Federal Government does—Pell grants went up, Pell grants were flat, Pell grants went down, tuition still went up.

Mr. ALEXANDER. Thank you, Mr. Chairman.

Mr. REHBERG. Dr. Simpson.

Mr. SIMPSON. If you don't quit saying that, I am going to—

Mr. REHBERG. All right. Mr. Simpson.

Mr. SIMPSON. Thank you.

EDUCATION FUNDING AND THE DEFICIT

I found your opening statement and your testimony kind of riveting. I felt like I was back on the Budget Committee that I sat on yesterday for 12 hours doing a markup of the Ryan budget. But the reality is, I will tell you what is the biggest threat to education today. It is a \$15.5 trillion deficit. And if you accept the President's budget as a blueprint for the future, it never gets to balance—never. That is the biggest threat to education and to every other program.

Somehow we have got to get—the reality is—do you know what the 302(b) allocation is going to be for this committee? Because I don't. Do you?

Secretary DUNCAN. No, sir.

Mr. SIMPSON. So, in reality, you don't have a clue how the Ryan budget is going to affect education.

Secretary DUNCAN. No, no, we have—

Mr. SIMPSON. Because you don't know what this committee is going to do and what the 302(b) allocation is going to be. It may decide that it is going to be higher for this and lower for something else.

Secretary DUNCAN. That is correct. But we have a pretty good estimate, and if those cuts go in place, it would be—

Mr. SIMPSON. But they are just estimates. You are guessing what we are going to do. So don't come out with your—I am tempted to ask if OMB wrote your testimony or you wrote it.

Secretary DUNCAN. No——

Mr. SIMPSON. But I won't ask that.

Secretary DUNCAN. Our staff did it. And it was very, very simple, and——

Mr. SIMPSON. Well, then they are not any smarter about what this committee is going to do than you—anyway, let me ask a question.

Secretary DUNCAN. Of course we don't know, but if that budget passes——

Mr. SIMPSON. And maybe I am just being a little upset because I spent 12 hours having these debates yesterday about all this and about all the gloom and doom that was going to happen. The gloom and doom is going to be if we don't balance this budget and start addressing the \$15.5 trillion deficit. And, as I said, the President's budget never gets to balance.

Let me ask you an education question.

Secretary DUNCAN. Yes, sir.

UPWARD BOUND PROGRAM

Mr. SIMPSON. The one program that has a great deal of impact on my State is Upward Bound. And I am a big supporter of the TRIO programs—I am co-chairman of the Congressional TRIO Caucus. It has recently come to my attention the Department of Education instituted a competitive priority that eliminates the opportunity for applicants from my State and other rural States while enhancing the opportunities for applicants from some States, including Illinois, including the city of Chicago.

Specifically, the Department's so-called persistently low-achieving schools, for which Upward Bound applicants can receive up to five additional points on their applications, does not include any high school in Idaho. Yet the list from Illinois only includes high schools, including 66 from Chicago.

Certainly you understand what this looks like, when you have——

Secretary DUNCAN. I am happy to——

Mr. SIMPSON. And let me also say that only one high school under the authority of Bureau of Indian Education across the entire Nation is eligible under this priority.

An explanation would be helpful.

Secretary DUNCAN. No, absolutely. I am happy to look at that. I am a big fan of Upward Bound. And we will make sure we are doing the right thing.

Mr. SIMPSON. I would like to have a discussion with you later about it.

Secretary DUNCAN. Absolutely.

Mr. SIMPSON. Thank you.

[The information follows:]

2012 UPWARD BOUND COMPETITION

A key priority for this Administration is turning around the Nation's persistently lowest-achieving (PLA) schools and we believe the 2012 Upward Bound (UB) competition represents a tremendous opportunity to expand the reach of one of our key college access programs to more of these schools. Consequently, in the Department's 2012 Upward Bound notice inviting applications, the Department established a competitive preference priority for serving PLA schools, along with competitive preference priorities on productivity and data-based decision-making. Each of these priorities is worth up to 5 points.

However, the Department is aware that the number of PLA high schools varies across States. In particular, the State of Idaho does not identify any PLA high schools. Consequently, so as not to disadvantage UB applicants in a State such as Idaho, the Department established the competitive preference priority point maximum at 10, rather than 15 points. This lower maximum will enable all UB applicants—regardless of the PLA landscape in their respective States—to attain the maximum number of competitive priority points (10) in this competition by writing to only 2 of the 3 competitive priorities. In other words, applicants from Idaho can still earn the maximum of 10 competitive priority points by earning points under “Productivity” and “Data-based decision-making.”

Mr. REHBERG. Mr. Flake.
Mr. FLAKE. Thank you.

FISCAL YEAR 2013 EDUCATION BUDGET INCREASE

Just continuing with the discussion on the overall budget, when you have seen the increases over the past several years in the Department of Ed budget, and then to see a 5.4 percent increase in the fiscal year 2013, I ask, how do you do that? I mean, how with a straight face can you come and say, you know, with a department that has increased the budget so massively—and I am not just putting all the blame on the Obama Administration; it went up precipitously under the Bush Administration, for which I think we all should be ashamed.

And I just would like to know, why? Why a 5.4 percent increase?

Secretary DUNCAN. Two-point-five percent. It is about a \$1.7 billion increase, so it is about 2.5.

And I just fundamentally believe education is an investment. We can't invest in the status quo; we have to invest in reform. I think this investment in early childhood education, which is a newer one for our department, we think that is critically important. We have to continue to drive K–12. And we want to put some incentives out there, again, on the higher-education side, so that States will continue to invest and universities will be reasonable in tough economic times with their tuition.

So these are the right investments to make. And, again, going forward, the jobs of the future are all going to require some form of higher education. And if we continue to have a 25 percent drop-out rate in this country, if we continue to just perpetuate the status quo, we do our country a great disservice, we cut off our nose to spite our face. That is what I am fighting against.

Mr. FLAKE. Your figures are right. I was wrong. I was looking at the federally subsidized and unsubsidized student loans. That is the increase of 5.4 percent. The actual increase is 2.5. Still, it would seem unjustified when we are going to have to cut, we know it, everywhere, to come in with an increase here.

FEDERAL STUDENT AID AND COLLEGE TUITION

With regard to the relationship between federally subsidized student loans and Pell grants and the increased cost of tuition, since 1980 there has been a 475 percent increase in Pell grants, after adjusting for inflation; and a 439 percent increase in the cost of college. You may say, well, one year when Pell grants didn't go up, tuition still did. But how in the world can you deny a relationship between Pell grants increasing this much and federally subsidized student loans and the cost of education. I think that that is putting your head in the sand, really. Four hundred seventy-five percent, 439 percent over the same time period. There is a relationship.

Secretary DUNCAN. So, again, just looking at the past 30 years, for 19 of those years there was an increase in the Pell grant, 11 of those years there was no increase, and 1 year they went down, and every single year tuition went up. So two-thirds, one-third, but whatever happened on Pell, tuition still went up.

Mr. FLAKE. I think there is a knowledge that Congress will come in and increase it. Which is the dog and which is the tail and who

is laying chase I think varies from year to year, but there is a relationship here as we go along.

Secretary DUNCAN. So, again, that is why we can put out some incentives to change that behavior. That is what we are desperately trying to do with this year's budget.

D.C. OPPORTUNITY SCHOLARSHIPS

Mr. FLAKE. One more question. With the D.C. Opportunity Scholarships, did ending the program, as the President did, after current enrollees go through, is that saving the taxpayer any money?

Secretary DUNCAN. What we are trying to do, obviously, is maintain those children who were in the program so that they can complete.

Mr. FLAKE. But—

Secretary DUNCAN. I am sure there are some savings there. But I think the goal for us is to invest in the D.C. public schools so that every child will have a chance to get a great education, not just a tiny handful of children.

Mr. FLAKE. I could see if you say these students are more costly. That is not the case. These vouchers aren't for any more than they were spending in their current schools. And so it would seem, just like the question that Mr. Simpson raised, there is something that just doesn't look right. It looks like a bow to the unions and basically telling those parents, we don't value your judgment. And I just—I don't know how else you can explain that.

Secretary DUNCAN. Again, we wanted to maintain those children who were in those schools. At the end of the day, I am not interested in saving, you know, 3 children and letting 500 drown. I want to make sure every child has a chance to get a good education. D.C. public schools are getting significantly better. They are going to serve the vast majority of young people in the city, and we want to support those efforts.

And, again, if private philanthropy, if folks, if individuals want to donate, we think that is appropriate. We think for the Federal role to do that doesn't make sense.

Mr. FLAKE. You have been good on competition and accountability and whatever else, but this seems to be just a complete opposite there.

To the extent that D.C. schools are getting better, do you not see a relationship between choice and accountability there?

Secretary DUNCAN. I think there is a huge choice, and that is probably why they are getting better, but it is within the public school system. So you have a thriving charter sector here, a huge number of students going to charter schools.

Again, I want to just make sure that every single child has access. And if the private sector wants to help a couple individuals, more power to them. I think we have to be more ambitious than that here at the Federal level.

Mr. FLAKE. Thanks.

Mr. REHBERG. I want to thank the committee for being as quick as they can. We will do the best we can to begin a second round. I understand we are going to vote at 11:15. We will turn the TV on, and I will cut the meeting off at 10 minutes left on the vote. So adjust your time accordingly.

And I am going to then pass on my first question and move to Ranking Member DeLauro.

Ms. DELAURO. Thank you, Mr. Chairman.

REPRESENTATIVE RYAN'S BUDGET PLAN

And I just wanted to reiterate that I think last evening, I don't know what time it was, but the Ryan budget was passed in the Budget Committee, and so, therefore, it brings it into the realm of debate and discussion. If it passed there, it will be brought to the floor, and we will see what happens with that effort. And if people disagree with it, then they will have a chance to vote for it or against it. But the fact of the discussion about it and what its implications and what its effect are are absolutely relevant to what we are talking about. And if you have \$115 billion in a potential cut in education over the next 10 years, we ought to be thinking about what that means to the education of our children.

TEACHER EVALUATION

I want to talk about teacher evaluation, Mr. Secretary. We are in agreement; we need to attract and retain the strongest teachers, visionary school leaders, et cetera. You have made this clear in your budget proposal with the RESPECT Program. This means not only making pay but conditions in the schools attractive, raising teacher morale.

We want to make sure that we are looking at how we identify, remediate, and, if necessary, remove teachers who are persistently ineffective. I want to comment to you because—and this is my view. I think what happened in New York was very, very unfortunate, the release of individual teacher value-added scores. I think it has undermined the objectives that you so firmly want to take a look at. And I think you may have a difference of opinion on this effort.

We have seen respected experts warn against the use of such data for high-stakes decisions, and that is about pay, consequences that result there. And that is not, you know, people randomly. You are looking at RAND, Educational Testing Service at Princeton, National Research Council, National Academies of Science. Experts have warned that when you put this kind of enormous pressure on educators, that you abandon other aspects of the curriculum—science, history, arts, citizenship, et cetera.

I will also say that someone like Bill Gates, for instance, being one of the biggest proponents of evaluation, he said that using such a system—he would never consider using such a system in Microsoft or any other smart business context. And that is that this public shaming of teachers is counterproductive, especially—and I come from a household that deals with margin of error. And you are looking at a margin of error, you know, that is from, what, 35 to 53. That is a very big margin of error in looking at the stability of this data.

So I will cut to the chase on this. I just think that—what do you say—if we are trying to turn schools around, we are trying to create—and I will tell you, I can read you from the Hartford Courant today about the morale of the teaching profession in my State of Connecticut. What do you say to teachers, you know, who have

been in The New York Times, other media outlets? Botched scores have been made public, their hard work has been discredited. They have to face parents who now think less of them. What do you say to principals, you know, in this effort? How do we develop and retain the great teachers that we want to have?

I just will—one final thing is MetLife, their survey data. Teacher morale is at a record low, teachers reporting their intent to leave their job at a higher rate than anytime in the past 2 decades. How are we going to turn that around and make support and the development of quality teachers a higher priority than the public shaming of teachers?

You know, look, what about doctors and value added? Members of Congress and value added? Anyway.

Secretary DUNCAN. That might be a good idea.

Ms. DELAURO. Hey, maybe. Or agency people and value added? There we go. I mean, because when people are trying to do the best job they can—

Secretary DUNCAN. I think we are actually very, very much on the same page, and I share many of your concerns. And that teacher morale is at an all-time low is a big, big deal.

INVESTMENT IN EDUCATION AND TEACHER MORALE

The biggest reason it is so low is the underinvestment in education. They see their friends being laid off. They worry about losing their jobs. We have lost a couple hundred thousand teaching jobs. We were lucky enough through the Recovery Act to save a couple hundred thousand. But that is the biggest driver of that.

MULTIPLE MEASURES FOR TEACHER EVALUATION

What teachers want—I have never met a teacher who is scared of accountability; they just want it to be fair. It has to be multiple measures, performance evaluation has to involve multiple measures.

Ms. DELAURO. Right.

Secretary DUNCAN. So you look at what is important: peer observation, principal observation. You know what is actually very important is student surveys, asking students. Looking at growth and gain—you have to look at multiple things, and it has to be fair.

Mr. REHBERG. Mr. Lewis.

Ms. DELAURO. Mr. Lewis, can I beg you for 30 seconds?

Mr. LEWIS. Of course.

Mr. DICKS. I will yield my time to her, if that would be acceptable.

Ms. DELAURO. Thank you very much. I appreciate that. I really do.

You were going to finish a comment, but I want to make a final comment.

RESPECT PROGRAM—TRANSFORMING THE TEACHING PROFESSION

Secretary DUNCAN. This is why this RESPECT Project—Recognizing Educational Success, Professional Excellence, and Collaborative Teaching—is so desperately important. Our ability to attract and retain great talent, to elevate the teaching profession over the

next 4 to 6 years, shapes public education for the next 30. So this is a teacher-led initiative. We have our teacher ambassador fellows holding conversations with teachers around the country. We have held over a hundred roundtables. We have to give teacher voice to this policy debate. That is what we are trying to do.

Ms. DELAURO. What I am just saying to you is there have been two examples, in Los Angeles and in New York. And this value-added mantra is existing everywhere. And, in fact, having a public display of this, I would hope—because you have said in newspaper articles that you are supportive of this effort—I would hope you would reconsider your support for this kind of shaming and humiliating teachers.

Secretary DUNCAN. Let me be very, very clear because, actually, I think I am very much in agreement with you. I encouraged it in L.A. because teachers were denied access. They never had this data. And it took this sort of crazy—because the district and union were—whatever was going on. The only way—teachers desperately wanted it—the only way they got it was the L.A. Times printed it out. It should never happen that way. It was totally crazy. But teachers want this to improve.

Mr. LEWIS. Reclaiming my time, please.

Mr. REHBERG. Mr. Lewis.

Mr. LEWIS. Thank you.

Ms. DELAURO. Thank you, Mr. Lewis.

Mr. LEWIS. You are welcome, certainly.

MAINTENANCE OF EFFORT IN EDUCATION FUNDING

Mr. Secretary, education is a priority in all the States. Our Constitution says that the number-one dollar will go for education. Over the years, we have been frustrated by the fact that the State legislature and others, in their partnership with local government, have decided on other priorities.

Now, within your budget and specific language direction, are you going to reduce funding or take back funding that has been increased during this President's administration to those districts or those States where there has been a percentage reduction in the portion going to education? Do you have specific disincentives, as it were, for that kind of pattern?

Secretary DUNCAN. So what we have tried to do is make sure that education wasn't cut disproportionately. And we understand States have to make tough calls, but where States are cutting education—

Mr. LEWIS. Well, do you have language that says, you are going to be cut back if you have been doing this?

Secretary DUNCAN. It depends, again, on the program. But, going forward, part of what we want to do in Race to the Top for higher education is to put in place the incentives to encourage the right behavior.

Tom, do you want to add something?

Mr. SKELLY. I would just point out we have at least two laws where there is a maintenance of effort requirement, and we have enforced it, and there have been consequences where States haven't gotten Federal funding recently—IDEA and College Access Challenge Grants.

Mr. LEWIS. It is important to know that all of us believe in the fundamental drive of education. We are not convinced that the Federal Government knows what the fundamental direction ought to be. And sometimes the results you get for the money you spent cause you to scratch your head even more.

SUPPORTING LOCAL REFORM

Secretary DUNCAN. So I actually agree with you. To be really clear, what we are trying to do is put in place incentives to get the best ideas at the local level. I say all the time that myself and no one else in Washington, we don't have the best ideas in education; they come at the local level. We want to put a lot more resources behind those great teachers and principals who are doing the right thing.

Mr. LEWIS. Okay. Thank you.

Mr. REHBERG. Mr. Dicks for the final question.

COMMUNITY COLLEGES

Mr. DICKS. You mentioned community colleges. I happen to believe in Washington State one of our great strengths is our community colleges. Tell me, what is your take on that?

Secretary DUNCAN. Again, I have just fallen in love with community colleges. It is not a coincidence that my Under Secretary, Martha Kanter, is a former community college president. That has never happened before in the history of our department. We are trying to put a huge spotlight on this.

Along with the Department of Labor, we have invested \$2 billion in real public-private partnerships where that training is leading to real jobs in the community. That is going to vary from Washington to Florida to wherever it might be. But where you have these real strong partnerships and community colleges aren't an island, you are seeing this amazing transformation in those local economies, and community colleges are driving this thing.

We just see tremendous capacity needs—again, literally offering classes 24/7. I have been to places with waiting lists of thousands of students. We want to continue to invest, and that is the request. We want to continue to partner with the Department of Labor to do that. But as our Nation gets back on its feet, community colleges will play a huge role in helping the Nation do that.

COMMUNITY COLLEGES AND PELL GRANTS

Mr. DICKS. And they are very dependent on Pell grants, right? I mean, they are absolutely critical.

Secretary DUNCAN. Hugely critical. And with a Pell grant, at most community colleges you can basically go for free. I mean, you can basically remove that huge financial barrier.

I will tell you something else fascinating which I hadn't realized. I have been to a number of community colleges recently where folks who have 4-year degrees are going back to community college to get the real training they need to get a job. It is really, really interesting.

Ms. DELAURO. Would the gentleman yield?

Mr. DICKS. I yield.

Ms. DELAURO. I would just say, I think that this is so critical. We had a hearing yesterday on employment and veterans training, and we listened to the One-Stops and what was going on. And the effort of trying to take veterans or even the long-term unemployed, couple them with community colleges and with industry, and industry making a commitment to offer jobs, and they help to design the curriculum, working with the community college. This is a model for the future, and Pell is critical to that effort.

IN-SERVICE TEACHER PROFESSIONAL DEVELOPMENT

Mr. DICKS. Let me ask you one quick question. What are we doing to help teacher education/training once they are a teacher? I know we have had these programs in the past where they could get extra education. Have they gone away or are we still doing them?

Secretary DUNCAN. No, I think with schools of education, like anything else, you have a mix. You have some very high performers, but you have many, unfortunately, that I don't think are doing a good enough job, and you have too many great young teachers who feel ill-prepared to enter the classroom. And so we are trying to, sort of, shine a spotlight on the successful ones. But, frankly—

Mr. DICKS. But what about once they are a teacher? What can we do?

Secretary DUNCAN. Once they are a teacher? So we need to—you look at high-performing countries, Singapore, Finland, other countries, they pay a heck of a lot more money, they have much better mentoring, they have much better career ladders. This is not rocket science; this is transformational change. That is what this RESPECT Project is about. We lose far too many of our good young teachers who wash out because we don't support them, and that is a big challenge for our country.

Mr. DICKS. Thank you, Mr. Chairman. I yield you my remaining time.

Mr. REHBERG. Appreciate that, Mr. Dicks.

And, as always, the record will remain open for the 14-day period for Members to add additional questions. We hope that you will answer them in a timely fashion.

[The following questions were submitted to be answered for the record:]

Questions for the Record
Hearing on Department of Education FY13 Budget
March 22, 2012

IMPACT AID PROGRAM — LEARNING OPPORTUNITY THRESHOLD

Mr. Rehberg: I understand that earlier this year your Department made initial Impact Aid payments at only 65 percent of the Learning Opportunity Threshold (LOT) payment. Eventually after hearing from Congress, I understand payments began to be made at 85 percent of LOT, which has helped. I am concerned that some folks in your Department may view Impact Aid as a supplemental, or “nice to have” add-on program rather than one that in many cases literally keeps a school operating. I have school districts in Montana that do depend on Impact Aid just to make payroll some months, as some have a budget that is over one-quarter Impact Aid dollars.

Mr. Secretary, what do you believe is the purpose of the Impact Aid program?

Mr. Duncan: The purpose of the Impact Aid programs is to provide financial assistance to school districts that experience a substantial and continuing financial burden due to Federal activities. School districts across the United States include parcels of land, including Indian lands, within their boundaries that are owned by the Federal Government or that have been removed from the local tax rolls by the Federal Government. These school districts face special challenges — they must provide a quality education to the children living on the Indian and other Federal lands and meet the requirements of ESEA, IDEA, and other Federal statutes, while sometimes operating with less local revenue than is available to other school districts because the Federal property is exempt from local property taxes.

Impact Aid was designed to assist local school districts that have lost property tax revenue due to the presence of tax-exempt Federal property, or that have experienced increased expenditures due to the enrollment of federally connected children, including children living on Indian lands. Impact Aid programs provide assistance to local school districts with concentrations of children residing on Indian lands, military bases, low-rent housing properties, or other Federal properties and, to a lesser extent, concentrations of children who have parents in the uniformed services or employed on eligible Federal properties who do not live on Federal property.

BENEFICIARIES OF IMPACT AID

Mr. Rehberg: Let me ask what might appear to be a rhetorical question: Who benefits from Impact Aid funding?

Mr. Duncan: Impact Aid funding benefits all students enrolled in the schools of a recipient district because the majority of funding is not earmarked for specific programs or populations and goes directly into the general fund of local educational agencies (LEAs). The funds are used to fill holes in the budget not covered by other funding, such as paying the costs

of teacher and staff salaries, computers and other equipment, curricular materials, regular and special instruction programs, and utilities.

IMPACT AID FEDERAL PROPERTY PROGRAM

Mr. Rehberg: What was the rationale for the President zeroing out the Federal Property program? Districts that once had taxable land that provided a source of school revenue and then lost it to Federal acquisition have still lost a source of revenue due to a Federal presence. It has to be made up by other taxpayers. There are districts that receive over \$1 million in Federal Property funds and there are rural districts in which a \$100,000 – or even a \$50,000 payment – makes a difference.

Mr. Duncan: 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. The continuing receipt of funds by these LEAs further weakens the case for continuing the program.

STUDENT AID ADMINISTRATIVE FUNDS

Mr. Rehberg: Mr. Secretary, I continue to be concerned about the growth in the student aid administrative account. Your budget requests nearly \$1.5 billion to administer student aid programs, an increase of \$173 million, or 13 percent, over the fiscal year 2012 level. We are told that many of these costs are “built-in” and required by various servicing contracts and driven by

the increasing number of loan borrowers. It seems to me these funds aren't truly "discretionary," since each year they are taking an increasing share of our subcommittee's allocation.

Why are the costs of administering these student aid programs rising so dramatically and what is your Department doing to try to rein them in through improved efficiencies?

STUDENT AID ADMINISTRATION — INCREASE IN COSTS

Mr. Duncan: The costs for administering student aid programs have increased significantly due to the implementation of SAFRA and the Ensuring Continued Access to Student Loans Act (ECASLA) of 2008. Since the implementation of SAFRA, which shifted all Federal student loan volume to the Department beginning July 1, 2010, the Department's originations have grown from around 12 million annually to over 37 million annually. ECASLA provided the Department a mechanism that private lenders found necessary to maintain access to capital needed to make Federal student loans. Along with SAFRA, ECASLA caused Student Aid Administration costs to rise dramatically by more than doubling the Department's loan servicing volume from 13 million borrowers in 2009 to over 30 million borrowers today. As this servicing volume ages, costs also increase as borrowers transition from less-expensive loan statuses (e.g., in-school) to more expensive statuses (e.g., in-repayment).

As pointed out in your question, built-in increases in servicing and origination costs must be provided to administer the growth in the mandatory Student Loan programs. While most Student Aid Administration costs are discretionary, there is a subset of costs that is provided for by mandatory funds. SAFRA provided mandatory budget authority for administrative costs of servicing contracts with eligible Not-For-Profit servicers. Of the \$1.5 billion request for fiscal year 2013, \$359 million will be provided as mandatory budget authority. For-profit servicer costs, as well as all origination costs, are provided through discretionary budget authority.

In March, 2010, the Congressional Budget Office (CBO) estimated that SAFRA would save approximately \$68 billion over 10 years. CBO also estimated that, in order to achieve these savings, the Department would incur about \$6 billion in additional administrative costs over 10 years. The Department's requested increase of \$173 million across discretionary and mandatory budget authority is consistent with the CBO estimate, while still achieving the budgetary savings from transitioning to 100 percent Direct Loans.

STUDENT AID ADMINISTRATION — IMPROVED EFFICIENCIES

The Department, through Federal Student Aid (FSA), has successfully been able to handle the transition to 100 percent Direct Loans, keeping costs as low as possible through strategic procurement strategies and operational efficiencies. Some examples include:

- FSA continues to look for cost savings through contract negotiations and improved program processes.
- To successfully handle the transition to 100 percent Direct Loans, FSA renegotiated its origination and disbursement contract, in the process reducing the proposed increase in pricing necessary to handle the increased volume by 45 percent.

- FSA has utilized electronic correspondence wherever possible to reduce costs.
- FSA has designed and used performance based servicing contracts to handle dramatic increases in servicing volume. These contracts were issued to four vendors: American Education Services/Pennsylvania Higher Education Assistance Agency (AES/PHEAA); Great Lakes Education Loan Services; Nelnet, Inc.; and Sallie Mae Corporation (SLM). These contracts essentially compete amongst themselves for servicing volume.
- FSA has identified and successfully transitioned over 2 million split borrowers, borrowers with more than one loan servicer, to a single servicer, resulting in cost avoidance (essentially cutting costs in half for these borrowers) and improved customer service.
- FSA successfully negotiated a reduction in the cost of transferring approximately 2.5 million borrowers from one loan servicing contractor to another in part to resolve split borrowers.
- FSA has structured contracts with multiple servicers to reduce potential development costs. FSA has been able to leverage the existing servicing capacity and expertise of their loan servicers (who also manage a significant portfolio of non-Department owned loans) to reduce costs.
- FSA is consolidating and eliminating duplicative websites to provide a simpler and more cohesive view of the student loan process and reduce costs.

STEM PROGRAMS — RESEARCH AND EVALUATION

Mr. Rehberg: Mr. Secretary, we have so many programs across the Federal Government that focus on so-called STEM programs – science, technology, engineering and mathematics. We know that we are falling behind other countries in terms of developing our own scientists and engineers for future generations. All of us are concerned about this, and want to do something to help. But with so many dozens of programs operated by different agencies, with different eligibility criteria, sometimes it seems all we've done is duplicated a bunch of programs that may not make a difference.

What can you tell us from the research and evaluations your Department has conducted about what sort of programs are actually the most successful in terms of encouraging more of our young people to go into STEM fields?

Mr. Duncan: The investments the Department makes in science, technology, engineering, and mathematics (STEM) target a number of different areas that we need to improve if we are to produce more graduates in these fields and attract more effective graduates to become kindergarten through grade 12 (K-12) teachers in these disciplines. For example, through our Mathematics and Science Partnerships program we provide support for professional development for existing K-12 teachers, while our Investing in Innovation program supports innovative STEM practices. We also support STEM work in postsecondary education through our Minority Science and Engineering Improvement Program, the Graduate Assistance in Areas of National Need program, the Hispanic-serving Institutions STEM and Articulation Program, and the

Master's Degree Programs at Historically Black Colleges and Universities (HBCUs) and Predominantly Black Institutions (PBIs) programs and by providing incentives for college students to become K-12 STEM teachers by offering forgiveness on their Federal student loans.

But while we think targeted investments geared toward STEM education specifically are important for getting more students into these fields, we cannot address our shortcomings in STEM in a silo. Rather, we think that the types of systemic changes and reforms that we saw States enact in response to Race to the Top, our proposals to strengthen the teaching profession, and our plan for college affordability will encourage more of our young people to go into STEM. Through our systemic reform proposals we can improve students' quality of K-12 education so they are better prepared for college-level STEM work; have them learn from more effective teachers; and be able to afford a high-quality college degree. Only by addressing both the quality of STEM education at each step of the pipeline and the quality of our education overall will we be able to catch up to other countries in STEM education.

Although the Department is not aware of any existing impact evaluations of programs designed to encourage young people to enter into the STEM fields, we have made research and evaluation on effective STEM interventions and instruction a priority and expect the findings from this research and evaluation to produce evidence to improve STEM education at all levels in the near future. The Department is also investing more in rigorous evaluations of postsecondary programs, including Federal student aid programs, to ensure that our efforts to increase college attainment and completion are informed by the highest quality of evidence.

RACE TO THE TOP FISCAL YEAR 2012 FUNDS DISTRIBUTION

Mr. Rehberg: Mr. Secretary, as you know, my Ranking Member Rosa DeLauro and I share a common belief that investing in early learning and intervention in the first few years of life pays great dividends in the future. As such, we were both supportive of funding early learning systems as part of the Race to the Top funds that were provided to your Department in both fiscal years 2011 and 2012.

I understand that the focus of the 2012 funds will be at the school district level, but since school districts are not often the primary provider of early childhood education in a State, I fail to see how this will result in any real investment in early childhood education.

What are your plans for distributing the fiscal year 2012 Race to the Top money?

Mr. Duncan: Using a share of the fiscal year 2012 Race to the Top appropriation, the Department will award additional Early Learning Challenge grants to States to support their efforts to improve their early learning systems. The Department, along with the Department of Health and Human Services, intends to invite the five highest-scoring unfunded applicants from the previous Early Learning Challenge competition to apply. We will use the rest of the funds for a new district competition to recognize and support success and innovation at the local level.

RACE TO THE TOP EARLY LEARNING FUNDING

Mr. Rehberg: How much will be dedicated to Early Learning activities?

Mr. Duncan: We plan to use \$133 million for continued investments in State-level, comprehensive early education reform.

DISTRICT-LEVEL COORDINATION OF RACE TO THE TOP EARLY LEARNING FUNDS

Mr. Rehberg: If funds for early learning are left to school districts, how will activities be coordinated across districts within States?

Mr. Duncan: We are planning to provide \$133 million for State-level investments in early learning. In addition, school districts play an important role in improving early learning outcomes for children, and we are considering whether to address early learning in the district competition.

EARLY LEARNING ACTIVITIES OF FISCAL YEAR 2011 GRANTEEES

Mr. Rehberg: Can you update the Subcommittee on the early learning activities planned to be carried out by fiscal year 2011 grantees?

Mr. Duncan: Early implementation is getting started in the nine current Early Learning Challenge grantee States. For example, all nine States will be improving and scaling up their Tiered Quality Rating and Improvement Systems (TQRIS) with the goal of providing meaningful ratings to more early learning programs in the State. States are also establishing a professional development strategy for improving early childhood educators' knowledge, skills, and abilities. States are developing and planning to use statewide, high-quality early learning and development standards, and will be developing or further implementing kindergarten entry assessments designed to inform program improvement efforts. Some States will also be identifying and addressing the health, behavioral, and developmental needs of children with high needs. All efforts will be geared toward increasing the number of children with high needs who have access to high-quality early learning programs. The States have submitted scopes of work to the Department, and we are working with them to set their plans on a successful course.

ADULT EDUCATION AND WORKFORCE INNOVATION FUND

Mr. Rehberg: Mr. Secretary, the adult education programs which help high school dropouts go back and complete their GEDs and help immigrants learn to read English have been level funded for several years now. Many of these programs are also key in helping enable underprepared adults qualify for technical training programs and go on to get a good job. In addition, with some of the changes we made to the Pell Grant program last year, demand on the adult education system may increase since we are requiring Pell Grant recipients to have completed at least a GED.

Your budget proposes to take \$15 million from adult education State grant programs for a Workforce Innovation Fund. Since the program is level funded overall, this will represent a real cut to the adult education system.

What do you estimate the impact of this cut will be on adult education program access, waiting lists, and outcomes?

Mr. Duncan: The goal of the Workforce Innovation Fund (WIF) would be to identify the most promising approaches for improving the delivery of services and achieving better outcomes for participants served under the Workforce Investment Act, the Rehabilitation Act, or the Wagner-Peyser Act. States would have the opportunity to compete for WIF funding in order to pursue bold reforms with the potential for improved program efficiency and improved outcomes for adults seeking skills, training, and employment opportunities. Through the WIF, we can help States streamline their delivery of training and employment services and support innovative, effective approaches to serving eligible adults more effectively.

The impact of the \$15 million set-aside on a State's Adult Education allocation would be no more than 3 percent compared to the fiscal year 2012 allocation levels. The number of adults served by this program has declined in recent years, even though we believe the need to be higher than ever. For that reason, we believe it is critically important that we figure out how to better serve adult learners so that States are able to serve more adults more efficiently and so that the time adults spend in an Adult Education program ultimately leads to self- and family-sustaining employment.

WORKFORCE INNOVATION FUND

Mr. Rehberg: What factors led to your determination that the Workforce Innovation Fund (WIF) would be a better investment than the adult education State grant systems which have been working well for years?

Mr. Duncan: Data show us that there are still millions of adults who lack the basic skills needed to obtain a self- and family-sustaining job. While the Adult Education program has been successful in some areas, we need to do more with the resources available. We know that adults often become discouraged when they need to access multiple services and they find that they cannot do so in any integrated way. Adults who seek skills training also need to know that their successful attainment of those skills will lead them to more employment opportunities. WIF funding could support entities that work to streamline the access and delivery of different services; link training opportunities to local employers' needs; and use participants' outcome data in accountability systems, among other possible reforms. For these reasons, we believe that channeling a small amount of Adult Education funding into the WIF would be a wise investment.

ESEA REAUTHORIZATION PROPOSALS — FLEXIBILITY FOR EXPANDED LEARNING TIME

Mr. Rehberg: As you know, there are several different proposals for reauthorizing the Elementary and Secondary Education Act. Both House and Senate Committee versions, as well

as your Administration's own Blueprint, have included various levels of flexibility for school districts to use Federal funds for expanded learning time. This would allow for such things as longer and more meaningful time in the classroom, teacher collaboration, and enrichment opportunities to ensure that all students at a school get a well-rounded education.

Given your experience in Chicago, and what you've seen over the course of the past 3 years out in the field, why is this flexibility so critical, and do you think there is a need for it to be included in Federal policy?

Mr. Duncan: I support adding time to the school day, week, or year in order to make room in the school schedule for teacher collaboration, enrichment, and more content in the core academic subjects as well as other subjects that are part of a well-rounded education. We cannot expect our students to be competitive in the global economy if they have access to less school time than so many of their international peers. To support the effort to add more time, the Federal Government should give local communities the ability to choose from the widest range of programs when they decide what is best for their students and families. It is very important to enable children and their families to benefit from local programs that focus on extended learning time and full-service community schools. There are also many excellent after-school and summer programs, and I am confident that they would continue to be funded under our framework.

CHARTER SCHOOL FUNDS — STATE AND REPLICATION AND EXPANSION GRANTS

Mr. Rehberg: The Administration's budget request seeks to level fund the Federal Charter School programs at \$255 million for fiscal year 2013; however, there is growing concern from the charter school sector that the funds for new awards for both State Grants and Replication and Expansion Grants (also known as CMO Grants) will not be available in 2013 if Congress does decide to level fund the program.

Can you describe your Department's current commitments for these programs and then also provide assurances that funding for new awards will be made available in 2013?

Mr. Duncan: Assuming level funding, the Department anticipates that it will not be able to make new State educational agency (SEA) or replication and expansion grants in fiscal year 2013 due to funding commitments to current Charter Schools Program grantees. However, we will continue to monitor grantee performance and expenditures, including carryover of funds, and might determine as a result of monitoring that funds are available in fiscal year 2013 for new grants under these competitions.

The Department does plan to make new awards under the Non-SEA competition in fiscal year 2013. If we receive level funding, we would have approximately \$2.5 million available for these awards.

STATE-PASSED CHARTER SCHOOL LAWS AND FEDERAL FUNDING

Mr. Rehberg: What plans does your Department have to ensure funding reaches States such as Maine or Mississippi that have recently passed State charter laws?

Mr. Duncan: Although we do not expect to make new grants in fiscal year 2013 to States not currently receiving an SEA grant (including those with recently enacted charter school laws), entities wishing to develop charter schools in those States could apply for and receive financial assistance under the Non-SEA grant competition. Newly eligible States will also be able to apply the next time we hold a competition for SEA grants.

JOINT EDUCATION AND LABOR NEW JOB TRAINING PROGRAM

Mr. Kingston: Secretary Duncan, the President's budget contains \$8 billion in mandatory spending for the Department of Education and the Department of Labor to jointly administer a new program focused on job training and partnering with community colleges. Given there are currently 47 job training programs, could you please describe how these funds will be used and how this new program will be different from efforts already being performed by One-Stops and community colleges under the Workforce Investment Act at the Department of Labor?

Mr. Duncan: Community colleges play a unique role in creating a flexible, highly-skilled 21st-century workforce to help businesses meet the specific emerging needs in their regions. The Administration has already invested \$500 million through the Trade Adjustment Assistance (TAA) Community College and Career Training program, and plans to invest \$1.5 billion more over the next 3 years, to support partnerships among community colleges, employers, and the workforce system in order to provide pathways for individuals negatively impacted by trade to find jobs in high-wage, high-skill fields, including advanced manufacturing, transportation, health care, and STEM. We have already seen successes in that program through partnerships of employers and community colleges to provide training that meets industry needs.

But we can do more, particularly as the economy is still recovering. The Community College and Career Fund would provide a short-term infusion of funding to foster successful partnerships between businesses and community colleges to prepare workers for high-demand occupations. The Fund would provide community colleges with the resources they need to become community career centers, ensuring that employers have the skilled workforce they need and workers are gaining industry-recognized credentials to build strong careers. The Fund would also help train the next generation of entrepreneurs by supporting pathways to entrepreneurship; pay-for-performance strategies to provide incentives for training providers, community colleges, and local workforce organizations to ensure trainees find permanent jobs; and partnerships with State and local governments to develop training programs that encourage businesses to invest in America.

INCLUSION OF NEW JOB TRAINING PROGRAM IN 2013 BUDGET REQUEST

Mr. Kingston: With the current interest in Congress to modernize the Workforce Investment Act and our job training programs, could you also explain why it is necessary to create this new mandatory program instead of working with Congress through regular order?

Mr. Duncan: The current economic environment demands swift action and a steady funding stream to help youth and adults obtain access to high-quality programs that prepare them for permanent jobs that pay family-sustaining wages. We look forward to working with Congress to authorize the Community College to Career Fund this year.

MATCHING JOB SKILLS TRAINING TO JOB DEMAND

Mr. Kingston: There have been several press reports about individuals completing Workforce Investment Act job training programs not once but twice and both times when the programs were completed the job demand for those particular skill sets were gone. What efforts will the Department be taking to avoid such pitfalls and ensure training meets job demand?

Mr. Duncan: The Administration is committed to promoting programs that are aligned with State and local workforce and economic needs. In its blueprint for reauthorization of the Perkins Act, the Administration has proposed that local recipients of career and technical education (CTE) funds focus their programs on the fastest growing in-demand occupations in a high-growth sector. In addition, our reauthorization proposal would require State and local entities to coordinate their activities with workforce and economic development agencies and to work with employers and industry representatives to design programs that meet current and future employment needs. While we are still working on the details for the Community College to Career Fund, our goal is also to support programs that are well-aligned with the needs of growing, in-demand industries.

MEASURING SUCCESS IN THE NEW JOINT JOB TRAINING PROGRAM

Mr. Kingston: How will ED be assuring community colleges partner with the business sector, and what metrics will the Department be using to measure the new program's success, particularly as it relates to job placement and retention?

Mr. Duncan: The Administration is still in the process of filling in the details on the proposal and determining how to best encourage and foster strong partnerships between community colleges and the business sector. Our goal is to ensure that local projects supported or developed through this program are aligned with the needs of growing, in-demand industries. We are committed to using strong and rigorous measures of program success, including measures of job placement, retention, earnings, and institutional capacity.

ASSISTING INDIVIDUALS WITH DISABILITIES THROUGH THE NEW JOBS PROGRAM

Mr. Kingston: As you know, part of the mission of the Vocational Rehabilitation program is to assist individuals with physical and mental impairments with training and job placement. How will this new mandatory program work with State Vocational Rehabilitation programs to assist individuals with a disability?

Mr. Duncan: The Administration is still working on the details for how the Community College to Career Fund would be implemented, but we are committed to promoting coordination with other educational and workforce programs, including the Vocational Rehabilitation program, and to ensuring that every student receives the wrap-around or support services needed to fully participate in, and benefit from, this new program.

EVALUATING THE RESULTS OF THE RACE TO THE TOP PROGRAM

Mr. Kingston: The President's budget request includes an additional \$850 million for the Stimulus' Race to the Top program. Under this program, the Department was given complete discretion in how the awards were granted. What meaningful metrics were used to assess the results of the initial Race to the Top to justify this program is worth continuing?

Mr. Duncan: Race to the Top has generated a lot of excitement across the Nation, and I think it's critical that we continue this momentum. Over these first two phases of the competition, 46 States and the District of Columbia applied for Race to the Top funding, and we awarded grants to 11 States and the District of Columbia. Seven additional States were awarded grants in December 2011 to implement critical reforms of their K-12 education systems, including in science, technology, engineering, and mathematics (STEM) education. Thirty-five States, the District of Columbia, and Puerto Rico applied for Race to the Top – Early Learning Challenge grants to establish high-quality statewide early learning systems intended to close the school readiness gap. We awarded 9 grants. We need to continue to support State efforts to improve their systems of early learning and care.

The hard work of the first 12 grantees 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 better talent, 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 are 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. And, 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 are building on this promising work and think it is critical that we continue to invest in these innovative approaches to education reform.

ENSURING LONG-TERM SOLVENCY IN THE PELL GRANT PROGRAM

Mr. Kingston: With the infusion of funds from last year's Budget Control Act and the reforms made under the fiscal year 2012 omnibus there will be a surplus of approximately \$1.8 million to the Pell Grants account this year. However, this surplus is not sustainable. The Federal Government's current debt is \$15.5 trillion. What is the Administration's plan for ensuring long-term solvency in the Pell Grants program, particularly given our limited Federal resources?

Mr. Duncan: The 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 an otherwise \$9 billion shortfall in the program. This request would not only fully fund Pell Grants, but also would support an increase in the Pell Grant maximum award, scheduled to rise to \$5,635 in award year 2013-14. Additionally, action taken by Congress in the 2012 appropriations bill reduced the costs of the Pell Grant program by an estimated \$750 million in 2013 alone, as a result of changes to eligibility rules and the auto-zero determination.

CONTROLLING TUITION WITHOUT SACRIFICING ACADEMIC RIGOR AND RESEARCH

Mr. Kingston: The President's budget calls on universities to control tuition costs. Given the significant role States play in providing financial support to higher education and that these dollars are being siphoned to fulfill Federal Medicaid mandates, in what ways will colleges be able to control or lower tuition without sacrificing academic rigor and research?

Mr. Duncan: The Department, in its 2013 Budget request, calls on higher education institutions in all sectors to constrain costs and make college more affordable for students. We propose one way of achieving that goal: by providing additional student aid funds to institutions that are able to provide a good value to students, as well as graduate higher numbers of Pell-eligible students and keep net price down. This is meant to challenge institutions to determine how to best and efficiently use their funds — and reward those that are able to succeed in doing so.

ENSURING THAT TRIO FUNDS ARE TIMELY AWARDED

Mr. Kingston: In my State of Georgia, I have heard the Department's delay in issuing TRIO awards last year forced my State to issue pink slips causing folks to lose their jobs until the awards were granted. Could you please clarify why the awards were delayed and what efforts ED is taking to ensure this will not happen again?

Mr. Duncan: We regret that grant awards resulting from the fiscal year 2011 Educational Opportunity Centers (EOC) and Talent Search (TS) competitions were not issued in a more timely manner and have implemented processes to help ensure timely competitions in the future.

During the planning phase for the EOC and TS competitions, we developed a schedule for the timely awarding of grants, as we do for all competitions. However, as we moved through the different phases of the competitions, we were faced with unanticipated challenges and obstacles, which included: (1) development of the application materials to implement statutory and regulatory changes to the EOC program resulting from the Higher Education Opportunity Act of 2008 (HEOA); (2) significant technological problems with the Department's new G5 grants management system, which supports the electronic peer review of grant applications; (3) the passage of the fiscal year 2011 appropriations bill in mid-April which cut funding for the TRIO programs and therefore required an adjustment to our planned program allocations; and (4) implementation of the new second review process for unsuccessful applicants under the EOC and TS programs as congressionally mandated by the HEOA. This process was used for the first time in the fiscal year 2011 EOC and TS competitions.

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 our challenges and obstacles so as to make timely grant awards in fiscal year 2012 for all programs.

IMPACT OF BASE REALIGNMENTS AND CLOSURES ON IMPACT AID FUNDING

Mr. Kingston: As you know, the Department of Defense has proposed closing several bases as part of the Base Realignments and Closures (BRAC) to reduce agency spending. Should these closures be implemented, what impact do you believe this will have on the need for Impact Aid funding?

Mr. Duncan: The impact of BRAC on the need for Impact Aid funding will depend on whether or not specific base closures or realignments lead to a reduction in force or a relocation of personnel. In the aggregate, military personnel and their children are simply moved from one base to another so the overall need still remains about the same. But, at the local level, the burden on some local educational agencies (LEAs) could increase, if they receive a sudden and significant increase in federally connected students. A receiving LEA might not have the housing or school facility capacity to adequately serve the relocated military students.

PARTNERSHIPS TO EXPAND COLLEGE ENROLLMENT AND LOWER COSTS

Mr. Flake: Secretary Duncan, the President's 2013 budget requests a \$14 billion "strategic investment" on top of the \$69.8 billion in discretionary funding for 2013. This includes a proposed \$10 billion increase for student financial aid, which would, for the first time, be used "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." Why is the Department of Education simultaneously prohibiting, by regulation, certain colleges and universities, including community colleges, from forming innovative partnerships among themselves and other third party companies designed to expand college enrollment and lower costs?

Mr. Duncan: The prohibition on incentive compensation applies only to two specific activities: securing enrollment (recruitment) and securing financial aid. The Department believes that a better way to guarantee lower costs from higher education institutions is to make the proposed \$10 billion in additional student financial assistance contingent on institutions graduating students from low-income families, restraining net prices, and providing a good value to students.

REGULATORY AUTHORITY LIMITING INNOVATIVE HIGHER EDUCATION PARTNERSHIPS

Mr. Flake: Last September, I and four of my colleagues in the Arizona delegation sent you a letter requesting information detailing the statutory authority for this rule and clarity on why the Department would place restrictions on some entities but not others. Your letter in response, dated October 31, did not include the information we requested.

Since then, I have learned that a growing number of institutions are concerned about this particular rule and additional congressional offices have registered their concern with your staff.

Mr. Secretary, will you look into this problem further; and, also, will you address this problem and any other unnecessary regulatory burden that is preventing colleges from making college more affordable?

Mr. Duncan: As mentioned in my letter, the Department is enforcing the statutory provision found at Section 487(a)(20) of the Higher Education Act of 1965, 20 U.S.C. 1094(a)(20), which states an "institution will not provide any commission, bonus, or other incentive payment based directly or indirectly on success in securing enrollments or financial aid to any persons or entities engaged in any student recruiting or admission activities or in making decisions regarding the award of student financial assistance."

REGULATIONS AND INNOVATIVE HIGHER EDUCATION PARTNERSHIPS

Since the initial Federal Register notice about its planned work on program integrity, the Department has held several public hearings and negotiated rulemaking sessions, notices for which were also published in the Federal Register. These meetings were attended by a wide variety of private, for-profit higher education, governmental, and non-profit groups, while over 14,000 comments were received and reviewed on the issue.

Additionally, to provide individuals and schools further clarification on these, and several other, regulations, the Department issued a Dear Colleague Letter on March 17, 2011. This letter included guidance and examples of permissible activities. The efforts made on this issue are a continuation of the Department's focus on promoting the best interests of students everywhere.

ENSURING THE TIMELY AWARD OF TRIO GRANTS FUNDING

Mr. Lummis: The Administration's budget proposal requests billions for new, unauthorized Federal education programs. The request ignores the reality of our budget situation, in which we face \$15 trillion in debt and are financing our discretionary budget with money borrowed from China, Japan, Saudi Arabia, private citizen investors and anyone else willing to take American debt. We cannot afford the budget we have, much less the budget expansions proposed by this Administration.

Considering the Administration's focus on expanding the Department of Education, I am very troubled by the Administration's lack of attention paid to established, existing programs. I call your attention specifically to problems with your Department's management of TRIO and related programs.

Wyoming's TRIO program has experienced significant delays in the Department of Education releasing competitive grant awards. Beginning with the Student Support Services grant competition in 2010, the Department of Education has not notified grantees of new or continued funding until late in the funding period, or, in the case of the 2011 Education Opportunity Center and Gear-Up competitions, until after the funding period ended. This is especially problematic considering the Higher Education Act's requirement that grantees be notified of funding status 8 months prior to the start of their grants.

Wyoming's TRIO program has reported the following harmful effects of the delays:

- Funding uncertainty, including uncertainty about the potential need to set aside funds to deal with the interim budget gaps;
- Hindered solidification of relationships with community, business and educational program partners;
- Interruptions in the continuity of service for program participants, including at critical points of the year (e.g., beginning of the academic year); and
- Negative impact on morale and the ability to retain staff in the face of such uncertainty.

In light of the persistent delays in announcing grant awards, Wyoming's TRIO program is understandably concerned about the status of the renewal of their Upward Bound grants. The grant supports a 6-week summer residential program on the University of Wyoming campus. It is my understanding that the Department has pledged to announce the Upward Bound awards by May 29, 2012. But the Department's track record does not instill confidence in its ability to meet this deadline, which is still only 3 days in advance of the new funding period and 6 days before the start of the planned summer program.

I request your written assurances that your Department will meet its self-imposed deadline for the announcement of the pending Upward Bound grants. Please also detail your

general plans to ensure the timely award of TRIO and related grants as is required by the Higher Education Act.

ENSURING THE TIMELY AWARD OF TRIO GRANTS FUNDING

Mr. Duncan: We regret that fiscal year 2011 TRIO grant awards from new competitions were not issued in a more timely manner and have implemented processes to help ensure timely competitions in the future.

During the planning phase for the Educational Opportunity Centers (EOC) and Talent Search (TS) competitions, we developed a schedule for the timely awarding of grants, as we do for all competitions. However, as we moved through the different phases of the competitions, we were faced with unanticipated challenges and obstacles, which included: (1) development of the application materials to implement statutory and regulatory changes to the EOC Program resulting from the Higher Education Opportunity Act of 2008 (HEOA); (2) significant technological problems with the Department's new G5 grants management system, which supports the electronic peer review of grant applications; (3) the passage of the fiscal year 2011 appropriations bill in mid-April, which cut funding for the TRIO programs and therefore required an adjustment to our planned program allocations; and (4) implementation of the new second review process for unsuccessful applicants under the EOC and TS programs as congressionally mandated by the HEOA. This process was used for the first time in the fiscal year 2011 EOC and TS competitions.

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 our challenges and obstacles so as to make timely grant awards in fiscal year 2012 for all programs.

IMPACT OF FEDERAL STUDENT AID ON TUITION

Ms. DeLauro: During recent budget debates the argument was made that availability of Pell Grants and other Federal student financial assistance has contributed to increases in tuition. In your opinion, what does the relevant data and research show about the likelihood of such a relationship between student aid and tuition increases?

Mr. Duncan: The cost of college is a real burden for American families — it is alarming to consider that over the last decade published tuition and fee charges have consistently exceeded the rate of inflation. For instance, at an average 4-year public institution, the maximum Pell Grant pays for 20 percent of the cost of attendance compared to 38 percent a decade ago. Meanwhile, the Department has not seen any persuasive evidence indicating Federal financial aid contributes to increases in tuition, and, in fact, a 2001 NCES study found no association between these things.

Adding to the complexity students face while choosing where to study is the fact that the tuition rates published by colleges do not reflect the prices most students pay. The Department has taken measures to assist students and families in making informed decisions through initiatives such as the College Navigator, the College Scorecard — which takes a detailed look at a specific school of the students' choice — and the FAFSA4caster which can predict student aid eligibility. These measures, in addition to the Department's proposals in the 2013 President's Budget, all serve the purpose of making college more accessible and affordable.

MAXIMUM PELL GRANT AND COST OF ATTENDANCE

Ms. DeLauro: Please provide a table showing the maximum Pell Grant relative to the estimated average cost of attendance at 2-year public institutions, 4-year public institutions, and 4-year private institutions, for all years for which consistent data and estimates are available.

Mr. Duncan: As the table below illustrates, the relative ability of the maximum Pell Grant award to cover the cost of attendance (COA) at 2-year public, 4-year public, and 4-year private institutions has very slowly but consistently decreased over the life of the program. Currently, the ability of the maximum Pell Grant to cover a student's cost of attendance is at the lowest it has ever been, save for the 1973-74 award year — the first year the program was in operation.

Pell Grant Maximum Award as a Percentage of Cost of Attendance

Award Year	Maximum Award	Recipients	Avg. 1-Year Tuition, Fees, Room & Board: 2-Year Public	Pell Max Award as %age of COA: 2-Year Public	Avg. 1-Year Tuition, Fees, Room & Board: 4-Year Public	Pell Max Award as %age of COA: 4-Year Public	Avg. 1-Year Tuition, Fees, Room & Board: 4-Year Private	Pell Max Award as %age of COA: 4-Year Private
1973-74	\$452	176,000	\$1,274	35%	\$1,683	27%	\$3,218	14%
1974-75	\$1,050	567,000	\$1,339	78%	\$1,736	60%	\$3,398	31%
1975-76	\$1,400	1,217,000	\$1,386	101%	\$1,901	74%	\$3,669	38%
1976-77	\$1,400	1,944,000	\$1,491	94%	\$1,935	72%	\$3,977	35%
1977-78	\$1,400	2,011,000	\$1,590	88%	\$2,038	69%	\$4,240	33%
1978-79	\$1,600	1,893,000	\$1,691	95%	\$2,145	75%	\$4,609	35%
1979-80	\$1,800	2,537,875	\$1,822	99%	\$2,327	77%	\$5,013	36%
1980-81	\$1,750	2,707,932	\$2,027	86%	\$2,550	69%	\$5,594	31%
1981-82	\$1,670	2,709,076	\$2,224	75%	\$2,871	58%	\$6,330	26%
1982-83	\$1,800	2,522,746	\$2,390	75%	\$3,196	56%	\$7,126	25%
1983-84	\$1,800	2,758,906	\$2,534	71%	\$3,433	52%	\$7,759	23%
1984-85	\$1,900	2,747,100	\$2,807	68%	\$3,682	52%	\$8,451	22%
1985-86	\$2,100	2,813,489	\$2,981	70%	\$3,859	54%	\$9,228	23%
1986-87	\$2,100	2,659,507	\$2,989	70%	\$4,138	51%	\$10,039	21%
1987-88	\$2,100	2,881,547	\$3,066	68%	\$4,403	48%	\$10,659	20%

Award Year	Maximum Award	Recipients	Avg. 1-Year Tuition, Fees, Room & Board: 2-Year Public	Pell Max Award as %age of COA: 2-Year Public	Avg. 1-Year Tuition, Fees, Room & Board: 4-Year Public	Pell Max Award as %age of COA: 4-Year Public	Avg. 1-Year Tuition, Fees, Room & Board: 4-Year Private	Pell Max Award as %age of COA: 4-Year Private
1988-89	\$2,200	3,198,286	\$3,183	69%	\$4,678	47%	\$11,474	19%
1989-90	\$2,300	3,322,151	\$3,299	70%	\$4,975	46%	\$12,284	19%
1990-91	\$2,300	3,404,810	\$3,467	66%	\$5,243	44%	\$13,237	17%
1991-92	\$2,400	3,786,230	\$3,623	66%	\$5,695	42%	\$14,258	17%
1992-93	\$2,400	4,002,045	\$3,799	63%	\$6,020	40%	\$15,009	16%
1993-94	\$2,300	3,755,675	\$3,996	58%	\$6,365	36%	\$15,904	14%
1994-95	\$2,300	3,674,967	\$4,137	56%	\$6,670	34%	\$16,602	14%
1995-96	\$2,340	3,611,821	\$4,217	55%	\$7,014	33%	\$17,612	13%
1996-97	\$2,470	3,665,654	\$4,404	56%	\$7,334	34%	\$18,442	13%
1997-98	\$2,700	3,732,807	\$4,509	60%	\$7,673	35%	\$19,070	14%
1998-99	\$3,000	3,855,180	\$4,601	65%	\$8,024	37%	\$19,866	15%
1999-00	\$3,125	3,763,710	\$4,720	66%	\$8,275	38%	\$20,706	15%
2000-01	\$3,300	3,899,433	\$4,839	68%	\$8,653	38%	\$21,856	15%
2001-02	\$3,750	4,340,879	\$5,137	73%	\$9,196	41%	\$22,896	16%
2002-03	\$3,850	4,778,507	\$5,601	69%	\$9,787	39%	\$23,787	16%
2003-04	\$4,050	5,139,638	\$6,012	67%	\$10,674	38%	\$25,069	16%

Award Year	Maximum Award	Recipients	Avg. 1-Year Tuition, Fees, Room & Board: 2-Year Public	Pell Max Award as %age of COA: 2-Year Public	Avg. 1-Year Tuition, Fees, Room & Board: 4-Year Public	Pell Max Award as %age of COA: 4-Year Public	Avg. 1-Year Tuition, Fees, Room & Board: 4-Year Private	Pell Max Award as %age of COA: 4-Year Private
2004-05	\$4,050	5,308,433	\$6,375	64%	\$11,426	35%	\$26,257	15%
2005-06	\$4,050	5,164,000	\$6,492	62%	\$12,108	33%	\$27,317	15%
2006-07	\$4,050	5,159,139	\$6,815	59%	\$12,797	32%	\$28,919	14%
2007-08	\$4,310	5,541,435	\$6,975	62%	\$13,429	32%	\$32,050	13%
2008-09	\$4,731	6,155,197	\$7,568	63%	\$14,262	33%	\$33,804	14%
2009-10	\$5,350	8,089,702	\$7,703	69%	\$15,014	36%	\$35,061	15%
2010-11	\$5,550	9,303,000	\$8,165	68%	\$16,140	34%	\$36,993	15%
2011-12	\$5,550	9,703,000	\$8,875	63%	\$17,131	32%	\$38,589	14%
2012-13	\$5,550	9,607,000	\$9,647	58%	\$18,159	31%	\$40,287	14%
2013-14	\$5,635	9,748,000	\$10,486	54%	\$19,249	29%	\$42,060	13%

Notes

- 1973-74 to 2009-10 tuition, fees, room and board data are from NCES 2009 Digest of Education Statistics; 2010-11 and 2011-12 tuition, fees, room and board data are taken from The College Board's website; 2012-13 and 2013-14 tuition, fees, room and board data were projected using The College Board's inflation rates for 2011-12 compared to 2010-11.
- The number of Pell Grant recipients is estimated beginning in Award Year 2011-12.
- Since most students commute rather than board at public 2-year institutions, a more realistic assessment of cost would include tuition and fees only.

IMPACT OF 2007 LEGISLATION ON PELL GRANT NEED ANALYSIS

Ms. DeLauro: The committee report accompanying the fiscal year 2013 congressional budget resolution adopted by the House recommends reversing changes to the Pell Grant needs

analysis made by the College Cost Reduction and Access Act of 2007—CCRAA. What were the major changes made by the CCRAA to the needs analysis used in determining eligibility for Pell Grants?

As part of your answer, please—

- indicate which specific items were removed by the CCRAA from the definition of “untaxed income” counted in the needs analysis,
- indicate what the “auto zero” level will be for the 2012-2013 award year under current law and what that level would be if the CCRAA provision had remained unchanged, and
- provide at least illustrative examples of the income protection allowances applicable in the 2012-2013 award year under current law and under pre-CCRAA law.

Mr. Duncan: The three major needs analysis changes made by the College Cost Reduction and Access Act (CCRAA) were to the untaxed income items, the auto-zero threshold, and income protection allowances.

The CCRAA removed several items from the worksheet starting in the 2009-10 award year. This was a benefit to students, as the result of these changes was to lower their total income in the Expected Family Contribution (EFC) formula and thus increased their Pell Grant eligibility. Items removed from the form include: earned income credit; additional child tax credit; welfare benefits, including Temporary Assistance for Needy Families (TANF); Social Security benefits received that were not taxed (such as SSI); foreign income exclusion; and credit for Federal tax on special fuels.

In award year 2013-14 — the first year for which the budget resolution is applicable — the auto-zero amount will be \$23,000. An applicant with income at or below that threshold would automatically receive an EFC of zero and be eligible for a maximum Pell Grant (provided they filed or were eligible to file a 1040A or 1040EZ or were not required to file an income tax return). The \$23,000 threshold was set in the 2012 Appropriations Act; prior to that the threshold had been inflated from the award year 2009-10 level of \$30,000, and would have been \$33,000 for award year 2013-14. If the CCRAA change were to be “rolled back,” the auto-zero level would be \$20,000.

The largest change in the income protection allowances (IPAs) were for independent applicants with dependents. New IPA tables were written into statute for award years 2009-10 through 2012-13; award year 2012-13 will be the new base year for inflating these amounts. The calculation of the IPA table for parents of dependent students remained the same under CCRAA. Amounts provided to independents with dependents will be almost 40 percent higher in award year 2013-14 than would have been the case under the pre-CCRAA inflation calculation. For example, for an independent student with a household size of three and one person in college, the IPA amount will be about \$30,000 in award year 2013-14; if the CCRAA changes had not been made it would have been approximately \$21,800.

IMPACT ON PELL RECIPIENTS OF REPEALING 2007 LEGISLATIVE CHANGES

Ms. DeLauro: What would be the estimated effect in award year 2012-2013 of repealing the CCRAA changes to the inclusion of untaxed income, the auto zero level, and the income protection allowances, including for each of these items estimates of—

- the number of students who would have their Pell Grants reduced and the average amount of the reduction, and
- the number of students who would have their Pell Grants eliminated and the average grant amount that would otherwise be received by this group?

Mr. Duncan: The Department estimates that reversing the changes to untaxed income would reduce the Pell Grant for approximately 1,931,000 recipients by an average of \$318, and eliminate approximately 62,000 recipients who would otherwise have an average grant of \$1,544. This change would reduce Pell aid by a total of approximately \$709 million.

Reverting back to an auto-zero threshold of \$20,000 would reduce the Pell Grant for approximately 22,000 recipients by an average of \$981, and eliminate about 3,000 recipients who would otherwise have an average grant of \$4,329. This change would reduce Pell aid by around \$35 million.

Rolling back the IPA changes would reduce the Pell Grant for approximately 2,311,000 recipients by an average of \$812, and eliminate 246,000 recipients who would have otherwise had an average grant of \$1,224. Change to the IPA amounts would reduce Pell aid by approximately \$2.18 billion.

Summary tables of the effects of these changes are below:

Reduced Pell Grant Eligibility

	Recipients	Average Loss
Untaxed Income	1,931,000	\$318
Auto-Zero	22,000	\$981
IPAs	2,311,000	\$812

Lost Pell Grant Eligibility

	Recipients	Average Loss
Untaxed Income	62,000	\$1,544
Auto-Zero	3,000	\$4,329
IPAs	246,000	\$1,224

IMPACT OF REPEAL OF PELL LESS-THAN-HALF-TIME ELIGIBILITY

Ms. DeLauro: Another option recommended in the committee report on the House-passed fiscal year 2013 budget resolution is elimination of Pell Grant eligibility for less-than-half-time students. What would be the effect of adopting such a change in the upcoming academic year?

Please include in your answer the estimated numbers of students affected (by type of institution if possible—e.g., 2-year public, 4-year public, 4-year private, and proprietary) and the average amount of the grant that would be lost.

Please also include any data that might be available regarding the characteristics of these less-than-half-time students, such as distribution by income levels and the percentages that are considered dependent, independent without dependents (other than spouse), and independent with dependents.

Mr. Duncan: The details about those who would be affected by such a change are displayed in the table below. There are 126,000 less-than-half-time Pell Grant recipients with an average award of \$993. These students are predominantly at public 2-year schools, and are most likely to be independent students with dependents. In the 2010-11 award year, among Pell recipients of all statuses, 74 percent had incomes equal to or less than \$30,000.

**Award Year 2013-14 Less-Than-Half-Time Pell Recipients by Institution Type and
Dependency Status**

	Recipients	% of Total	Average Award
Institution Type:			
Private 2-Year	188	0.15%	\$862
Private 4-Year	11,552	9.17%	\$1,055
Proprietary	17,216	13.66%	\$986
Public 2-Year	61,851	49.09%	\$975
Public 4-Year	35,193	27.93%	\$1,010
Total	126,000	100.00%	\$993
Dependency Status:			
Dependent	31,057	24.65%	\$1,034
Independent with Dependents	66,261	52.59%	\$986
Independent without Dependents	28,682	22.76%	\$967
Total	126,000	100.00%	\$993

SCHOOL LUNCH AND BREAKFAST PROGRAM

Mr. Jackson: A little over a year ago, Congress passed and President Obama signed the Healthy, Hunger Free Kids Act which reauthorized the School Lunch and Breakfast program and many other anti-hunger initiatives aimed at one of the most vulnerable populations, our nation's children.

My home State of Illinois was selected for the pilot program for the Community Eligibility provision or universal meal service. This option allows school districts with high levels of poverty to opt in to this provision, which is determined based on SNAP — Supplemental Nutrition Assistance Program — participation in a community, allowing schools to provide free and reduced priced meals to all students. It allows school district to cut through the burdensome and costly application process and spend more money on feeding children and less money on administrative paperwork.

While most of the provisions of the Child Nutrition Program are administered through the Department of Agriculture, the availability of nutritious food to middle class and low income children directly impacts success in the classroom and many of these programs are administered in schools.

Is the Department of Education working with USDA to study the impact of the enhancements that were made to the School Lunch and Breakfast program and other child nutrition programs, particularly in low income communities?

Mr. Duncan: The Department is not currently studying the impact of the Healthy, Hunger-Free Kids Act, but has provided guidance to States like Illinois that are implementing the Community Eligibility Option (CEO) because this provision in the new law affects certain eligibility, reporting, and accountability requirements under the Title I Grants to Local Educational Agencies program authorized by the Elementary and Secondary Education Act (ESEA). More specifically, within-district allocations under Title I are based on school-level poverty rankings that typically are determined by counts of students participating in the free- and reduced-price lunch program. In addition, States and local educational agencies (LEAs) are required to produce, for both reporting purposes and adequate yearly progress determinations under the ESEA, school-level assessment results disaggregated by student subgroups, including economically disadvantaged students from low-income families. As with Title I eligibility determinations, the number of students included in the economically disadvantaged subgroup typically is based on the count of children receiving free- or reduced-price lunch under the Federal School Lunch program.

Schools in LEAs taking advantage of the CEO no longer are required to individually certify students for participation in the School Lunch program; instead, they are permitted to derive the number of students eligible for free lunch based on direct certification of students who benefit from other poverty-based programs, such as the Supplemental Nutrition Assistance Program or Temporary Assistance for Needy Families. For this reason, the Department has issued supplemental guidance to States implementing the CEO that clarifies how LEAs are to count participating students for the purposes of Title I eligibility, accountability, and reporting.

This guidance allows LEAs and schools to take full advantage of the benefits of the Community Eligibility Option while continuing to comply with all applicable Title I requirements.

EDUCATION PROGRAMS FOR AT-RISK, ADJUDICATED AND OUT OF SCHOOL YOUTH

Mr. Jackson: Earlier this month, I had the opportunity to meet with an amazing group of young adults from my district in Harvey that are currently enrolled in the Chicago Southland Youth Build. Youth Build provides an alternative education program for at risk, out of school youth. The over 273 programs across the Nation have built over 21,000 units of affordable and green housing since 1994. While this program is administered by the Department of Labor, an important part of the Youth Build is the assistance these young participants get in completing high school or attaining their GED equivalent which is integral for their future success. For many, the Youth Build and other similarly youth focused education and job training programs are seen as “second chance” programs. But, as I sat over pizza with many of these young people, I quickly realized that many of them had never really been afforded a “first chance.” Secretary Duncan, what more can we do for young Americans, like the ones I met with in Harvey, that haven’t really been afforded a first chance because of the economy; and, how does the Administration’s budget request provide for education programs for at risk, adjudicated, and out of school youth?

Mr. Duncan: America’s schools are responsible for meeting the educational needs of an increasingly diverse student population. Many students face unique challenges that increase their probability of dropping out or not fully engaging in their education. As a country, we cannot let the potential of these students go to waste. Our future economic prosperity is tied to the success of all students.

To ensure that all students have the opportunity to succeed in college and career, the Administration has made several commitments in its fiscal year 2013 budget request to programs that address the needs of students facing unique challenges, including homeless students, children of migrant workers, adjudicated students, and students from economically distressed communities.

- \$393 million for Migrant Education State Grants. This program would continue to help address the educational needs of approximately 241,000 children of migrant agricultural workers, allowing them to complete high school or a GED program and obtain employment.
- \$37 million to help migrant students complete high school and college. This request would support approximately 43 High School Equivalency Program (HEP) projects and 39 College Assistance Migrant Program (CAMP) projects, as well as outreach, technical assistance and professional development activities. HEP projects help low-income migrant and seasonal farm workers gain high school diplomas or equivalency certificates, and CAMP makes grants to provide stipends and special services, such as tutoring and counseling, to migrant students who are in their first year of college.

- \$50 million for Neglected and Delinquent State Grants. This program will continue to support education services for neglected and delinquent children and youth in local and State-run institutions, community day programs, and correctional facilities. These services would help an estimated 109,000 neglected and delinquent students return to and complete high school or a GED program and obtain employment. The Administration's Elementary and Secondary Education Act (ESEA) reauthorization proposal would build on the Neglected and Delinquent program's success by supporting States in helping neglected and delinquent children and youth receive instruction aligned with a State's college- and career-ready standards and in helping them transition into locally operated programs and postsecondary and career and technical education programs. The Administration's reauthorization proposal would also amend ESEA Title I, Part D, Subpart 2, under which SEAs currently use funding from the Title I, Part A program to make subgrants to local educational agencies (LEAs) to support the provision of educational services for children and youth in local institutions and schools who are neglected, delinquent, or at risk of dropping out. The reauthorization proposal would target the Subpart 2 program more effectively on institutionalized children and youth, who might not be served adequately by the Title I, Part A program, which does not make serving all of those children a required use of program funds.
- \$65 million for Homeless Children and Youth Education. This program provides formula grants to States, which subgrant most funds to local educational agencies for services that help homeless children enroll in, attend, and succeed in school. In addition to ensuring homeless children and youth have access to academic instruction, the program increases access for these children to preschool programs, special education, and gifted and talented programs. The Administration's reauthorization proposal would improve the funding formula to better reflect shifts in State counts of homeless students and target funds to where they are needed most. The proposal also would require States to track and report data on the academic achievement of homeless students.
- \$5 million to strengthen services provided to disconnected youth. This program would support youth who are neither employed nor enrolled in an educational institution or who are at high risk of dropping out of high school. In implementing the program, the Department would work closely with the Department of Health and Human Services (which has requested \$5 million for the program) and the Department of Labor (which has requested \$10 million) to increase awareness and coordination at the State, local and Federal levels. A portion of these funds would be used to invest in innovative re-engagement strategies and comprehensive approaches to prepare this population for college and career success.
- \$534 million for School Turnaround Grants. Funds will continue to support subgrants from States to districts to help low-performing schools implement rigorous interventions that bring about dramatic improvements in student achievement and school performance. Over 92 percent of the more than 1,200 subgrants awarded by States in fiscal year 2009 were provided to medium- to high-poverty schools. In fiscal year 2010, preliminary data from 37 States and the District of Columbia show that medium- to high-poverty schools received 84 percent of the grants.

- \$100 million for Promise Neighborhoods, an increase of \$40 million from fiscal year 2012. This program will continue to support projects designed to significantly improve the educational and developmental outcomes of children and youth living in high-poverty neighborhoods by providing a birth-to-career continuum of rigorous and comprehensive education reforms, effective community services, and strong systems of family and community support – with high-quality schools at the center. The continuum of services provided by grantees, such as multiple pathways for students to earn a high school diploma, dual-enrollment opportunities, partnerships with local businesses and organizations, mentoring, health services, access to 21st century learning tools, and financial literacy programs, will also help engage disconnected youth and keep them in school until graduation.
- \$1.1 billion for getting students through middle school and into college. This investment will support the GEAR UP and TRIO programs, which provide intensive services to students in middle school through college. GEAR UP, which serves students beginning in the middle grades, provides early college preparation and awareness activities to entire cohorts of students at individual schools that help them stay on a path to higher education. The TRIO programs, including Upward Bound and Talent Search, provide intensive support, including summer learning opportunities, for students in high school to help more low-income, first-generation college students enter and succeed in higher education.

2013 BUDGET REQUEST FOR FEDERAL TRIO PROGRAMS

Mr. Jackson: Mr. Secretary, I am grateful that the President's budget recognizes the importance of TRIO programs in his quest to ensure that by 2020, the United States will again have the highest proportion of college graduates in the world.

During my tenure on this subcommittee, I have made TRIO a priority because I've seen how it successfully prepares low-income and first-generation college students for the rigors of college and helps them to graduate in my communities. These programs are providing a great service for many young people across the Nation going to college, many of them the first in their family.

Will the level funding provided in the President's budget for the TRIO programs properly support these important initiatives and his 2020 goal?

Mr. Duncan: In order to meet the President's 2020 college attainment goal, we need to increase the number of low-income, first generation students who enroll in and complete college. This Administration believes that the Federal TRIO programs, which provide support services to precisely these students, are an essential component of our overall strategy to meet this goal.

The Administration's request of \$839.9 million for TRIO programs represents a significant investment in the thousands of colleges, nonprofits, schools, and students served by these programs. In particular, we project that our request would enable us to support over 2,800 TRIO projects serving approximately 780,000 students.

The Administration also believes that we need a more comprehensive approach to increasing college access and success and keeping higher education affordable that would work in concert with the TRIO programs. Accordingly, the Administration has also requested funds for a First in the World initiative, which would apply the lessons of the Investing in Innovation (i3) program for K-12 education to spur the higher education field to build evidence of effectiveness of particular college completion strategies; and Race to the Top: College Affordability and Completion, which would address the college attainment challenge by catalyzing State reforms to increase college affordability nationwide.

UPWARD BOUND MATH-SCIENCE PROGRAM AND McNAIR PROGRAM

Mr. Jackson: Secretary Duncan, the President's budget proposes to divest \$10 million from the McNair Postbaccalaureate Achievement program, which prepares low-income, underrepresented students for doctoral study into the Upward Bound Math-Science program. While I certainly don't disparage a funding increase for the Upward Bound Math Science program—UBMS, and I strongly support the needed increased support for STEM education, I find the proposed loss of funding to McNair troubling, since it will result in a 21 percent cut which will result in 75 fewer grant awards.

Given that the McNair program is one of the few remaining programs at the Department of Education to support graduate study for minority students, why does the Administration propose to offset UBMS with cuts to this important program?

Mr. Duncan: We believe the McNair program serves a unique and valuable function—preparing low-income and first generation students for doctoral degrees. However, the President has established a goal for the United States to once again lead the world in college attainment by 2020 and we believe that shifting TRIO funds from McNair to Upward Bound Math Science, which strives to increase college access and success in STEM fields for low-income students, will serve the Department's pursuit of this goal. We believe that this change will allow us to serve an additional 900 low-income, first generation students without a single additional dollar of Federal money. However, even with this reallocation, we still expect to support over 150 McNair projects in fiscal year 2012.

2013 BUDGET REQUEST FOR McNAIR POSTBACCALAUREATE ACHIEVEMENT PROGRAM

Mr. Jackson: What impact does the Administration foresee will result from a 21 percent cut to the McNair Postbaccalaureate Achievement program?

Mr. Duncan: The Department estimates that shifting \$10 million from the McNair program to the Upward Bound Math and Science (UBMS) program will decrease the number of McNair participants by approximately 1,175 while increasing the number of UBMS participants by 2,067. Therefore, the reallocation is expected to result in a net increase of approximately 900 additional students served by TRIO programs. Importantly, even with this resource allocation, we expect to support over 150 McNair projects in fiscal year 2012.

IMPACT OF RYAN BUDGET PROPOSALS ON PELL GRANTS AVAILABILITY

Mr. Jackson: The Pell Grants program is very important to many of my constituents in the 2nd Congressional district, making it possible for many of them to attend and graduate from college. The 2011 budget agreement and 2012 omnibus cut the Pell program by \$56 billion over 10 years, which is approximately 12 percent per year.

Congressman Ryan's budget proposal proposes to put the Pell program on a "sustainable path" even though the Congressional Budget Office estimates that there are currently no expected increases to the costs of the Pell program over the next 10 years.

If Chairman Ryan's budget were to pass, what impact would it have on the availability of the Pell Grants program for working class Americans?

Mr. Duncan: The details of Chairman Ryan's budget are not clear enough to make a determination of the impact of changes (if any) to the Pell grant program and its future funding. Information provided through the Concurrent Resolution on the Budget - Fiscal Year 2013 Committee Report (H.R. 112-421, 3/23/2012) includes "rolling back" the income protection allowance changes made by the CCRAA and the auto-zero EFC threshold, as well as eliminating eligibility for less-than-half-time students. This Report also stipulates the maximum grant for award year 2013-14 would be \$5,550, rather than the CPI inflated maximum in current law, expected to be \$5,635. The Department estimates that with the changes described in the Report, nearly 400,000 recipients would be cut out of the program and almost \$3 billion less in Pell grants would be awarded in the 2013-14 award year.

A summary of the differences between this plan and the President's 2013 Budget request is included below:

Preliminary Estimates of the Effects of the Ryan Plan on the Pell Grant Program

	President's Budget 2013	Ryan Plan	Difference
Maximum Award	\$5,635	\$5,550	-\$85
Aid Available (\$ in millions)	\$36,580	\$33,617	-\$2,963
Recipients	9,748,000	9,349,000	-399,000
Average Award	\$3,753	\$3,596	-\$157

SCHOOL LIBRARIES AND CHILDHOOD LITERACY

Mr. Jackson: Last December, in the fiscal year 2012 Consolidated Appropriations Act, this committee under the Fund for the Improvement of Education (FIE) included bill language that appropriated \$28.6 million for literacy, half directed for low-income school libraries through competitive grant and the rest used as a competitive grant for national non-profits that work for childhood literacy. The President's fiscal year 2013 budget request did not fund this effort.

What is the Administration doing to make school libraries and childhood literacy a priority?

Mr. Duncan: The Department is currently designing the fiscal year 2012 competition for the FIE literacy program. That program will support high-quality literacy activities, and at least half of the funds will be awarded to school districts applying on behalf of school libraries in high-need communities. For fiscal year 2013, we have requested \$187 million for the new Effective Teaching and Learning: Literacy program that is included in our ESEA reauthorization proposal. This new program would build off congressional action in fiscal years 2010 and 2012 that changed the Striving Readers program from an adolescent literacy program to a comprehensive literacy development and education program. Under Effective Teaching and Learning: Literacy, States and districts would have the flexibility to target funds on the activities and grade spans where local need and potential impact on student learning are greatest – including for libraries.

COMPETITIVE GRANTS FOR BOOKS AND SCHOOL LITERACY ACTIVITIES

Mr. Jackson: What is the expected timeline for the application and awarding of this competitive grant literacy program?

Mr. Duncan: The Department will open the application period later this spring and will make awards in September of this year.

2013 BUDGET REQUEST FOR CAREER, TECHNICAL AND ADULT EDUCATION

Mr. Jackson: The Administration's budget includes \$1 billion over 3 years for career academy programs and \$8 billion for community college and business partnerships. While these new investments would certainly help to improve the capacity of education and workforce development programs, they seem to come at the expense of additional funding for already proven programs like the Carl D. Perkins Career and Technical Education Act.

Furthermore, while the Administration's budget included level funding for the Carl D. Perkins Career and Technical Education Act, the details of the proposal indicate that \$103 million, or almost 10 percent of the total, would be redirected from the formula to a competitive funding stream.

Secretary Duncan, how can you ensure that the foundation provided by the Perkins program remains strong in the face of growing program needs especially considering the Administration's proposal to direct a stream of existing funding to competitive grants?

Mr. Duncan: On April 19, 2012, the Administration released a blueprint for reauthorization of the Perkins Act that proposes to strengthen the alignment among secondary and postsecondary career and technical education (CTE) programs and business and industry; create a better accountability system; and promote innovation and reform in CTE. All of these changes, taken together, are aimed at improving the quality of CTE programs and helping to ensure that all students leave their CTE programs well prepared for further education or employment in high-skill and high-demand occupations. The \$103 million would be used for competitive awards to promote development, expansion, and evaluation of innovative CTE programs at the local level, or to incentivize States to implement policy and program changes designed to improve the quality of their State CTE programs. These investments would help to strengthen CTE for all students by expanding the availability of CTE programs that work and encouraging States to establish policies that ensure that CTE programs are of high quality and lead to positive academic and career outcomes.

UPWARD BOUND PROGRAM COMPETITIVE PREFERENCE CRITERIA

Ms. Lee: Recent changes to the Upward Bound competitive preference criteria for persistently low achieving schools resulted in many schools across the Nation being ineligible to qualify for extra points given to institutions and agencies that address certain "competitive priorities." Schools in many States were deemed ineligible, including all high schools in my district, CA-09.

Can you explain the reasons behind the change in the grant competition, and what appropriators can do to ensure that adequate funds for Upward Bound are reaching districts that rely on this program?

Mr. Duncan: A key priority for this Administration is turning around the Nation's persistently lowest-achieving (PLA) schools and we believe the 2012 Upward Bound (UB) competition represents a tremendous opportunity to expand the reach of one of our key college access programs to more of these schools. Consequently, in the Department's 2012 Upward Bound notice inviting applications, the Department established a competitive preference priority for applicants proposing to serve PLA schools, along with competitive preference priorities on productivity and data-based decision-making. Each of these priorities is worth up to 5 points.

The Department is aware that the number of PLA high schools varies across States and localities. We conducted an in-depth analysis of the location of these schools and also the extent to which they were already served by the Upward Bound program. Following that analysis we decided to establish the competitive preference priority point maximum at 10, rather than 15 points, so as not to disadvantage UB applicants in a particular area. This lower maximum enables all UB applicants—regardless of the PLA landscape in their respective States—to attain the maximum number of competitive priority points (10) in this competition by writing to only 2 of the 3 competitive priorities. In other words, applicants from areas without PLA schools can choose to serve non-PLA schools and still earn the maximum of 10 competitive priority points by earning points under the "Productivity" and "Data-based decision-making" priorities.

IMPACT ON STUDENTS OF 2013 McNAIR PROGRAM BUDGET REQUEST

Ms. Lee: The President's fiscal year 2013 budget proposed to reduce funding for programs designed to increase the number of minority and low-income students completing doctorates, reducing the Ronald E. McNair Postbaccalaureate Achievement program by \$10 million and moving those funds to the Upward Bound Math-Science program. This represents a 25 percent cut to the McNair program. While there is a clear need to invest in getting pre-college students interested in science and math, the divestment of funds from one of the few remaining programs that focuses on getting poor, minority, and other underrepresented students into advanced degree programs is particularly troubling.

What impact would these reductions have on potential doctoral students who would be affected; and, what is the Administration's plan to support the students who would be most affected by this reduction?

Mr. Duncan: We believe the McNair program serves a unique and valuable function—preparing low-income and first generation students for doctoral degrees. However, the President has established a goal for the United States to once again lead the world in college attainment by 2020 and we believe that shifting TRIO funds from McNair to Upward Bound Math Science (UBMS), which strives to increase college access and success in STEM fields for low-income students, will best serve the Department’s pursuit of this goal.

The Department estimates that shifting \$10 million from the McNair Program to UBMS will result in a net increase of approximately 900 additional students served by TRIO programs. However, even with this reallocation, we still expect to support over 150 McNair projects in fiscal year 2012.

2013 PELL GRANTS BUDGET REQUEST AND ABILITY-TO-BENEFIT STUDENTS

Ms. Lee: Mr. Secretary, in the fiscal year 2012 omnibus appropriations package, Congress voted to eliminate the eligibility of 65,000 Ability-to-Benefit students who receive Pell Grants on July 1, 2012. This eligibility and funding has not been proposed for restoration in the Department of Education fiscal year 2013 budget request. What programs and funding support, if any, does the Administration propose to make available for Ability-to-Benefits students, in place of the funding loss?

Mr. Duncan: As you mention, the change will go into effect on July 1, 2012, but it will not impact students who have enrolled before this date. Existing students who have taken an ability-to-benefit test and are currently receiving Pell Grants (or are Pell-eligible) will not lose their Pell eligibility. A student looking to enter school on or after July 1, 2012, can help ensure his future eligibility by graduating from high school or getting a GED; he is also eligible if he is home schooled.

ABILITY-TO-BENEFIT STUDENT ACCESS TO HIGHER EDUCATION AND CAREER TRAINING

Ms. Lee: What impact would these proposed cuts have on the ability of these students to access higher education and career training?

Mr. Duncan: Department statistics show that ability-to-benefit students make up less than 1 percent of Pell grant recipients — estimated to be 76,000 in award year 2013-14 — and are most likely to attend private less-than-2-year schools, 43 percent are in private less-than-2-year schools, 22 percent in private 2-year schools, 22 percent in public 2-year schools, and 12 percent in private for-profit 4-year schools.

2013 BUDGET REQUEST FOR PERKINS ACT CAREER AND TECHNICAL EDUCATION PROGRAMS

Ms. Lee: The Administration includes \$1 billion over 3 years for career academy programs, and \$8 billion, jointly administered with the Department of Labor, for community college and industry partnerships. While these are excellent new programs that would improve

the capacity of education and workforce, there is some concern about the impact on existing programs, such as the Carl D. Perkins Career and Technical Education Act. What steps will the Department of Education take to ensure that the foundation provided in the Perkins Act will remain strong?

Mr. Duncan: The Administration's budget request for fiscal year 2013 for career and technical education assumes that these funds would support the first year of activity under a reauthorized Carl D. Perkins Career and Technical Education Act. On April 19, 2012, the Administration released a blueprint for reauthorization of the Perkins Act that proposes to strengthen the alignment among secondary and postsecondary career and technical education (CTE) programs and business and industry; create a better accountability system; and promote innovation and reform in CTE. These changes will improve the quality of CTE programs and help ensure that all students leave their CTE programs well prepared for further education or employment in high-skill and high-demand occupations. The funds requested for career academies and community college-industry partnerships would further strengthen, and not diminish, CTE programs.

SUPPORT FOR NEGLECTED AND DELINQUENT CHILDREN

Ms. Lee: Despite the continued demand on States to support education services for neglected and delinquent children and youth in local, State-run institutions, attending community day programs, and in correctional facilities, the Department of Education is proposing level funding for the Title I, Neglected and Delinquent Children and Youth Education program. What is the Administration's plan to ensure that these children receive the supports they need in the face of growing program needs?

Mr. Duncan: The Administration has requested \$50.3 million, the same as the 2012 level, for the Neglected and Delinquent (N and D) program. This budget request assumes that the program will be implemented in fiscal year 2013 under reauthorized legislation and the request is based on the Administration's reauthorization proposal.

The Administration's reauthorization proposal would build on the N and D program's success by supporting States in helping neglected and delinquent children and youth receive instruction aligned with the State's college- and career-ready standards and in helping them transition into locally operated programs and postsecondary and career and technical education programs.

The Administration's ESEA reauthorization proposal would also amend ESEA Title I, Part D, Subpart 2, under which SEAs currently use funding from the Title I, Part A program to make subgrants to local educational agencies (LEAs) to support the provision of educational services for children and youth in local institutions and schools who are neglected, delinquent, or at risk of dropping out. The reauthorization proposal would target the Subpart 2 program more effectively on institutionalized children and youth, who may not be served adequately by the Title I, Part A program, which does not make serving all of those children a required use of program funds.

2013 BUDGET REQUEST FOR EXPANDING CAREER ACADEMY PROGRAM

Ms. Lee: Do you have any details on how the \$1 billion proposed for the expansion of the Career Academy program will be implemented, should it be funded by Congress?

Mr. Duncan: The Department plans to make formula awards to States under the Career Academies program; States, in turn, would make competitive subgrants to high-need school districts. The Department is still working out the additional details of how it would implement the program, but we are considering ways to target subgrants based on poverty and for giving priority to local educational agencies (LEAs) proposing to implement a career academy with a career theme that is related to one of the State's fastest growing in-demand occupations in a high-growth sector. In addition, the Administration is considering creating incentives for LEAs receiving subgrants to build industry partnerships that provide students with work-based learning and career mentoring opportunities. The Administration's proposal would support career academies that provide a strong alignment between high school and postsecondary institutions through dual-enrollment and dual-credit agreements, allowing students to obtain industry and postsecondary credentials sooner and with less student loan debt. Grant recipients would also be expected to provide wrap-around and support services to students, particularly to students from special populations.

COORDINATION OF CAREER ACADEMY EXPANSION WITH EXISTING PROGRAMS

Ms. Lee: How would the expansion of the Career Academy program be coordinated with existing education programs?

Mr. Duncan: States receiving funds under the Career Academies program would be required to coordinate their career academy activities with the activities they carry out under other programs (including the Perkins Career and Technical Education (CTE) programs, Elementary and Secondary Education Act programs, and Individuals with Disabilities Education Act programs). States would also be required to coordinate their activities with workforce and economic development agencies.

The Department would administer the Career Academies and CTE programs in a coordinated manner, ensuring that there would be no duplication when we make Career Academies grants, using the results of the new Innovation Grants activities that would be funded under the reauthorized Perkins Act to inform activities under both competitions, and using a common performance measurement system across the two programs.

IMPLEMENTATION OF COMMUNITY COLLEGE-INDUSTRY PARTNERSHIPS INITIATIVE

Ms. Lee: Do you have any details on how the \$8 billion proposed for the community college-industry partnerships initiative, to be jointly administered with the Department of Labor, will be implemented?

Mr. Duncan: The Administration is still developing the details of how this initiative would be implemented. We expect that the initiative will advance skill building by providing funding for a number of priority areas:

- Developing community college partnerships to train skilled workers for unfilled jobs: The Fund would support community college-based training programs to expand targeted training that meets the needs of employers; paid internships for low-income community college students; and assist regional or national industry sectors in identifying pressing workforce needs and developing solutions such as standardizing industry certifications and developing new training technologies.
- Instituting "Pay-for-Performance" in job training: Pay-for-performance strategies would be used to provide incentives for training providers, community colleges, and local workforce organizations to ensure trainees find permanent jobs. Pay-for-performance structures would provide stronger incentives for programs that effectively place individuals who face greater barriers to employment.
- Bringing jobs back to America: Grants would allow Federal agencies to partner with State and local governments to encourage businesses to invest in America.
- Training the next generation of entrepreneurs: The Fund would support pathways to entrepreneurship with a 6-week online training course on entrepreneurship that could reach up to 500,000 new entrepreneurs and an intensive 6-month entrepreneurship training program to provide entrepreneurship certification for 100,000 small business owners.

IMPROVING ACCESS AND SUPPORT FOR COLLEGE AND BUSINESS PARTNERSHIPS

Ms. Lee: Should this initiative not be fully funded by Congress, in what ways does the Administration plan on improving access to job training and support State and community college partnerships with business to build the skills of American workers?

Mr. Duncan: The Administration recently released a blueprint for reauthorization of the career and technical education (CTE) programs under the Perkins Act. Our proposal seeks to improve the alignment among secondary and postsecondary CTE programs with the needs of business and industry. In addition, it promotes a focus on programs that prepare youth and adults for high-skill and high-demand occupations.

Mr. REHBERG. We thank you for being here. Sorry that it didn't last until noon. I know you are sorry, as well. But we will see you another day. And, Secretary Duncan, thank you.

Secretary DUNCAN. Thank you for your leadership.

Mr. REHBERG. You betcha.

TUESDAY, MARCH 27, 2012.

**DEPARTMENT OF EDUCATION—K-12 EDUCATION
BUDGET**

WITNESSES

RON SEAVER, SUPERINTENDENT OF CENTRAL UNION SCHOOL DISTRICT, LEMOORE, CALIFORNIA

GWILE FREEMAN, SUPERINTENDENT OF CATAHOULA PARISH SCHOOL DISTRICT, HARRISONBURG, LOUISIANA

TIMOTHY MITCHELL, E.D., SUPERINTENDENT OF SCHOOLS FOR THE RAPID CITY AREA SCHOOLS, RAPID CITY, SOUTH DAKOTA

JOSHUA P. STARR, SUPERINTENDENT, MONTGOMERY COUNTY PUBLIC SCHOOLS, MARYLAND

Mr. REHBERG. Good morning, all. Good morning.

Thank the panel of witnesses for being here today. I look forward to learning from your valuable input regarding Federal K through 12 education programs funded through this subcommittee.

As we look at today's economic challenges in the global context, education is becoming more important to sustain our competitive national edge and maintain our quality of life. Education, they say, is the great equalizer.

Globalization and technical advancement has required us to educate our young people more effectively and more efficiently. In order to prepare our kids for success as adults, a strong secondary and elementary education is essential.

For my family, education is a family tradition. My mom was a teacher. My sister is a principal. My daughter just started her first year teaching, and both my grandmothers taught in Montana. I am proud of them all because teachers really do make a big difference in our future.

As appropriators, we have got to find a way to spend less so Federal deficits don't rob the next generation of their future. We have got to learn to say no, and it means setting priorities. Education is one of our highest priorities on this subcommittee, as I know it is yours.

As I said to Secretary Duncan last week, I am proud to say that last year, even under very difficult times, we were able to increase IDEA grants to States by \$100,000,000. It is not as much as the \$1,200,000,000 I wrote into the bill that was not accepted by the Senate, but I know that every penny makes a difference to struggling local school districts.

We also managed to increase Title I grants to States by \$60,000,000. Although the overall funding level at the Department of Education actually represented a cut from the prior year, we made the tough decisions to prioritize these core large-formula programs that benefit almost every district in the country.

The Federal Government should not try to micromanage education. What works in downtown New York City isn't going to cut it in Two Dot, Montana. It is the job of the Federal Government to support local school districts so that they can deliver the best education to the children of their community.

I look forward to hearing your thoughts about how best this subcommittee can appropriate dollars so that students across America can grow and succeed.

At this time, I will turn it over to my ranking member, Ms. DeLauro.

Ms. DELAURO. Thank you very much, Mr. Chairman.

And I might add I don't have the same pedigree in terms of family in teaching, but I have the personal experience of being a substitute schoolteacher. Now let me just tell you, you want to talk about the firing line, being a substitute teacher is it—in the public school system in New Haven, Connecticut.

Anyway, thank you, Mr. Chairman. And I want to say a thank you to our superintendents who are here today. I appreciate your time in joining us, but most of all for the work that you do and what your efforts are in terms of improving education in your communities, and I do look forward to hearing your thoughts and your insights on the 2013 budget.

Yours is not an easy job. And I know the budget situation in recent years has made it particularly difficult. According to the Center for Budget and Policy Priorities, 37 States across the Nation provided less funding per student to local school districts in the 2011–2012 school year than they did the year before. Thirty States are providing less than they did 2008, sometimes significantly less.

So I want you to know I very much appreciate your hard work and your commitment in what are difficult economic times. These huge State and local cuts, sometimes as much as 20 percent in States like California, South Carolina, make our continued Federal support to K–12 education more vital than ever.

With that in mind, I am pleased as well that in a time of severe budget constraints, Chairman Rehberg and I were able to secure modest increases for some of our key formula funding K through 12 programs, Title I and IDEA, in the 2012 budget.

That being said, the 2013 budget poses new challenges for States. For one, the President's budget continues to shift resources away from formula funding programs and toward a competitive grant model. In their budget proposal, formula funds fall by \$1,200,000,000, while competitive grants go up by \$2,800,000,000. I voiced my concerns on this issue with the Secretary of Education when he was before us last week.

I am even more concerned by what I am seeing in the majority's recently released budget proposal put forward by the Budget Committee. Like H.R. 1, the majority's original budget proposal for 2012, this plan cuts deeply into Federal support for education.

Under the new Ryan plan, Title I would face a 5.4 percent cut next year and an 18.9 percent cut in 2014. That would mean that over 12,000 schools serving close to 5 million disadvantaged students would be denied funding; 49,000 teachers and aides could lose their jobs over the next 2 years.

IDEA is similarly impacted. If those cuts are enacted, close to 35,000 special education teachers and aides serving children with disabilities could lose their jobs over the same time period.

The majority's proposed cuts notwithstanding, we must still also contend with the impact of upcoming budget sequestration called for by the Budget Control Act. Because the deficit super committee failed to come to an agreement last year, \$1,200,000,000,000 in automatic cuts go into effect in January of 2013, meaning an 8 percent cut across the board to domestic and military Federal spending.

Depending on the estimate, this sequestration would cut the Department of Education's next year budget by between \$3,500,000,000 and \$4,100,000,000. That means as many as 7.5 million students would be impacted by reduced aid and services, and up to 51,000 teachers, aides, and staff could lose their jobs. This goes up by 89,000 jobs lost if you count Head Start.

My State, Connecticut, for example, would lose close to \$24,900,000 in funding, hurting over 61,000 students, costing 600 jobs. California would see \$318,600,000 cut, impacting over 1 million students and costing over 7,400 jobs.

I am sure that I do not need to tell you the profound impact these cuts would have on our school systems, especially in the current environment where every penny is already stretched so thin. As superintendents on the front lines, you know exactly what they mean.

They mean overcrowded classrooms, overworked teachers. They mean further cuts to after school programs, arts, sports, and even key subjects like history. And they may even mean more drastic changes. Many school districts have switched to a 4-day week to save money, and of course, more layoffs mean more unemployment and more economic misery.

So I hope today you can give us a sense of the unique challenges that your districts and States are facing and how the Federal dollars are being best leveraged to help your students. In the end, education is local.

So I am excited to have administrators here today from all corners of our country. I thank you for coming. I thank you for your hard work and your service, the service you provide to our communities and nations.

You are often unsung heroes. So I commend you for your willingness to tackle one of our greatest challenges, and that is ensuring that all of our children are given the best opportunities to succeed.

I look forward to benefitting from your expertise today, and I thank you.

Mr. REHBERG. I am pleased today to welcome our panel of witnesses. All of them are school superintendents from different areas of the country with different stories and different sorts of challenges.

We first will hear from Ron Seaver, superintendent of Central Union School District in Lemoore, California. Central Union Schools serve both a naval air station and an Indian tribe.

Next we will hear from Gwile Freeman, is the superintendent of schools for Catahoula Parish, Louisiana, a small, rural district in East Central Louisiana.

And I will yield to my colleague Mr. Alexander to introduce her.
Mr. ALEXANDER. It is rural, but it is not small. It is almost as big as Montana.

Mr. REHBERG. Rural, not "rule." [Laughter.]

Mr. ALEXANDER. Okay. Thank you.

Mr. REHBERG. What do you teach these kids down there? Rural.

Mr. ALEXANDER. Thank you, Mr. Chairman.

Dr. Gwile Freeman is the superintendent of schools and the largest employer in Catahoula Parish, a student body encompassing 57 percent Caucasian, 41 percent African American, 1 percent Hispanic, and 0.3 percent Asian. Seventy-six percent of the study body population receives free or reduced lunch.

Her 24½ year career has including teaching in grades 1 through 8, adjunct instructor at three universities, librarian, Title I school improvement coordinator for the Louisiana Department of Education, secondary instructional supervisor, assistant superintendent, and superintendent.

Her certifications include elementary grades, supervisor of child welfare and attendance, supervisor of student teaching, parish or city supervisor of instruction, principal, and school superintendent.

Her preparations include a B.A. degree in elementary and secondary education, a master's degree in educational leadership from the University of Louisiana at Monroe, and a doctor of philosophy from the University of Mississippi.

Dr. Freeman is married to David Freeman, and they reside in Harrisonburg, Louisiana.

Mr. REHBERG. Thank you, Mr. Alexander.

Mr. ALEXANDER. You are welcome.

Mr. REHBERG. The next panelist is Dr. Tim Mitchell, superintendent of Rapid City Area Schools in Rapid City, South Dakota, the second-largest school district in the State of South Dakota.

And finally, Dr. Joshua Starr. Sorry about that. Superintendent of Montgomery County Public Schools right here near the Nation's capital in Montgomery County, Maryland.

We look forward to hearing your testimony and your recommendations on how you feel that we at the Federal level can do a better job supporting your work on the ground.

And I will always suggest, and I will at the end of the hearing, that our records will remain open for 14 days for Members to have an opportunity to provide written questions to you if we have additional questions or run out of time. Hope that you will answer those in a timely fashion.

And so, Mr. Seaver, you may begin.

Mr. SEAVER. Thank you.

Good morning, Chairman Rehberg, Ranking Member DeLauro, and members of the subcommittee. I am Ron Seaver, superintendent of Central Union Elementary School District in Lemoore, California.

I am here to share with the subcommittee the importance of Impact Aid to our school district and showcase the direct impact that these dollars have on our successful total school program.

I would also like to share that my daughter is a sixth grade teacher at Great Falls, Montana, which serves Malmstrom Air Force Base.

Central Union School District serves Naval Air Station Lemoore and the Tachi Yokut Tribe. Our district is situated in the heart of the San Joaquin Valley in rural Kings County, one of the Nation's richest agricultural areas.

The district is comprised of four schools—one located in Stratford, a farming community; one serving the Tachi Yokut Rancheria; and two schools serving the Naval Air Station Lemoore. We are also members of the NAFIS, the MISA, and NIISA associations.

Impact Aid is huge to our district. It is 30 percent of a \$20,000,000 budget. Our enrollment is 59.82 percent military dependents, 12.5 percent Native American children, and because of these demographics, we are considered a 100 percent learning threshold district.

Let me take a minute and share six areas that have really highlighted our district and the Impact Aid community. In technology, for instance, visualize a spring program at night with all the kids out there performing, and all of a sudden on the big screen comes the captain of the combat naval air force base, live from the ship, addressing the whole community.

Visualize that the child didn't know that was going to happen, nor the mother, and the emotions that were there. It was incredible. This is all a result of our wireless broadband facility with multiple drops in the classrooms, 6 computer labs, 4 mobile iPad labs, 26 iPod touch labs, with a ratio of 1.7 ratio of students per devices.

The classroom teachers all have laptops that they take home, and students are able to videoconference with their parents at work, at home, or when the parent is on deployment.

In fine arts, all of our schools have a fine arts program, which have music, art, dance, band, and drama. Each of the schools has a great program with high student participation and community support.

We have a jazz band that meets, a Pre-1st. Thirty kids show up every day with the teacher. He gets no extra pay, by the way, and has an incredible program that performs all over the community.

In staffing, our personnel costs are 80.77 percent of our district's budget. We have custodial staff, obviously, psychologists, opportunity class teachers, two registered nurses.

And with our Tachi Yokut Rancheria, our staff uses constructivism teaching approach to what is called a guided discovery. Teachers lead students to questions and activities to discover, discuss, appreciate, and verbalize the new knowledge or the learning objective.

In our social development and community outreach area, Stratford School is home to one of our Family Resource Centers. Due to the isolation of the farming community, it is really the only point of contact for many families.

Through the FRC, we do food drives. We do a variety of areas that connect with the State, local, and Federal Government. And the district also offers two social development programs and a 24-hour bully and safety hotline.

In special education, the district offers special day class, resource specialist class, and speech and language. The other programs are all through our SELPA, our local area plan, and students are taking a bus to their classes.

Currently, we now are \$420,000 that encroached on the district budget for special education, and we have received \$95,000 from the Impact Aid disability line item.

In building and grounds, all four of our schools are of older nature. Two were built in the '50s and two in the '60s. And so, as you can imagine, they all have areas of installation and structure challenges. But through the Impact Aid construction funds, we have had minor repairs and maintenance.

We also are now operating three solar plants on three of the different schools. Two of them are operational, and one will be operational in a couple of months.

Now, Mr. Chairman, let me touch on a couple of concerns for you. California's education budget is in a downward spiral. We have lost 20.4 percent in funding, with 38 percent of the remaining funding deferred until the following school years.

Additional midyear cuts are looming this year. And in addition, for the first time in 14 years, Impact Aid funds will be prorated down 90 and 85 percent, respectively, for a total loss to the district of \$1,780,000. We also possibly face another 9 percent under sequestration.

As you know, Mr. Chairman, the administration's fiscal year 2013 budget proposes to eliminate dollars for Section 8002. When a school district loses taxable land to Federal acquisition, it loses part of its tax base.

Section 8002 is intended partially to make up the lost tax revenue, and the elimination of this line item would force districts to use local taxpayers or result in cutting programs. On behalf of the 235 Federal properties districts, please maintain the 8002 funding.

Numerous times service members and commanding officers have indicated that we are providing a great opportunity to their children, and they have selected NAS Lemoore as their site because of the schools. We also appreciate the fact that you have been a true supporter of Impact Aid, and the Impact Aid community appreciates this, and we stand ready to help you in any way.

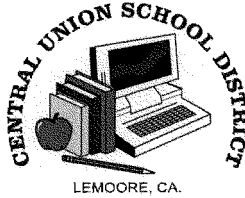
Thank you.

[The information follows:]

Ron Seaver

Superintendent
15783 18th Avenue
Lemoore, CA 93245

Telephone (559) 924-3405
Fax (559) 924-6983

**Board Members**

Dale Davidson
Laura Espinoza
Jeffrey Gilcrease
Celi Howe III
Pat Jerrold
Larry Jones
Heidi Wyman

Good morning Chairman Rehberg, Ranking Member DeLauro and members of the subcommittee.

My name is Ron Seaver and I am the superintendent of schools for Central Union Elementary School District, in Lemoore California. I'm here to share with the subcommittee the importance of Impact Aid to the Central Union Elementary School District and showcase the direct impact these dollars have on programs, staff, and building a successful total school program for our students.

Before I begin Mr. Chairman, I would like to share with you my Montana connection. I'm also the proud father of Nichole Walker who is a 6th grade teacher in the Great Falls Public Schools located in your home state where her school, Loy Elementary has 95% military dependents and is adjacent to Malmstrom Air Force Base.

Central Union Elementary School District serves the families of Naval Air Station Lemoore and the Tachi -Yokut Tribe. Our district is situated in the heart of the San Joaquin Valley, in rural Kings County, one of the nation's richest agricultural areas and home to the Naval Air Station Lemoore and the Tachi Yokut Rancheria; although not referred to as a reservation as in Montana, remains non-taxable tribal land due to its restricted status. The District is made up of two elementary schools located on the naval base, one elementary school serving the Rancheria and outlining areas and one elementary school serving the community of Stratford, which is supported 100% by the agriculture industry. Central Union is also a member of the National Association of Federally Impacted Schools, the Military Impacted Schools Association, and the National Indian Impacted Schools Association.

With an enrollment fluctuating over the last couple of years between 1,850 and 1,976 students and a budget of 20 million dollars for the 2012-13 school year, Impact Aid is 30% of the District's revenue source. Based on the need-based *Learning Opportunity Threshold (LOT)* formula that was added to the Impact Aid statute in 1994 to be used when the program is not fully funded, our district is considered a 100% LOT district. The LOT is derived by summing the percentage of federal students and the percentage that Impact Aid dollars make up of our total current expenditures. Central's most recent Federal Impact Aid 8003 application on October 19, 2011 indicates that 59.82% of the District enrollment is military dependents and 12.5% Native American children. When you add the 30% of our budget that is Impact Aid – you can see how our 100% LOT percentage is arrived at (LOT % cannot exceed 100%) -- bottom line we have a high dependence on Impact Aid funding.

The District also receives section 8007 (construction) formula funds, when available, for maintenance and approximately \$95,000 in section 8003(d) special education funds.

Over the years, Central Union Elementary School District has built solid educational programs with the help of the Impact Aid dollars: Let me now share with you six areas where Impact Aid dollars have made a difference, allowing our district to provide a quality program to our students.

Technology

Impact Aid has allowed our district to build a quality technology program that includes countywide "Wireless Broadband" with speeds up to two (2) gigabits per second connective to all sites. This includes multiple drops in each classroom and offices. Classroom teachers all have laptops, which they can take home for planning and/or inputting grades for the parent online access program. In addition, students are able to video conference with parents whether it is at home, at work or in a different country or deployment. The District operates six computer labs equipped with Apple computers. Along with the computer labs, each classroom has two – five computers. Additionally, we have now ventured into the use of "mobile devices". Currently we have four mobile iPad labs and twenty-six mobile iPod touch labs concentrated mostly in the fourth and fifth grades. Additionally, we have another forty-six iPads being used in classroom mini labs and by teachers. Our current computer and mobile device ratio to students as reported on the 2011-12 California Basic Educational Data System (CBEDS) is 1.7 students per device.

Fine Arts

Because of Impact Aid funding we are one of the few elementary school districts that continues to support music, art, dance, band, jazz band and drama in our schools. While each of the schools has focused in on different areas due to staffing, each of the school sites has great programs with high student participation and community support.

Staffing

Personnel costs constitute 80.77 percent of the District's budget. Besides classroom teachers, aides, custodians, office staff and administration, the District has a full time counselor, psychologist, four library clerks, one art teacher, two art/music teachers, one band teacher, one physical education teacher, two preschool teachers, two registered nurses, two licensed vocational nurses and one opportunity class teacher. In working with native children from the Tachi-Yokut Tribe our staff uses a constructivists teaching approach. Through what is called "guide discovery" teachers lead students through questions and activities to discover, discuss, appreciate and verbalize the new knowledge or the learning objective. This approach has proven to be an effective teaching tool and again Impact Aid dollars help support this program.

Social Development and Community Outreach

Stratford School serving the community of Stratford is home of the District's Family Resource Center (FRC). Due to the isolation of the community and limited transportation, the FRC is the community connecting point for many families. The FRC offers internet connectivity, helps parents maneuver through the various federal, state and county systems, offers parent education classes and does a monthly food distribution in connection with Kings Community Action Organization. The District has two social development programs that help students at various grade levels. Second Step is an evidenced based program for students in grades kindergarten through fifth grades. The curriculum deals with Empathy, Emotions, Problem Solving and Anger Management. Project Alert is also an evidenced based program for grades sixth through eighth. The curriculum deals with substance abuse prevention. Along with the two evidenced based programs the District also offers a 24/7 Bully and Safety Hotline through the internet or toll free calling.

Special Education

Central Union Elementary School District belongs to the Kings County Special Education Local Plan Area (SELPA). Services provided at the school sites are speech and language therapy, Special Day Class (SDC) for those students who need 50 percent or more of their day with extra support and Resource Specialist assistance for those students who need support less than 50 percent of their day. For low incidence handicaps, students are bussed to one of the Kings County classrooms. Currently, special education encroaches on our general fund in the amount of four hundred and twenty thousand dollars (\$420,000) of which we normally receive approximately \$95,000 from the Impact Aid disability line item.

Building and Grounds

While two of the schools in the District were built in the fifties and two schools in the sixties, the sites are well maintained and recently, have had new data wiring installed. Over the last four years, sites have been painted and reroofed. By the end of April, three sites will be operating on solar energy. Because of the challenges in structures and installation, older schools do require extra care and additional energy costs. Section 8007 construction formula funds (when we receive them) help us with minor maintenance/repairs.

I have briefly shared with you the good news – what we have been able to do through a combination of funding received from state, local – limited as it is – and Impact Aid dollars. Now let me touch on the bad news – or least areas of concern.

As reported in the news, California's education budget is in a downward spiral. Over the last four years, Central Union has experienced a 20.4 percent cut in funding with 38 percent of the remaining funding deferred into the following year causing a cash flow issue. Additional mid-year cuts continue to loom from year to year.

When thirty percent of your budget depends on Impact Aid funding, it becomes imbedded in all of our programs and staff positions as described above. When Impact Aid funding drops, staff and student programs get dropped too. Looking at the last four years, Central Union Elementary School District has been a 100% LOT District and appropriations have been at a level where all districts were paid at 100% of their LOT percentage. However in both 2011 and 2012 for the first time since FY 1997 the LOT percentage payout has been

prorated to a level below 100%; down to 90% and 85% respectfully for a total loss to the District of one million, seven hundred and eighty four thousand, eight hundred (\$1,784,800). The future does not look any brighter, with a projection of 90% proration for next year and a possible additional cut of 9.1% under sequestration. In addition, Section 8007, maintenance, has been paid only two years out of the last five years.

Mr. Chairman let me also point out that there are 18 school districts in California and 235 districts in 30 states that receive payments under the Federal Property (Section 8002) line item. As you know the Administration's FY 2013 budget proposes to eliminate dollars for this program. The Administration's rationale is based on a lack of understanding of the purpose of the Section 8002 program. Simply put when a school district loses taxable land due to Federal acquisition, it loses part of its tax base. Districts in this program have as little as 7% of property that is taxable. Section 8002 is intended to make-up for that loss at least in part. The elimination of this line item within the Impact Aid Program either forces these districts to ask taxpayers to make up for the loss or cutback or possibly even eliminate a program. On behalf of the 235 Federal property districts I would ask you to reject the Administration's proposal and maintain Section 8002 funding.

Central Union Elementary School District has created a wonderful education opportunity for its students. Numerous times, over the years, the Commanding Officer of the base and service members have commented on the fact that they chose NAS Lemoore as their duty station because of the schools located on NAS Lemoore. A large portion of this success is through the use of Impact Aid dollars. Whether school districts have federal properties, federal housing, Native American or military, the presence of the federal government limits the ability to tax the property and improvements. In order to continue to provide a quality education for all our students, Central Union will need continuing financial support through Impact Aid. All of the Impact Aid community knows and appreciates the fact that you have been a true supporter and champion for Impact Aid. The Impact Aid community stands ready to assist you and your staff in every way possible.

Thank you!

Mr. REHBERG. Thank you. Dr. Freeman, I am letting you slop over a little bit, but I am pretty tight with time as well. So if you can watch the lights, it will be helpful to keep it rolling and allow us opportunity to ask a number of rounds of questions.

Ms. FREEMAN. Good morning, Chairman Rehberg, Ranking Member DeLauro, and members of the committee.

My name is Gwile Freeman, and I proudly serve as the superintendent of schools in Catahoula Parish School District in Louisiana.

Our small, rural school district is located in East Central Louisiana, and as indicated, we are the largest employer in our school district. We are a school district of 1,563 students with 76 percent of those students receiving free or reduced lunch.

I speak to you today from 24 1/2 years of experience as an educator and 15 years as a public school administrator. So thank you for the opportunity to testify this morning.

Let me begin by sharing the voice of a student in my district, which exemplifies what she and many of her peers face each day.

"This is the story of me. I have been raised in a place where my grandma barely puts food on our table, and most of my clothes used to belong to somebody else. I walk to school every day, and I pass folks sitting on the porch and standing on the corner, waiting for something. I don't want to be like them, just waiting for life to show up.

"My grandma tells me to find a way out, but my teachers tell me to find a way up. The problem is I don't know how. I don't want pity. I don't want charity. I just want to know where to begin so that I can have a happy ending to my story."

Persistent poverty is an ongoing challenge faced by the students in Catahoula Parish School District, and although they were born in the land of plenty, they live in small towns in a rural area in the Delta and in the South, where disadvantages can overtake dreams and obstacles can hinder success unless we, as educators, help to intervene with those students to find a way up.

Our school district is very dependent upon formula, Federal formula-based funds, with our Federal funding expenditures encompassing 17 percent of our total expenditures, and federally funded employees making up 8 percent of our total workforce.

Throughout the course of my career, I have seen firsthand the wonderful benefits of the millions of dollars in Federal funding grants, such as Title I, Title II, REAP, and IDEA. These funds have supported and assisted our teachers in providing instruction and services that will ensure student success.

Title I funds offer supplemental services to disadvantaged students, who would otherwise be underserved. Specifically, in Catahoula Parish, we utilize Title I funds to offer summer remediation for students seeking to pass high-stakes State-wide assessments.

Additionally, we provide tutoring, grade recovery, and credit recovery programs. Without these Title I funds, we would be unable to offer these opportunities to our students.

Having flexibility with the use of Federal funds is very important to those of us running small, rural school districts. As superintendent, I am keenly aware of the importance of braiding or cob-

bling together available funds to offer maximum benefit. Because Title I funding is so flexible, I am able to use these resources to fill the gaps in my budget as long as I do not supplant funding.

Funds provided through the Rural Education Achievement Program, or REAP, are also critical and flexible. These funds have allowed us to support the infusion of instructional technology into our school districts' classrooms, culminating with high-quality professional development for our teachers in the use of this technology, which ultimately translates into better instruction for our students.

Recently, I had the honor of serving on Louisiana's State literacy team to develop the Louisiana Comprehensive Literacy Plan, which aims at ensuring that Louisiana students meet the literacy expectations outlined in Louisiana's critical goals and also the Common Core State Standards.

The Catahoula Parish School District recently applied for a competitive literacy subgrant through the Striving Readers Comprehensive Literacy Program. If we are awarded one of these grants, Catahoula students identifying as being the most in need of additional assistance and interventions will receive quality literacy instruction.

In conclusion, while these funds are desperately needed in Catahoula Parish School District, they must also be flexible. I recognize that there is no single solution to transform public education and that money cannot solve all of our problems.

At the same time, I also recognize that we must be held accountable with the Federal dollars entrusted to our care. As the Congress continues its work to support school districts such as Catahoula Parish, I encourage you to continue to provide funding that is flexible, such as funds provided by Title I and the Striving Readers Comprehensive Literacy Program.

I also encourage you to target resources to the rural and small areas, small districts. Formula funding provides rural and small districts the opportunity to utilize resources in a way that many times competitive grants often do not simply because we lack the capacity to write competitive grant applications.

That said, in order for formula funding to have an impact, enough funding must be provided for a formula grant program in order for school districts to receive a formula grant of sufficient size.

The Catahoula Parish School District, although small in population, is large in the commitment to close the achievement gap for our students and ensure that all of our students leave as college and career ready.

I am humbled at the opportunity to provide testimony to the distinguished members of this committee, and I will consider it a privilege to respond to your questions or comments.

[The information follows:]

Testimony

Dr. Gwile Paul Freeman
Superintendent of Schools
Catahoula Parish School District

before the

House Appropriations Subcommittee on Labor, Health and Human Services,
Education and Related Agencies

March 27, 2012

Good morning, Chairman Rehberg, Ranking Member DeLauro, and Members of the Committee. My name is Gwile Freeman, and I proudly serve as the Superintendent of Schools in the Catahoula Parish School District in Louisiana. Our small rural school district is located in east central Louisiana. We are nestled in the foothills of the Ouachita Mountains midst agricultural land, forests, lakes, and bayous. Catahoula Parish School District is the largest employer in our parish. We are a school district of 1563 students whose ethnicity encompasses 57.3% Caucasian, 41.5% African American, 1% Hispanic, and .3% Asian. Seventy-six percent (76%) of our student population receives free or reduced lunch. I speak to you today from 24.5 years as an educator, which include 15 years as a public school administrator. Thank you for the opportunity to testify.

Let me begin by sharing the voice of a student in my district which exemplifies what she and many of her peers face each day.

This is the story of me. I've been raised in a place where my grandma barely puts food on our table, and most of my clothes used to belong to somebody else. I walk to school every day, and I pass folks sitting on the porch and standing on the corner waiting for something. I don't want to be like them—just waiting for life to show up. My grandma tells me to find a way out, but my teachers tell me to find a way up. The problem is that I don't know how. I don't want pity or charity. I just want to know where to begin so that I can have a happy ending to my story.

Persistent poverty is an ongoing challenge faced by many of our students in Catahoula Parish. Although born in the land of plenty, they live in small towns, in a rural area, in a state, in the Delta region, and in the south where disadvantages can overtake dreams and obstacles can hinder success, unless, we intervene to help these students to “find a way up”.

Our school district lacks a viable, thriving tax base and does not generate excessive funding through the Louisiana Minimum Foundation Program, the mechanism by which school systems are funded at the state level. Therefore, we are very dependent upon federal formula-based funds. Federal funding expenditures are 17% of our total expenditures. Federally funded employees make up 8% of our total workforce. Throughout the course of my career, I have seen first-hand the wonderful benefits of the millions of dollars in federal education grants such as Title I, Title II, REAP, and IDEA. These funds have supported and assisted many students, teachers and families and allow my school district to provide the instruction and services that will ensure success.

When I mention Title I funds you might first think of the millions of dollars Congress provides each year. However, when I mention Title I funds, I think of opportunities to offer supplemental services to disadvantaged students who would otherwise be underserved. For example, I use these resources for remediation services. Specifically, we utilize Title I funds to provide summer remediation for students seeking to pass high stakes statewide assessments. Additionally, we provide tutoring, grade recovery, and credit recovery programs. During the summer of 2011, approximately 85 students received remediation from 10 teachers in coursework and high stakes tested subject areas. From the students served, approximately 77% were successful in their remediation endeavors. This success helps to ensure that these students graduate on time. Without these Title I funds, we would be unable to offer such opportunities to our students. Another example of the positive impact of Title I funding is recognized by the fact that all of our Title I high schools have attained a graduation rate above the 80% goal of the State of Louisiana. This data further validates that the services received through federal funding assists in students graduating from high school on time.

Unfortunately, we were informed recently by the Louisiana Department of Education to plan next year's budget with a 10% reduction in Title I funds. Currently, our district receives approximately \$915,000 in Title I funds. Due to reduced revenue and increased employer benefits, we have already consolidated two schools and are currently engaging in a Reduction in Force of faculty and staff within those schools. The expected reduction in resources will likely result in the elimination of a school from our Title I funding continuum next year.

Having flexibility with the use of federal funds is very important to those of us running small, rural districts. As superintendent, I am keenly aware of the importance of braiding or "cobbling together" available funds to ensure maximum impact. For example, Louisiana school districts participate in a comprehensive consolidated planning process whereby all stakeholders come together to formulate goals, strategies, and activities based on a comprehensive needs assessment. The Consolidated Planning Process encourages decision-making and the providing of non-duplicative services. Since I am in the process of cutting approximately \$500,000 from our \$14,554,000 local budget, I am more

committed to this process and the need for maximum flexibility of federal funds. Because Title I funding is so flexible, I am able to use these resources to fill the gaps in my budget as long as I do not supplant funding.

Funds provided through the Rural Education Achievement Program (REAP) are also critical and flexible. These funds have allowed us to support the infusion of instructional technology into our school districts' classrooms, culminating with high-quality professional development for our teachers in the use of this technology which ultimately translates into better instruction for our students. The use of interactive, high-interest technological advances has increased student engagement in learning. One example is the use of distance education to deliver advanced courses that our schools are unable to offer.

Perhaps the example of flexible federal dollars my colleagues around the state and I are most excited about is the new federal competitive grant program focused on literacy that Louisiana's State Education Agency competed for and won. Louisiana is not accustomed to winning competitive grants of this nature as our State Education Department does not have the same level of resources and expertise to write high quality grant proposals as some of the larger and better resourced states. However, the state could not be happier to have received one of the six state discretionary Striving Readers Comprehensive Literacy grants awarded by the U.S. Department of Education which affords states, and ultimately school districts, a unique opportunity to improve literacy for all students based on a plan developed by and for the State. I had the honor of serving on Louisiana's State Literacy Team along with members of the Louisiana Department of Education, university advisors, teachers, college professors, directors of educational programs, and instructional leaders. The team included individuals with expertise from pre K- 12th grade, post secondary education, child development, and research. We worked together to develop the Louisiana Comprehensive Literacy Plan which aims to ensure Louisiana students meet the literacy expectations outlined in the state's critical goals and the Common Core State Standards.

Now the difficult work is upon us to start implementing our comprehensive plan. The state must sub-grant 95% of the grant funds to local school districts through a rigorous competitive process, and the Catahoula School District recently applied for one such sub-grant. If awarded one of these grants, students identified as being the most in need of additional assistance and interventions will receive quality literacy instruction. Federal initiatives such as the Striving Readers Comprehensive Literacy Program encourage paradigm shifts for "all teachers to be teachers of literacy", responding to the unique needs of struggling readers and writers in their local school districts. We are given the flexibility to serve low-performing students across the grade spans while also expanding effective literacy instruction.

In conclusion, while these funds are desperately needed in Catahoula Parish School District they also must be flexible. I recognize that there is no single solution to transform public education, and money cannot solve all problems. At the same time, I also recognize that we must be held accountable with the federal dollars entrusted to our care. These resources must be spent on effective programs based on student outcomes and teacher performance using data that we collect from the classroom to make decisions.

As the Congress continues its work to support school districts such as Catahoula, I encourage you to continue to provide funding that is flexible, such as funds provided by Title I and the Striving Readers Comprehensive Literacy Program. I also encourage you to target resources to rural areas and small school districts. Formula funding provides rural and small schools the opportunity to utilize resources in a way that competitive grants often do not, simply because we often lack the capacity to write competitive grant applications. That said, in order for formula funding to have an impact, enough funding must be provided for formula grant programs in order for school districts to receive a formula grant of sufficient size to impact students.

The Catahoula Parish School District, although small in population, is large in the commitment to close the achievement gap of our students and to ensure that all of them leave our schools as college and career ready citizens.

I am humbled at the opportunity to provide testimony to the distinguished members of this committee. I will consider it a privilege to respond to your questions or comments.

Mr. REHBERG. Thank you.
Dr. Mitchell.

Mr. MITCHELL. Good morning, Chairman Rehberg, Ranking Member DeLauro, and members of the committee.

My name is Dr. Timothy Mitchell. I am the superintendent of the Rapid City Area Schools in Rapid City, South Dakota.

Rapid City Area Schools is located in the Black Hills, second-largest school district in South Dakota. Most known, the Black Hills, two national landmarks—Mount Rushmore and Crazy Horse Memorial.

One of our schools, our middle schools, is an historical landmark, Calvin Coolidge's summer white house. He walked outside on the steps and announced that he would not seek reelection for President. So we are steeped in history in our school district with the Federal Government.

Twenty-three schools comprise our school district. You can see the demographic information concerning our district in my written testimony. Today, I come before you to share some thoughts on a number of different issues.

First of all, I, along with numerous school administrators throughout the Nation, have advocated with Congress to meet the longstanding commitment to fund additional costs that are associated with special education. Covering a Federal shortfall year in and year out with local dollars represents a significant funding pressure for public school districts across the Nation.

To show the impact, you can see in my testimony I have attached two documents, showing that over the last 7 years the amount of State and local revenue utilized to meet expenditures has continued to increase, and the Federal portion, excluding the ARRA money, has remained consistent at approximately 21 percent for year in our district.

The State of South Dakota has recently held our State funding for special ed at status quo with no increase. This was brought forward with an 8.6 reduction in per-student allocation for our general operating budget.

So we are finding that we are no longer able to retain quality programming to meet the individual needs of students with disabilities. As State and local economies struggle to regain fiscal stability and the ARRA emergency funding ends, Congress and the administration, we hope, need to recognize that there is a funding cliff.

Full funding of IDEA would provide services for students with special education needs and allow local school districts to use local dollars to meet local districting budgeting needs.

You have also seen with those charged that recently you see a reduction in the amount of State and local revenue, which is a concern as to maintenance of effort when it comes to IDEA statute.

I would hate to come to Washington, D.C., and not make sure and remind you of the huge positive impact that Federal funding has on school districts across this Nation, and especially school districts in our rural area. Much of the success in Rapid City Area Schools in meeting the ever-growing needs of all of our students has been funded through a mixture of local, State, and Federal sources.

To engineer a successful public school district, those school districts need to create a structure of supporting operating conditions. The Federal Government has to be flexible to allow our rural school leaders to make decisions regarding staff, schedule, budgets, and programs.

External efforts to improve schools invariably focus on structural changes, but we know current research shows that structural changes do not bring about the meaningful change to student achievement. To identify what has helped Rapid City, it has been a relentless focus on instruction and professional development, the cultivation of teacher and principal support, the use of research-based instructional practices and strategies, and the conscious encouragement of collegiality and collaboration among our staff. This has created the cultural change that encourage professionals to take risks and to take responsibilities for themselves and for their students and for each other.

That is the major theme of our story, capacity building. And capacity building, which is the essential component for our success, is resource-intensive, and adequate funding is critical. And that is where, in my district, the Federal resources have been utilized most effectively.

I have also long advocated for continued and increased investment in Title I and IDEA and other Federal formula-based grant programs. I would urge Congress to maintain formula grants that provide that reliable stream of funding to local public school districts.

I am concerned by the administration's preference for driving new education dollars to competitive programs like Race to the Top and Investing in Innovation. Most rural school districts, like Rapid City, even though we are large in comparison, have limited capacity to compete in this environment. And shifting to more competitive grants for new Federal dollars, I believe, would be inherently unfair to rural school districts. It would be very difficult for us to compete with school districts that have the greater capacity and expertise in this area.

And to this point, we have been unsuccessful in retaining any Race to the Top or Investing in Innovation resources in our local school district and State.

Lastly, my concern is that sequestration will impact all funding programs without considering the scope of effectiveness of those being cut. Congress should pick up the work of the super committee and work to identify the necessary cuts in a manner that impacts both mandatory and discretionary programs and considers the program effectiveness.

We at the local level are committed to being fiscally responsible, along with being committed to our mission to create effective and productive citizens of the 21st century. We understand that we need to be effective, efficient, innovative, and creative to meet the needs of the students we serve.

We hope to continue to partner with the President and Congress to provide a structure to distribute the Federal resources that are provided to us in a way that continues to improve this public school system that we have in this country.

Thank you for your time today, and I would also be happy to stand by for any questions.

[The information follows:]

**House of Representatives Subcommittee on Labor, Health and Human Services,
Education, and Related Agencies
March 27, 2012**

**Testimony of Dr. Tim Mitchell, Superintendent of Schools- Summary
Rapid City Area Schools, Rapid City, South Dakota**

Rapid City Area School District 51-4

Rapid City Area School District 51-4, located in the Black Hills, is the second largest school district in the state of South Dakota. Twenty-three schools comprise the school district: 15 elementary schools, 5 middle schools, and 3 high schools. The district employs approximately 1030 teachers, and has a total staff of approximately 1,784. The student population as of September 30, 2011 was 13,671 students, an increase of approximately 302 students at this point in time from the previous year. This population includes 6,549 elementary students, 3,055 middle school students, 4,041 high school students and 26 students ages 19-21.

IDEA Funding

I have advocated along with numerous school administrators throughout the nation to have Congress meet the long-outstanding commitment to fund the additional costs associated with educating students with special needs. The current proposal level funds its investment to special education. Level funding, puts the federal commitment to IDEA at 15.8%, less than half of the promised 40% of the national average per student expenditure.

The Positive Impact of Federal Funding on Rural Schools

Much of the success in the Rapid City Area School District 51-4 in meeting the ever growing needs of all our students has been funded through the use of a mixture of local, state and federal revenue sources.

Distribution of Federal Funds: Competitive versus Formula

I have long advocated for continued and increased investment in Title I and IDEA and other federal formula based programs. I would urge Congress to maintain formula grants to provide a more reliable stream of funding to local public school districts.

Impact of Sequestration

My concern is that Sequestration will impact all funding programs without considering the scope or effectiveness of the programs being cut. Congress should take control of the process and proactively identify a combination of spending cuts and revenue increases necessary to avoid this action.

FY 13 Budget Request by President Obama

On February 13, 2012, President Barack Obama released the FY 2013 federal budget which will be for the 2013-14 school year. Once again, the administration has highlighted education as a priority, calling for a \$1.7 billion (2.5 percent) increase over enacted FY12 levels.

**House of Representatives Subcommittee on Labor, Health and Human Services,
Education, and Related Agencies
March 27, 2012**

**Testimony of Dr. Timothy Mitchell, Superintendent of Schools
Rapid City Area Schools, Rapid City, South Dakota**

Good morning Chairman Rehberg, and members of the committee, my name is Dr. Timothy Mitchell and I am the Superintendent of Schools for the Rapid City Area School District 51-4 in Rapid City, South Dakota. It is an honor to come before you today and share some thoughts on the importance of the Individuals with Disabilities Act (IDEA) funding, the positive impact of federal resources in rural public school districts, the distributing of federal education funds through formulas and the potential negative impact of sequestration on federally funded educational programs. I would also like to share some comments concerning the FY13 Budget Request by President Obama.

Rapid City Area School District 51-4

Rapid City Area School District 51-4, located in the Black Hills, is the second largest school district in the state of South Dakota. Rapid City is the —Gateway to the Intermountain West and is a center for commerce, culture, transportation, and education for the entire high plains. The economic base in Rapid City includes agriculture, forestry, government, tourism, healthcare, manufacturing, and a strong service sector. Rapid City is a community of approximately 70,000 people, with the population of Pennington County at approximately 100,000. Most know of the Black Hills of South Dakota for two noted national landmarks Mount Rushmore and Crazy Horse Memorial.

Twenty-three schools comprise the school district: 15 elementary schools, 5 middle schools, and 3 high schools. The district employs approximately 1030 teachers, and has a total staff of approximately 1,784. Services available include pre-schools, a full-service community school at General Beadle Elementary, an alternative high school, guidance and counseling, special education, district summer school, 21st Century Community Learning Center grants which provide after school and summer programs, and post technical education. Although district enrollment showed some decline in the past, the current population shows signs of stabilization and even an increase in student numbers. The student population as of September 30, 2011 was 13,671 students, an increase of approximately 302 students at this point in time from the previous year. This population includes 6,549 elementary students, 3,055 middle school students, 4,041 high school students and 26 students ages 19-21. Economically Disadvantaged students, as determined by Free and Reduced Lunch count make up 43% of the student body, Native American students make up 20% of the student population and 13% of the students qualify for Special Education services.

IDEA Funding

I have advocated along with numerous school administrators throughout the nation to have Congress meet the long-outstanding commitment to fund the additional costs associated with educating students with special needs. Covering a federal shortfall year in and year out with local district dollars represents a significant funding pressure for public

school districts across the nation. To show the impact to the Rapid City Area School District 51-4 I have attached two charts showing that over the last seven years the amount of state and local revenue utilized to meet expenditures has continued to increase and the federal portion, excluding The American Recovery and Reinvestment Act (ARRA) dollars, has remained consistent at approximately 21% per year. The state of South Dakota has recently held our state funding for special education at status quo with no increase. This has also been brought forward with an 8.6% reduction in the per student allocation for the General Operating Fund. We are finding that we no longer are able to retain the quality of programming to meet the individual needs of our students with disabilities. As state and local economies struggle to regain fiscal stability and ARRA emergency federal funding ends, Congress and the administration need to recognize the funding cliff. Full funding of IDEA would provide services for students with special education needs and allow local school districts to use local dollars to meet local district budgeting needs. The government's underfunding of the federal commitment and then the enforcement of the mandates of IDEA puts extreme budgetary pressure on states and local public school districts to cover the shortfall, totaling \$83.8 billion for FY10, FY11 and FY12.

The Positive Impact of Federal Funding on Rural Schools

Much of the success in the Rapid City Area School District 51-4 in meeting the ever growing needs of all our students has been funded through the use of a mixture of local, state and federal revenue sources. Federal revenue sources (IDEA, Title I, Title II Part A, Title VI, Perkins, ARRA and Impact Aide) provided by the Elementary and Secondary Education Act and other federal programs have provided much needed funding for capacity building activities as well as to implement researched-based educational programming that have significantly helped to increase student achievement for Native American, Economically Disadvantaged, and Students with Disabilities. These funds were provided under the current formula grant program.

To engineer a successful public school district you need to create a structure of supporting operating conditions. The federal government has to be flexible and allow rural school leaders to make decisions regarding staff, schedules, budget and programs. External efforts to improve schools invariably focus on structural changes. Meaningful, substantive, sustainable improvement can only occur if it becomes anchored in the culture of the organization. Bringing about cultural change in any organization is a complex and challenging task. That is why I support federal resources targeted to provide training to improve the effectiveness of teachers and leaders in high-needs schools especially in rural areas.

To identify what has helped the Rapid City Area School District 51-4 has been a relentless focus on instruction and professional development; the cultivation of teacher and principal support; the use of researched-based instructional practices and strategies; and the conscious encouragement of collegiality and collaboration among all staff members. This has created a culture that encourages professionals to take risks and to take responsibility for themselves, their students and for each other.

The major theme of our story is centered on capacity building. Michael Fullan defines capacity building as an action based and powerful policy or strategy that increases the collective efficacy of a group to improve student learning through new knowledge, enhanced resources, and greater motivation on the part of the people working individually and together. You need to create conditions for people to succeed by helping people find meaning, increasing their skill development and their personal satisfaction while they make contributions that simultaneously fulfill their own goals and the goals of the organization. My own research in South Dakota found that the most innovative school districts are those that have the ability to sustain school reform, organizational change and increased student achievement have a greater professional capacity. Capacity building, which is an essential component to our success, is resource intensive and adequate funding is critical.

Distribution of Federal Funds: Competitive versus Formula

I have long advocated for continued and increased investment in Title I and IDEA and other federal formula based programs. I would urge Congress to maintain formula grants to provide a more reliable stream of funding to local public school districts. I am concerned by the Administration's preference for driving new education dollars into competitive programs like Race to the Top or Investing in Innovation. Public school districts need a certain level of financial stability to undertake the ambitious innovation and reform proposed by the President's budget, a level of reliability and consistency that cannot be achieved through competitive funding. Formula-driven funding represents the dedicated funding stream that allows school districts to appropriately plan for and invest in innovation and reform. I am concerned that competitive grants would have a disproportionate negative impact on rural and small districts. With limited local resources, rural public school districts do not have the time or the capacity to develop extensive competitive grant applications. This will lead federal dollars away from students in poverty and to districts that have the resources for grant writing teams. We need to see new dollars directed to these successful federal flagship programs that go to all schools and serve all students.

Most rural public schools like Rapid City, even though we are large in comparison to most, have a limited capacity to compete in this environment and shifting to more competitive grants for new federal dollars I believe would be inherently unfair to rural school districts. It would be very difficult for us to compete with school districts that have a greater capacity and expertise in this area. I would recommend that Congress continue to grow formula grants to support a more reliable stream of funding to support rural schools. I do want to mention that (ARRA) funds were also utilized for activities to promote higher levels of student achievement. I would certainly like to thank the committee and Congress for that strong investment they made to education through that program.

Impact of Sequestration

The failure of the Joint Select Committee on Deficit Reduction (Super Committee) to produce a plan identifying budgetary savings of at least \$1.2 trillion over ten years has

triggered an automatic spending reduction process (called sequestration) that takes effect on January 2, 2013. For FY13, these cuts will be applied to most programs, including all discretionary education programs except Federal Pell Grants. The depth of the cuts is estimated to be between 7.8% and 9.1%, which would reduce funding for the US Education department by \$3.5 billion to \$4.1 billion, affecting millions of students and leading to potentially significant job losses and program eliminations for the nation's schools, the educators who run them, and the students they educate.

These cuts would reduce Title I by \$1.3 billion, adversely effecting services to more than 1.5 million educationally disadvantaged students. IDEA would be cut by over \$1 billion, affecting over 600,000 students with disabilities. The education cuts would threaten more than 71,000 education jobs. The cuts from sequestration would be in addition to the cuts education programs have been subject to over the last two years. Funding for education programs (excluding Pell Grants) was cut in the aggregate by \$1.25 billion in FY11 and by \$233 million in FY12. Between FY10 and FY12, more than 50 education programs totaling \$1.2 billion have had their funding completely eliminated.

My concern is that Sequestration will impact all funding programs without considering the scope or effectiveness of the programs being cut. Congress should pick up the work of the Super Committee and work to identify the necessary cuts in a manner that impacts both mandatory and discretionary programs and considers program effectiveness. Given that the cuts have to happen, as required by law. Congress should take control of the process and proactively identify a combination of spending cuts and revenue increases necessary to avoid this action.

In Rapid City Area School District 51-4 we are going through a General Fund Budget Reduction process. The type of district we envision as we move forward embraces the current research as to what is the best way for leaders and teachers to act. This means we understand that we need to be fiscally responsible but committed to our mission, vision and priorities as established by the Rapid City community. We are implementing a strategic approach to create an environment of high quality learning. This can only be done with careful analysis of data and determining which programs are working and which are not. With limited resources you need to invest in what works and eliminate those programs that do not. We are also proactively trying to find ways to increase revenue.

FY 13 Budget Request by President Obama

I applaud the committee for its bold proposal last year, proposing an additional \$1 billion each for Title I and IDEA. On February 13, 2012, President Barack Obama released the FY 2013 federal budget which will be for the 2013-14 school year. Once again, the administration has highlighted education as a priority, calling for a \$1.7 billion (2.5 percent) increase over enacted FY12 levels. The President's priorities for FY13 bear strong resemblance to those from 2011 and 2012, with close attention to improving teaching and strengthening teachers and school leaders. The President's budget provides a 1.7 percent increase for ESEA programs. These increases, along with support for

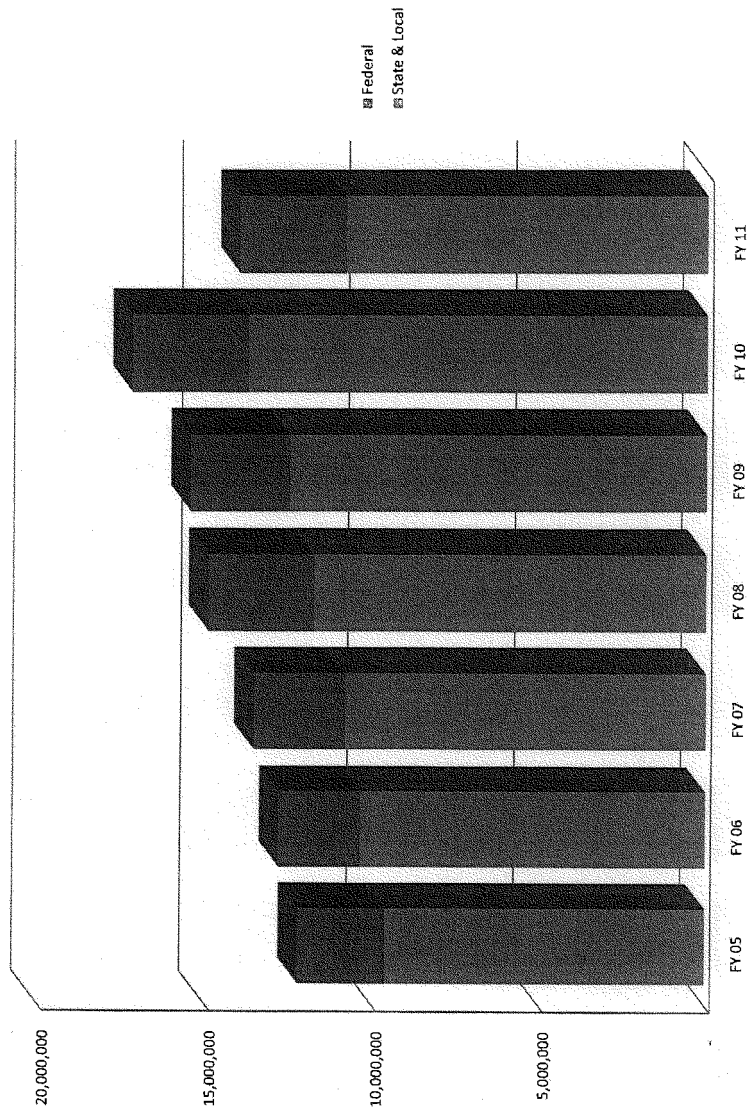
teachers and leaders, are important steps toward supporting long-term, meaningful gains in student learning and school performance. The budget again consolidates 38 programs down to 11, and regroups programs to eliminate duplicative or ineffective programs.

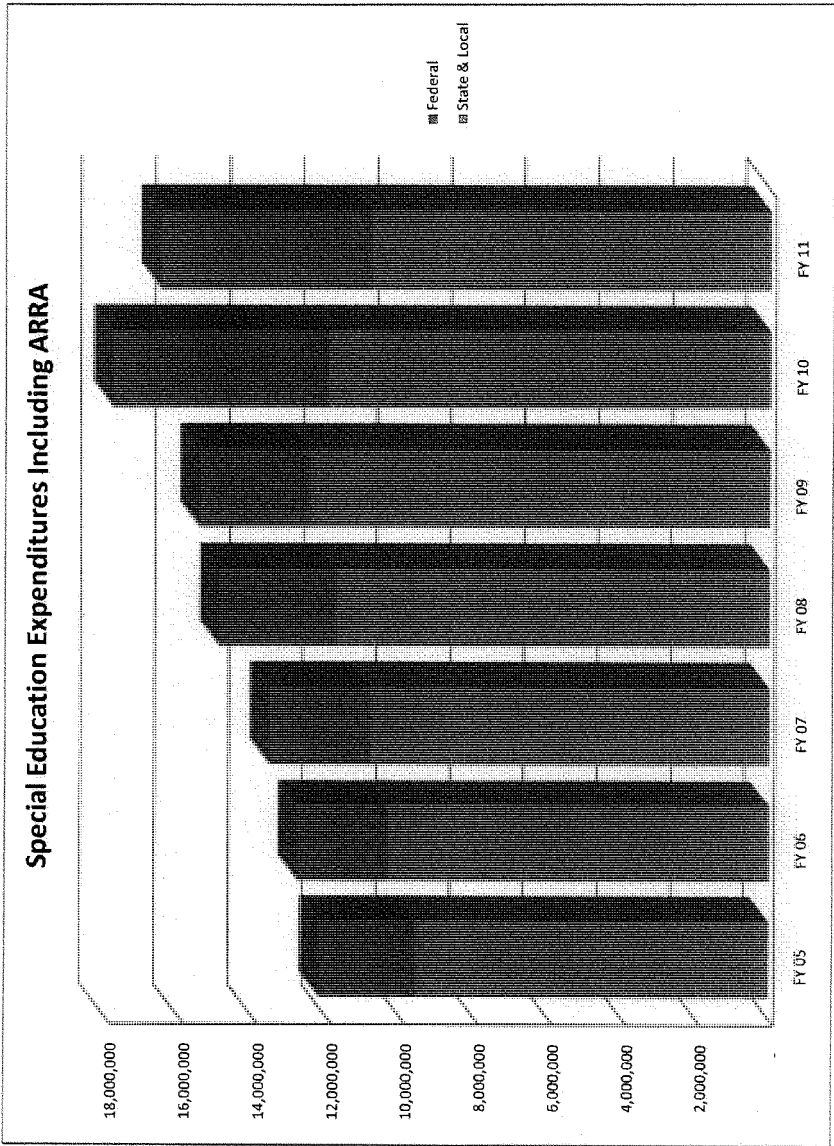
I have concerns about the continued emphasis on competitive funding. As states and local economies struggle I remind Congress and the President to recognize a significant funding cliff. The proposal level funds its investment to special education. Level funding, puts the federal commitment to IDEA at 15.8%, less than half of the promised 40% of the national average per student expenditure. The proposal level funds Title I, this at a time that we face increases in both program enrollment and costs. The Rural Education Achievement Program (REAP) is level funded at FY12 levels. The proposal continues to affirm the administration's commitment to competitive grant programs. I applaud the budget proposal for including the 2.5% increase for the education department but am still very concerned about the real threat of deep-reaching cuts stemming from sequestration. The cuts from sequestration would be in addition to the cuts education programs have been subject to over the last two years.

We at the local district level are committed to be fiscally responsible and committed to our mission to create effective and productive citizens for the 21st Century. We understand the need to be effective, efficient, innovative and creative to meet the needs of the students we serve. We hope to continue to partner with the President and Congress to provide a structure to distribute the federal resources that are provided to us in a way that continues to improve the public school system of this country.

Thank you for your time today and I would be happy to answer any questions

Special Education Expenditures Excluding ARRA





Mr. REHBERG. Thank you.

Dr. Starr.

Mr. STARR. Good morning, Chairman Rehberg, Ranking Member DeLauro, and members of the subcommittee. My name is Josh Starr, and I am privileged to serve as the superintendent for Montgomery County Public Schools.

With 146,500 students, MCPS is the largest school district in Maryland and the 17th largest district in the Nation. And I want to thank you for this opportunity to address you today.

If you would like a preview of what the American public schools will look like in 20 years, please come and visit our school district. The demographic shifts that our Nation is experiencing as a whole have already taken root in Montgomery County.

In 1991, just two decades ago, MCPS was a very different district than it is today. We have gone from a majority white district to a majority minority district, and the percentage of students receiving free and reduced price meals in that time has nearly doubled to 32 percent.

Yet amid all this change, MCPS has maintained and even increased its reputation as one of the highest-achieving districts in the Nation. How have we done that? The main reason is that we have the most outstanding staff in public education. But there is no doubt that money, invested in the right strategies and the right people, has yielded a big return.

We appreciate the funds that the Federal Government provides to our district. This year, we have received \$72,500,000 in Federal funding, and every dollar is helping our students.

For instance, \$20,400,000 in Title I funding allows us to provide targeted instruction to our students who are most impacted by poverty. IDEA funding of \$29,300,000 is an important part of providing a continuum of services to the 12 percent of students in our district who have a disability.

With \$3,400,000 in Head Start funding, we are able to offer more than 600 low-income students access to pre-kindergarten, including full-day classes.

I applaud the committee's proposal last year to add \$1,000,000,000 each to Title I and IDEA. Our district is living proof that such funds would be well spent, and I would be remiss if I did not ask you to fully fund IDEA to help us provide much-needed services for students with special needs.

Like all school districts, we are very concerned about the real possibility of deep cuts due to sequestration. The depth of cuts to education, as much as \$4,000,000,000, would be devastating and could result in the loss of jobs and reduce services to students in need. I urge Congress to protect education funding at all costs.

As the Congress contemplates reauthorizing ESEA, I urge them to spend money on what works and what our schools need, and it is not more annual standardized tests. Federal funds can be the catalyst that sparks innovation, fosters collaboration, and improves teaching and learning for all.

Over the past 3 years, the U.S. Department of Education has used the comparatively small amount of money it provides to schools to spark innovation and change. MCPS was one of 45 recipients of an Investing in Innovation, or I3, grant in 2010. The

grant is allowing us to quickly develop and implement our new curriculum in the elementary grades, which integrates all subject areas and helps students develop the critical academic and thinking skills that are so important in the 21st century.

It includes Web-based professional learning environments, and it is an example of how a relatively small investment in people and innovation can have a huge impact. So I want to be clear that competitive dollars, while they can be effective, should not take the place of much-needed formula funding.

In his excellent book “The Global Achievement Gap,” author Tony Wagner lists the skills that our students will need to be competitive in the 21st century global economy—critical thinking and problem solving, collaboration across networks and leading by influence, agility and adaptability, initiative and entrepreneurialism, effective oral and written communication, and accessing and analyzing information with curiosity and imagination.

Developing these skills requires us to rethink the way we approach education. Our classrooms can’t just be places where our kids learn facts and formulas. We must provide them with the complementary set of skills they need to be successful in the 21st century.

So we have to have fewer walls in our schools and more spaces in technology to spur innovation and collaboration. We must foster in our students the drive to do good in society, to care for those who are less fortunate, and to strive for social justice.

We also must use funds to foster collaboration among agencies and organizations. In Montgomery County, the school district works with our local Department of Health and Human Services, local nonprofits, and other community organizations to provide a continuum of support. I believe the Federal Government can play a role in incentivizing such collaboration that serves at-risk youth and families.

And finally, we do not have a student learning problem in America today. We have an adult learning problem. When I hire a new teacher, I know that I will spend at least \$10,000 training that first year, including orientation, onboarding, consulting teachers, mentors, and staff development.

About half that money comes from various Federal grants. So I encourage you to maintain and even expand those dollars.

Like many superintendents today, I am concerned about the tone of the education conversation. In the name of accountability, too many people are pointing fingers at our educators and telling them they are to blame for the woes of American public education.

I am proud that in Montgomery County Public Schools, we have employee unions that are collaborative and innovative, and our unions are equal partners in our solution. We have a nationally recognized teacher professional growth system. A key component of that system partners new or underperforming teachers with master educators to work on classroom skills. And if they are not performing, we have a way of exiting them out.

In conclusion, No Child Left Behind has narrowed our curricular focus, used shame as a motivator, and put too much emphasis on tests that, frankly, we now realize are not reliable indicators of stu-

dent performance. It has created an environment where data, not students, are king.

But now is our chance to make it right. Let us use ESEA and the money that is attached to spur innovation, give our students the 21st century skills they need, and create an environment where our educators are valued and continue to grow.

Thank you for allowing me to testify today, and I am happy to answer any questions.

[The information follows:]

**United States House of Representatives Committee on Appropriations
Subcommittee on Labor, Health and Human Services, Education, and Related
Agencies**

**Testimony of Dr. Joshua P. Starr, Superintendent of Schools
Montgomery County Public Schools, Rockville, Maryland
March 27, 2012**

Good morning, Chairman Rehberg, Ranking Member DeLauro and members of the House Appropriations Subcommittee on Labor, Health and Human Services, Education, and Related Agencies.

My name is Dr. Joshua P. Starr, and I proudly serve as the superintendent for Montgomery County Public Schools (MCPS). With 146,500 students, MCPS is the largest school district in the state of Maryland and the 17th largest district in the nation. I want to thank you for this opportunity to address you today on the topic of federal funding in the Elementary and Secondary Education Act (ESEA).

If you want a preview of what the American public education system is going to look like in 20 years, I would encourage you to visit our school district, which is just a short Metro ride from where we sit today. The demographic shifts that our nation is experiencing as a whole have already taken root in Montgomery County.

In 1991—just two decades ago—MCPS was a very different district than it is today. For instance, students of color accounted for less than 40 percent of our enrollment and just 17 percent of our students qualified for Free and Reduced-price Meals (FARMS), an indicator of poverty.

This school year, about 66 percent of our students are people of color. Hispanic students alone represent 26 percent of our student body and over the past 20 years, the number of Hispanic students in MCPS has more than tripled. Today, more than one third of our students qualify for Free and Reduced-price Meals. In fact, the number of students in MCPS who qualify for free and reduced-price meals is greater than the total number of students enrolled in the District of Columbia Public Schools.

Yet, amid all this change, MCPS has maintained—and even increased—its reputation as one of the highest-achieving districts in the nation.

- Half of the students in the class of 2011 received a college-ready score on at least one AP exam, nearly triple the national rate (18.1 percent). In fact, the percentage of African American and Hispanic graduates with at least one college-ready AP score in MCPS surpassed the national average for all graduates.

- More than 90 percent of our kindergartners meet or exceed grade-level reading targets and we have virtually closed the achievement gap by race, ethnicity, and socioeconomic status in kindergarten reading.
- Nearly two-thirds of our students have successfully completed Algebra 1 by the time they finish the eighth grade.

How have we maintained such high performance amid such dramatic change? Without a doubt, the main reason is that we have the most outstanding staff in public education, bar none. Our employees embrace the opportunity to educate a more diverse student body and have met the challenges of providing each and every child with a world-class education.

But there is no doubt that money has made a big difference.

Montgomery County and the state of Maryland have a long history of investing in public education. As MCPS was experiencing these dramatic changes in the 1990s and the early 2000s, our taxpayers increased their investment in our schools, allowing us to keep pace with the demand of a growing and changing student population. Combined with increases in Title I and other federal funding programs, this revenue was used to expand English for Speakers of Other Languages programs; to recruit, retain and build the capacity of the best and brightest teachers and school leaders; and to provide specific interventions for students in need, especially at schools that had high poverty rates or were not making Adequate Yearly Progress.

I want to be clear: I am not saying that more money alone equals success. But money invested in the right strategies and the right people gets a big return. And when that funding begins to disappear, it can be difficult to maintain progress.

Last week, I had the privilege of visiting Highland Elementary School, in Silver Spring, one of our most impacted schools. Eighty-two percent of Highland's students qualify for free or reduced-price meals and more than 60 percent receive ESOL services.

In 2003, just 41 percent of Highland's 5th grade students scored proficient or higher on the state reading test—the MSA—and only 13 percent scored at the advanced level. Highland was the first school in our district to face sanctions under No Child Left Behind, and improving the performance in this school became a major focus, at the school, district and community level.

An outstanding principal, Ray Myrtle, was put in place at the school and a comprehensive improvement plan was enacted. That plan used all resources available—including federal school improvement and Reading First grants and Title I funding—to differentiate instruction, train teachers, create smaller classes, provide effective interventions for students who were behind, and much more. By 2008, more than 95 percent of the Highland's fifth-graders were proficient or higher on the reading MSA, with 80 percent scoring in the advanced range.

In 2009, U.S. Education Secretary Arne Duncan came to Highland Elementary to announce it had been named a National Blue Ribbon School. A Harvard University case study on Highland's

success highlighted the multifaceted approach the school took to improving student performance. I read it when I was superintendent in Stamford, Conn., and it is an amazing story.

Today, Highland remains a high-achieving school. The percentage of fifth-graders scoring proficient or higher on the MSA is still above 95 percent. But the percentage scoring at the **advanced** level has dropped back to 42 percent. Recently, Highland's current principal, Scott Steffan, said he believes that the drop off is directly related to the loss of resources—including local, state and federal dollars. Those resources paid for direct instruction, smaller class sizes and interventions that took students to a higher level.

And, ultimately, isn't that what we want for our students? We want them to be achieving at the highest levels. We must set our sights higher than proficiency or adequacy. We must strive for excellence in all areas of education.

I am not here to simply complain about the lack of resources. We appreciate the money that the federal government provides to our district—this year we have received \$72.5 million in federal funding and every dollar is helping our students. For instance, \$20.4 million in Title I funding allows us to provide targeted instruction to our students who are most impacted by poverty. Individuals with Disabilities Education Act (IDEA) funding of \$29.3 million is an important part of providing a continuum of services to the 12 percent of students in our district who have a disability. With \$3.4 million in Head Start funding, we are able to offer more than 600 slots low-income students access to prekindergarten, including full-day pre-k Head Start classes. I applaud the Committee's proposal last year to add \$1 billion each to Title I and IDEA last year. Our district is living proof that such funds would be well spent. And I would be remiss if I did not ask you to fully fund IDEA. Full funding of IDEA would provide much needed services for students with special needs.

We certainly also appreciate that President Obama's Fiscal Year 2013 budget calls for level funding for Title I. However, for a district like MCPS, where the number of students living in poverty is growing, this will feel like a reduction. And like all school districts, we are very concerned about the real possibility of deep cuts due to sequestration because of the failure of the Super Committee to reach agreement on deficit reduction. . The depth of cuts to education—as much as \$4 billion would be devastating. With local and state budgets still recovering from the economic downturn, these types of reductions could result in the loss of jobs and reduced services to students in need. I urge Congress to protect education funding at all costs.

As Congress contemplates reauthorizing ESEA, I urge you to spend money on what works—and it's not more tests. Federal funds can be the catalyst that sparks innovation, fosters collaboration and improves teaching and learning for all.

As our country undergoes significant changes in its economy, family structure and population, we must make sure our schools are ready to meet new demands. Federal funds can help make that happen.

Sparking Innovation

Over the past three years, the U.S. Department of Education has used the comparatively small amount of money it provides to schools to spark innovation and change.

MCPS was one of 45 recipients of an Investing in Innovation—or I3—grant in 2010. The grant is allowing us to quickly develop and implement our new curriculum in the elementary grades, which integrates all subject areas and helps students develop the critical academic and thinking skills that are so important in the 21st century. The initiative—called Curriculum 2.0—is being done in collaboration with Pearson, and includes a web-based professional learning environment where teachers can share ideas, ask questions and receive just-in-time training. The \$5 million I3 grant is allowing us to complete a project that will improve the education of tens of thousands of students and is an example of how a relatively small investment in people and innovation can have a huge impact.

It should be noted that the Race to the Top grant has also used a relatively small amount of money to try to yield dramatic change in education. I am hopeful that common standards, better assessments and improved data systems will result from the Race to the Top competition. To be clear, MCPS has had some concerns about Maryland’s Race to the Top application, because it could impact our nationally recognized teacher evaluation system, having the effect of actually hampering innovation. And I am still troubled by what I consider to be an over-reliance on standardized tests in how we determine the success of our schools and our staff. But I do support the overall intent of Race to the Top because it has provided fresh focus to the achievement gap issue. I hope that MCPS, as a district, will have an opportunity to compete for such funds in the future. That said, competitive dollars should take the place of much needed formula funding.

Fostering Collaboration

In his excellent book, *The Global Achievement Gap*, author Tony Wagner lists the skills that our students will need to be competitive in the 21st century global economy.

- Critical thinking and problem solving
- Collaboration across networks and leading by influence
- Agility and adaptability
- Initiative and entrepreneurialism
- Effective oral and written communication
- Accessing and analyzing information
- Curiosity and imagination

Developing these skills will require us to rethink the way we approach education—and how we fund our schools must change with it. Our classrooms can no longer be places where our kids simply learn facts and formulas, but must provide them with a complementary skill set of social and emotional competencies and 21st century skills.

We must have fewer walls in our schools and more spaces and technology that spur innovation and collaboration. We need more labs so our kids can do science, not view science. We need more hands-on learning to give students experience with the machines and processes they will use in the work place.

We must also teach our children to be socially and emotionally competent. We must foster in them the drive to do good in society, to care for those who are less fortunate and to strive for social justice. The technology revolution has connected us all and sparked massive change around the globe. We must prepare our kids to live in that world, not the world we grew up in.

We must also use funds to foster collaboration among agencies and organizations. As poverty has increased in our district, we have worked hand in hand with the county and the state to provide a continuum of services: health screenings, free breakfasts, after-school programs, summer learning and much more.

In Montgomery County, the school district works with our local Department of Health and Human Services, local nonprofits and other community organizations to provide health and mental health services, social services and educational support to at-risk students who live in one of our most impacted school clusters. This collaboration has allowed us to address the needs of the whole child. We have barely scraped the surface of what is possible, yet we do not have the funds to increase these collaborative efforts. I believe the federal government can play a role in incentivizing interagency collaboration that serves at-risk youth and families.

Professional Development and Accountability

Since coming to Montgomery County this year, I've been quoted many times saying we do not have a student learning problem in America today—we have an adult learning problem.

I know that when I hire a new teacher our district must invest thousands of dollars to make sure that teacher has the necessary skills to be successful. And, in order to retain that teacher, we must continue to invest in professional development. I have never met a teacher who does not want to get better at what they do, but our professional development systems need to be improved in a way that keeps our educators growing and motivated. This year, the federal budget is providing us with \$5.2 million for professional development in all areas of the curriculum, including special education, limited English proficiency and career and technical education. I encourage you to maintain and even expand these dollars, as they have a very real impact on the education our children have every day.

Like many superintendents, I am concerned about the tone of the education conversation today. In the name of “accountability” too many people are pointing fingers at our educators and telling them they are to blame for the woes of American public education. Let me be clear: Our educators are responsible for all that is right in our public education system.

I am proud that in Montgomery County we have a teacher's union that is collaborative and innovative—a union that is part of the solution.

As I mentioned before, Montgomery County has a nationally recognized teacher professional growth system. A key component of the system—Peer Assistance and Review—partners new or underperforming teachers with master educators, who engage in a holistic approach to improving pedagogy and classroom management skills. If a teacher is not improving under Peer Assistance and Review it is the union that makes the recommendation whether they should be separated from the system. To date, this program has resulted in about 500 underperforming teachers exiting the system over the past decade. More importantly, it has also resulted in thousands of teachers and leaders improving their skills and better serving our students.

This is 21st century collaboration and the Montgomery County Education Association, SEIU Local 500 and MCAAP are 21st century unions.

Closing

The current version of ESEA—No Child Left Behind—had good intent and created some positive changes. It forced us to deal with the vestiges of our history; 100 years ago, at the turn of the last century, elected officials and educators were dealing with the same dynamics – how to create a public school system that serves a new economy and a changing population. Unfortunately, the wrong choices were made. Students were rigidly tracked according to faulty science and measurements. NCLB attempted to correct the moral and ethical mistake of the past, but has relied on the same flawed assumptions about the utility of standardized measures. Right now, because of NCLB, or perhaps in reaction to it, our school leaders and educators are having honest discussions about achievement gaps. Such discussions might never have happened without the law.

Unfortunately, NCLB narrowed our curricular focus, used shame as a motivator and put too much emphasis on tests that, frankly, we now realize are not reliable indicators of student performance. I just lost two weeks of instructional time because of state testing and, honestly, our teachers could have used that time for meaningful instruction rather than babysitting bubble sheets. NCLB has created an environment where data, not students, are king—an environment that, at best, demotivates staff, and in the worst cases, leads them to take unconscionable actions.

But now is our chance to make it right. Let us use ESEA and the money that is attached to it to spur innovation, to give our students the 21st century skills they need and create an environment where our educators are valued and can continue to grow. Let's have a 21st century law that supports a 21st century education.

Thank you for allowing me to testify today.

Mr. REHBERG. Great. Thank you very much.

Far be it from Congress to point fingers at teachers about inefficiency and ineffectiveness. You can be assured that we are smarter than that. But I know it does occur, it does exist.

You know, one of the things that I attempted to do and provided the money available to increase the budgets in Title I and IDEA was that I had a problem with funding an unauthorized program, such as Race to the Top. I am not suggesting that it is not necessary or that for some reason we don't want to have money going into that kind of a program. It just seems like in a tough financial time like we are in today, the basics do matter.

I came to the conclusion a while back that people support reform as long as it doesn't change anything. And so, that is what you get with healthcare reform. That is what you get with educational reform.

And when Secretary Duncan was in here, he was defending Race to the Top and suggesting that the competitive grants are a way of spurring economic—not economic, but educational reform. I am not going to ask you to put words in his mouth or enter into his brain. Where do you think educational reform is right now, from your own perspective? Is there not educational reform occurring without the money being put into Race to the Top?

Because if we were to take that money, and I zeroed it out in my budget, and use that money to redistribute to the areas that you were talking about, you wouldn't necessarily want to do that. When times were better, you may want to consider reauthorization of No Child Left Behind or Race to the Top. However, it seems like this would be kind of the time to go back to the basics.

And so, you talked more about it than the other three. Could you maybe expand a little bit on your philosophy of educational reform life? Is it occurring out there? Is that program absolutely necessary or you are not going to see any kind of educational reform, or is it something that we ought to be paying attention to now and maybe with some money?

Mr. SEAVER. At Central Union School District, one of the key reforms is involving the teachers. And across the panel, I think you heard people indicate involve the teachers in the decision-making.

With Impact Aid, it has also been a reform on our technology and how we integrate that into the curriculum, how we put the instruments in the hands of the students, on-task behavior increases. All of that is in reform that we would have never had before.

Mr. REHBERG. And where do you find the money for that? Local? Or is it part of your formula?

Mr. SEAVER. No, all of our technology without the Impact Aid, the Federal Impact Aid, we would not have any of that.

Mr. REHBERG. You have enough flexibility within the Impact Aid. You can use it for the technological breakthroughs?

Mr. SEAVER. Absolutely. Impact Aid goes into the general fund as part of our school district.

Mr. REHBERG. Dr. Freeman.

Ms. FREEMAN. Chairman, coming from a small, rural district, and I made this point in my written testimony, it is very difficult at times for us to have the human resources to write highly com-

petitive grants that are major Federal dollars obviously offered by the Congress.

The one example that I gave was the Striving Readers Literacy Program, which we have applied for that grant. But the nature of the grant and the composition of the grant enabled us to do from a small, rural perspective, to be able to do so.

Mr. REHBERG. Your grant writer was on contract or internal?

Ms. FREEMAN. No, sir. You are looking at one of them.

Mr. REHBERG. You are it. That is it. [Laughter.]

Ms. FREEMAN. Yes, sir. And I still handle secondary curriculum instruction and do human resources. So I am, you know, kind of the one in many aspects.

But you mentioned, you were asking if reform was dependent—if your opinion was reform dependent? I mean, obviously, we are utilizing Federal dollars in a way Title I and Title II that I have referenced, and also REAP, without the receipt of Race to the Top dollars. Yes, sir.

Mr. REHBERG. Under the formula. Okay.

Dr. Mitchell.

Mr. MITCHELL. One of the things that I always envision is a system that embraces the current research. When we look at something that would incentivize an innovation like Race to the Top, Investing in Innovation dollars, incentivizing systems at the base is inadequate, doesn't work.

And so, you have a real concern of whether or not you can support innovation through competitive dollars is if the basic educational programming is not in place because of funding cuts at the State, local, and Federal level.

I would say that innovation is occurring each and every day with school districts across the country. We are utilizing in Rapid City a combination of State, local, and Federal funds to do it. Ours is all about embracing the current research about professional learning communities, making sure that we really focus on implementation of the guaranteed and viable curriculum.

We really focus on formative assessment to know what kids know and what they don't know, to have data teams and have those teachers collaboratively working together. And those sorts of shifts are taking place each and every day across this country to provide high-quality school districts, and so we are innovating.

Mr. REHBERG. Good. For the Members' benefit, I will watch the time very carefully so that we get as many rounds as we possibly can.

Thank you, and I will get back to you.

Ms. DeLauro.

Ms. DELAURO. Do you want to—

Mr. REHBERG. No, that is fine.

Ms. DELAURO. Thank you very much, Mr. Chairman.

And thank all of you, and I am glad to hear how there is a combination of local, State, and Federal funds in order to help you to do the job that you need to do.

Dr. Freeman, in reading your testimony, I was struck by the fact that you rely on Federal education funds for fully 17 percent of your district budget, 17 percent. In Washington, we often limit our-

selves to thinking in terms of national averages, which for this figure is closer to 9 percent.

In Catahoula Parish particularly, the dollars that we are discussing today are for Title I and Striving Readers. I will say a word about Striving Readers because in the 2011 budget, Striving Readers was eliminated. In the original 2012 budget, Striving Readers was eliminated.

I am going to be self-serving in the effort on literacy because it is a mark of a civilized society to deal with literacy. In cooperation with Senator Harkin on the Senate, we were able to restore funding to that program. And it appears to be a vital one for you in terms of literacy.

But also IDEA, 21st century, rural education, the dollars are critical. Can you tell us a bit about the kind of position your State and local governments are in right now to step in and fill the gap if the cuts in Federal funding that we are all concerned about should become a reality? Can you count on Louisiana to find room in the budget to make local districts whole under this scenario?

Ms. FREEMAN. The question about—it goes back in my written testimony about the consolidated planning process, which goes back to my colleague. You have the local, the State, and the Federal dollars, and coming together at the table with all the stakeholders to make the most use of our funds.

The Louisiana Minimum Foundation Program is the mechanism by which Louisiana funds States at the State level, and I mentioned in my written testimony that our local school district is actually going to have to cut at least \$500,000, which has included a consolidation of schools and a reduction in force.

So, Ms. DeLauro, to answer the question as to whether or not the State is prepared, I am hopeful that the State is prepared to do so. But I have to be prepared from local, Federal, State dollars, whichever mechanism that I might find to fill those gaps.

Ms. DELAURO. Okay. Dr. Mitchell, in your testimony, you mentioned Recovery Act funds which are referred to around here as “stimulus.” You expressed gratitude to the Congress for providing those funds. Let me say thank you to you, and you are welcome for the opportunity to be able to do that.

I think those funds were important in terms of helping to promote higher levels of student achievement, and I believe that the Recovery Act saved or created over 275,000 education jobs in just the most recent quarter alone.

Each of you probably can point to how the ARRA funds assisted you in terms of providing quality education to your students and maintaining existing programs and staff. We have some of my colleagues here, and I might just say, including our chairman, who referred to it repeatedly as a “failed stimulus.” I am proud to hear about the benefits that American students received from Federal emergency funds.

Let me just ask you this. There is the expiration of those funds. It makes the current budget climate even tighter. Let me ask you about your districts. How have your districts had to cut the budget over the last few years due to those State budget cuts? Have you had to resort to layoffs?

And if you would look at the choices you would have had to face over the past couple of years if the Congress had not passed the stimulus bill, and can you highlight some of the long-term benefits of a sustained and significant Federal investment in education for our students, schools, and communities?

Go ahead. Go ahead, Dr. Starr? Dr. Mitchell, Dr. Freeman?

Mr. STARR. In 25 words or less, right?

Ms. DELAURO. Right.

Mr. STARR. So the—so we are superintendents, and we are used to dealing with whatever we are faced with, whatever hand we are given. And kids will come to school every day. Teachers will be in classrooms every day. And learning will go on.

And I think the key issue is, are we able to meet the changing demands of our economy, and are we able to meet the changing demands of our student population? And money makes a significant difference in our ability to do that.

Ms. DELAURO. Were the ARRA funds helpful in that?

Mr. STARR. The ARRA funds were extremely helpful in being able to save positions, critical positions, support positions, and we need to continue to invest in the kind of positions that will help our kids succeed.

Ms. DELAURO. Dr. Mitchell, were the ARRA funds helpful to you?

Mr. MITCHELL. Yes, the ARRA funds were very helpful. But of course, we structured them knowing that they were going to go away.

Ms. DELAURO. Dr. Freeman.

Ms. FREEMAN. Yes. I agree with my colleague. We did structure—we did utilize them as intended, but we did know that they were not sustained.

Ms. DELAURO. But they assisted you in what you needed to do in order to get you where you are now. And if there is no further—if there isn't any kind of continued Federal commitment in these areas, you will continue—you will struggle. Is that correct?

Mr. Seaver.

Mr. SEAVER. Central Union School District, through attrition and the ARRA funds, managed not to lay off educational staff. We did get an Impact Aid ARRA maintenance grant.

Ms. DELAURO. That is great stuff. Right.

Mr. SEAVER. And we did put in a fire protection system and a well at Central School, which services the Tachi Yokut Rancheria.

Ms. DELAURO. Okay. Thank you very much.

Mr. REHBERG. Mr. Alexander.

Mr. ALEXANDER. Thank you, Mr. Chairman.

You said something a little earlier that reminds everybody of an interesting situation that we find ourselves in. Chairman Rehberg said that we have constituents and colleagues that say I am for reform as long as it doesn't change anything. And then somebody else will say, well, I am for comprehensive reform, just not all at the same time. So it is an interesting place for us to be.

Dr. Freeman, when you think about the problems that Rosa DeLauro mentioned, and we understand that you have to deal with more than just teachers. You have maintenance supervisors, lunchroom workers, school bus drivers. When you sit and think about all the problems that you have to deal with and then you think about

the association of Washington, D.C., with those problems, what frustrates you the most?

I hope it is not your Member of Congress or the chairman of the committee. [Laughter.]

Ms. FREEMAN. No, sir. Those Members are excluded from that, definitely.

Mr. ALEXANDER. Oh, okay.

Ms. FREEMAN. The Federal dollars, and I have stressed this, I hope, in my written testimony as well, the flexibility of Federal dollars. When I receive Federal dollars in Catahoula Parish School District and which I can look through that consolidated planning process, look at the needs assessment, which is comprehensive, and determine the best use of those funds, and have the flexibility to do so, that is when those funds are most useful to me.

Mr. ALEXANDER. Okay. Now what do we need to do to change that? Does that happen here, at the State level, or—

Ms. FREEMAN. I would say if we can use some examples of the types of funds that I mentioned that have remained flexible and could continue to offer that flexibility to the school districts so that when we get to that decision-making process, we are able to fill the gaps without supplanting Federal funds.

And I understand the supplanting issue, but to be able to continue to do so within our districts.

Mr. ALEXANDER. Okay. How much time do I have, sir?

Mr. REHBERG. Three minutes.

Mr. ALEXANDER. Oh, wow. Dr. Starr, you mentioned a little earlier about you have more trouble with training adults than students. Elaborate on that a little bit.

Mr. STARR. Well, in order for us to meet the new demands of the economy and of our society, our adults have to learn. And let me be clear. Our teachers are working incredibly hard. They are willing to learn. They are eager to learn. I have never met a teacher that doesn't want to get better.

But school has changed. What the economy and the world that we are preparing our kids for, the kinds of skills that are needed, and the way that teachers need to learn together as was aptly described by Dr. Mitchell, the need for collaboration. It costs time. You know, we are bound to a 6.5-hour day.

You have to figure out how to get people together to learn together. They don't just learn by sitting in a room in a lecture. You need to create the technologies to get people to collaborate.

So we have to learn how to organize our systems to get a better result than we ever have before. There is a whole bunch of learning at all levels of the system that has to go on in order for us to meet the new opportunities we have in this country.

Mr. ALEXANDER. Thank you, Mr. Chairman.

Mr. REHBERG. Ms. Lee.

Ms. LEE. Thank you very much.

Very happy to meet all of you and to listen to your testimony.

I wanted to ask you a couple of questions. I don't believe any of you mentioned TRIO and GEAR UP and those two programs and what the impact of these programs are in your districts. Programs, you focused on Title I, IDEA, which are very, very important. But Members of the Congressional Black Caucus continue to try to

make sure that TRIO and GEAR UP, for obvious reasons, are fully funded.

And I would like to find out if any of you have those initiatives in your district and what the impact is on young people and their families because many of these programs help students who are low income, who are poor, who are minority students who come from households where there are very minimal resources.

Their parents are unemployed. Class sizes are huge in the public school system. They don't have healthcare. They come from circumstances which warrant more attention, such as GEAR UP and TRIO.

Mr. MITCHELL. The Rapid City Area Schools does participate along with the State of South Dakota in the GEAR UP program, and we have had some tremendous benefits for our Native American students with helping them navigate through their high school career with good planning and then also giving them some good information, their parents some help as to navigating how to get into college and access higher education.

So GEAR UP across South Dakota and our school district has been very positive and very successful for those Native American students.

Ms. FREEMAN. Currently, in Catahoula Parish School District, we do not utilize GEAR UP funds. However, interestingly, I just had a conversation with an instructor from Louisiana Tech University about assisting us with that. So that is an avenue we are pursuing.

Mr. STARR. I am not sure of the extent of the involvement we have with GEAR UP. I know there is some, and it is another example that we are looking at for really helping to create the sort of web of services that is required for families and students who may not have had someone go to college in their family and how you really help them understand, get on their radar screen when they are in sixth grade to really help develop some collaboration amongst various community agencies, to really get that on their radar screen and giving support.

Critically important for the web of services we need.

Mr. SEAYER. Yes. Currently, Central Union does not participate in the GEAR UP as well.

Ms. LEE. Would—have you looked at GEAR UP in Central Union, or is it something that you just don't basically need because of your student population?

Mr. SEAYER. No, I think it is twofold. It goes back to, again, having staff to be able to apply, to be able to monitor, and all of those restrictions. And then with our current population, I think we are okay. But it also is a matter of monitoring.

Ms. LEE. Thank you very much for that because, once again, we have communicated to this committee, the subcommittee and the committee, that we want to make sure that these two programs are not being cut. Because many of our districts have students who probably would end up on the streets if it were not for GEAR UP and TRIO.

On closing the achievement gap, Dr. Starr, you have mentioned that you really in the Montgomery County Public Schools have virtually closed the achievement gap or are close to closing it in kindergarten reading. What were the strategies there as it relates to

African-American and Latino children, who seem to really struggle in most of our Nation's schools, unfortunately? How did you do that?

Mr. STARR. So, under my predecessor, because I have only been there 10 months, a significant—there has been a significant narrowing of the gap, particularly the early childhood level. And it is pretty straightforward, quite frankly. Investment in Pre-K has been one of the significant anchors. Raising standards for children and making sure that teachers have a lot of professional development and that there is good, authentic literature for kids to be involved in and regular ongoing assessments of kids so you can adjust and readjust.

But my predecessor, I think, did a remarkable job of developing a world-class Pre-K effort that has really helped our children and has certainly followed them throughout because we have some of the highest AP scores and SAT scores for African-American, Latino, and poor kids in the Nation. And the investment pays off.

Ms. LEE. I have two more seconds. Well—

Mr. REHBERG. Eight.

Ms. LEE. Eight more seconds? I will come back.

Mr. REHBERG. All right. Great.

Ms. LEE. Thank you very much. [Laughter.]

Mr. REHBERG. Thank you.

While Ms. DeLauro's points to you were interesting, they are irrelevant. If you were to have an entire hour lecture on blue pills, and you ended up then giving your student a test and asking them what color the pills were, and they said red, you would fail them.

So what was passed was not a stimulus bill, it was a spending bill, plain and simple. And you are now paying the price because it did not work. It was expenses, not an asset. A stimulus should build something that could be built upon to be built upon so the next round of tax dollars are available for you the way you need them to be made available.

And this President, that Congress had the opportunity to either fix the economy or use the economy as a way to increase spending. So don't let anybody lead you to believe that expenses create an economy. In the short term, they do. It is consumption.

But in this particular case, if you ever want to read something fascinating, it was given to me a number of years ago. It is a book called "Nonsense," written by a fellow by the name of Dr. Gupta, a genius who is dead. He died at 47.

It was all about logic and the logic of trying to divert an attention away from something by calling it something that it really isn't. That was not stimulative, handing money out for expenses if you can't build an asset on top of those expenses.

I would like to ask you the question, grant writing. You are the 17th largest school district in the country. Do you have professional grant writers on staff?

Mr. STARR. Yes, we do.

Mr. REHBERG. How many?

Mr. STARR. I don't know. But we have professional grant writers.

Mr. REHBERG. It was not a trick question. I am curious because other schools don't have that opportunity, and so it really does, in my mind, point out the difference between an urban education and

a rural education, where they are struggling to put part-timers on grant writing, where you have that ability.

How would we overcome something like that? Or do you like it because it gives you a competitive advantage to be able to——

Mr. STARR. The district I was in previously was a 15,000 school district, and I have worked in districts of 8,000 kids. So I very much understand the resource issue. I think that there is—one of the tactics that I employed when I was in previous districts was to hire out, use consultants to do it and do it on a project base.

And that certainly minimized the cost, and I actually found it was a better way to go because people with targeted expertise in certain areas of funding would be able to identify and write certain grants.

Mr. REHBERG. Could I ask you and then I real quickly will ask the rest, but would you rather have more money in IDEA or competitive grants?

Let us say I had an additional \$5,000,000,000 to give to IDEA. Would you rather have that?

Mr. STARR. I would rather have it in IDEA than competitive, but certainly, I would like to have both. [Laughter.]

Mr. REHBERG. Both. As part of a stimulus plan, yes.

Dr. Mitchell.

Mr. MITCHELL. We do not have grant writers on our staff. We have a Federal——

Mr. REHBERG. What would you rather have?

Mr. MITCHELL. I would rather have the IDEA funding.

Mr. REHBERG. Okay.

Ms. FREEMAN. Yes, sir, Chairman. I would rather have the IDEA funding as opposed to competitive for the reasons I mentioned.

Mr. REHBERG. Yes?

Mr. SEAVER. No doubt about it, IDEA funds.

Mr. REHBERG. Would it be the same for Title I?

Ms. FREEMAN. Yes, sir. It would for me.

Mr. REHBERG. Talk a little bit about the flexibility. One of the things that I go back and forth on No Child Left Behind. I can understand why it was passed in the first place.

So you have three competing groups. You have the educational institutions. They are kind of a business, education. You know, more money, more money, more money all the time, and it is like a business.

And then you have got the parents who are saying, well, my kids are having to go to college and taking remedial math and science, and I don't get it.

Then you have got the taxpayer saying enough is enough. We can't give you anymore or we are not willing to give you anymore. You see that at the local level.

And so, you could see where the testing occurred. The problem is there was no follow-through. Once the testing identified the kids that needed the help, the financial support coming back from the Federal Government wasn't there as promised.

But one of the things I did find within the last administration was at least flexibility. When I would point out something that didn't work in Montana, they would fundamentally make a change.

How are you doing with this administration on the flexibility under the new categories or standards? Do you find the same flexibility?

Mr. SEEVER. I will speak just to the Impact Aid and how flexible it is and how it allows us to make a quality education for our whole district, and that is really what you want. As the whole body goes up, all of them will go up.

So if you had flexibility in IDEA, if you had flexibility in migrant and could work with all children on the same skill instead of just migrant children, you are going to get all of the children to rise to the top.

Mr. REHBERG. Okay. I am going to run out of time. So I will move on to Ms. DeLauro.

Ms. DELAURO. Thank you, Mr. Chairman.

Just a comment. Spending on education is a long-term human investment, and it is about opportunity for our students. And I am really so proud to hear you talk about the benefits that American students received from Federal emergency funds from ARRA.

And my hope is that with the end of those funds that what we will see is the long-term commitment and resources so that we can provide benefits of a sustained and significant Federal investment in education for our students, our schools, and our communities. That long-term, sustained investment is what is critical to your success in providing opportunity for the youngsters who are in your charge.

Superintendent Seaver, it is a privilege to have you here today and to hear about your perspective and what has happened in communities with a large military presence. My community gets Impact Aid because we have a lot of low-income housing. It is New Haven, Connecticut, but there is a difference.

But the military presence, nationally, if you include children with parents of active duty, National Guard, and Reserve, there are 1.1 million school-age military-connected students in total. Eighty percent of these students are in U.S. public schools.

With that in mind, I would like to hear more from you about what you see as the unique needs of military-connected students? For example, I understand on average these students move about three times more frequently than their civilian classmates. It seems that the transition alone would have an impact on their academic performance.

What have you learned about dealing with the transitions? What have you seen work over time at the local, Federal levels to respond to deployment and to the reintegration-related challenges? What do military-connected students teach us that we can carry over to other student populations?

Is there need for better data on this student population? And given the current environment, what are your thoughts about potential future needs?

Mr. SEEVER. That is a whole speech. [Laughter.]

Ms. DELAURO. Go for it.

Mr. SEEVER. The Naval Air Station Lemoore, we have our students there for about 3 years. Many, many times they have come from 6 to 10 different school sites before they get to eighth grade.

For everybody, the flexibility those youngsters have is just incredible. They have learned to connect with other children really,

really fast. They have learned to dive into their curriculum material very fast because of the parent support and the base supports.

But one of the things that they struggle with is deployments. It doesn't matter how flexible they are when dad or mom is away 9 months on a deployment or, in some cases, they are living with a neighbor because mom and dad are both in the military, or a single family military parent.

And so, it is those deployments that really catch the students. Unfortunately, we are——

Ms. DELAURO. How does it manifest itself?

Mr. SEAVER. Well, isolation. It manifests itself in behavioral problems. We have had some unfortunate issues with children cutting themselves this last year. Those——

Ms. DELAURO. Mental health problems?

Mr. SEAVER. Mental health problems. We have had the fortunate ability to have a DoDEA grant, and we have a transitionalist specialist who is a social worker, seems to be working very well. She catches all of the incoming military children and their parents and has discussions with them and then tracks those students for at least 6 months.

Ms. DELAURO. Does your Family Resource Center help in that regard?

Mr. SEAVER. The Family Resource Center can help. That is about, oh, 15 miles away off base. But that is run by one of our counselors. So our counselor does help in the schools with that as well.

Ms. DELAURO. How is that funded, the resource center?

Mr. SEAVER. The Family Resource Center is district funded.

Ms. DELAURO. Great. Anything further. Should we take a look at this population with a more analytic or critical eye to see what kinds of services might be helpful to your efforts—or not to your effort, to these youngsters' efforts of being able to succeed?

Mr. SEAVER. Well, the data is, I think, available. Again, it is pulling that out of the different systems we have in place. The resilience of those kids and those families——

Ms. DELAURO. Kids must be remarkable.

Mr. SEAVER [continuing]. Is incredible. And I think just providing them good schools is the most stable thing in their life while their parents are in the military.

So if I were saying it, I would say you fund Impact Aid to the fullest and allow schools to offer great programs.

Ms. DELAURO. Okay. Thank you so much.

Mr. REHBERG. Mr. Kingston.

Mr. KINGSTON. Thank you, Mr. Chairman.

Let me just open this up to anybody who wants to answer it. But you have probably seen these surveys that shows among the developed countries, the Organization of Economic and Cooperative Development specifically, that America is something like 17th in reading and 27th in math? Have you seen that? I am not sure exactly what the ranking is.

But it is pretty lackluster. And then when you look at spending per student, we are in the top end of it. And lots of countries that spend less per student than we do outrank us.

I was wondering what your reactions are to that? Why are we falling behind?

Mr. STARR. Because we are spending money on the wrong things. And there are many different issues with some of those rankings in terms of different populations, which I won't go into.

But the American dream in many ways has become the global dream, and what we are realizing—and again, the book I am reading now is Tony Wagner's book on the global achievement gap. That what we are preparing kids for in this country and the overreliance on standardized tests and the rigidity of the curriculum, the idea that everything can be reduced to one single measure that some folks think is equivalent to a profit and loss statement is not actually what kids need.

What kids need is to learn how to problem solve. What kids need to learn is how to collaborate with each other, learn various perspectives and multiple languages. I could go on and on, but I won't.

So part of what we are facing in this country is a need to create or understand there are new basic skills, and our education system has to reflect that. A lot of what we get in some of the developing countries is a certain thirst, desire, and motivation. We also have longer school days, nationalized systems, and more stable funding.

And the dynamics and the political dynamics are also quite different in ways that we can learn a lot from. And there is also a much different approach to accountability. Many other countries have a developmental approach to accountability. We have a market-driven approach to accountability.

And unless we start supporting our educators, supporting our teachers, rather than trying to shame them with an inadequate measure, I don't think we are going to be able to get to where we need to in terms of competing globally.

Mr. MITCHELL. I would echo many of his statements. One of the things that I think as we look at public schools, we are not afraid to be held accountable, but there could be an issue with the accountability system and its research base at this particular time with its overreliance on the standardized test.

If we would become more to what research would tell us would be more of a formative type of assessment, variety of ways, so we bring things forward and we make the change to make sure that we invest our dollars in building capacity. That is where the research says we are going to get the best bang for the best buck.

So let us invest our dollars for the things that will get us the farthest with the building of capacity, which many of those nations that rank above us do, and build the capacity of those teachers versus spending a little bit more money—or a little bit less money on standardized testing and that type of format.

Mr. KINGSTON. Well, let me ask you this. In terms of Impact Aid, a lot of it has been for bricks and mortar versus teachers. I always wonder what the world would be like if we paid eighth grade math teachers \$100,000 a year and had serious accountability in the system.

But sometimes I think with Impact Aid, there seems to be a great, great State-wide lobby pressure to build fancy buildings. And is that a misplaced investment? I mean, everybody likes to work in a nice place or study in a nice place. But should that money

have been directed toward teachers or toward learning systems or something that is less visible, but brings better results?

Mr. SEAVER. When you say Impact Aid, 30 percent of my school budget is Impact Aid. And that means that 30 teachers at least would not be there if it were not for Impact Aid. So, for my district alone, Impact Aid is all about providing programs to students. I have buildings in the '50 and '60s, and they are nice. They work. They are not brand new.

I have colleagues all the way across the United States that get Impact Aid dollars that are providing wonderful programs and have lots and lots of teachers involved in their programs. So while there might be some new buildings, I don't think that is overall the intent or what is happening with Impact Aid.

Mr. KINGSTON. Do you know that for a fact, though, or do you think that—does your association monitor how much of it?

Mr. SEAVER. No. My, well, the NAFIS, the association very well may monitor it, which I belong to. I am just giving you testimony from my side, at my district and peers that I have talked with.

Mr. REHBERG. Thank you.

Ms. Lee.

Ms. LEE. Thank you.

I want to ask two quick questions and then ask each of you to respond to the question together.

First of all, do you see a reduction in your school district in the rise—reduction or rise in unwanted teen pregnancies? Do you see an increase or decrease in sexually transmitted infections, diseases, HIV, and AIDS? Secondly, and then secondly, how do you address comprehensive sex education in your districts, or if you do?

And secondly, dropout rates, especially as it relates to minority boys, African-American males, for those of you who have student populations that include African-American young boys. Because there is a direct correlation we know between dropout rates and incarceration rates, and I want to know what is going on in your districts in that regard.

Mr. STARR. I think we have seen a reduction in pregnancies. I am not sure about STDs. I don't have all the numbers on me. I am concerned these days that the numbers show that Latina teenagers are more at risk of some of that. It seems to be one of the populations that folks are pretty concerned about I know from some of the research. I don't have the numbers on me.

We do have a comprehensive sex ed program. It is woven into our health classes, and we teach all different aspects of it.

Our dropout rate—well, our graduation rate for African-American and Latino kids exceeds national and State averages. However, there is certainly a gap between our white and Asian and our African-American children. I think it is about 20 points. Don't quote me on that. I can give you the exact number.

So it is higher than the rest of the State and the country, higher graduation rate. But there is still certainly a gap that we are working hard on.

Mr. MITCHELL. I don't have the numbers with me either, but we have seen some survey data just recently that we have seen a reduction in teen pregnancy and sexual disease transmission. We also do our comprehensive sexual education program through our

health curriculum, and we really struggle with Native American achievement in South Dakota, which is our largest minority.

And we have about a 50 percent dropout rate and a lot of transient population of those students and trying to retain those students in a quality educational program for a long enough time so they get the basic skills so they can graduate from high school.

Ms. FREEMAN. I don't have any numbers either about teen pregnancy or sexually transmitted diseases. However, off the top of my head, I would say that there hasn't been a significant reduction or really any significant change within our district.

With regard to graduation rate, 80 percent is the goal for the State of Louisiana, and currently, our high schools are at that level. We will continue to achieve even greater gains, we hope, with regard to that. And dropout retrieval programs, other initiatives such as JAGS, Jobs for America's Graduates, which our school district does participate in, I think have proved helpful, particularly with the population of young men that you are referring.

Ms. LEE. So what is the dropout rate among African-American males in your district?

Ms. FREEMAN. I don't have that number. I will be glad to get that and send it in to you.

Ms. LEE. Okay. Thank you.

Yes, I am curious. I know in my district, in an urban district, dropout rates are ranging from 50 to 70 percent of young African-American males. So in a district such as yours, you have a lot of rural communities in your district?

Ms. FREEMAN. Yes, ma'am. We are.

Ms. LEE. Yes, I would be very interested to know what the rates are there. Thank you.

Ms. FREEMAN. I will be glad to get that.

[The information follows:]

Department of Labor, Health and Human Services, and Education, and Related Agencies

Department of Education

K-12 Education FY13 Budget Request Hearing

Held on March 27, 2012

Response for the record received from Ms. Gwile Freeman on July 30, 2012 as follows:

Question:

Representative Lee: "So what is the dropout rate among African-American males in your district?"

Ms. Freeman: "I don't have that number. I will be glad to get that and send it in to you."

Answer:

Ms. Freeman reported the dropout rate for African-American males is .03 (percent).

Mr. SEAVER. Central Union is a K-8 school district. So we touch on family life in the junior high, but we have no STDs or pregnancies at this time. Thanks.

Mr. REHBERG. Mr. Alexander.

Mr. ALEXANDER. Thank you again, Mr. Chairman.

I would just like a response from all of you, if you will. We have talked about the importance of the stimulus funds or how the stimulus money helped. But has that created a special challenge for you as you look down the road a ways to the so-called funding cliff, if you will?

Mr. SEAVER. Well, Central Union was able to use the stimulus dollars in connection with attrition. So we are able to hold staff and keep staff on, keeping our class size at a 25-to-1 ratio.

As we go forward, the layoffs are imminent, and they will happen. As the State budget goes down, we will be forced to eliminate programs and staffing.

Ms. FREEMAN. Representative Alexander, as well, we did go through an attrition process use of the stimulus funds. When we planned for the stimulus money, we knew that we were only looking at a short term. And so, with that investment in mind, I think our decision-making was led by that fact.

Of course, I testified in my written testimony provided that our school district is currently engaging in a reduction in force with the consolidation of two schools currently for this upcoming school year.

Mr. MITCHELL. We utilized most of the stimulus dollars to build capacity of our people, believing that would be an investment in the future. So, as Dr. Starr testified, too, about the adult behavior and the adult learning that needs to take place, that is what we invested a lot of those dollars in.

And I do have a concern as we continue to move forward that we can continue to leverage enough dollars to do the adult-type learning that we need in our system to remain that capacity for the future.

Mr. STARR. The Federal dollars are a small part of Montgomery County. It is mainly local and State dollars. But certainly, the stimulus funds did help stabilize and decreased the impact of—or enabled us to not have to lay off more people than we already had to lay off given the local conditions.

Mr. ALEXANDER. Thank you.

Mr. REHBERG. Ms. DeLauro.

Ms. DELAURO. Thank you, Mr. Chairman.

I just would make one point. There was an earlier discussion about TRIO and GEAR UP. I think it is important to note for people who do use the program that there is the potential for a \$45,000,000 cut in this kind of funding, which would eliminate services for about 42,000 low-income students.

In 2014, that would go up, and we would look at cutting off services to about 148,00 low-income students, which could portend a serious problem.

Let me ask about something that is very near and dear to my heart, and that is early childhood education. This is a question for all, to hear your thoughts.

I happen to think it is so consequential to our public school system, even though it may be something that is not under your direct control. I believe it is an experience that helps to shape school-children before they walk through the door of your schools for the first day of kindergarten.

Education officials nationwide increasingly recognize that children who have a high-quality early childhood education experience prior to coming to kindergarten are better prepared to learn, respond to teachers' directions, get along with peers, have confidence in their ability to learn, to do well in school. And that research shows that this translates into fewer students repeating grades or dropping out of school before graduation.

What school-based or community-based early childhood education resources are available for disadvantaged children aged birth to 5 in your districts? How would greater access to high-quality early childhood education help teachers in your school district achieve your school's educational goals?

That is a question for all. Mr. Seaver.

Mr. SEAVER. We have a State preschool funded by State. It is for 4-year-olds so they get an opportunity to do a half-day program prior to going into kindergarten. Starting next year, we will also have a transitional K program, which is—actually, the age limit for kindergarten in California is dropping 1 month over the next 3 years. So the transitional K will pick up those drop-off years, and we will have a 2-year K program for students that have, for instance, a November birthday.

Ms. DELAURO. Would greater access help you with early childhood?

Mr. SEAVER. Greater access would help. The State preschool program has an income limitation. So if we could take that cap off and have all students access that, that would be wonderful.

Ms. DELAURO. Thank you.

Dr. Freeman.

Ms. FREEMAN. My testimony would be very similar. Ms. DeLauro, we do have State-funded early childhood programs. They do have funding limitations. So just not all students, of course, have access.

With the Louisiana Comprehensive Literacy Plan, that is a birth through 12th grade initiative. So, obviously, the stakeholders, those caregivers in the homes because we don't have a lot of organized daycare centers within our area, this program would actually reach out to them and offer assistance to them as they actually care for those children, even at a very young age.

So, obviously, more access would be of more benefit for our young students.

Ms. DELAURO. More access. Okay.

Dr. Mitchell.

Mr. MITCHELL. I probably bring you the greatest disappointing testimony of all of us. South Dakota lags behind. We have no State standards, and no State funding. There has been no real support at the State level for early childhood education. It is only found in schools that do utilize Federal resources.

We do have a General Beadle community school in our lowest-income area that we use a lot of Federal resources that we do pro-

vide some preschool education. I am actively engaged in a group that is called Starting Strong. We are getting private donations and foundational money to provide more quality access.

I am a huge advocate. We have gone to all-day, every day kindergarten as a response because we didn't even have that when I went to my current district. But we need greater access, and we need people in our State to understand the research and how important it can be.

Ms. DELAURO. Okay. Thank you.

And I just would say very quickly, Dr. Mitchell, I am very impressed with the whole notion of capacity building and as that ties into the adult learning piece of this.

Yes, Dr. Starr.

Mr. STARR. We use—at our most impoverished schools, we use a mix of Federal and local dollars to provide very high-quality pre-K services, Head Start as well as some special ed preschool services.

One of the aspects about greater access is also working more closely with families. There is an enormous amount of family education outreach that needs to be done, particularly with our increasing Latino and immigrant population. It is critically important.

And we also have to rethink what the pre-K structure should be, and it has to match what we know about kids. Social and emotional competency development, structured play, and oral language development rather than incessant focus on whether or not they will be ready for kindergarten as measured by a standardized test.

Ms. DELAURO. I think it is interesting that about just one-fifth of children in poverty entering kindergarten are able to recognize the letters of the alphabet, and fewer than half can write their name, which is about the access issue.

Thank you very much.

Mr. REHBERG. Thank you.

Mr. Kingston.

Mr. KINGSTON. Let me ask again to the panel, whoever wants to jump in. The number-one complaint that we hear from teachers is the amount of paperwork and that they don't have control over their time in the classroom sometimes because they are teaching to standardized tests or that they have to in that hour after school fill out paperwork rather than help some child with a quadratic formula.

And what our local boards say is, well, it is Atlanta's fault, and then Atlanta says it is Washington's fault. And that might be the case in your areas. So I was wondering how you would react to that, if that is the case, and what are some of these paperwork burdens that we should look at that we could eliminate or at least eliminate the duplications?

And I always explain that the origination of this is that there is no such thing as string-free money. And when you are getting Federal money, then you are going to have to have accountability, and that is what leads to this and so on down the food chain.

Ms. FREEMAN. In our district, we do—hopefully, do the best job that we can in trying to enable teachers to actually get in the classroom and teach because that is where it happens. From the dis-

strict-level administration, the school-level administration, where the rubber meets the road, so to speak, is in that classroom.

However, at our level, we also need to know that these teachers are teaching to the standards that are expected. So there is a level of paperwork and a level of responsibility there, but we have tried to use technology to enable teachers that if they are comfortable with the use of technology, with planning, the use of data that we receive through all sorts of methods, whether it be State-wide assessments or local benchmark assessments.

So I think at our level, we are doing the best we can to try to not encumber them such a load that they are not actually teaching.

Mr. KINGSTON. How many hours a week do you think a teacher would have to devote to paperwork that would be compliance-type paperwork, as opposed to grading tests and normal?

Ms. FREEMAN. Well, it would depend upon the grade level and subject area a teacher would teach. For instance, the English, secondary English teacher who is teaching English IV versus the kindergarten teacher, it might vary somewhat. Even though there is a lesson plan template and planning process that they go through.

But we also have job-embedded professional development and collaborative planning. So they do share lesson planning. They also do cross-curricular assignments. So there might be, if I am a science teacher, and he is an English teacher, then we might share an assignment among our students, and I might do the grading for that particular one. We try to do as much of that as we can.

Mr. KINGSTON. But you don't know how many hours for a secondary teacher?

Mr. STARR. Too many.

Mr. KINGSTON. Well, let me hear you.

Mr. STARR. Well, I don't know the exact number of hours, but it is something that we have committed to working on with our teachers association because we recognize it is an issue. I think it is a function of technology and time.

We have not built the data infrastructure within public education to make the sort of facile transfer of information that is available in a lot of other places. And a lot of other places are working on it as well.

And then there is a time issue. We have a very rigid construction of the day that doesn't really match today's economy. It doesn't match Gen Y workers and the way they think about it. It doesn't match how families act either.

So anything that goes beyond the 6.5-hour day, and our teachers work very, very hard, in the summer, on the weekends, and at night, on instructional issues. But if any of the managerial aspects or the administrative aspects creep into that time, it feels like undue burden.

Mr. KINGSTON. Yes, because like sometimes you go to a doctor's office, and you fill out one form. And then you move to the next room, you fill out another form that 50 percent of the information is the same information, and you wonder. And particularly in education, it would appear that you could say here is some standard stuff that you won't have to fill out over and over again.

Mr. MITCHELL. We have been talking a lot in our district about doing differently. That is kind of our motto right now. We talk

about efficient, effective, innovative, and creative—those four words that are in my testimony.

And one of the things I think we forget about in education is a “stop doing” list. And so, we are really trying to take a look at what can we take off the teachers’ plates? Because it is important, as one of my colleagues testified to, that the rubber hits the road is when they are in front of kids and what they do when it comes to implementing those instruction strategies.

So, as I have told our teachers many times, there is only 24 hours in a day, and as the superintendent, I don’t have authority to give them a 25th hour. So we have to structure our time as a valuable resource, and we have to really prioritize what we are going to do and try to take those administrative burdens off the teachers and get them to do what they do best, which is teach kids.

Mr. KINGSTON. We still have 30 seconds. Everybody wants to jump back in.

Mr. SEAVER. I would just indicate from our end that we have done a lot of data inputting, and so lots of our data is available through technology.

Mr. KINGSTON. You know what? I really appreciate the fact that all four of you are very sensitive to it because it is the number-one thing that we get from teachers.

So, thank you.

Mr. REHBERG. Ms. DeLauro.

Ms. DELAURO. Thank you, Mr. Chairman.

Let me ask a question about the after school programs. There is a lot of research concluding that expanded learning opportunities provided by after school/summer learning programs like those funded by the 21st Century Community Learning Centers help students succeed by improving student behavior, school attendance, engaging young people, and contributing toward academics.

How have these programs helped students and families in your districts? If you could move quickly, then I could get a couple more things in before my time runs out.

Mr. STARR. Critically important. We need more wraparound services not only to meet the economic demands from our families, right, because most parents are working, but also to help with those critically important supports that our kids need. Vital. Absolutely vital.

Ms. DELAURO. Thank you.

Mr. MITCHELL. Very important in our district with the use of the 21st Century Learning Communities grants. A tremendous need to provide more services because more kids are wanting to take part.

Ms. FREEMAN. I specifically addressed Title I funds for summer remediation, credit recovery, grade recovery. Those continue to be vital for our students, and also response to intervention so that we intercede earlier with our students so that maybe they are not in a situation where they have to retrieve credit or improve a grade.

Mr. SEAVER. Both of our schools off base have after school programs. Both provide a lot of support for families working late. Educationally, it is their mainstay for homework or any projects that they are working on.

Ms. DELAURO. Just if I can? Title II funds used in your districts. If there are further cuts to this funding stream, what about teacher

and professional development, teacher quality, overall morale of the teachers and administrators who are on those front lines to help these kids with an achievement gap?

Can you just briefly talk about the Title II funds?

Mr. STARR. Our top priority next year is professional development, and any cuts to Title II will impact our ability to do that much-needed professional development with our students—with our teachers.

Mr. MITCHELL. It cuts right in to everything I believe with the building of capacity. Those funds are vital in that particular capacity, and also the instructional support that we provide is vital with those funds.

Ms. FREEMAN. Title II funds used for professional development within my district.

Ms. DELAURO. Right.

Ms. FREEMAN. Of course, our focus this coming year will be on the Common Core State Standards, implementation of the Common Core State Standards with fidelity.

Mr. SEAVER. That is providing our professional development right now for Common Core Standards. So it is vital.

Ms. DELAURO. Just two points. This goes back to the early childhood piece, which, again, as I say, it is near and dear to my heart. I think we need universal pre-K. That is what my view would be.

But if you listen to a couple of the points. A child of parents with high socioeconomic status will hear up to 11 million words a year, while a child with parents on welfare will hear only about 3 million, resulting in the differences in vocabulary that are apparent as early as 18 months of age.

And though there are approximately 11.7 million low-income children under age 6, there are only about 960,000 federally funded Head Start slots and about 1.3 million children who are served by State-funded pre-K.

Along with Title I, as you have talked about, along with special ed, you have talked about professional teacher development. I think one thing at the Federal level that we have to engage in along with the State level is to look at providing universal pre-K education to our children so they can be ready to learn as they move into your schools.

I thank you for the good work that you are doing, and it is pleasure to have you come before us today.

I am assuming this is the last one?

Mr. REHBERG. Yes. Correct.

Ms. DELAURO. Thank you, Mr. Chairman.

Mr. REHBERG. Let me begin by saying thank you as well for those of you who traveled great distances.

Thank you, minority Members, and the majority as well, for your good questions.

The record will be kept open for a period of 14 days.

One of the things that is the prerogative of the chairman is I get to help write the bill that is presented. And one of the things that if I hear you loud and clear—at least the three of you, not necessarily you—I don't ever want to do anything that affects your great ability to affect your school districts as they do.

But as the President is starting to move toward district grant competition as opposed to State, as opposed to formula, I am going to look at maybe some language that I would rather the \$850,000,000 he is requesting this year for Race to the Top be spent in K through 12 on IDEA or Title I or Impact Aid, not a new unauthorized project.

However, if what I anticipate happens, which is the Senate does what the President asks, I am going to then look at language that suggests that if the rural school districts, which are equal in number to the number of urban students, if they cannot avail themselves of the money, then at least 45, 50 percent of that money should be put into the Impact Aid or Title I or whatever in the rural school districts.

So that facing facts that you can't compete at the district level with grant writing, perhaps there is some way we can write language to be more flexible in suggesting that you are not going to get screwed out of your money. You will still have the opportunity because you have got the grant writers. But you are not going to get hurt because you can't, and you are also being punished in the other formula programs.

So I don't know how it is going to be done, but I am going to work with staff and see if we can come up with some kind of a way of a recognition that there is, in fact, a difference between urban and rural education in this country.

And frankly, I just don't see that kind of flexibility coming out of the administration, and I don't want to suggest it is because the Secretary is from Chicago. That is not the point. But my mind is you kind of reflect where you grew up and what you know best, and the Black Hills are a long ways from Chicago.

So, thank you. Appreciate you being here. And I am sure we will be in touch.

WEDNESDAY, MARCH 28, 2012.

DEPARTMENT OF LABOR

WITNESS

HON. HILDA L. SOLIS, SECRETARY OF LABOR

DEPARTMENT OF LABOR FY2013 BUDGET HEARING

Mr. REHBERG. Good morning, Madam Secretary.

Secretary SOLIS. Good morning.

Mr. REHBERG. Welcome back to the subcommittee. This morning the subcommittee will hear testimony regarding the Department of Labor budget request for fiscal year 2013. Secretary Solis, while you might be the last, you are certainly not the least of our Cabinet officials, enjoy having you here and thank you.

The programs under your jurisdiction are crucial to what is on the minds of millions of Americans today, and that is jobs. The Department of Labor is uniquely positioned to help the economy continue its slow rebound, but given the fiscal realities we are now facing we are going to have to find ways to do more with less. What a world we live in where the national debt and annual budget deficits have become matters of national security.

The unemployment rate has held at a stubbornly high 8.3 percent with 12.8 million Americans still out of work. The reality is that we could very well eclipse 9 percent again as the long-term unemployed, encouraged by the prospects of finding work, reenter the job market. So we are far from calling this a true recovery. We will find a way to make the Federal job training programs more productive.

The Bureau of Labor Statistics has said that the job openings rates that trended upwards since the end of the recession in June 2009, this is a 3-year upward trend and we still can't break 8 percent. With 3.5 million job openings currently available, we must find a better way to connect job seekers with those job openings.

Seems to me though that in recent years the Department has been operating in a vacuum as it seeks to revamp these training programs. Many stakeholders, myself included, opposed the Workforce Innovation Fund, WIF, when it was first proposed. Many State agencies have voiced their opposition to reducing the Governors reserve as an offset to this new fund, and yet this budget proposes \$100 million more for the WIF, the newly announced American job center, we have done this before in the late 90s and it was abandoned after just 2 years. There must be some level of outreach and consultation with those who actually implement those programs. Without their support and buy-in on these costly proposals, the workforce delivery system will continue to produce marginal success rates.

I further believe it is the Department's role to create an environment that fosters job creation and economic growth. We need to help these businesses hire, not regulate them into submission with an agenda of some 60-plus proposed regulations. We must hold bad actors accountable. There is no question about that. But with this election year budget, again doubling down on an overly aggressive enforcement activities, it does little more than promote an adversarial relationship between employers and the Federal Government. We can't and we must not over regulate.

I will ask questions along these lines in a moment, but at this time I would like to yield to my ranking member, Ms. DeLauro, for an opening statement.

Ms. DeLAURO. Thank you, Mr. Chairman, and thank you, Madam Secretary, for joining us today. The work that you are doing to create not just jobs, but good jobs as we have gone through this historic recession is to be commended and I look forward to your testimony.

The work that the Department of Labor does, from job training to protecting workers, is critical for America's middle class, so it is unfortunate that we have seen the Department's budget cut by almost \$1 billion over the past 2 years, a cut of more than 7 percent. Now we have a budget being put forth by the House majority that is almost certain to force still further cuts, and I hope today's hearing will demonstrate the damage that would cause.

The largest share of the Labor Department's budget is spent on job training. No investment is more critical than our investment in our human capital, and job training programs are the essence of good government. They work to make opportunity real.

The national network of employment and training programs organized and funded by the Department of Labor has a proven record. One particular strength of the current system is that it is customized for each local community under the guidance of private-sector-led workforce boards.

In 2010, nearly 70 percent of adults and dislocated workers receiving services through this workforce system were employed by the end of the first quarter after completion. And of those, 85 percent were still employed 6 months later.

I find this degree of success to be especially meaningful considering that there are more than four job seekers for every available job in today's labor market. Still we need to look for ways to make the system work even better. The administration has some ideas in that regard and I am sure that others do as well. Unfortunately, we may be going backward, rather than forward.

As a result of the majority's policy Labor Department employment and training programs have already been cut \$664 million since fiscal year 2010. For those who imagine that Federal programs just grow every year these critical job training programs may provide a useful dose of reality since the trend has generally been downward over the past decade. Appropriations for Department of Labor job training and employment are now about \$779 million less than 11 years ago, in fiscal year 2001. That is in actual dollar terms before adjustment for inflation, numbers of unemployed or anything else. Yet apparently that is still not enough for some. The majority is now walking away from the agreement on

appropriation levels negotiated last year and are trying to impose new rounds of cuts on the relatively narrow slice of the Federal budget that is nondefense appropriations. If they succeed, it seems inevitable that job training and employment services will shrink some more. That would be bad for workers seeking employment and bad for businesses who are seeking qualified workers.

Though employment and training is the largest part of its budget, the Labor Department has a number of other important responsibilities as well. Especially as we see women struggling to recover from the Great Recession at similar rates to men, the work that the Women's Bureau does in coordination with the Department's worker protection agencies is essential to working women who still face unequal wages, workplace discrimination and unique challenges surrounding workplace flexibility and integration into 21st century jobs.

I know that the Secretary shares my commitment and my colleagues' commitments to these issues in supporting America's working women. I look forward to continue the work we have done over the years to ensure women's access to and success within today's labor market.

MINIMUM STANDARDS FOR AMERICAN WORKPLACES

One of the most important of the roles of the Department for men and women workers is enforcing the laws and the rules that set minimum standards for American workplaces: the minimum wage, the obligation to pay overtime, rules against child labor, requirements for employers to contribute to unemployment insurance and workers' compensation, and safety and health standards designed to minimize deaths, injuries and illnesses from hazards in the workplace.

Again I want to thank the Secretary for the great work she is leading in these areas during very challenging times. Having strong, sensible and workable rules in place and enforcing them is vitally important to the workers these laws protect, especially workers with the least bargaining power or economic clout. Good enforcement is also important to employers who want to obey the law and do the right thing by their workers so that they do not find themselves undercut and outcompeted by those who would do otherwise. Some say that there is too much emphasis on enforcing workplace standards and health and safety laws and that instead we should be relying more on voluntary compliance. I disagree as protecting workers and ensuring that they safely get back home to their families at the end of each working day must be a priority.

If anyone needs further evidence of this, they should look at the reports that have come out over the past several months from investigations into the tragic explosion 2 years ago at Massey Coal's Upper Big Branch Mine. Those investigations concluded that the explosion was caused by serious violations of safety rules and procedures. As a result 29 coal miners are dead. Or in my district where the Occupational Safety and Health Administration found workplace safety violations that led to a terrible explosion at the Kleen Energy Systems power plant construction site in Middletown 2 years ago, killing 6 and injuring 50 other workers. The State has since moved to put stronger safety standards in place. In recent

years there that has been a rebuilding of the Labor Department's capacity to enforce the law. Let us not go backward. The work that the Secretary and her Department does is so vital to protecting the health and the safety of our Nation's workers. They are matters of life and death, protecting our most vulnerable population, providing economic security and living standards for our working families, and providing opportunities for those looking for the skills to succeed in today's economy.

Madam Secretary, welcome once again to the subcommittee. I look forward to your testimony.

Secretary SOLIS. Thank you.

Mr. REHBERG. Thank you, Ms. DeLauro. As is the custom in the committee, once the gavel is hit at the beginning of the meeting I call on the members as they are in their seat. So it will be a little bit out of order and I do strictly enforce the 5-minute rule so we have as much opportunity to ask many rounds of questions as we possibly can and as also is customary the record will be left open for a period of 14 days, so any member that does not get to ask their full questions can in fact send them to you and we will just ask that you answer them in a timely fashion.

At this time welcome, and I open it up to you for your statement.

SECRETARY SOLIS OPENING STATEMENT

Secretary SOLIS. Thank you, Mr. Chairman. And I also want to apologize if my voice is cracking a bit because I feel like I am going through some cold weather issues coming back and forth here, but I want to thank you for the opportunity to come before you as well as Representative DeLauro and the committee. It is great to be back here, and I want to thank you for that invitation.

As you know, I have provided you written testimony for the record, but I wanted to highlight a few areas for you. The Department of Labor's request reflects the approach that the President has taken to make priority investments in areas essential to helping America get back to work. Some of the most significant parts of these proposals are not before this committee, but are essential to securing our position as one of the most competitive economies in the world, such as proposals to improve access to education and job training.

I am going to concentrate on those items before the committee which address the needs to invest in our workforce, protect workers on the job and secure Americans' incomes and benefits. In some cases we have made some very tough decisions on funding reductions in order to put America on a more sustainable fiscal course. This is part of the administration-wide effort to improve efficiency and find savings.

My testimony lists these items, and we can provide additional justification as needed. But I want to concentrate on two particular areas this morning, first the need to invest in a competitive workforce.

For an economy built to last we must get our dislocated and low-income workers back to work. The budget request continues the Department's commitment to those who are most vulnerable in this economic distress by maintaining funding for our employment and training programs. To support innovation in the workforce invest-

ment system we are asking for an increase in the Workforce Investment Fund that will allow us to test new ideas and replicate proven strategies for delivering better results.

For me innovation equals reform, and I am committed to the employment and training reform process. That includes returning dislocated workers, youth and especially veterans. We know returning veterans can contribute greatly to this economy, and this is why the unemployment rate for recent veterans is so troubling to me. We will bolster our support for newly separated veterans by expanding the Transition Assistance Program, known as TAP, employment workshops, increased support for State grants for veterans employment services, and by other investments necessary to implement the recently enacted Vow to Hire Heroes Act.

Mr. Chairman, I applaud you in your efforts for holding a hearing on this subject last week and pledge to work with you to help prepare for this bill. To help those receiving UI get the assistance they need to find work, the budget proposes an additional \$30 million for the employment service grants to States to fund reemployment services for UI claimants, as well as an increase of \$15 million for reemployment and eligibility reassessment. Eligibility assessments and reemployment services have been to be highly effective and are helping those on the UI system to find higher paying jobs much sooner while at the same time saving the system overall monies.

Lastly, the system of One-Stop Career Centers is a core delivery system for employment and training services, as you know. To strengthen the community based system, the budget includes a \$50 million proposal to create a uniform and recognizable brand for the system to help improve access to the workforce system and create new online tools to reach out to individuals much sooner and much more frequently. We also need to support workers protection programs that not only protect American workers but are crucial to ensuring that all businesses are playing by the same set of rules to keep workers safe and to protect their wages and benefits.

As we continue to recover from one of the worst economic crisis in three generations, it is especially important that we invest in the enforcement of key laws that protect our workers, wages and benefits. Thus, the budget requests additional funding for the Wage and Hour Division, including additional funds for the enforcement of the Fair Labor Standards Act and Family Medical Leave Act.

The budget also includes funding to allow Mine Safety Health Administration, MSHA, to meet its statutorily mandated inspections while maintaining the progress that we have already made reducing the backlog of contested citations. I particularly want to thank the support of this committee in this particular area.

The request for OSHA includes an additional \$5 million to support OSHA's enforcement of 21 whistleblower protection programs. It administers and protects workers and others who have been retaliated against reporting unsafe and unscrupulous practices while maintaining the increase provided for the small business consultation program.

In conclusion, to summarize, the Department's fiscal year 2013 budget request provides investment to prepare Americans with the skills that they need and that businesses are looking for and to

help workers and employers find each other more efficiently through a more effective workforce system. It also ensures we have fair and safe workplaces for all workers. We have to continue to respect workers rights, provide a level playing field for businesses, and help American workers provide for their families. While we focus on long-term shared goal of reducing Federal deficit, I still believe it is possible to do so in a way that is meeting these goals, and we stand ready to work with you in this committee. Thank you.

[The statement of Secretary Solis follows:]

**STATEMENT OF HILDA L. SOLIS
SECRETARY OF LABOR
BEFORE THE
SUBCOMMITTEE ON LABOR,
HEALTH AND HUMAN SERVICES, EDUCATION AND RELATED AGENCIES
COMMITTEE ON APPROPRIATIONS
UNITED STATES HOUSE OF REPRESENTATIVES**

March 28, 2012

Chairman Rehberg, Ranking Member DeLauro and members of the Subcommittee, thank you for the invitation to testify today. I appreciate the opportunity to appear before you to discuss the Fiscal Year (FY) 2013 budget request for the Department of Labor.

To build an economy that is built to last, we have to do more to live within our means and restore fiscal accountability and responsibility. The President has put forward a plan to make priority investments in areas essential to helping America win the race for the jobs and industries of the future, while making difficult choices to identify cuts and savings that ask for shared sacrifices across the board. The budget proposes specific steps to boost growth and secure the United States' position as the most competitive economy in the world, such as improving access to education and job training, so that our workers are the best prepared in the world for the jobs of the 21st century.

The Department of Labor FY 2013 budget request reflects this direction. To build on the economic gains we have experienced under this Administration, we must create good jobs and make investments that will boost economic growth. The request makes targeted investments and introduces significant reforms to give workers a fair shot to gain skills that make them more employable, regain their footing after a job loss, find new employment opportunities, maintain workplace safety and health, exercise their voice in the workplace, and enjoy critical wage and hour protections.

TARGETED INVESTMENTS THROUGH DIFFICULT CHOICES

As the President said in the State of the Union address, we must renew our commitment to revitalizing our nation's economy and to building an America that is built to last – where everyone gets a fair shot, does their fair share, and plays by the same set of rules.

The Department's 2013 budget request focuses on how we can help accomplish this goal in innovative and cost-effective ways, to ensure we are delivering critical services for American workers in everything from job training to workplace protection. However, in light of current economic realities, and like many families across the country, we had to make some tough choices to ensure we are able to:

- Invest in a Competitive Workforce,
- Protect American Workers, and
- Secure Americans' Incomes and Benefits.

In some cases, that meant making tough decisions on funding reductions that will put America on a more sustainable fiscal course. Consistent with Administration-wide efforts to improve efficiency and find savings, the Department's budget proposes to streamline operations by:

- Eliminating overlapping training programs: The missions of the Women in Apprenticeship in Non-Traditional Operations and Veterans Workforce Investment Program will continue to be advanced through other Departmental training offices and programs.
- Re-proposing the FY 2012 request to transfer the Community Service Employment for Older Americans Program to the Department of Health and Human Services Administration on Aging in recognition of the dual purpose of the program to support the economic well-being of seniors, while improving coordination with other senior-serving programs with similar purposes.
- Closing a small number of chronically low-performing Job Corps centers. While most centers meet program standards, some centers have been persistently low-performing based on their educational and employment outcomes, and have remained in the bottom cohort of center performance rankings for many years. Especially in a constrained budget environment, and given the resource intensiveness of the Job Corps model, it is neither possible nor prudent to continue to invest in centers that have historically not served students well. The populations previously served by these Job Corps centers will be eligible to attend higher-performing centers. Job Corps will also make changes to its strategies and approaches based on the findings of program evaluations, strengthen the performance measurement system, and report center-level performance in a more transparent way.
- Reforming the regional office structure of five offices within the Department: the Occupational Safety and Health Administration (OSHA), the Employee Benefits Security Administration (EBSA), the Office of the Solicitor (SOL), the Women's Bureau (WB) (where the savings are reinvested dollar for dollar in the Wage and Hour Division), and the Office of Public Affairs (OPA). By consolidating or streamlining offices we will minimize administrative costs while ensuring that offices are strategically placed to perform the Department's functions across the country.
- Curbing non-essential administrative spending. In support of the President's message on fiscal discipline and spending restraint, the Department has established a plan to reduce the combined costs of certain administrative expenses by more than 20 percent from FY 2010 levels by the end of FY 2013. Reduction efforts focus on travel, printing, supplies, advisory contracts, the executive fleet, extraneous promotional items, and employee information technology devices.

- Improving program effectiveness and efficiency. The Department's FY 2013 budget request continues past efforts to enhance program effectiveness and improve efficiency. We will invest in program evaluations to be overseen by the Chief Evaluation Officer and request expanded authority to set aside funds from major program accounts for an increased number of evaluations. These investments will provide the Department with valuable information about strategies and approaches that work and ensure that our resources are invested strategically in proven tactics.

INVESTING IN A COMPETITIVE WORKFORCE

Particularly during this time of high unemployment, we believe it is imperative to provide both a helping hand and a viable path back to employment. To get America back to work, the Department will continue critical investments in job training and resources for job seekers. Not only do these investments provide a lifeline for those who still need critical help, but they will also save resources of the Unemployment Insurance (UI) system and other programs at the Department of Labor by helping people get back to work. The budget documents have been provided to the Committee and are available on our website, but for now, I want to share some key investments included in our budget request before your Subcommittee:

- **Training and Employment Services.** For an economy built to last, we must get our dislocated and low-income workers back to work. The budget request continues the Department's commitment to those who are most vulnerable to economic distress by maintaining funding for our core training programs while also restoring funding to programs that serve some of the most vulnerable populations. This includes continued requests for the joint Employment and Training Administration-Office of Disability Employment Policy Disability Employment Initiative, and our policy work aimed at increasing the employment opportunities for persons with disabilities, including integrated employment for people with severe disabilities.
- **Workforce Innovation Fund.** The public workforce investment system is more important now than ever, but we need to make it more efficient, streamlined, and targeted to serve our growing customer base. To ensure that our investments in employment and training are focused on reform, the Department of Labor will invest \$100 million in the interagency Workforce Innovation Fund, which will test new ideas and replicate proven strategies for delivering better employment and training results at a lower cost to service providers, allowing for more participants to be served at static funding levels. This investment will be combined with \$25 million from the Department of Education for a total fund of \$125 million in FY 2013. Within the Fund, \$10 million is dedicated to building knowledge of what strategies are most effective with disconnected youth.
- **Veterans' Employment and Training Service.** We know returning veterans can contribute greatly to our economy and that recent veterans have particularly high unemployment rates. The Department will bolster its support for newly separated veterans by delivering effective education, employment, and other transition services that enable them to move successfully into civilian careers. The recently enacted VOW to Hire Heroes Act expands tax credits to encourage the hiring of veterans and expands

access to the Transition Assistance Program (TAP) employment workshops that are offered to separating service members. The budget builds on these efforts by boosting funding for TAP and grants for employment services to veterans by \$8 million over 2012 levels.

- **Employment Service.** The Nation continues to struggle with high levels of unemployment and the acute needs of employers seeking qualified workers. The Employment Service fills a critical role in helping connect workers with jobs, and serves over 17 million participants annually. To help workers receiving UI get the assistance they need to find work, the budget proposes an additional \$30 million for the Employment Service Grants to States to fund reemployment services for UI beneficiaries. These types of intensive reemployment services and job search assistance have been found to be one of the least costly and most effective ways to get the unemployed back to work.
- **One-Stop Career Centers.** The system of One-Stop Career Centers is the core delivery system for employment and training services. To strengthen this system, the budget includes \$50 million to create a recognizable and uniform brand for the career center system, improve access to workforce services, and create on-line tools to reach individuals sooner and more frequently while offering personalized services.

The President's budget request includes additional legislative proposals for job training and education resources that we are requesting other Congressional Committees to act upon. These proposals include:

- **Community College to Career Fund.** An educated and skilled workforce is critical for the United States to compete in the global economy. To help forge new partnerships between community colleges and businesses to train two million workers for good-paying jobs in high-growth and high-demand industries, the Departments of Labor and Education will invest \$8 billion over three years in this Fund. These investments will give more community colleges the resources they need to become community career centers where people learn crucial skills that local businesses are looking for right now, ensuring that employers have the skilled workforce they need and workers are gaining industry-recognized credentials and receiving training relevant to the local needs of employers to build strong careers.
- **Pathways Back to Work Fund.** Many Americans of all ages need better access to job opportunities and employment-based training in order to succeed in today's economy. Building on successful Recovery Act programs that provided employment opportunities for low-income adults and youths, the budget also includes a \$12.5 billion Pathways Back to Work Fund to make it easier for the long-term unemployed and low-income workers to remain connected to the workforce and gain new skills for long-term employment.

PROTECTING AMERICAN WORKERS

Worker protection programs are crucial to ensure all firms are playing by the same set of rules to keep workers safe. The FY 2013 budget preserves this Administration's recent investments in Worker Protection. Some of the highlights of our worker protection request include:

- **Mine Safety and Health.** The Mine Safety and Health Administration (MSHA) provides miners across the nation with safer and more healthful workplaces through enforcement of mine safety and health laws, as well as through technical assistance, training, and outreach. The budget request for MSHA of \$372 million provides funding to allow MSHA to carry out its mission, while achieving efficiencies and reallocating resources into its highest priority activities, including statutorily-mandated inspections in the coal and metal/non-metal enforcement programs.
- **Case Backlog before the Federal Mine Safety and Health Review Commission.** The budget includes \$16.9 million for MSHA and SOL to continue ongoing work to address the backlog of contested citations at the Federal Mine Safety and Health Review Commission (FMSHRC). We must continue our efforts in this area to ensure that we are holding mine operators accountable if they fail to meet their legal and moral responsibility to operate safe mines. If we do not reduce the backlog, some mine operators will continue to contest violations as a way of "gaming the system" to delay payment of civil penalties and avoid scrutiny under MSHA's existing pattern of violation regulations. This will lead to even higher contest rates and potentially unsafe mines.
- **Occupational Safety and Health.** OSHA uses enforcement and compliance assistance activities to ensure that this nation's employees are able to return home safely from work every day. The request of \$565 million for OSHA includes an additional \$5 million to support OSHA's enforcement of the 21 whistleblower protection programs it administers that protect workers and others who are retaliated against for reporting unsafe and unscrupulous practices. It also maintains the significant increase provided in FY 2012 for the small business consultation program.
- **International Labor.** The Department must ensure American workers are given a fair shot to compete on a level playing field with their overseas counterparts. The budget requests \$95 million for the Bureau of International Labor Affairs (ILAB) to strengthen workers' rights and protections in our trading partner countries, including an increase of \$2.5 million for enhanced trade agreement monitoring and enforcement.

SECURING AMERICANS' INCOMES AND BENEFITS

It is essential that we take steps to ensure that America's workers are not permanently affected by economic distress. To that end, the Department's budget includes resources to help those who have been affected stay afloat while they struggle to get back on their feet. Some key investments we propose in the FY 2013 budget to ensure Americans' income and benefits security are:

- **Wage and Hour.** As we continue to recover from one of the worst economic crises in three generations, it is especially important that we invest in the enforcement of key laws that protect our workers' wages and benefits. In FY 2013, the Department will continue to protect workers and level the playing field for businesses by providing the Wage and Hour Division (WHD) with \$238 million, including an additional \$6.4 million for increased enforcement of the Fair Labor Standards Act (FLSA) and the Family and Medical Leave Act (FMLA), which ensure that workers receive appropriate wages, overtime pay, and the right to take job-protected leave for family and medical purposes.
- **Employee Misclassification.** When workers are misclassified as independent contractors, they are deprived of benefits and protections to which they are legally entitled, such as overtime and unemployment benefits. At the same time, those businesses that play by the rules are placed at a disadvantage against employers who violate the law. The FY 2013 budget proposes \$14 million to combat misclassification, including \$10 million for grants to states to identify misclassification and recover unpaid taxes within the unemployment insurance system and \$3.8 million for the WHD to detect and deter the misclassification of employees as independent contractors and strengthen and coordinate federal and state efforts to enforce labor violations arising from misclassification.
- **Unemployment Insurance.** This Administration is committed to protecting the financial integrity of the UI system and helping unemployed workers return to work as swiftly as possible. The budget provides full funding for state administration of the UI program, as well as an increase of \$15 million for Reemployment and Eligibility Assessments. Eligibility Assessments and Reemployment Services have been found to be highly effective at helping UI claimants find higher paying jobs sooner, while at the same time saving money for the UI system. To help those who have lost their jobs, the President's Budget also seeks to strengthen the UI safety net. While not before this Committee, the budget request incorporates the Reemployment NOW program originally included as part of the American Jobs Act, which includes resources and reforms to help UI claimants get back to work quickly. The Reemployment NOW program provides funds to introduce programs that allow the flexible use of unemployment benefits for short-term employment and for individuals who want to start their own businesses, some of the elements of which were adopted as part of the recently enacted Extended Benefits, Reemployment, and Program Integrity Improvement Act (P.L. 112-96). The budget also proposes to put the UI system back on the path to solvency and financial integrity by providing immediate relief to employers to encourage job creation now, reestablishing State fiscal responsibility going forward, and working closely with states to eliminate improper payments.
- **Employee Benefits Security.** To protect health and retirement benefits, the Department is requesting \$183 million for EBSA for the protection of more than 140 million workers, retirees, and their dependents who are covered by more than 700,000 private retirement plans, 2.5 million health plans, and similar numbers of other welfare benefit plans which together hold estimated assets of \$6 trillion.

- **Pension Benefits.** The budget proposes to strengthen the defined benefit pension system for the millions of workers and retirees who rely on it by giving the board of the Pension Benefit Guaranty Corporation (PBGC) authority to adjust premiums and directing the board to consider a number of factors, including a plan's risk of losses to the PBGC. This action will both encourage companies to fully fund their pension benefits and ensure the continued financial soundness of the PBGC. It is estimated that this proposal will save \$16 billion over the next decade.
- **State Paid Leave.** Too many American workers must make the painful choice between the care of their families and a paycheck they desperately need. While the FMLA allows workers to take job-protected, unpaid time off, millions of families cannot afford to take advantage of this unpaid leave. The Department's budget request includes a \$5 million proposal for a State Paid Leave Fund to provide technical assistance and support to states that are considering paid-leave programs to help workers who must take time off to care for a seriously-ill family member.

POTENTIAL IMPACT OF SEQUESTER AND THE IMPLICATIONS OF THE RYAN BUDGET

Before I conclude my testimony today, I want to briefly address two issues that we are increasingly hearing questions about at the Department of Labor: 1) the potential impact of a 2013 sequester on funding job training and worker protection; and 2) the implications of the Ryan budget.

We believe the impact of a sequester would be both significant and very negative. A large sequester would have serious ramifications for my Department and the people we serve. It would jeopardize our Nation's ability to develop and support a skilled workforce that can compete in the global economy, as well as jeopardize the conditions under which they work. 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, CBO 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 and protect American workers.

For example, a 7.8 percent reduction in funding in our employment and training programs would result in a reduction of more than \$500 million for our workforce system, meaning that 1.7 million fewer participants could be trained, retrained, or be helped to find a job. The cut to our veterans programs would be over \$20 million. To give one concrete example of the magnitude of these cuts, in the Job Corps program a 7.8 percent cut in our current level of Operations

funding would be \$122 million and would translate into at least 3,145 fewer student slots. It would clearly require us to accelerate plans to close Job Corps Centers far beyond the chronically low performing centers that we are committed to addressing, impacting not only the students who would not be served, but the communities where centers are located.

Similarly, the estimated 7.8 percent reduction in funding required by a sequester would result in a reduction of over \$136 million for our worker protection agencies. This would have a significant impact on our efforts to ensure safe and healthy workplaces, and to ensure that workers get the wages and benefits to which they are entitled. These reductions would likely impact our most vulnerable workers just as we are emerging from an economic recession.

It's also important to note that even without the sequester, non-security discretionary spending has already been cut in nominal terms for two 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 employment and training would be magnified, coming on top of already lower levels of Federal funding as well as reduced State and local efforts as a result of the recent financial crisis and economic recession. At a time when we are just starting to see strong signs of renewed economic growth, 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.

The Ryan budget is not the answer. While many of the proposals require further analysis, it is very clear that this budget does not ask all Americans to do their share to get our fiscal house in order and create an economy that is built to last. It sets the table for cuts in non-defense discretionary funding that are nearly three times as deep as the cuts under sequestration. 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 that will support American workers and bolster our competitiveness in the global economy.

CONCLUSION

To summarize, the Department's FY 2013 budget request provides investments to help better connect workers and employers and prepare Americans with the skills they need – and that businesses are looking for – for the jobs of today and the jobs of the future. It also ensures that we have fair and safe workplaces for our workers. An economy built to last will require good jobs that pay well and provide security for the middle class, and this entails undertaking actions now to support and strengthen economic growth and reallocate resources to allow targeted investments where they are needed. Our efforts will help to get America back to work, foster

safe workplaces that respect workers' rights, provide a level-playing field for all businesses, and help American workers provide for their families and keep the pay and benefits they earn. I am committed to achieving my goal of *Good Jobs for Everyone* while the Administration focuses on our shared long-term goal of reducing the Federal deficit. I believe it is possible to do both and stand ready to work with you in the weeks and months ahead on a responsible way forward.

Mr. Chairman, thank you for inviting me today. I am happy to respond to any questions that you may have.

Mr. REHBERG. Thank you very much. On a bright note, last September I met with the roofing contractors in Montana and visited a work site where they explained how changes in OSHA's enforcement policy on fall protection regulations are certainly problematic. Given this change in policy, the regulations now effectively mandate fall protection options that are often infeasible and actually create greater hazards for workers. As a result I contacted Assistant Secretary Michaels about the problems to convey the concerns of the Montana roofing contractors, and I understand and am pleased to hear that he has been meeting with them. They have opened up a dialogue and there may be some opportunity for some flexibility. So I thank you for that.

Secretary SOLIS. That is great, Mr. Chairman. Thank you.

PROPOSED RULE ON CHILD LABOR IN AGRICULTURE

Mr. REHBERG. Madam Secretary, you have no doubt also been aware that on February 2nd in the Small Business Committee Ms. Nancy Leppink appeared before the committee. And during that hearing she and I had an exchange about the child labor hazardous occupation rulemaking and she was not able to answer my question.

So I would like to pose the same question to you. I asked her whether or not I would be able to hire my neighbor's 10-year-old son to herd goats on my ranch on a youth motorcycle if this rulemaking were to be made final. She couldn't answer that question, so I ask the question of you. Could I hire my neighbor's 10-year-old son to herd my goats on a youth motorcycle?

Secretary SOLIS. We are currently going through the review process for rulemaking. So I am not going to get into all finite detail. But I want to make it clear right now what this proposal is attempting to do. First of all, we are talking about a rule that hasn't been looked at for 40 years, and given the evidence and information that I have reviewed as well as my staff, we know that in 2009 there were 15,012 children who were injured on farms. This was noted in the Journal of the American Academy of Pediatrics. As well as the cost that is incurred by many farmers, \$1.4 billion because of these hazards. What we are attempting to do in the rule is to try and mitigate that problem.

Mr. REHBERG. Madam Secretary, I am well aware of the problem.

Secretary SOLIS. If I may.

Mr. REHBERG. Madam Secretary, I am well aware of the problem. That is not my question. My question was specifically would I be able to hire my neighbor's 10-year-old son?

Secretary SOLIS. If there is an employment relationship and it is not family, say a parent that is allowing their child to work or people that are doing chores, that will not be impeded. But if it is someone who is in an employment situation and they are over the age of 16 years, and they are working on say mechanizations or whatever, equipment that could be hazardous, then we would strongly discourage that. But again we are looking at how—

Mr. REHBERG. Would the regulation not allow.

Secretary SOLIS. That is something that still we will be receiving comment. We received as you know 10,000 comments and we are very open. We are not here about trying to preclude people from

working on family farms or neighbors coming and helping out say your family in doing chores and doing those kinds of things. It is when it comes to hazardous equipment where we see injuries that we want to provide better regulations and rules. Protection. I mean we have heard some really incredible—

Mr. REHBERG. Children under 16 would be allowed to many could on my ranch and I could put them on one of my horses, it is not a mechanized vehicle.

Secretary SOLIS. A horse?

Mr. REHBERG. Uh-huh.

PRIORITIZING SAFETY AND PROTECTION

Secretary SOLIS. Obviously without a doubt that to me sounds very reasonable, that there are children that will be able to continue to do some of the work that they are currently doing now. Detassel corn, mend and paint fences, muck stalls and pens. That is exactly what we would want them to continue to do if that is what their chores and what their responsibilities are. What we don't want to see is when children are involved in grain elevators, grain bins, silos, stockyards, livestock exchanges where there could be harm and they are not protected and they could be stampeded. The last thing I want to see is young people that are maimed and then they are not able to fully enjoy their full life because of injuries that they sustain.

So I want to be very practical. We heard outlandish things in other committees, that we would somehow regulate automated or battery powered screwdrivers. Nothing could be farther from the truth of what we want to do here. We are very reasonable in terms of the kind of information that we want to get and we want to be able to work with you, and we also want to work with the 4-H program. We are not going to try to move them out. That is not what this is about. This is about prioritizing safety and protection, making sure that there is more rigorous curriculum, and we are working with the Department of Agriculture and the Department of Education to set that curriculum because some people maybe don't always play by the rules, Mr. Chairman. They take advantage of young people in an employment opportunity. I am saying just let's put protections there.

Mr. REHBERG. Ms. DeLauro.

Secretary SOLIS. Thank you.

WORKFORCE INVESTMENT ACT EVALUATIONS

Ms. DELAURO. Thank you very much, Madam Secretary. I read with interest the annual performance results for Workforce Investment Act programs this past year and am pleased to see that nearly 8.7 million workers received assistance and over half of the folk who got help gained employment despite the fact that there are nationally over four job seekers for every available job. On top of that, job seekers who gain employment through WIA were retained in their employment, according to the Department's data. Also, for job seekers, 8 out of 10 who utilized the system were satisfied by the assistance they received from the workforce system.

What does this data reveal to you about the WIA program's response to this extended period of high unemployment?

Secretary SOLIS. I would say to you, Congresswoman DeLauro, that we have attempted very seriously to hunker down and really do as much as we can to evaluate our programs, and because we are in tough times we realize that we don't have a minute to waste. And we are finding that more intensive services is what is required and that is what employers want. And I am very happy to tell you that our percentages in terms of people finding employment and people also being retained in jobs because they are able to get better training is actually very, very high. And you just alluded to some of those percentages.

I would just say to you in some places we have seen major improvements where a system that has been overloaded because of recession we have seen more than 300 to 400,000 new individuals coming into the workforce system in the dislocated worker programs. We are now serving 8.4 million people and nearly 6.2 million exiters of these programs.

Many of them are finding at a 90 percent rate they are actually finding employment, they are finding that they are getting the advanced training and the certificates that they need, and we are also seeing more people that are going through our on-the-job training program. Businesses are saying that this is what they want because it gives them an opportunity to bring someone on board, test them out and, after their 6-month period or whatever it might be, they hire that individual because now there is loyalty, and now there is training and there is expertise and there is a credential that is gained by that individual.

Ms. DELAURO. Thank you. I am also told that in the 12-month period ending September 30th, 2011, the ETA program served roughly 9 million people, an astonishing number and again particularly vital to the unemployed we are trying to move into high quality, well paying jobs.

In the current dialogue over unemployment specifically we learned that training the workforce is essential to filling the skill gaps that businesses are finding as they look to hire. Two-thirds of all job openings from 2008 to 2018 are projected to require at least some post-secondary education or training, but as many as 90 million Americans lack the skills or credentials needed in today's labor market.

How are existing ETA programs working to fill those gaps, train workers for available jobs? What are the results you are seeing with the assistance you are providing about putting people back to work?

TAA COMMUNITY COLLEGE PROGRAM

Secretary SOLIS. This could be one of the, I think, very highest priorities that we have, using the tools that we have by also focusing in on some of the things that we have already put out like the TA community college program, where we are working with employers and saying to employers and community colleges, you won't be able to receive funding for these efforts unless we can guarantee that the curriculum and the skill sets are going to be warranted by those employers. And I think most of you have participated or your State has participated in the programs one way or another and have benefited from some of these efforts. I can go down the

line in terms of big employers that are satisfied with what they are seeing on the ground. For now we are seeing community——

Ms. DELAURO. Who are some of those employers and are they offering jobs?

Secretary SOLIS. Yes. I am talking about a recent visit I had on a bus tour out in Kentucky—I am sorry, Wytheville, Virginia where we interacted with folks from Gatorade that came in and met with the community college and the chamber and said, look, these are the skill sets we need, we are willing to hire people, and also provide a subset of skills for other industries that can also come on board in that location. It is a rural county. They came away from that feeling that there is a good investment. And the employers said I am coming here and I am going to make sure that other members of the Chamber of Commerce come here because we know that there is a good product. And these people are skills tested, they have credentials and you see a career growth and ladder in an area where it is very hard to find a job in rural America.

Ms. DELAURO. I did a forum with the community colleges and businesses in my district, and that includes manufacturing, Yale-New Haven Hospital, et cetera, and that model that you are talking about that you have——

Secretary SOLIS. The partnership?

Ms. DELAURO. The partnership between the community colleges and the businesses where the businesses help design that curriculum.

Secretary SOLIS. Right.

Ms. DELAURO. And then they make a commitment to hiring, even in instances hiring a certain number of people at the end of that process. I think that is the direction we are going in and I thank you for that effort. Thank you, Madam Secretary.

Mr. REHBERG. Mr. Alexander.

Mr. ALEXANDER. Thank you, Mr. Chairman. Madam Secretary, good morning.

Secretary SOLIS. Good morning.

H2A PROGRAM

Mr. ALEXANDER. The National Council of Agricultural Employers recently published a report about the H2A program. On the front page of the report it says the H2A program is an example of the governmental regulatory abuse of small business causing economic harm to employers seeking an illegal workforce, threatening the jobs of the local year-round U.S. workers and rural and urban economies.

The report also says that 47 percent of the employers were unsatisfied with the H2A program, 42 percent said they would not use it again because of its overregulation. The employers reported that \$320 million in economic loss was because of the failed H2A program; \$170 million was lost because workers were not able to be made available in a timely manner.

As the director of this program, how do you react to this report?

Secretary SOLIS. Thank you for your question, Congressman Alexander. One of the things that the Department looks at in terms of this program is that there have been abuses in the past and what we are trying to do is correct that. What our attempt

here is to make sure that everyone is playing by the same set of rules, because we have had some people in the industry, not all of them, but enough bad actors where they have actually driven down costs, didn't want to pay for sufficient travel, advertising and things of that nature, and have abused these individuals. I have seen some of those programs where they have been abused in Florida and our parts of our country. It is an embarrassment when you see how individuals from other countries are being brought in with the promise that they are going to be given fair wages and salary, housing, transportation and then at the end of the day they are turned into indentured slaves. I have seen this happening in Florida. We are trying to root out that, make sure that we level the playing field, but also help businesses.

We have had more Webinars with them, we have done a lot of outreach, and as we continue to move through this I want to refine the program. I am very open to hearing what suggestions you might have, because I am not in a position to say we want to shut down the program. But I also want to make sure that American workers that will get salaries that are just as good would be open to perhaps filling these positions, and I realize that there are some concerns on the part of our growers and would like to continue that dialogue with you.

Mr. ALEXANDER. You say that you want to protect the American workers to make sure that those jobs—

Secretary SOLIS. That they have a chance, yes.

Mr. ALEXANDER. The same report says that the State workforce agencies referred only 36,000 domestic workers to the H2A employers. Only 5 percent of those actually began work. Of the domestic workers who began work but did not work through the duration of their contract, 59 percent quit, 15 percent were terminated for just cause, 7 percent failed to produce acceptable work authorization documents, and 16 percent left for a variety of other reasons.

So it is obvious that according to their own data that domestic workers are not want to do some of the jobs that H2A workers are filling.

Secretary SOLIS. They are hard jobs and I would say that our attempt here is to make sure that we set a level playing field in terms of what the salaries are. So whatever you are offering on one farm in a county is similar to what is offered in a neighboring area, and I think that has been contentious with some of the employers and also just trying to make sure that when people do come in that they have adequate housing, that they are not just thrown into areas that are infested with insects, rats, that there is no drinking water. I mean we have heard some tremendous stories. We are trying to regulate that and make sure that if we do bring in people they understand the rules and that they also get notice before they even come to this country what to expect.

H2B PROGRAM

Mr. ALEXANDER. Let's move on to the H2B program, in January you finalized a rule that would increase the wages employers were required to pay to the H2B workers. You were sent a letter on September 7th that was signed by 50 Members of Congress, Republicans, Democrats, House and Senate, asking you to do away with

that rule. You didn't do so, so Congress delayed the rule by the appropriations process. So at the end of this appropriations process are you going to come back with a rule placing these high salaries on H2B workers?

Secretary SOLIS. As a result of the appropriation rider the effective date of the wage rule has been changed, as you said, and it is due out October the 1st. The rule does change the methodology of how the H2B wages are calculated. And the comprehensive rule obviously will look at the prevailing wages of the other industries in the neighboring area. So we are still getting information and look forward to continuing to have a dialogue with you as necessary.

Mr. REHBERG. Ms. Roybal-Allard.

PROPOSED RULE ON CHILD LABOR IN AGRICULTURE

Ms. ROYBAL-ALLARD. Welcome, Madam Secretary. Let me compliment you on the efforts you have made to protect children in agriculture. Having our laws equally protect children in agriculture has also been a goal of mine because, as you know, agriculture has the second highest fatality rate among child workers. This fatality rate is four times greater than youth employed in nonagricultural workplaces. As you mentioned, according to the Journal of American Academic of Pediatrics, these injuries cost our country an estimated \$1.4 billion per year, injuries such as those that took place last summer when two 17-year-olds in Oklahoma lost their legs in a grain auger accident and unfortunate deaths such as those that took place in July of 2010 of a 14-year-old and 19-year-old who suffocated in a grain bin in Mount Carroll, Illinois. Their deaths occurred in a matter of seconds as they were engulfed in grains.

I do understand due to the ongoing rulemaking process that you are somewhat limited by the Administrative Procedures Act and cannot discuss matters that go beyond the notice of proposed rulemaking or the process that you intend to follow. As was mentioned earlier, however, there is a lot of misinformation circulating about the Department of Labor's what I consider modest and common sense proposed regulations for children employed in agriculture.

So my questions are more for purposes of clarification, because as I understand it, these proposed rules and regulations apply only to paid youth employees. My question is do the proposed regulations prohibit children from working on their parents' farm, helping out on their neighbor's farm or participating in valuable agriculture education programs like 4-H and the FAA programs?

And finally, I believe you did answer this question, would the proposed regulation prohibit children from using equipment like power screwdrivers?

Secretary SOLIS. The answer is no. We are attempting, as I said earlier, to really bring this regulation up to date. It was last viewed or actually brought into play in 1970. So a lot has happened on farms, there is a lot of industrialization that has occurred and a lot of mechanization. And of course with that comes injuries as a result of lack of training and safety.

So no, we are not trying to preclude a family relationship. If there is a child or a grandchild that wants to work on auntie's or grandma's farm or grandfather's farm, that is fine. But if there is

a paid relationship and they are over a certain age, yes, we want to take a look at it. We are not talking about battery powered screwdrivers, but we are talking about tractors, and we are talking about bins and we are talking about grain operation where children have been killed or have been maimed.

We are not also talking about precluding educational programs. We encourage that. We are not in any way trying to take away from that particular part of our culture. I understand that, my father was a farm worker. I know that. But I also know that there are some needs to bring down the cost of injuries because in the long run the economy suffers, and trying to do that I think through this regulation and hearing from the public we are very open. As I said earlier, we have received over 10,000 comments. We take this very seriously. We know that there is a lot at stake, but there are a lot of people on the other side that may not quite understand what we are doing and will talk and stretch I think some type of hysteria so to speak that really isn't reality. We are not talking about precluding people who have children who want to continue to have that experience on the family farm. If it is not going to be injurious to them, where they are not going to be—say it is not clearly an employment relationship, then they have the ability to work on a farm, gain that experience, ride horses, corral, do the things that kids would do normally. But when we talk about tractors and we are talking about other things where there are serious injuries and it is an employment relationship, then we should be able to regulate that.

Ms. ROYBAL-ALLARD. For the record I would like to submit two letters, one that is signed by 65 Members of Congress and the other by 105 organizations represented by the Child Labor Coalition in support of the Department of Labor's proposed regulation.

Secretary SOLIS. Thank you.

Ms. ROYBAL-ALLARD. Do I have time for one more question?

[The letters follow:]

Committee on Appropriations
 Subcommittee on Homeland Security
 Subcommittee on Labor,
 Health and Human Services and
 Education

Democratic Senior Whip
 Congressional Hispanic Caucus



LUCILLE ROYBAL-ALLARD
 34TH DISTRICT, CALIFORNIA

WASHINGTON, D.C. OFFICE:
 2330 Rayburn House Office Building
 Washington, DC 20515-0534
 Telephone: (202) 225-1766
 Fax: (202) 226-0350

DISTRICT OFFICE:
 255 East Temple Street, Suite 1860
 Los Angeles, CA 90012-1578
 Telephone: (213) 628-9230
 Fax: (213) 628-8578

www.house.gov/roybal-allard

March 27, 2012

Secretary Hilda Solis
 US Department of Labor
 200 Constitution Avenue, NW
 Washington, DC 20210

Dear Secretary Solis:

We are writing to express our strong support for the Department of Labor's Notice of Proposed Rulemaking to update child labor regulations for young workers employed in agriculture. These proposed regulations illustrate the Department of Labor's continued commitment to ensuring the health and safety of America's working youth.

As you know, the agricultural industry has a fatality rate nearly 8 times the national average, yet our labor laws allow children to work in agriculture at younger ages and with fewer restrictions than in any other industry. The Department's proposed regulations are modest, common sense changes that will prohibit children between the ages of 12 and 16 from performing only the most hazardous tasks that have been proven to be dangerous and even lethal. We believe these regulations would help prevent such avoidable tragedies as children drowning in grain silos, being crushed by tractors or being maimed by heavy machinery.

The farming community insists that prohibiting these dangerous activities will dampen youth enthusiasm for farming; however children as young as 12 will continue to be able to engage in non-hazardous farm work should the proposed rules be implemented. The proposed regulations also maintain the "parental exemption", which allows farm owners to pass on agricultural traditions through close supervision of their own children. Children are banned from working in coal mines, construction and even at the meat slicer in delis. Hazardous work in the nation's most dangerous industry should be no different.

We thank you for your attention to this important matter, and urge the Department to quickly adopt the proposed regulations. The sooner these regulations are implemented, the more young lives can be saved. We look forward to working with you to improve our child labor laws.

Sincerely,

Lucille Raybel-Mink Phil Jackson Lee

Ed Foster

Jon Schuler

Corrine Brown

Zoe L...

Eddie Bernice Johnson

Amelia...

Anna...

Myra...

Benz Fink

Jim Moran

John F. Tracy

Sheryl Moore

Barbara Lee

Jim V. Gutierrez

Lynn Woolsey

Ken A. Wapner

Harold P. Zeman

Joe E. Scharf

John B. Schiff

Wm. J. Long

Devel Blackman

Rinda J. Sanchez

John Longmire

Bob Allen

Dennis J. Kucinich

Janice Hahn

Gene Hahn

Eleanor H. Hahn

Rubin Hengosa

Arthur

Stan Hahn

Alan L. Hastings

Alfred J. J.

Paul J. J.

Sam Lane

John W. Oliver

Alan Chen

Jim M^c Dermott

Walter D. Clarke

Paul D. Clarke

Charles B. Rangel

Steve S. Rangel

Carly B. Rangel

Melanie Watson

Ed McCall

John Brown

Ben Decker

John Henry Napoletano

W. G. Egan

Keith Ellison

Boyz 2.1.19

Latta Lancy

Letter Supporting Notice of Proposed Rulemaking regarding Children in Agriculture:

Lucille Roybal-Allard
 Sheila Jackson Lee
 Ed Pastor
 Jan Schakowsky
 Corrine Brown
 Zoe Lofgren
 Eddie Bernice Johnson
 Albio Sires
 Javier Becerra
 Nydia Velazquez
 Barney Frank
 Jim Moran
 John Tierney
 Gwen Moore
 Barbara Lee
 Luis Gutierrez
 Lynn Woolsey
 Henry Waxman
 Howard Berman
 Jose Serrano
 Adam Schiff
 William Lacy Clay
 Jesse Jackson, Jr.
 Linda Sanchez
 John Conyers
 Bob Filner
 Dennis Kucinich
 Janice Hahn
 Gene Green
 Eleanor Holmes Norton
 Ruben Hinojosa
 Sylvestre Reyes
 Steve Rothman

Alcee Hastings
 Charlie Gonzalez
 Laura Richardson
 Sam Farr
 John Olver
 Steve Cohen
 Jim McDermott
 Yvette Clarke
 Charlie Rangel
 Stephen Lynch
 Carolyn Maloney
 Maxine Waters
 Joe Baca
 Jerrold Nadler
 Michael Michaud
 Maurice Hinchey
 Susan Davis
 Donna Edwards
 John Lewis
 Pete Stark
 Michael Honda
 Raul Grijalva
 Judy Chu
 Michael Capuano
 Betty McCollum
 Joe Crowley
 Rosa DeLauro
 Grace Napolitano
 Anna Eshoo
 Keith Ellison
 Bobby Rush
 Loretta Sanchez



CHILD LABOR COALITION

1701 K STREET, NW, SUITE 1200, WASHINGTON, DC 20006

PHONE 202.207.2820 FAX 202.835.0747

WWW.STOPCHILDLABOR.ORG

TWITTER: CHILDLABORCLC

March 27, 2012

The Honorable Hilda L. Solis
 Secretary
 U.S. Department of Labor
 200 Constitution Avenue, NW
 Washington, DC 20210

**RE: Updates to the Agricultural Hazardous Occupations Orders as Proposed by the
 Department of Labor**

Sent via mail and fax

Dear Secretary Solis:

The Child Labor Coalition represents millions of Americans, including teachers, healthcare professionals, workers, farmworkers, farmworker advocates, and human rights activists concerned about the safety, education, and welfare of children who work in agriculture. We understand the needs of our nation's farmworker families and have seen the effects of agricultural work, especially on children. The Coalition, along with the organizations listed below, support the proposed changes to the agricultural hazardous orders and implore the Department to implement the changes as quickly as possible.

As many as 500,000 children and teenagers toil in agriculture, an industry consistently ranked as one of the most dangerous industries in America. Last year, 12 of the 16 children under age 16 who suffered fatal occupational injuries worked in crop production, according to the Bureau of Labor Statistics.

Just this past August, Oklahoma teens Tyler Zander and Bryce Gannon, both 17, each lost a leg in a grain auger accident. We can prevent these tragedies from happening to other children by implementing the proposed updates to the hazardous orders without delay. The rules won't impair the rural way of life; they simply put the safety and well-being of children above corporate profit.

For agricultural workers 15 to 17, the risk of fatal injury is four times the risk for young workers in other workplaces, according to DOL's Bureau of Labor Statistics. Furthermore, the National Institute of Occupational Safety and Health (NIOSH) reports that between 1995 and 2002, an estimated 907 youth died on American farms, well over 100 per year. Between 1992 and 2000, more than four in 10 work-related fatalities of young workers occurred on farms. Half of the fatalities in agriculture involved youth under age 15.

Agriculture uses more heavy machinery and more dangerous chemicals since the days when the U.S. child labor rules were established, yet there have been no updates to these policies in over 40 years. The DOL's proposed rules will help protect tens of thousands of young workers from life-threatening injuries. In the span of a decade, it will save dozens of lives.

Imperative that Regulations be Adopted without Further Delay

The proposed rules must be adopted as expeditiously as possible. The CLC and undersigned organizations request the DOL's safety rules be adopted within 30 days. The DOL has spent nearly a decade refining the proposed rules and wisely followed the recommendations of NIOSH, producing a body of rules, based upon the evidence of disproportionate injuries and deaths among children performing the tasks outlined in the rules. The proposed update both improves the safety of young workers and passes the common sense tests most average Americans would apply. These health and safety rules for child laborers are reasonable and they will save lives.

As recent months have shown, delaying these rules further at this point will mean that youth working in farm work will be killed and maimed unnecessarily. The updates to the non-agricultural child labor rules took three years to be implemented after they were proposed. Given the extreme dangers posed to children by these types of agricultural work, a delay of this magnitude would have devastating consequences.

The safety of our children needs to be a priority, even over corporate interests. The improved hazardous orders will continue to protect family farms by allowing children to work on their parents' farm without any restriction.

Furthermore, children will still be allowed to perform most types of agricultural work — just not the jobs that have proven to be especially hazardous. The proposed rule would in no way prohibit a child from raising or caring for an animal in a non-employment situation through educational programs, such as Future Farmers of America and 4-H — even if the animal were housed on a working farm — as long as he or she is not “employed” to work with the animal.

We estimate the rules will save 50 to 100 lives of young workers and countless injuries over the next decade. Delaying these common sense protections will certainly result in the needless deaths and permanent disability of numerous young farmworkers.

CC: U.S. Senate Committee on Health, Education, Labor, and Pensions; U.S. House of Representatives Appropriations Subcommittee on Labor, Health and Human Services, Education, and Related Agencies; and U.S. House of Representatives Committee on Education and the Workforce

Sincerely,

The following 105 groups, representing over 1,400 organizations and millions of Americans:

Child Labor Coalition (representing 28 groups)
 Action LA Network
 American Federation of Labor and Congress of Industrial Organizations (AFL-CIO)
 Agriculture Workers Alliance (Canada)
 American Federation of Teachers
 American Public Health Association
 Americans for Immigrant Justice
 Association of Farmworker Opportunity Programs
 Avant-Garde Foster Family and Adoption Agency
 Black Hills Special Services Cooperative
 Bon Appétit Management Company
 California Institute for Rural Studies
 California Rural Legal Assistance Foundation
 Capital Area Food Bank – DC/MD/VA
 Casa Esperanza of Bound Brook, New Jersey
 Farmworkers' Support Committee/Comite del Apoyo a los Trabajadores Agrícolas (CATA)
 CAUSA
 Centro Campesino
 Coalition for Humane Immigrant Rights of Los Angeles (CHIRLA)
 CITA
 Center for Latino Progress-CPRF
 Children's Alliance
 Coalition for Justice
 Coalition of Immokalee Workers
 Coalition of Labor Union Women
 Communications Workers of America
 Community Action Partnership (represents over 1,000 community action agencies)
 Community Council of Idaho
 Delaware Ecumenical Council on Children and Families
 Dominican Sister-Grand Rapids

Eastern Maine Development Corporation
 Education Equals Making Community Connections
 Equal Justice Center
 Farmworker Advocacy Network of North Carolina (representing 20 groups)
 Farmworker Association of Florida
 Farmworker Justice
 Farm Worker Pesticide Project
 First Focus
 Florida Non Profit Housing
 Food Chain Workers Alliance
 Food Forward, Los Angeles
 Greater Rochester Coalition for Immigration Justice (New York)
 HELP – New Mexico
 Healthy Child Healthy World
 Hudson River HealthCare
 Human Rights Watch
 Immigrant Worker Project of Ohio
 Indiana Toxics Action
 Insight Center for Community Economic Development
 International Brotherhood of Teamsters
 International Labor Rights Forum
 Kentucky Environmental Foundation
 Labor Council for Latin American Advancement (LCLAA)
 La Fe Policy Research and Education Center
 League of United Latin American Citizens (LULAC)
 Maui Economic Opportunity
 MAFO-A National Partnership of Farmworker and Rural Organizations
 Massachusetts Coalition for Occupational Safety and Health
 Migrant Legal Action Program
 Ministry of Caring, House of Joseph II
 Media Voices for Children
 Migrant Clinicians Network
 Migrant Support Services of Wayne County (New York)
 Minnesotans Standing Together to End Poverty
 MIRA Coalition (representing 140 groups)
 National Association for the Advancement of Colored People (NAACP)
 National Alliance of Latin American & Caribbean Communities (NALACC)
 National Association of State Directors of Migrant Education
 National Consumers League
 National Council of La Raza
 National Center for Farmworker Health
 National Farm Worker Ministry
 National Immigrant Solidarity Center
 National Migrant and Seasonal Head Start Association
 New Jersey Work Environment Council
 New Mexico Center on Law and Poverty

9to5, National Association of Working Women
 New York Committee for Occupational Safety & Health (NYCOSH)
 OneAmerica
 Partners for Community
 PathStone
 Pineros y Campesinos Unidos del Noroeste (PCUN)
 Pride at Work
 Proteus, Inc.
 Public Justice Center
 Robert F. Kennedy Center for Justice & Human Rights
 Sacramento Occupational Advancement Resources
 Sacramento/Yolo Mutual Housing Association
 Service Employees International Union (SEIU)
 Sin Fronteras Organizing Project
 Student Action with Farmworkers
 Telamon Corporation
 UFW Foundation
 La Union del Pueblo Entero (LUPE)
 United Farm Workers of America (UFW)
 United Food and Commercial Workers Union
 United Migrant Opportunity Services (UMOS)
 United States Hispanic Leadership Institute
 United Steelworkers
 United Support & Memorial for Workplace Fatalities
 Wayne Action for Racial Equality (New York)
 West Virginia University Injury Control Research Center
 Worcester Food & Active Living Policy Council
 Worker Justice Center of New York
 Worksafe

Mr. REHBERG. No. Mrs. Lummis.

Mrs. LUMMIS. Welcome, Secretary Solis. Where did you develop your self-esteem?

Secretary SOLIS. My?

Mrs. LUMMIS. Yeah, you are in a very important position. Where did that come from?

Secretary SOLIS. That is a hard question. I think my drive to want to serve the public and provide whatever leadership and advocacy I can to help people that don't ordinarily have a voice at the table, much like what you do I think in your jobs.

Mrs. LUMMIS. Thank you. Let me tell you where I developed mine. I grew up on a ranch. I was driving tractors when I was 8, 9, 10 years old. And the larger the piece of equipment, the more functions that piece of equipment performed, the better I felt about myself because I knew I was doing something important and capable, whether it was running a backhoe or a combine or a windrower or a baler. I just felt so good about myself. And when I could move on and I was branding, I was castrating, I was dehorning, I was giving injections to cattle as a little kid, not only on our ranch, but on the neighbor's ranch, all of us who were growing up together as little kids were doing exactly what you are trying to prevent kids from doing in an employment situation, in an employment situation.

Let me give you some examples. Herding animals on horseback, breeding, dehorning, castrating or treating sick animals while in confined spaces. Good heavens, I wouldn't do any of those things outside of a confined space. Husbandry practices that inflict pain or cause unpredictable animal behavior. All animal behavior is unpredictable. Driving tractors or operating power driven equipment, that has always been a source of self-esteem for me. If I could hook up a power takeoff piece of equipment, and go out and grease it myself, put the wire in the baler myself, thread the baler. I don't know how to thread a sewing machine, but I know how to thread a baler, and that gives me a great deal of self-esteem as a young paid farm worker.

What I am trying to say, Madam Secretary, is especially for young girls who grow up on farms and ranches and work for pay, for their neighbors and for themselves, that is how you learn, that is how you develop your self-esteem. And the rules that you are undertaking that have no new congressional authorization, you have said yourself that the source of your authorization came from legislation that passed in the 1970s. When we have unemployment that is so incredibly high and these massive problems with job training, to utilize the time and energy and resources of the Department of Labor to get into an area like this I find absolutely astonishing and completely inappropriate given where we should be focusing our time, our attention and the precious resources of the American people.

Mr. Chairman, the only question I had in this series is where your self-esteem was derived. And I can tell you my self-esteem was derived from learning to be a capable, responsible person who could do a job well and have a work ethic that I would be proud of and could take with me wherever I went in life. And I got it from

being a little kid operating farm equipment on my land and the neighbor's land for pay.

Mr. Chairman, I yield back.

Mr. REHBERG. Thank you. Ms. Lee.

UNEMPLOYMENT RATES IN MINORITY COMMUNITIES

Ms. LEE. Thank you, Mr. Chairman. Thank you, Madam Secretary, it is great to see you again. And thank you for your service and all of the work that you are doing at the Department of Labor, especially during these very challenging times.

I know that you understand the great obstacles of poverty, disparities of unemployment, and the crisis of the long-term unemployed. And too many people are confronting this crisis today. So I look forward to continuing to work with you and your administration to address some of these critical issues.

Couple of questions. I was pleased first of all to see the reduction in the Nation's unemployment rate in January and February, but the fact remains that it is still too high and minorities continue to bear the brunt of the recession.

Unemployment rates for minority communities continue to be high at 14.1 percent for African Americans and 10.7 percent for Latinos, and of course this is unacceptable. We know that unemployment is directly related to poverty with over half of the 46.2 million people living in poverty being people of color. In the wealthiest Nation in the world this really is very shameful. And so I am very pleased to see your report reducing racial and ethnic disparities and unemployment. This is a very good first step. It was a very good report. And I hope committee members read this report and what DOL is doing to try to address this problem.

But we need to do more. We need a plan, we need a plan to address these massive unemployment disparities head on, and we need actions targeted to these communities. So I want to know if you have a plan; if so, what does that plan include to aggressively target these disparities in unemployment?

Secondly, the long-term unemployed, 450,000 from California and 2.7 nationally will exhaust their unemployment benefits at the end of the year. And unfortunately the bill which was passed, which I could not support, reduced the time that unemployment benefits would be allowed. And now we will have more long-term unemployed. And of course Congressman Bobby Scott and I are trying to get our bill passed, which is not making much progress at this point. For those who have hit 99 weeks, now it is reduced of course to 70 some weeks as a result of that bill. And so we have got now more people who have been unemployed for a year or more. And I want to know what exactly are you doing to help the long-term unemployed who will continue to remain out of work. Now there will be more because we have shortened the length of time and not the number of jobs we should create for the long-term unemployed.

PATHWAYS BACK TO WORK FUND

Secretary SOLIS. Thank you for acknowledging that the track record of the administration in the last 24 months has actually added 3.9 million private sector jobs and across the board we know it is stinging when it comes to minority groups. You and I know

that, we have had many discussions. I will say the unemployment rate for particular groups, African American and Latino, has gone down a couple percentage points. But we do need to do more particularly around our youth and young people. We continue to work with this administration in an effort to try to help all workers. So those that are long term, that have been out of work more than 6 months, those that have a need for more skill development because their literacy rates are very low, it hits very hardest for our communities. We know one of the efforts the President has proposed is talking about Pathways Back to Work Fund. And that hopefully will begin to address the long-term unemployed, the ones that you care about and that this committee cares about, and making investments also with providing those essential training, needed skills and also making sure that people have on-the-job training that we really utilize the programs that we have. For example, even kind of rebranding our One-Stop Centers, making sure that people understand where to go easily to get information. You don't just have to go to a One-Stop Center, but you can go to a community college working with us through the system in the workforce investment system to help more people understand there is a broader safety net out there to collectively use all the information together.

One of the things that we have done to continue the programs to help even those communities that are really going through a hard time, we are talking about ex-offenders. We have actually had several grants that are coming out to continue to serve targeted populations. Those that have a record find it very difficult to find employment, especially young people. We have now proposed, and this is already out, a grant to help female ex-offenders, something that is very big in the State of California you and I worked on when we were members of the state legislature.

I know how hard these programs are. But we also need to take a look at what kind of support we can also get from the Congress because each time we made these proposals they are not always funded like summer youth employment programs.

Mr. REHBERG. Mr. Flake.

Mr. FLAKE. Thank you, Madam Secretary. It is great to have you back here.

Secretary SOLIS. How are you? Thank you.

Mr. FLAKE. I just want to follow on some of the questions that Cynthia brought up. I grew up on a farm, I am missing the right end of my finger, this is a windrower accident at age 5. I was just with my father. My father's missing these three. That happened just a few years after that. But you can't prevent all these. When you read through what is here, 6-month-old bulls, 14- and 15-year-olds shouldn't be able to work with 6-month-old bulls or herding animals on horseback, breeding, dehorning, castrating, treating sick animals in confined spaces. As mentioned, where else do you do it? Do you just go on the open range for this? You have to be in a corral.

Unpredictable animal behavior, it comes with the territory. I fear sometimes in an effort to make sure that nothing untoward ever happens that we are preventing experiences and everything else. Growing up for myself, most of my growing up was in a paid rela-

tionship. We got a steer at the beginning of the year, we took that steer to the fair, whatever we got out of that steer was our pay for the year. If you had a bum steer you had a bad year, but that is just how it was. But later on it was for wages as well.

But when you read through this it just strikes I think all of us who have grown up with those experiences as being written by some bureaucrat behind a desk who has never sat foot on a farm or on a ranch, that doesn't know that animals are unpredictable, that things do happen.

Other injuries happen on a football field. My wife tore her anterior cruciate ligament playing basketball in high school that plagued her for 20 years until she got the surgery. That was far more debilitating than this. I wouldn't suggest that we come in and try to keep girls from playing basketball. Things happen. We know that, you try to minimize it, but you don't over reach like this where you tell somebody that they can't go work on the friend's farm or a relative's farm or whatever else for pay because you might get injured somehow.

I don't know, can you shed any more light on that? I know you have spoken some about it, but please enlighten me.

FAMILY-OWNED FARMS

Secretary SOLIS. Thank you, Congressman. Well, first of all, I want to clarify also with Congressman Lummis's statement as well, she was talking about a family relationship, her parents working on a farm, that was owned by her parents. We are not talking about that. We are talking about a paid relationship employment. We are talking about children who are not related to you that are working on a farm say at a certain age, if they are over 15, that is what we are looking at. We are looking at kids. You heard stories presented by Congresswoman Roybal-Allard, I don't want to say children but younger than we are, obviously were killed because there wasn't enough protective gear, information, training on how they could utilize graining equipment in silos where people were injured seriously. That is what we are talking about. I am not talking about doing chores, I am not talking about that. And I can't get into great detail because I am also restricted right now.

As I said earlier, we are taking a lot of comments, we got 10,000 comments. We are going through all of those and we are listening. We know that this has to be reasonable, not talking about battery powered screwdrivers. I am talking about big equipment that causes harm. We are talking about trying to bring down the costs for farms. And we are talking about preserving a relationship with families. So if you have youngsters, if have you aunts, uncles that you want to work on their farm, that is not going to be prohibited in this bill.

Mr. FLAKE. One when we would brand calves, we have got big pastures, you run one head per 200 acres in Arizona, you have a lot of riding that needs to be done. We would bring out kids, neighbor kids, friends and others that weren't blood relatives or worked with us that would have been prohibited at this point from herding animals on horseback. That just seems like somebody behind a desk writing a rule, not understanding how roundups happen and how branding goes. And I just—I don't know. I hope that the com-

ments you received are reflective of the reality out there and I hope they are taken into account.

Secretary SOLIS. I understand. As a child my motivation was riding my bike, but now youngsters are told wear a helmet. We didn't have to wear a helmet then. But now we know because injuries and the prevalence, brain injuries that can have on children, we are all told now that we have to wear helmets. So there are certain things that we learn over time. This rule is 40 years old. We are looking at it and all we want to do is make it more coherent so we are not endangering more children.

Mr. REHBERG. Ms. Lowey.

Mrs. LOWEY. I just want to welcome you. And Madam Secretary, I want to tell you how proud I am of the important work that you have done. And I look forward to continue to support your efforts.

I must admit, I did not grow up on a farm and I know that you are looking at the various issues that have been brought up today. But for the record I would like to submit this article that was reported in the New York Times on January 12th, 2012. And it says, report blames safety lapses for an epidemic of deaths at Wyoming job sites. The report also noted that Wyoming had the highest workplace fatality rate in the country for all but 1 year from 2003 to 2008. In 2010, the last year that data was provided, Wyoming estimated occupational death rate was three and a half times the national average, the report said.

So thank you for your important work.

COOPERATIVE RELATIONSHIPS

Secondly, I would like to associate myself with the remarks of my colleague Ranking Member DeLauro and yourself about the important work you are doing with community colleges and I want to expand that effort. We can also agree that the workforce system must do more to address the mismatch between the skills needed by employers and the skills of job seekers. That is one of the reasons that I am such a strong supporter of the Trade Adjustment Assistance Community College and Career Training Grant Fund. It provides funding for community colleges to help more Americans prepare to succeed in growing high skilled occupations.

So I am not going to ask a question, but I hope you will keep us up to date on the cooperative relationships between the colleges and the businesses and provide as many incentives as we can, because it is absolutely essential.

I just met with a group of business people, about 25, a few weeks ago. They can't find Americans that they can hire for their jobs. And if we want to make it in America and we want to strengthen our economy, we have to be sure we are training our youngsters for the jobs that are there and for the jobs for the future. So thank you for your very important work.

Another area throughout your career, because I know we have worked together, you have been a champion for women's issues, and I know that you are willing to do everything you can to ensure that women have necessary workplace protections. However, I am concerned that the President's budget request proposes to reduce the Women's Bureau budget primarily affecting its regional offices. Given this proposed reduction, could you explain to us how the

budget request addresses women's workplace protections? I think it is very important and I appreciate your efforts.

Secretary SOLIS. Thank you, Congresswoman Lowey. And I also just want to commend your State because they actually applied for the TA community college grant and got one of the largest, I think it was \$19 million, but it actually draws on expertise to focus on health care careers and those vulnerable sectors that really need to improve their outcome. So we are looking forward to the partnerships that will come with that grant.

To your point with the Women's Bureau, yes, we are looking at unfortunately a reduction in this particular area. But I do want to clarify that what we are doing here is something I have been trying to do since I got there, was integrate all of our divisions to focus in on women's issues overall. So when we are looking at vulnerable women and workers who are not getting paid their wages and overtime, we are structuring our programs in the Wage and Hour Division to do just that. We are going after employers that discriminate. OFCCP has a handle in this. So across the board all of our divisions are taking part in that.

We also have the authority to implement the Family Medical Leave Act. We know how important that is to continue to fight to see that women also have the availability of that. So we are working with employers to do that.

We have a great, I think, track record in terms of getting back wages for women that are in these low sector jobs. In this last year we collected nearly \$169 million in back wages for over 270,000 workers in industries where women predominantly are focused. We also recovered \$11 million in back wages for 11,000 victims of sex discrimination.

So we continue to push out our efforts. We know that we are consolidating some of our offices, but that doesn't mean we take away the role of what the Women's Bureau was intended to do, which is to do research, and also to do collaborative effort, and to work with us on evaluations. They will continue to do that.

Mrs. LOWEY. Thank you.

[The newspaper article follows:]

January 12, 2012

Report Blames Safety Lapses for an Epidemic of Deaths at Wyoming Job Sites

By **DAN FROSCH**

DENVER — C. J. Moss was on the final day of his weeklong shift working in Wyoming's oil fields when he died. A burnt cable electrocuted Mr. Moss, 26, while he was cleaning part of a motor for a drilling rig, killing him instantly.

In a state with fewer than 600,000 residents, accidental deaths like Mr. Moss's, which occurred in February 2007 and has led to a lawsuit over who was responsible, have become disquietingly common. Wyoming, with its growing oil, gas and mining industries, is one of the most dangerous places in the United States to work.

A report compiled by an epidemiologist hired by the state and released on Jan. 3, found that Wyoming's work sites lacked what it called a culture of safety and that proper safety procedures were not followed in the vast majority of cases when someone was killed on the job.

The report also noted that Wyoming had the highest workplace fatality rate in the country for all but one year from 2003 through 2008. In 2010, the last year that data was provided, Wyoming's estimated occupational death rate was three and a half times the national average, the report said.

"Safety occurs as an afterthought," wrote Dr. Timothy Ryan, who was hired to study the problem by Dave Freudenthal, who was then the governor.

To be sure, Wyoming's oil and gas boom, which began in the 1990s, has drawn thousands of people with high-paying but dangerous jobs. In August, three workers were killed in Converse County after an explosion at an oil storage site.

The report also found that nearly half of the state's 622 deaths from 1992 to 2009 were transportation-related. Fatigue and failure to wear seat belts were factors, the report said.

"I believe that we must find ways to get workers in Wyoming home safely at the end of the day," Gov. Matt Mead said in a statement after the release of the report, which recommended that the state create a centralized system to better track data and that Wyoming's occupational safety and health administration better promote voluntary inspections.

But safety advocates say it has proven difficult to improve the situation. Oil and gas rig workers and their families are often itinerant, hold little political clout and fear that reporting safety problems could get them fired, said Laurie Goodman, a Wyoming lobbyist who has worked on occupational safety issues.

Local trial lawyers also said that while Wyoming law is designed to provide workers or their families money after an injury or death, employers are legally immune so long as they comply with the state's workers' compensation act, much like other states.

A lawsuit over Mr. Moss's death was settled last February after his wife, Natalie, sued her husband's direct supervisors — rare, but permissible in Wyoming — saying that they had known about the exposed cable but had done nothing, said Kristeen Hand, the Moss family's lawyer.

In 2009, Ms. Goodman and worker advocates tried unsuccessfully to get state lawmakers to pass a bill that would have made it easier for workers to file lawsuits after an accident.

"We have a system where there's no accountability, where the employer has no incentive to be responsive," said John Vincent, a former mayor of Riverton, who has represented the families of dead and injured oil and gas workers in his law practice and has worked on the legislative effort. "People are afraid to sue. They won't report injuries. They'll just stay at home until they get better."

Even Dr. Ryan said that he did not feel he received full political support in producing his report and that he had grown frustrated before stepping down from his post in December.

"The current Legislature is not interested in any new regulations that have to do with safety," Dr. Ryan said. "It got to the point where I wanted to see the action that's connected to these findings, and I decided it wasn't happening at a pace I was comfortable with."

Wyoming's powerful oil and gas industry says it has stepped up efforts to increase workplace safety over the past few years, but there is still considerable work to be done, said Jack Bedessem, vice president of the Wyoming Oil and Gas Industry Safety Alliance, which was formed in 2010.

The alliance has been working to improve safety awareness for supervisors and employees across the state and also trying to create more uniform training requirements, said Mr. Bedessem, chief executive of the Trihydro Corporation, a Laramie engineering company.

"I think Dr. Ryan characterized the issues Wyoming is facing fairly accurately," he said.

After the workplace death report, Governor Mead said he would implement some of its recommendations and make permanent the epidemiology position to specifically study the problem.

Natalie Moss said that such efforts have come too late for her, but are still critical for other families.

"It seems like people die out there all the time. They're leaving wives and children," Ms. Moss said. "What 26-year-old should have to plan a funeral?"

Mr. REHBERG. Thank you, Ms. Lowey. I will let Ms. Lummis correct for the record her statement because I heard her talk about working off the farm or ranch for other people. I heard her say that.

I do want to clear up for the record something you just said about riding a bicycle, you are required to wear a helmet. I assume there is no requirement to wear a helmet. It is a suggestion. My children wear helmets when they ski, when then ride horseback, when they ride a bike, but there is no penalty under law for not wearing a helmet, is there?

Secretary SOLIS. Well, I know in different States they have different local authorities. And I am merely saying that over the course of time because we know of injuries that can be very serious, head injuries, that people have changed their conduct. They are taking more precautions. That is merely what I was trying to state, because things do evolve, they change.

Mr. REHBERG. Well, they certainly do, but usually the Federal Government doesn't step in and come up with a one-size-fits-all regulation like you are talking about. I can assure the committee that this will be addressed in the budget. I appeared before the Small Business Committee suggesting the same thing. And as I understand it, the schedule suggests that the final rule will be coming out in August and we will address this issue in the appropriations bill. I hope to see that no money is spent on the enforcement or implementation of the rule as it is presented. And it does talk about batteries, and a battery is a battery.

I fought the same fight with the Consumer Product Safety Commission when they made the determination in their rule that youth motorcycles, snowmobiles and ATVs were toys because children might chew on battery cables and valve stems. It continually points out Mr. Flake's point about bureaucrats sitting behind a desk in Washington, D.C. crafting these regulations.

I would like to ask you a few specific questions about an appropriation request. I see there is a proposal for a new \$50 million American jobs center.

REBRANDING ONE-STOPS

Mr. REHBERG. And I assume you are familiar with the fact that the same thing was done under the Clinton administration. And I wonder how we expect a different solution or a different conclusion to a failed project that was actually canceled after a couple of years within the Clinton administration. And so, I guess, what lessons were learned that are going to make this any different.

Secretary SOLIS. The President is asking us to have a more coordinated and more efficient system in place. If you go to any city across the country, you see many one-stop centers that are listed with different titles. There is a lot of confusion out there about what these centers—where they are located and what their names are. I remember as a former Member of the House, I had several that were run by the county, by the city. That doesn't make a difference in terms of the service delivery, but the names are different.

And it is really just trying to brand them with this term, incentivizing all of the one-stops to come together so we can also

put more information online, to make tools better available, and bring some conformity. So really what we are attempting to do is make it easier for the public and businesses to know where to go, so there is a one-stop place to get all that information.

Mr. REHBERG. I have spent a lot of time studying branding and rebranding, Jack Reese, and positioning. They are kind of the foremost in marketing and branding and rebranding.

So I guess question is—you know, with Ms. DeLauro's individual that came, I commented how impressed I was with his—I think it was called The WorkPlace, Incorporated, which was a nonprofit. Do you intend to make them, what, change their name? Fall under an umbrella? Put a sticker in their window?

I guess I don't understand what the \$50 million is going to be and what the rebranding does. It sounds like kind of the same old same old.

Secretary SOLIS. Actually, we are trying to fix a system that hasn't been working well, because there is a lot of confusion. And we hear this often from employers, that they don't even know what the Workforce Investment System is about. And when you tell them about one-stops, they are not clear about what that means.

And they should be taking advantage of what the services are that are provided there. Because, in many cases, as you have heard, businesses are trying to find employees. They can go to a one-stop, they can get this information. We want to make sure that there is conformity in how we brand the message.

Mr. REHBERG. So how is this different than what the Clinton administration attempted to do?

Secretary SOLIS. I wasn't here when the Clinton administration was here.

Mr. REHBERG. Okay, so how is it going to be different from what is in place today? How are you going to spend the \$50 million?

Secretary SOLIS. Well, right now we are going to try to bring conformity. So we have a lot, for example, of community colleges that also provide this assistance. We want to bring everyone under the umbrella to show that we are all coordinated, providing information to people who are looking for jobs and also training.

Mr. REHBERG. I am just not following the \$50 million umbrella. What does the \$50 million do? What is your plan? What—

Secretary SOLIS. It is a branding plan. So we would also—we wouldn't wholly change their titles. We would say that if you are looking for an American job center, this is what it looks like, this is where it is at. And there would be a uniform system to do that, so you could push a button, so to speak, go to the same place, know in your area's ZIP Code where the nearest location is. And it isn't just for people, the public; it is also for businesses.

Mr. REHBERG. Okay, then, as part of the subcommittee, as it considers the \$50 million expenditure, I would like to see the branding plan.

Thank you very much.

[The information follows:]

AMERICAN JOB CENTER NETWORK

The initiative to establish the American Job Center Network is designed to give workers and businesses an easily identifiable source for the help and services our workforce system provides.

- A 2005 GAO report (“Employers Are Aware of, Using, and Satisfied with One-Stop Services, but More Data Could Help Labor Better Address Employers’ Needs”) found that only about half of employers are aware of the public workforce investment system. In addition, each year, 20 million individuals tap into our existing workforce system resources, but there are millions more who could benefit from being able to reliably find the services they need to succeed in today’s economy.
- Currently, names for One-Stop Career Centers vary from state to state, or even from town to town, and online Federal, state and local tools are spread across many Web sites with different names. Jobseekers may not understand that these resources are available to connect them to training and other supports. Veterans transitioning to civilian life might look for a One-Stop Career Center, but cannot find anything nearby with that name.
- Businesses that are well-connected to the workforce system in one state may not be aware that the same services are available to them elsewhere, under a different name.

While the Department will initiate this effort in FY2012, under the President’s FY 2013 Budget proposal, the Department will:

- 1) Use a significant portion of the funds (approximately 70 percent) to support co-location among partner programs, increase the number of American Job Centers and service points, and increase public awareness and accessibility of workforce services through nationwide outreach and education using the American Job Center brand. These funds would be distributed to states and locals, with a small national reserve for administration and technical assistance.
 - To increase the number of service points, funds can be used to establish new service points for workforce services in local communities, such as computers at a library or community-based organization to access online services, or expanding access to workforce services within community colleges and schools, or even creating kiosks in major commercial chains.
 - The recipients may also use these funds to expand workforce services during hours convenient for working adults and businesses, particularly small businesses. In addition, states will use the funds to fully implement the American Job Center brand, and funds could support Web site adjustments and outreach through multiple media. The Department will also seek to create a national outreach and education plan to increase awareness and usage of the public workforce investment system.

2.) The Department will use the remaining funds to expand current national electronic tools to provide more interactivity between the online customer and the virtual services currently available through www.CareerOneStop.org. The new electronic tools would include a jobseeker portfolio, an interactive resume analysis tool, an interactive knowledge and diagnostic database providing automated responses to common questions, and virtual chats with career counselors. For jobseekers who lack computer skills or Internet access, the Department will also expand its telephone contact centers to provide on the phone some of the personal interaction offered through staff-assisted services at brick and mortar One-Stop Career Centers.

Ms. DeLauro.
Secretary SOLIS. Absolutely.

1966 CHILD LABOR LAW

Ms. DELAURO. Thank you.

Before I get to a question on the misclassification of independent contractors, let me just see if I can set the record straight a little bit here.

I think, in terms of the issue of the child farm workers, let's understand one thing, to be clear. It was in 1966, as I understand it—and this is what the Congress did. It is a law that has been in place since 1966. It exempts only farms owned or operated by a parent from the restriction on hazardous farm employment for kids under 16. It is not a new idea thought up by the Department of Labor. Farms owned by a grandparent or an uncle or a cousin have never qualified for the exemption. The Department has, and the Secretary has, no power to change that rulemaking.

The issue in the proposed rule is exactly what is meant by "owned or operated," and that is what the rule is about. So, in fact, Congress extended the child labor law to agriculture. It is not in the Secretary's power to change this.

Also, let me just tell you what we are talking about here. We are talking about youngsters who are 15 and younger. There are no limitations, current or proposed, on agricultural employment for anyone who has reached their 16th birthday, even for the most dangerous work, whatever it is.

Now, the other piece that is important to note is, this is different than the rules outside of agriculture, where workers, by law, younger than 18, and not 16, are prohibited from working in jobs considered particularly hazardous for youth.

And let us also be clear that we are talking about employment for pay. And unless wages are being paid, the rules have absolutely no application to children or teenagers that are doing chores around the family farm, helping out a neighbor, or participating in 4-H or FFA.

So, you know, there is a good reason to be concerned about the safety of young people who are working in agriculture. It is forty years since these rules have been updated. Agriculture has the second-highest fatality rate among young workers, more than five times the average of all the industries.

And as the Secretary has pointed out, we are discussing a proposal, not a final rule. It has been put out for review, for comment. The Department is considering all of this information, and that is what the process is about.

And I would just add that, on the issue of children working on their parents' farms, the Department has withdrawn the part of their proposed rule clarifying that exemption. They are going to study it further. So they are working through this.

But let us not forget what the law of the land is and look at this as willy-nilly somebody in the closet came up with this idea one day and thought it was a good idea to do it. The Congress in 1966 extended these laws to agriculture.

WORKER MISCLASSIFICATION

I am going to see if I can get to worker misclassification, Madam Secretary. You asked for \$10 million for the Wage and Hour Division, of which \$3.8 million is for increased enforcement related to worker misclassification.

Tell us what you mean by “worker misclassification” and why the Department considers this a high-priority concern.

Secretary SOLIS. Yes, Congresswoman DeLauro, what we are looking to do here is to support the use of legitimate independent contractors. We are finding that there have been a lot of folks out there that have not been appropriately abiding by that.

And we find that when workers are cheated of their appropriate wages, that they are not paid workers’ compensation or other taxes because they are labeled as independent contractors, that is money that is not given to that worker, but it also robs the States and local government. And we are trying to correct that. There are a lot of injuries that occur. Workers’ compensation—who ends up paying for that if somebody is classified inappropriately as an independent contractor?

We are trying to get to the core of these industries where these abuses have happened. We are not going after legitimate independent contractors. What we want to do is make sure that people are not misclassified. So our efforts will work with the Wage and Hour Division. We will work also with different States. Minnesota, Missouri, Illinois, Connecticut, New York, Massachusetts, Maryland, Washington, Utah, Hawaii, Montana have already entered into an MOU with us to work with the IRS, because we know that there are a bunch of folks out there that want to cheat, that don’t want to pay their taxes and don’t want to pay the employee, and misclassify people. And places like Maryland, Washington, Hawaii, and Montana feel that they need to be a part of this effort with us. So we are doing it collectively.

The amount that we are asking for, yes, in total is about \$28 million. But I think collectively it will have a tremendous impact, because it will bring revenue back into our States and provide some semblance of safety for those workers that get injured out there.

Ms. DELAURO. Thank you.

Mr. REHBERG. Mrs. Lummis.

Mrs. LUMMIS. Thank you, Mr. Chairman.

I first want to thank my colleague for pointing out how Wyoming took the step of identifying a problem with worker safety in the oil and gas industry, studying it, making recommendations to the State, and how the State is responding to this unique Wyoming problem of worker safety in the oil and gas industry.

I think that States are uniquely qualified and positioned to identify problems that are unique to the job and employment sectors in their State and resolve serious problems. And, certainly, it is a serious problem in my State. And I commend my State and my Governor, Matt Mead, for addressing this tremendously important worker-safety issue.

WORKFORCE INNOVATION FUND

I want to turn to the Workforce Innovation Fund and ask some questions about it. Because, as you know, Secretary Solis, every single dime that we are talking about spending today is borrowed from China, Japan, the American people, Saudis, and others—every dime. Because all of the revenue in this country, all of it, is consumed by entitlement programs. So the only part of the budget this committee has any control over, which is discretionary spending, it is all borrowed money.

So what we need to do when we are making decisions about how to spend that money is to say, is this something that is so important for the Federal Government to do that it is worth borrowing money from China to do it?

So, in that context, I have a question about the Workforce Innovation Fund. It was created in fiscal year 2011 to the tune of \$125 million. Also received funds in fiscal year 2012 to the tune of \$50 million. And now we are being asked to top it off to a \$300 million commitment to innovation when we don't even have the first round of grantees yet because the first initial fiscal year 2011 funds won't go out until June. So we don't know yet whether the program is working.

So my question is this. I know you have high hopes for the potential of the Workforce Innovation Fund to improve our workforce programs. But when can we expect to see the results of the initial investments that were made in 2011 and 2012? And how many more millions do we have to spend before we know whether it works or not?

Secretary SOLIS. Well, that is a good question, and I would tell you that the Workforce Innovation Fund is a part of funding that comes from the workforce investment programs collectively.

What we are attempting to do here is really look at good models. We talked a lot about, for example, the TAA community college experience, where we are getting employers to work closely with our community colleges so that we are actually matching the skills to what the employer wants. We want to incentivize that. And we are having to use these kinds of tools because we haven't reauthorized WIA. It is already—it is a stale piece of legislation that needs to be more flexible and adaptable. So I am using that prerogative, along with the support of the administration and with your support, to make these programs work better.

So we are listening to the States, we are listening to locals, we are listening to the local workforce, and we are listening to employers. And this model has been proven to be ineffective. We are already giving out another series of grants that are going out.

And we are finding that the return on it can help us better serve the needs of the local areas. So regions, for example, sectors that want to build out, pharmaceuticals, biofuels, things of that nature, we are testing the water to see exactly what that assessment market base is, but also making sure that we connect with the right employers that are going to be able to hire up the people in those jobs.

Mrs. LUMMIS. Okay. So my question is, is it worth borrowing money from China to augment a program whose initial grants haven't even gone out?

Secretary SOLIS. I would reframe the question and say that the money that is given to us by this committee are U.S. taxpaying dollars, they are U.S. dollars. And the relationship—

Mrs. LUMMIS. But where—so you are saying that the mandatory programs are the borrowed money—

Secretary SOLIS. No.

Mrs. LUMMIS [continuing]. And that discretionary programs—

Secretary SOLIS. No. What I am saying—you know, maybe I am not understanding your questioning, but my understanding is that the funding that we request from the Congress comes from our taxpayers, it comes from our consumers. And—

Mrs. LUMMIS. Well, it really doesn't, though. It comes from China and the American people who are lending us money and the Japanese and the Saudis and whoever else is buying our—

Secretary SOLIS. Well, there has been a lot of money that has been borrowed already to fight for some wars, and who is paying that?

Mr. REHBERG. Ms. Roybal-Allard.

Ms. ROYBAL-ALLARD. Secretary Solis, there are some that believe OSHA regulations impose unfair burdens on businesses. And there are also studies that have shown OSHA enforcement has little negative economic impact on business and that production, revenue, and profits have increased in regulated industries and that small businesses continue to compete successfully.

I know that businesses in my district tell me that they welcome strong enforcement because it helps to level the playing field for them and the majority of businesses that care about worker safety and follow the rules.

Have you found evidence that regulation and enforcement cause detrimental effects on small businesses? And in keeping with your mission, what steps has the Department of Labor taken to work with small businesses to minimize regulatory burdens that may exist?

Secretary SOLIS. The President has talked about looking at—having, actually, a look-back at our regulations. We have taken it upon ourselves to go back and look at old regulations and onerous ones that perhaps we can scale back.

We do take it very seriously with respect to hearing from the business community. Whenever there is a regulation that is put forward, it has to go through that regulatory process where the Small Business Administration, the advisory groups there, do take a look at what economic impact there has been.

Through OSHA we continue to have more consultations, more than any other time, because we know how important it is to make sure that small businesses understand exactly what they need to be following. So we provide consultations. In fact, what we are looking at is more consultations, because we know that last year we conducted about 30,000 small-business visits, consultations that we provided. We know next year we are going to see more.

Our job and availability is to go out and do as much as we can, especially for those new arising industries where you have a lot of

immigrant communities that aren't fully aware of what protections and rights are already on the books, familiarizing them as well as their workers as to what their role and responsibility—and to help prevent any injuries. Because, at the end of the day, if there is no appropriate coverage for those injuries, the businesses fail, they go bankrupt, and the taxpayer has to pick up the bill once that injury is then taken to, say, an emergency room unit. And you know that very well, serving in your capacity as a member of this committee. And we are trying to mitigate that.

So we are doing our best. We know we can do more, but we also want to hear and invite the public and small businesses, because they are the engine of growth and we have a responsibility and obligation to do that.

Ms. ROYBAL-ALLARD. I was glad to see that your budget invests in the Chief Evaluation Office, which reflects your continued commitment to program evaluation.

Tell the committee how the Department is using the results of this research to shape priorities and to ensure our investments have a positive impact and are also cost-effective.

Secretary SOLIS. The Department is very mindful that the tax-paying dollars that are given to us are a privilege. And we want to make sure that we are making the right investments and that we are getting the right return on those dollars. So, it is very important for us to prioritize our evaluation across the board.

That is why I have made it a personal priority, because I come from that background. As a former Member of the House, we would scrutinize everybody's budget, including our own. I do take it very seriously and know that it is a part of what our mission should be.

If people understand when they are reviewed in evaluation and given feedback and assessment on a more regular basis, they are apt to be able to change and make those adaptations that are going to save the taxpayer money. So that is what we are attempting to do through this whole evaluation—Chief Evaluation Officer.

And I think that all government, rightfully so, should be doing the same thing. I know that the President strongly believes in that. That is why we are supporting this budget request.

Ms. ROYBAL-ALLARD. Okay. Thank you.

Mr. REHBERG. Ms. Lee.

Ms. LEE. Thank you very much.

SUMMER YOUTH EMPLOYMENT

First, let me just say, our best economic policy to reduce the deficit, we all know, is to invest in job creation. Also, if we didn't have these huge tax cuts for the very wealthy, we would have the resources that we need to fund education and training and infrastructure and what the American people need and deserve. And, you know, so I just think we need to really—this committee should really begin to look at really what our priorities should be, in terms of, you know, our investments on behalf of the American people.

You know, let me just give you an example. With the teen unemployment rate—and we should have addressed this many, many, many years ago. It is an unbelievable high rate of 23 percent. And African American teens are unemployed at the rate of 34.7 percent.

Summer jobs and employment opportunities for our youth really help them become taxpayers and help them become good citizens who want to help in terms of their community and help reignite, really, the American dream for everyone.

In Oakland, in my district, we are trying to use summer jobs and other initiatives not only to employ our youth but also to keep them out of trouble. I mean, young people need some alternatives. Again, that is, I think, a very prudent and wise investment on behalf of our Federal Government.

Prior to the Recovery Act, there was not a dedicated funding stream for summer jobs. But through the very successful—and it was very successful—\$1.2 billion youth activity stimulus, 300,000 summer jobs were created in 2009. This allowed our young people to develop job skills, become job-ready, and they paid taxes. And so, again, we invested in that effort, and our young people, those 300,000 young people, paid taxes.

So with teen unemployment rates what they are now, it is clear that we need again to target funds for youth summer jobs and also year-round jobs for our young people. So let me just ask you how your budget addresses this issue. Because, once again, going to our economic policies, we know that job creation really helps reduce the deficit and helps young people become productive taxpayers.

Secretary SOLIS. Well, as you know, Congresswoman, there wasn't a particular language that existed for many years that was dedicated solely for summer youth employment. Those days have since gone. And the President, with your help and others in the Congress, were able to dedicate funding in the Recovery Act, \$1.2 billion, to help put over 300,000 young people to work.

We know that through our own programs we do have the availability to help provide assistance year-round, and we attempt to do that through different programs. And one that I think you should be aware of is the Summer Jobs Plus program. It is a voluntary program because we don't have dedicated funding.

You have fought time and time again to get a stream of funding for youth employment, and I know how valuable that is. Unfortunately, we didn't get the support of the Congress. So we decided on our own, through our own initiative, to help solicit support from private agencies and corporations. We were able last year to set aside about 80,000 job slots.

This year, the President is behind the initiative. There is no Federal money because Congress hasn't acted yet. We hope that they will. Our goal is to create about 250,000, roughly, slots available. That is not nearly enough where we need to go.

But there is participation. People like Jamba Juice, out your way, are hiring up—are looking to hire up people in San Francisco. But, also, because they have taken a liking to what we are doing and the results because they are finding trained staff and individuals from our Job Corps program, now they want to partner with us and spread this program throughout the country.

So we have different corporations who are coming out, who are stepping up to the plate. But we know that isn't good enough; we need to do more. And that is why the President is also asking in his initiative for Pathways Back to Work, which would address summer youth and year-long unemployment for young people. It

would actually put about \$2 billion in for year-round funding for youth.

JOB CORPS CLOSURES

Ms. LEE. And, Madam Secretary, on Job Corps closures, can you just explain the process you all are going through? Because some are being closed, which I am quite disturbed about. And I want to make sure these young people do not lose an opportunity through the Job Corps centers, which do wonderful work.

Secretary SOLIS. There will be a rigorous evaluation. Nothing has been set in writing. We will use the same criteria that they are supposed to be adhering to now. We know that there are some low-performing centers.

But if there are any centers that are closed, those remaining students then will be sent to other operating Job Corps programs. And that is really what our agenda is, to try to get these programs up to speed, make sure they are complying with their contractual agreements.

Ms. LEE. Thank you.

Mr. REHBERG. Ms. Lowey.

Mrs. LOWEY. Thank you, Mr. Chairman.

And I want to thank you again, Madam Secretary, for your extraordinary work. We are very proud of you.

I would like to emphasize again the Bureau of International Labor Affairs and highlight your request for an increase of \$2.6 million for the Bureau of International Labor Affairs' efforts on behalf of worker rights. We must ensure that our trading partners enforce the labor-rights provisions of their own laws, as well as our trade agreements, to protect our workforce. We cannot allow our trade partners to undercut American workers by exploiting their workers overseas, including exploiting child labor, to undercut wages.

I want to make one other comment, because, having been on the Appropriations Committee for many years with my colleagues, the purpose of the Appropriations Committee and these hearings is to go through the whole budget and try to make it as efficient as we can and cut out waste, cut out fraud, cut out programs that don't make any sense today. And we understand that.

I am just as concerned—it is a concern on both sides of the aisle—with our current deficit and our long-range debt. And we have to deal with it seriously. And my friends on both sides of the aisle may have different views as to the best way to get to that goal.

But I would also like to put in the record that Wyoming received \$669 million in subsidies from 1995 to 2009. That is also money borrowed from China. For example: disaster payments, \$167,047,586; Conservation Reserve Program, \$125,690,122; wheat subsidies, \$86,900,699; livestock subsidies, \$78,050,344; corn subsidies, \$65,437,054; barley subsidies, \$38,749,605; wool subsidies, \$20,644,909; sugar beet subsidies, \$7,099,085; et cetera, et cetera, et cetera.

And I just want to make it clear that my friend and I come from different parts of the country, so some States may put more focus on certain needs, and I am very happy to support them if they are

necessary. But I know a lot of kids who can't go to college because when there was a proposal of cutting \$845 million from Pell Grants—and fortunately they were not cut, they are working two, three jobs. And I visit these community colleges; these kids wouldn't be going to college without it. Worker training programs—I can go on and on.

And the investments that we make in these programs with this committee, and why I am so proud to serve on this committee, are essential. Yes, we have to go through every line in the budget. But I think we have to respect the needs—corn subsidies, other subsidies, as well as many of us care passionately about investing in our young people, making sure they are getting the education, making sure they get the training that is necessary to prepare for the future, and make sure that every child has the opportunity to fulfill their dreams and meet their goals.

And I just wanted to close with that and thank you again for your important work. And hopefully on both sides of the aisle we can respect the needs of the populations that may be different, but we want to make sure all our children have that opportunity to succeed.

And thank you very much.

Secretary SOLIS. Thank you, Congresswoman.

I just want to say, with the ILAB funding, we are focusing in now on our trade agreements. As you know, three were passed; we had bipartisan support.

We have a lot of work to do on the ground. And so our emphasis and focus is to look at how we can help impart our knowledge, our expertise, our technical assistance. We even have people right now on the ground in Colombia to help them restructure their labor agreements and also help them understand what judicial protocols need to be put in place. So we are doing a lot of technical, you know, advances in that way.

Overall, it helps us because then we can kind of level the playing field in terms of trade and also allow for good businesses that want to export their items, that we know—or import them, when we are importing them—that we know we are not getting them because of slave labor or abuses that are happening in other countries.

Mr. REHBERG. Mr. Alexander.

Oh, okay. I just want to point out in the summer employment and when we talk about borrowing money from China, I don't know if you remember the hearing from last year but we talked about specifically the information that we received from Wisconsin about their summer employment. And of those youth that gained employment, it cost \$90,000 per position, per employee. And so that is probably one of the reasons that we are as hard on the appropriations and borrowed money.

The last—

Secretary SOLIS. Mr. Chairman, that was corrected for the record, is my understanding. That is not a correct document, and that was corrected for the record.

Mr. REHBERG. I will take a look, and I apologize if I am wrong. I was not made aware that that was corrected for the record. I am using my memory, which can be wrong sometimes.

I2P2 REGULATIONS

However, last year, as you know, the bill I introduced in the House prohibited any further development of the I2P2 regulation. And in discussing small businesses' position on regulation and over-regulation, I guess I am a little shocked, because every small-business organization that I talk to, in fact I belong to the NFIB and the Chamber of Commerce and such, suggest that there is a problem with many of the regulations, especially as they are coming out of the Department of Labor.

And so I guess I am thinking back to 1998 and the panel that was created; SBREFA I think was the name of the panel. And they came up with the conclusion that many of the regulations that were coming out were onerous and cost-prohibitive. And I understand that under the new regulation that is being crafted that I tried to keep from happening in the last go-around, another recommendation of creating a panel similar to or called SBREFA is going to be reestablished, or established again.

And I guess my question is, what did OSHA—how are they going to do something different? Are they going to find a different conclusion? Did they consider the recommendations of small business or the panel from the last time? Again, what is going to be different—

Secretary SOLIS. Mr. Chairman, we haven't proposed any regulation. And, at this time, we are not putting anything forward.

Mr. REHBERG. So there will be no SBREFA panel, nothing in that—

Secretary SOLIS. Well, we are not moving in any direction right now. So we are in a hold pattern right now.

Mr. REHBERG. Okay.

I would also like to ask you about the Governors' Reserve. And in the last budget, I believe it started out at a 15 percent reserve. And I had suggested at the time and in our bill that we lower that to 10, just because of the balance that was being carried forward, the billion dollars. And I had thought and assumed that that would be a one-time thing. The Senate cut it down even further to 5 percent, and I see now your recommendation is at 5 percent.

My question is, have you gone out and asked the users? Have you talked to the States? What kind of reaction—

Secretary SOLIS. We have. Yes, we have, Mr. Chairman.

Mr. REHBERG. And the National Governors Association is supportive of changing this down to 5 percent?

Secretary SOLIS. Well, they obviously are not in full agreement. But we do know that, when we look back at the usage of that set-aside, there were many Governors in the past that were just sitting on that amount of money instead of utilizing it when they could have been doing other things with it.

Mr. REHBERG. I realize that. And that was part of why we suggested at the time a reduction from the 15 to 10. But, again, as I stated, that was to clear up that balance, telling the States—and not suggesting or recommending or making the States, mandating that they spend the money, but it was made available to them. You now have moved it to a different element, and you have made per-

manent what we suggested as a temporary cleaning up of the account.

Secretary SOLIS. And I guess it is good, because we are utilizing that additional money and plowing it back into the programs that we know it is really needed in.

So I think that is what the tradeoff is here. And I think it is a good one. Because we are hearing so much right now in this economic crisis that there has to be more training made available, and employers need to find individuals that are skilled up. The only way we can do that is if we can operate and function and provide the training that is necessary.

Mr. REHBERG. I found your initial answer to my question particularly interesting, because I asked you the question—maybe I phrased it wrong—did you go out and talk to the Governors and you said yes.

Secretary SOLIS. We did.

Mr. REHBERG. The second part of it was, do they agree, and you said no. So thank you for at least—

Secretary SOLIS. Not all of them. Not all of them.

Mr. REHBERG [continuing]. Asking them the question. I am sorry you didn't accept their recommendation. And, once again, I think it is a mistake to make it a permanent reduction. But we will deal with that in the executive session of the subcommittee, as well.

I probably need to go to Ms. DeLauro.

RYAN BUDGET

Ms. DELAURO. Thank you very much, Mr. Chairman.

Just a couple of points and then a couple of questions.

I guess we really don't care if we borrow from China if we are going to provide, as the Ryan budget does, \$150,000 in a tax cut to the richest 1 percent or so of folks in the United States. So there we don't worry about China.

Also, I think it is interesting to note that we are looking at a Ryan budget that is \$19 billion below an agreement that we really all signed on to, and now the majority has reneged on that agreement. And then, interestingly enough, there is an \$897 billion pot of cuts to nondefense discretionary programs which the other side will not fess up to. They won't point out what it is, what it is about.

More interesting than that is, none of that money is going to deficit reduction so that we would have the opportunity to not have to borrow from China. But it is going to the tax cuts for the richest 1 percent of the people in this Nation. So the record should remain, you know, clear as to what we are talking about here.

Madam Secretary, let me ask you, given that unemployment levels are nearly 13 percent for workers who are over the age of 25, with less than a high school degree, one out of every seven workers does not have the basic literacy skills necessary to succeed in the industries of tomorrow, what is the Department doing to identify and replicate successful community-based adult literacy programs and partner them with complementary training programs in local workforce investment areas to ensure that our lowest-level adults do not continue to fall behind on the economic ladder? Keeping in mind, as well, that in the 2011 budget every literacy program was eliminated.

So what are we dealing with in terms of low-skilled workers?

Secretary SOLIS. Well, we continue to address these issues through several of our programs, and you are familiar with them. One is the Job Corps program. You know, those are for students that are at risk, that perhaps failed in getting a GED or a high school education.

Ms. DELAURO. I applaud you for looking at those and reviewing them.

Secretary SOLIS. And reviewing them and tightening them up.

Also, with the YouthBuild program, expanding what they can do, not just in construction, but now IT, getting credentials there, apprenticeship, pre-apprenticeship programs, and also looking at continuing and renewable energy. So those are things we are looking at to address that.

We also know that we are working a lot closer with the Department of Education and their vocational and adult education programs. Because many employers are asking us, we have a workforce that has maybe less than an 8th-grade education. So we have to be able to address our programs so that we can readily work with people on the assembly line, so we can apply that skill, that education as immediately as needed.

And the President is also talking about rebranding or reshaping how we do services for TAA and dislocated workers. So we are coupling those two programs, what we know works best, and putting that out. And we think that that is going to help to provide more of a seamless and more wraparound services for these hard-to-place individuals.

So that is exactly what the Congress has been telling us, and now we are proposing to put that forward. So those are proposals that may not directly come before this committee, but I know that they are being talked about right now.

Ms. DELAURO. Just a quick point on that forum that I had with community colleges and business and industry. One of the points that was made by both groups was this whole issue of literacy and coming prepared. And the community colleges were aware that that is what they have to try to do, as well. And the industry folks are saying, if we have those skills, then we don't have to reinvent that wheel and we can move forward.

Secretary SOLIS. Right. Right.

Ms. DELAURO. Backlog of mine safety citation appeals—I know the Department is working to reduce the backlog.

Secretary SOLIS. Uh-huh.

Ms. DELAURO. I also understand that coal mine operators have been appealing a larger percentage of the citations they receive.

Well, I want to ask a question, and I am hopeful that we—I don't know what the chairman's plan is, but if we could go back, I want to ask a question on that.

Mr. REHBERG. If we have time. We will end the meeting at 12 o'clock. So we will do everything we possibly can. If people will shorten their questions.

Ms. DELAURO. Thank you.

Mr. REHBERG. You betcha.

Ms. DELAURO. I will get back to that.

Mr. REHBERG. Okay.

Mr. Alexander.

Mr. ALEXANDER. Did Ms. Lummis ask her question a while ago? He called on you a little earlier. Did you ask your question?

Mr. REHBERG. She hasn't had the opportunity. But if you want to go ahead, then—go ahead.

Mr. ALEXANDER. Madam Secretary, a little earlier you said that there was something like 12,000 young people, I believe was the number you used, somewhere around—

Secretary SOLIS. Uh-huh.

Mr. ALEXANDER [continuing]. That were hurt on farming operations. Do we have any idea how many children are injured in that same age range outside farming territory?

Secretary SOLIS. I don't have that information, but I am sure we can provide it to you. I was actually citing a study by the Journal of the American Academy of Pediatrics that put that out.

[The information follows:]

Table 2. Number, median days away from work ¹ and relative standard errors ² of occupational injuries and illnesses involving days away from work 3 by selected industries to 18 and under in private industry for All United States, 2010

Industry	Total Cases	Median Days	Relative Standard Error
000000 All Industry	11,370	3	1.8
GP1AAA Goods producing	1,610	3	4.4
GP1NRM Natural resources and mining ^{4,5}	190	5	10.8
GP2AFH Agriculture forestry fishing and hunting ⁵	140	4	17.6
111000 Crop production ⁵	70	3	22.7
111200 Vegetable and melon farming ⁵	30	6	39.0
111300 Fruit and tree nut farming ⁵	20	6	39.8
112000 Animal production ⁵	20	4	57.3
115000 Support acts for agric & forestry ⁵	30	3	38.0
115100 Support activities for crop prod ⁵	30	3	33.4
115110 Support activities for crop prod ⁵	30	3	33.4
115115 Farm labor contract & crew lead ⁵	30	4	31.8
GP2MIN Mining ⁴	50	5	12.2
213000 Support activities for mining ⁴	40	5	28.7
213100 Support activities for mining ⁴	40	5	28.7
213110 Support activities for mining ⁴	40	5	28.7
213112 Support actives for oil & gas ops ⁴	30	5	40.0
GP1CON Construction	620	2	11.1
GP2CON Construction	620	2	11.1
236000 Construction of buildings	340	2	18.3
236100 Residential building construction	330	2	27.6
237000 Heavy and civil engineering const	90	8	21.5
237300 Highway- street- and bridge const	50	60	28.4
237900 Other heavy & civil engin const	30	5	52.3
238000 Specialty trade contractors	180	7	20.9
238100 Found- struct & build ext cont	40	17	47.2
238200 Building equipment contractors	100	14	26.7
238220 Plumbing- heating- and ac cont	90	14	30.1
238900 Other specialty trade cont	30	3	59.9
GP1MFG Manufacturing	800	4	5.2
GP2MFG Manufacturing	800	4	5.2
311000 Food manufacturing	160	2	10.0
311400 Fruit & veg pres & spec food mfg	20	5	28.1
311600 Animal slaughtering and proc	50	4	15.8
311610 Animal slaughtering & processing	50	4	15.8
311611 Animal (exc poultry) slaughter	20	5	30.5
311615 Poultry processing	20	2	21.9
311800 Bakeries and tortilla mfg	60	1	18.9
311810 Bread and bakery product mfg	60	1	19.1
311811 Retail bakeries	60	1	40.7
311900 Other food manufacturing	20	6	36.9
312000 Beverage & tobacco product mfg	20	9	33.4
312100 Beverage manufacturing	20	9	34.4
312110 Soft drink and ice manufacturing	20	9	34.0
312111 Soft drink manufacturing	20	9	32.3
321000 Wood product manufacturing	70	2	20.4
321100 Sawmills and wood preservation	60	2	23.5
321110 Sawmills and wood preservation	60	2	23.5
321113 Sawmills	50	2	24.4
323000 Printing & related support acts	80	3	19.6
323100 Printing & related support acts	80	3	19.6
323101 Printing	80	3	19.7
323110 Commercial lithographic printing	80	3	20.5
326000 Plastics & rubber products mfg	40	2	22.8
326100 Plastics product manufacturing	30	1	26.4
326190 Other plastics product mfg	20	1	28.6
326199 All other plastics product mfg	20	1	28.5
327000 Nonmetallic mineral product mfg	130	4	19.9
331000 Primary metal manufacturing	20	1	27.8
331500 Foundries	20	1	27.9
331510 Ferrous metal foundries	20	1	28.4
332000 Fabricated metal product mfg	40	5	30.3
332900 Other fabricated metal prod mfg	20	5	33.4
333000 Machinery manufacturing	80	2	16.7
333100 Agric- const & mining mach mfg	20	3	31.3
333110 Agric implement manufacturing	20	3	31.5

Industry	Total Cases	Median Days	Relative Standard Error
333200 Industrial machinery mfg	20	2	50.7
333500 Metalworking machinery mfg	20	4	48.6
333510 Metalworking machinery mfg	20	4	48.6
336000 Transportation equipment mfg	40	4	19.6
336300 Motor vehicle parts mfg	20	12	20.9
337000 Furniture & related product mfg	20	5	36.9
337100 Househld inst furn kitchen cabinet	20	5	41.1
337120 Household & instit furniture mfg	20	5	36.6
339000 Miscellaneous manufacturing	50	27	22.1
339900 Other miscellaneous mfg	50	27	26.3
SP1AAA Service providing	9,760	3	2.0
SP1TTU Trade transportation and utilities	3,200	3	3.4
SP2WHT Wholesale trade	620	1	9.4
423000 Merchant wholesale- dur goods	440	1	13.6
423100 Mot veh- parts- supp merch whsle	300	1	18.9
423800 Mach- equip- supplies merch whsle	120	27	27.2
424000 Merch whsle- nondurable goods	180	3	14.1
424400 Grocery- rel prod merch whsle	130	3	15.6
424900 Misc nondur goods merch whsle	40	1	43.0
SP2RET Retail trade	2,400	3	4.1
441000 Motor vehicle and parts dealers	110	5	25.7
441100 Automobile dealers	90	5	22.7
441110 New car dealers	90	5	23.1
442000 Furniture & home furnishings stores	80	2	34.6
442200 Home furnishings stores	30	1	54.8
442290 Other home furnishings stores	30	1	55.9
444000 Bld mtrl & grdn equip & supply dlrs	140	5	17.4
444100 Building material & supply dealers	130	5	17.3
444110 Home centers	90	158	17.0
445000 Food and beverage stores	1,070	4	6.2
445100 Grocery stores	990	4	6.2
445110 Supermrkts & other grocery stores	940	3	6.2
445200 Specialty food stores	80	31	37.6
447000 Gasoline stations	190	1	31.8
447100 Gasoline stations	190	1	31.8
447110 Gasoline stations w/ conven stores	190	1	32.0
448000 Clothing & clothing access. stores	90	3	32.8
448100 Clothing stores	80	3	32.4
448140 Family clothing stores	60	8	34.8
451000 Sporting- hobby- book & music stor	90	6	32.5
451100 Sporting- hobby- & music instr sto	80	6	32.3
451110 Sporting goods stores	60	6	38.0
452000 General merchandise stores	510	3	4.7
452100 Department stores	190	2	8.3
452900 Other general merchandise stores	320	3	5.6
452910 Warehouse clubs and supercenters	220	3	5.3
452990 Other general merchandise stores	100	2	32.0
453000 Miscellaneous store retailers	80	6	44.8
453200 Off supply- stationry & gift store	30	6	60.0
SP2TRW Transportation and warehousing	170	8	13.0
484000 Truck transportation	30	3	40.2
484100 General freight trucking	20	3	40.8
484120 Gnrl frght trucking- long-distance	20	8	47.1
488000 Support actv for transportation	30	8	40.2
492000 Couriers and messengers	40	12	17.5
492100 Couriers/express delivery services	40	12	16.9
493000 Warehousing and storage	60	8	16.8
493100 Warehousing and storage	60	8	16.8
493110 General warehousing and storage	30	2	21.7
SP1INF Information	190	7	16.4
SP2INF Information	190	7	16.4
512000 Motion pic & sound record industry	180	7	27.0
512100 Motion picture and video industries	180	7	27.7
512130 Motion picture and video exhibition	180	7	30.5
SP1FIA Financial activities	140	1	21.3
SP2FIN Finance and insurance	20	16	50.0
SP2RRL Real estate and rental and leasing	130	1	28.4
531000 Real estate	110	1	30.8
531300 Activities related to real estate	100	1	30.0
SP1PBS Professional and business services	300	5	14.2
SP2PST Professional and technical services	100	5	27.9
541000 Professional- scientific- & tech s	100	5	27.9
541900 Othr prof- scientific- & tech sers	100	5	47.7

Industry	Total Cases	Median Days	Relative Standard Error
SP2MCE Management of companies and enterprises	20	107	42.4
SP2ADW Administrative and waste services	180	5	18.5
561000 Administrative and support services	180	5	18.5
561300 Employment services	20	5	51.5
561320 Temporary help services	20	5	58.6
561700 Services to buildings and dwellings	110	2	28.2
561720 Janitorial services	20	8	59.1
561730 Landscaping services	80	2	39.2
SP1EHS Educational and health services	970	3	4.9
SP2EDS Educational services	90	2	13.7
611000 Educational services	90	2	13.7
611300 Colleges- univer- & professl schoo	30	5	16.2
611600 Other schools and instruction	50	2	57.2
SP2HSA Health care and social assistance	880	3	5.2
621000 Ambulatory health care services	30	3	38.3
621600 Home health care services	20	11	46.0
622000 Hospitals	120	3	11.0
622100 General medical & surgical hospital	110	4	11.6
623000 Nursing & residential care faciliti	660	3	5.9
623100 Nursing care facilities	440	4	6.4
623300 Comm care facilities for the elderl	210	3	12.3
624000 Social assistance	70	4	26.1
624100 Individual and family services	50	4	30.3
624120 Serv for the elder & persons w/ dis	40	7	31.9
SP1LEH Leisure and hospitality	4,510	3	3.9
SP2AER Arts entertainment and recreation	600	2	7.7
711000 Perf art- spec spts & related ind	40	1	29.9
711200 Spectator sports	20	1	37.3
711210 Spectator sports	20	1	37.3
711211 Sports teams and clubs	20	1	47.3
713000 Amusement- gambling- & rec ind	560	2	8.4
713100 Amusement parks and arcades	150	2	13.1
713110 Amusement and theme parks	120	2	14.3
713200 Gambling industries	20	6	20.6
713900 Other amusement & rec industries	380	2	12.7
713920 Skiing facilities	30	10	22.9
713940 Fitness & rec sports centers	320	2	20.7
SP2AFS Accommodation and food services	3,910	4	4.5
721000 Accommodation	360	3	8.6
721100 Traveler accommodation	330	2	8.8
721110 Hotels (ex casino hotels) & motels	310	2	9.4
721120 Casino hotels	20	4	30.0
721200 Rv (rec veh) parks & rec camps	30	20	59.7
721210 Rv (rec veh) parks & rec camps	30	20	59.7
722000 Food services and drinking places	3,550	4	6.0
722100 Full-service restaurants	760	3	11.4
722200 Limited-service eating places	2,260	3	8.9
722210 Limited-service eating places	2,260	3	8.9
722211 Limited-service restaurants	2,090	3	9.3
722212 Cafeterias and buffets	50	4	42.5
722213 Snack & nonalcoholic bever bars	110	12	41.1
722300 Special food services	110	3	22.8
SP1OTS Other services except public administration	440	4	17.1
SP2OTS Other services except public administration	440	4	17.1
811000 Repair and maintenance	70	16	54.1
812000 Personal and laundry services	280	4	20.4
812100 Personal care services	260	4	30.4
813000 Rel- grantmk- civic- prof- & sim o	80	12	30.4

¹ Median days away from work is the measure used to summarize the varying lengths of absences from work among the cases with days away from work. Half the cases involved more days and half involved less days than a specified median. Median days away from work are represented in actual values.

² Relative standard errors are a measure of the sampling error of an estimate. Sampling errors occur because observations are made on a sample, not on the entire population. Estimates based on the different possible samples of the same size and sample design could differ. Relative standard errors less than 0.05 are not shown.

³ Days away from work cases include those which result in days away from work with or without restricted work activity.

⁴ Data for mining operators in this industry are provided to BLS by the Mine Safety and Health Administration, U.S. Department of Labor. Independent mining contractors are excluded. These data do not reflect the changes the Occupational Safety and Health Administration made to its recordkeeping requirements effective January 1, 2002; therefore estimates for these industries are not comparable to estimates in other industries.

⁵ Excludes farms with fewer than 11 employees.

NOTE: Because of rounding and data exclusion of nonclassifiable responses, data may not sum to the totals. Dashes indicate data that do not meet publication guidelines. The scientifically selected probability sample used was one of many possible samples, each of which could have produced different estimates. A measure of sampling variability for each estimate is available upon request.

SOURCE: Bureau of Labor Statistics, U.S. Department of Labor, May 04, 2012

Mr. ALEXANDER. Well, I was just wondering how far we were going to go, to restricting bicycle riders on sidewalks, et cetera.

Secretary SOLIS. I don't have any intention of going in that direction.

Mr. ALEXANDER. Okay.

DISABILITY EMPLOYMENT INITIATIVES

In December of last year, your office issued a rule that would require Federal Government contractors to employ at least 7 percent of their workforce with people with disabilities. Is that 7 percent—where did that number come from?

It is interesting, I find that the same rules apply to your office of 2 percent, but yet the report showed that only 1.8 percent of the Department of Labor employees are with disabilities.

Secretary SOLIS. We are actually looking at a proposed rule, if that is what you are talking about. And we are looking at trying to enhance the employability of people with disabilities.

So we know that there are several ongoing initiatives that the administration is taking on. One is to get Federal Government to do that, but also employers. And so our attempt here is to make available information, get information also from employers to see what the impediments are, why we can't hire up more disabled individuals.

This is really important, especially as we see returning veterans coming home that are injured, that are being discriminated against because of these injuries. And we want to try to make that available, so we are trying to educate. And that is what our proposed rule would do, to help provide importance access for these communities that are affected.

Mr. ALEXANDER. Well, in some way we are going to have to tweak the law, because it is against the law now for an employer to ask an individual or potential employee if they are disabled. Isn't that correct?

Secretary SOLIS. Well, we know that there is a higher rate of unemployment in this community. So the evidence shows that we have a long way to go. There is discrimination that is going on.

Mr. ALEXANDER. Okay.

Mr. REHBERG. Ms. Roybal-Allard.

Okay. Mrs. Lummis.

Mrs. LUMMIS. Thank you, Mr. Chairman.

As an aside, I find it kind of interesting about this apparent battle of the States. This isn't about what States get. This is about what the Federal taxpayers are getting for their money. You know, New Yorkers get \$9,000 per participant on Medicaid. Wyoming people get \$6,300 per participant on Medicaid. So, you know, if that makes folks feel better, you know, I am happy about it. Besides, I think we should cut farm subsidy programs, too, you know.

So this isn't about—and, really, farmers in Wyoming say, "We accept that. We know we are in a financial crisis. We are willing to phase those out because this is a financial crisis." So I am asking questions in the context of a financial crisis that we are in. This country is in a financial crisis.

So, Secretary Solis, this isn't personal. You know, I am not trying to attack you. I am trying to attack a financial crisis that our coun-

try is in. And I am attacking it in every committee for every group that gets money that we borrow from other countries. That is just my philosophy.

And I do intend to share some questions with you for the record on the H-2A program. You have been issuing some guidance letters, which you have the authority to do and that constituents find helpful. Sometimes I hear reports of inconsistent enforcement, and I will just make you aware of those in a letter. And we can address those separate and apart from this.

Secretary SOLIS. Okay. Thank you.

Mrs. LUMMIS. The other thing I have is kind of an aside to you, as well, because the President's budget includes a new \$8 billion in mandatory spending over a period of years for community colleges and business partnerships. And they have worked wonderfully in Wyoming. I do welcome the administration's renewed focus on community college partnerships. Gosh, we have some fabulous partnerships in Wyoming. I don't think we can afford a new \$8 billion in mandatory spending, just as an aside.

Question: Did you at any point consider pursuing this initiative within the \$16 billion we already spend every year on workforce training?

Secretary SOLIS. The President has made this proposal because we know already from our experience with the TAA community college program that there are some good things working there. And this is a way to help expand that so that we could have a more robust—how could I say—stimulus for our community colleges, working in partnership with businesses.

Because the difficulty here is that we are finding from employers is that we don't have a skills match here, that we have to do a better job about that. And right now, as you know, many of our States don't have sufficient funding. They are cutting back in my State, in California, right now with community colleges. They are turning away people at the State system, as well. So, there is a ripple effect going on.

And we are trying to leverage the money the best way we can. We think community colleges do a good job. In fact, your Senator there has been terrific. He has been outstanding in helping us work with your State to make sure that we make those good connections and that we are hitting those areas that are harder to serve, especially rural America and inner-city places, where we know that the incidence of high unemployment remains. And it is getting that skill set and availability, making sure that investments are also happening.

So if there is an industry that wants to come into your area but they don't have the workforce, we can want to couple, we want to partner with them, we want to make sure the community college is on the ground doing that. Right now they don't have the flexibility to do that because they don't have the availability of funding to do that. So we are targeting what little we can make available.

Mrs. LUMMIS. Okay.

Thank you, Mr. Chairman.

Mr. REHBERG. Thank you.

I am always trying to catch staff in either a mistake or something. And staff does not recollect any change in the record of the

numbers that I was referring to before. And so, if it is available, I would like that—

Secretary SOLIS. Certainly.

Mr. REHBERG [continuing]. Perhaps by close of business today.

Secretary SOLIS. Certainly.

Mr. REHBERG. It was a Wisconsin study. It was their numbers. And that would be a substantive change in the transcript of the subcommittee's work if that, in fact, was incorrect. And I would like that right away, if I could, please.

[The information follows:]

DOL CLARIFICATION: The Department provided the information to the subcommittee March 28, 2012, the same day as requested. This submission included information provided in the FY 2012 hearing transcript. In part, the FY 2012 information included this paragraph:

In addition, specific to Wisconsin which was discussed in the hearing, the WIA Youth Recovery Act allotment for Wisconsin was \$13,808,812 and their number of youth that participated in summer employment under the Recovery Act was 4,386, for a cost per summer employment participant of \$3,148 or slightly below the national average.

THIRD PARTY EVALUATION OF JOB CORPS

I can be as supportive and, at the same time, critical of Job Corps as anyone out there. And so I guess I am a little concerned, as I see the budget request that substantively changes from residential to nonresidential, it changes the aegis.

And in fiscal 2011 we asked for a third-party evaluation. And I guess the question becomes, where are we in that 30-month evaluation? Was this recommendation of closing these underperforming Job Corps centers based upon the criteria within that third-party study?

Secretary SOLIS. Well, we are right now looking at contractors to fulfill that. So that is ongoing right now.

Mr. REHBERG. So the study is not done? So the recommendations are being made before the third-party 30-month evaluation is complete?

Secretary SOLIS. No, we are—we are looking at all our information and our data. Preliminary findings are what is driving our decision.

Mr. REHBERG. Are these federally owned or contracted private facilities? And I guess then, as part of that evaluation, is there a consideration—

Secretary SOLIS. We are looking at every sector and their performance overall. So we are looking at that.

And I know that, you know, there is a great concern, as was reiterated here on this committee, about the use of taxpayer dollars. So we want to make sure that we are actually doing the right thing and that we are actually not allowing for people who have been in this particular industry to somehow feel that we are not going to be hunkering down and looking to evaluate their usefulness and utility of the funding that they have.

We found that there have been in issues in the past. We are trying to correct those. We are trying to get the bad actors out. At the same time, we are trying to make sure that we have opportunities for small businesses to enter into these agreements, too.

That is something that is provocative, that we are actually saying, let's cut up those contracts, make it more efficient, so we can have more accessible information from those contractors as opposed to just the large ones that have been doing this for many, many years.

Mr. REHBERG. And I applaud you. I agree, I think you ought to look for every opportunity for cost savings. It is just, my concern is—and I hate to phrase, things like “win-win” or “cart before the horse” or “lipstick on a pig”—but it just seems like the cart is before the horse here if the evaluation has not been done and these recommendations were made without showing criteria as to which centers are going to be closed and why—

Secretary SOLIS. We will be happy to work with you. As I said, we don't have any proposed number that we are already going to be, you know, terminating. That is not what this is about. We will be looking at criteria that has been in place already. And we are going to look at low-performing criteria. We are going to look to see where people have made an improvement, and hopefully work to give them the information that they need.

This has been an ongoing process. They get information and feedback on a regular basis anyhow. And I don't understand—you know, our attempt here is really to make these programs more effective. And some we know have done better jobs than others. In your State, perhaps you have some really good ones; in other States, that might not be the case.

Mr. REHBERG. Can you tell me the thought process of going from the—prioritizing the 20- to 24-year-olds rather than kind of changing directions from the high-priority 16-, 17—

Secretary SOLIS. The evidence shows that we have better results with an older population. But that doesn't mean that everything is in stone. We are talking about evolving and doing this. So we would be happy to work with you and also the stakeholders, who I know are very concerned about this.

Mr. REHBERG. Do you know when the third-party evaluation is going to be done?

Secretary SOLIS. Probably in early 2014, in fiscal year 2014. And I would be happy to have my Assistant Secretary, who is here with me today, talk with you at more length and detail after this hearing, at another time.

Mr. REHBERG. Okay. Great. Thank you.

Ms. DeLauro.

Ms. DELAURO. Thank you, Mr. Chairman.

Before I get to that question, just a couple of points. I am sorry Mr. Alexander is not here, but just for the record, agriculture has the second-highest fatality rate among young workers, more than five times the average for all industries. And the citation is the Journal of the American Medical Association. I think that is important, and I will find Mr. Alexander to let him know that.

I think that colleagues who are concerned about the financial situation that we have should take a very hard look at this Ryan budget and make a determination as to whether or not they can, in fact, support what would be a gift of \$150,000 in tax cuts to the richest 1 percent of the people in this country.

And I want to just applaud the chairman. I am delighted to see, you know, your interest in the Job Corps and success of the Job Corps. I have been a long-time supporter of Job Corps. New Haven has one that is really absolutely superior. But I know you had some questions last year about Job Corps, Mr. Chairman, but pleased to see that you are thinking that they play a useful—a very useful role.

MINE SAFETY CITATION APPEALS

Let me get to the backlog of mine safety citation appeals. As I said, the Department is working to reduce the huge backlog of the citations that are pending at the Federal Mine Safety and Health Review Commission. As I understand it, coal mine operators have been appealing a larger percentage of citations they receive, and the backlog of cases pending before the review commission has increased from 3,000 in 2006 to 18,000 at the end of the 2010.

This is a serious problem. As long as the appeal remains pending, the violation does not count for triggering various enhanced enforcement powers intended for repeat or serious violations of mine safety laws.

Congress provided supplemental appropriations in 2010 to bring more judges and law clerks to the review commission and more staff at the Labor Department to handle the cases. What is the progress being made to draw down on the backlog?

Secretary SOLIS. First of all, I want to thank the committee and the Congress for making significant investments in this area to reduce the backlog. That is something that has been long overdue, and we are attempting to do that. The supplemental funding that you provided would allow us to scale back, you know—actually, to hopefully address that backlog.

And what we are doing now is trying to really target and home in on what we call the backlog behind the backlog. So we are using new techniques, because we are finding that there are so many coming about now because of our recent inspections, that we are even doing a better job there. And we are going to attempt to do that with the funding that we have available.

But let me just tell you, with the supplemental funding that you gave us, we closed nearly two-thirds of the targeted backlog already. This amounts to closing 7,000 open dockets and includes more than 39,000 violations. And as of the end of 2011, we closed more than 80 percent of our open dockets in the targeted backlog, and we have begun to make significant progress.

But I would say the bottom line for us, Congresswoman and members of the committee, is that we really do need to have better enforcement tools. And I know that there has been much debate and there has been support for legislation to help us have better tools that are more sophisticated and more up to date.

So I would continue to urge the Congress, yourself and others that care about this issue, to put forward again that legislation that was introduced by Members of the House that could help provide the tools that we need. We know that we have a long way to go, but this area has been neglected for many, many years. And just by putting money in right now, you are not going to see the

kind of immediate results that we all want, but it will happen over time.

But we have to have better tools, and we have to have more enforcement, and we have to have higher penalties. If not, you are going to continue to see groups like Massey get away with the killing of 29 miners. And it could have been prevented, but you had malicious individuals that really misconstrued and used the laws to their advantage and kept our system—how could I say—hung up in this backlog, purposely, by contesting these appeals. And that is what happens when you don't have clarity of legislation.

Ms. DELAURO. Mr. Chairman, let me ask you, I am assuming that this is—it is almost 5 of. I just have one other point that I wanted to make, and I don't know if Ms. Roybal-Allard has any further questions.

Mr. REHBERG. Go ahead.

SKILLS GAP

Ms. DELAURO. So, if I can, because I am very, very excited about what is being done with regard to the community college efforts and your relationship with them. I wanted to just say that I was fascinated when I did this community forum, because the whole issue of skills gap came up, which is why I applaud the additional funding in this instance to foster this model for training and for employment.

These are not my words. A 2011 poll of owners of fast-growing, privately held U.S. companies undertaken by the nonprofit Kauffman Foundation said that the inability to find qualified workers was cited as the biggest obstacle to growth. Some 40 percent of respondents said that they were being held back by the skills gap, compared with 13 percent by lack of demand.

We have, October 2011, DeLoitte and the National Association of Manufacturers: U.S. manufacturers have 600,000 unfilled positions because of a lack of qualified skilled workers.

Eric Spiegel, American CEO of Siemens Corporation, has been on news programs where he said there are at least 3,200 jobs that his company has been unable to fill because suitable workers can't be found despite a vigorous recruitment program. He said, this is not so in Germany, where students right out of high school are trained as apprentices, even as they attend regular classes, to prepare for the global economy.

We are going to have 2 million job openings in manufacturing nationally through 2018, mostly due to baby-boomer retirement. And that is according to the Center on Education and the Workforce at Georgetown University.

What are you proposing and what has the President outlined as a direction to move on this partnership—

Secretary SOLIS. To train 2 million people.

Ms. DELAURO. Two million people for jobs in this country, at a time when we have 12.8 million people unemployed.

And this is not a 4-year program, an 8-year program. This is saying to the industry, like what Joe Carbone has done in New Haven—and the chairman heard from Joe—is that an 8-week training course with the industry participation is what it looks like.

They committed to hire 100 people at the end of that process, that is the direction.

I applaud you for what you doing. Thank you for being here this morning and for your public service.

Secretary SOLIS. Thank you.

Ms. DELAURO. Thank you very much, Mr. Chairman.

Mr. REHBERG. Again, thank you for appearing before the committee. We will give your budget all due consideration. And, as always, the record is open for 14 days for any of the Members, and I hope that you and your staff will answer in a timely fashion.

Mr. REHBERG. Again, thanks for being here today.

Secretary SOLIS. Absolutely. Thank you very much, Mr. Chairman and the ranking member and the committee members overall.

***Department of Labor, Health and Human Services and Education and
Related Agencies***

**Department of Labor FY13 Budget Request Hearing
March 28, 2012**

**QUESTIONS FOR SECRETARY SOLIS
TO BE SUBMITTED FOR THE PUBLIC HEARING RECORD**

NOTICE OF PUBLIC RULEMAKING

Madame Secretary, you are no doubt aware of Section 110 of Division F of Public Law 112-74, the Consolidated Appropriations Act for fiscal year 2012. This section prohibits the Department from using fiscal year 2012 funding to promulgate in any way the currently proposed definition of "fiduciary" regulation. Accompanying language included by the conferees clearly states that this provision is in no way an attempt to prohibit you from re-proposing a new or revised notice of public rulemaking (NPRM) on this same topic.

Assistant Secretary Borzi and other Department of Labor (DOL) officials have recently made public statements to the effect that the re-proposed regulation will have the same structure, and look pretty much like the old one with some "tweaks" and that, despite concerns raised by many people, that the rulemaking will continue to include individual retirement accounts (IRAs). Section 110, and the accompanying language in the Statement of Managers conveys the conferees' understanding of the Department's intention to withdraw this current regulation and re-propose a new regulation that reflects the very serious concerns that stakeholders have expressed. Given these public comments, I'm concerned that you are instead headed in a direction to propose another rulemaking that will include much of the substance that that so many have found objectionable.

Mr. Rehberg: Will the new NPRM take into account the many concerns raised by the public and members of Congress? Is it your intention to include IRAs, specifically, under the newly proposed definition of "fiduciary"? Or is it your intention to simply re-propose a new NPRM that includes only some "tweaks", with very little substantive change from the current NPRM?

Ms. Solis: On September 19, 2011, the Department announced that it would repropose its rule defining the term fiduciary. The Department decided to repropose the rule in part as a response to requests from the public and members of Congress for the Department to allow an opportunity for more input on the rule. The Department agrees that this important consumer protection initiative will benefit from additional input and analysis. Under the Employee Retirement Income Security Act, persons who give investment advice to pension plans or IRA owners for a fee are fiduciaries. The law prevents such fiduciaries from steering customers to investments based on what is in the financial interest of the adviser, rather than what is in the best interest of the client. The decision to repropose will ensure that the revised rule provides the strongest possible protections to participants and beneficiaries, business owners, and retirement

savers. We are in the process of reviewing and analyzing the extensive public input that we have received on the rule. Because the Department is in this process, I am unable to comment on any specific aspect of our new proposal. After we issue the new proposed rule, the public and Congress will have a full opportunity to review and comment on the rule itself and on the Department's expanded economic analysis.

ENFORCEMENT OF PARENTAL EXEMPTION

Mr. Rehberg: Regarding child labor laws as they relate to agricultural hazardous occupations, when did the Department of Labor change its enforcement of the parental exemption, as delineated in the Fair Labor Standards Act, from substantial ownership by the parents to sole ownership? Please provide to the committee the formal documentation that outlines that change in policy.

Ms. Solis: As you may know, the Department announced on April 26, 2012 the withdrawal of the proposed rule addressing hired farm workers under the age of 16. In the same announcement, the Department committed to working with the U.S. Department of Agriculture and with rural stakeholders, such as the American Farm Bureau Federation, the National Farmers Union, the Future Farmers of America, and 4-H, to develop an educational program to reduce accidents to young workers and promote safer agricultural work practices.

FRAUD TIPS AND LEADS GATEWAY

Mr. Rehberg: Secretary Solis, I very much appreciate the goals, tools and anticipated results of the Department's new "Fraud Tips and Leads Gateway" – diligent stewardship of taxpayer funded Unemployment Insurance benefits is critical to many during this protracted recession.

- a. When it comes to the issue of overpayments, it has been suggested to me that the majority of overpayments can be easily identified simply by modernizing the information technology (IT) systems that states use to administer the federal benefit dollars.

It has been suggested to me that states that *have* modernized their IT systems have recognized significant returns on their investments. If this suggestion is accurate, what is the Department doing to further encourage or to assist all states in modernizing their IT infrastructure as a means of reducing their overpayment rates? Beyond the IT "solution", what else is the Department doing to address this problem?

- b. With an average national overpayment rate of 12%, is the Department considering any additional incentives, perhaps even those that may be viewed as being "out the box", to the states to help reduce this overpayment rate?

Ms. Solis: Addressing Unemployment Insurance (UI) improper payments is a multi-faceted challenge. States that have modernized their IT systems have been able to achieve efficiencies, improved business processes, and improved program quality as a result of their investments.

Additionally, modernization of state technology infrastructure to support the UI program is one of many strategies to improve state performance related to improper payments. As states modernize their systems, they are able to design and build their systems in the following ways that can prevent and better detect improper payments:

- 1) Integrate supports for staff decision making that improve accuracy and reduce staff errors;
- 2) Integrate the UI system with the state's Employment Service IT infrastructure to enable registration of the claimant for employment services consistent with the state's law;
- 3) Enable frequent cross matching with databases, such as the National Directory of New Hires (NDNH), to determine when claimants have returned to work and may still be claiming benefits;
- 4) Create automated processes for NDNH matches that can immediately notify the claimant the state knows they may have returned to work and flag the next continued claim to require the claimant to file by phone with a live staff person;
- 5) Enable electronic communication between states and employers to secure necessary information more quickly and accurately to support eligibility determinations; and
- 6) Support improved data mining to detect fraud.

To support state UI modernization activities, the Department has provided funding to state consortia to design and implement new UI benefit and tax systems. Currently, there are three state consortia engaged in this activity:

Consortium #	Partner States	Purpose	Amount Awarded¹
1	Arizona, Colorado, North Dakota and Wyoming	Development of an integrated benefits and tax system	\$72 million
2	Georgia, North Carolina, South Carolina and Tennessee	Development of a benefits system	\$50 million
3	Vermont, West Virginia and Maryland	Develop functional requirements using the products from the two consortia as a baseline	\$6 million

Currently, all three consortia are engaged in developing the framework to support the system development effort including formal roles and responsibilities for each of the partner states within the consortiums, memorandum of understanding, service level agreements and other contractual agreements.

¹ In addition, individual state funds are expected to be utilized for system modernization effort.

We expect additional consortia to come together this year to take advantage of available funding. We have chosen the consortia approach recognizing that with limited funding, it will be challenging, if not impossible, to support separate system upgrades in every state, given the price tag for a new UI benefits system or a UI tax system can be between \$30 million and \$50 million each. The consortium approach allows for a more cost-effective approach to systems development.

In addition, the Department has provided funding to states for specific technology projects to improve prevention, detection, and recovery of improper payments. In Fiscal Year (FY) 2011, we were able to provide \$192 million in funding for both UI modernization and integrity technology strategies. We anticipate announcing an opportunity for states to apply for funding in FY 2012 for both UI modernization and integrity technology.

The Department also has been implementing and continuously refining a robust strategic plan, in partnership with states, to address UI improper payments for well over a year. Below is a list of some of the key strategies:

- Formation of Cross-Functional Task Forces. These are cross-functional teams that include a combination of management, front-line workers, and state subject matter experts that assess and address root causes of improper payments in individual states. The key objectives for these task forces are to have every state focus on the root causes of overpayments that have the highest impact in the state and to use this process to inform strategic planning that will achieve immediate and meaningful reductions in the improper payment rates.
- State Quality Service Plan (SQSP) / Strategic Plan Development. The SQSP is intended to be a dynamic document states use not only to ensure strong program performance, but also to guide key management decisions, such as where to focus resources. The SQSP should focus state efforts to ensure well-balanced performance across the range of UI activities. The SQSP also is designed to be flexible so as to accommodate, among other things, multi-year planning and significant changes in circumstances during the planning cycle. States can use this flexibility to incorporate the elements from the strategic plans developed by their Cross-Functional Task Forces into the SQSP to address improper payments.
- National Directory of New Hires (NDNH) Recommended Operating Procedures (ROP). For several years, the Department has encouraged states' use of the NDNH to reduce improper payments in the UI program. Directories of New Hires came about as a result of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) and include state directories of new hires (SDNH) and the NDNH. These new hire directories, which were created for the purpose of child support enforcement, have allowed improved access to wage data and data from other states regarding new hires and wages. Studies conducted about NDNH have concluded that the use of this tool results in earlier detection of improper payments, therefore increasing the likelihood of recovery. Detailed Recommended Operating Procedures (ROP) have been developed to provide states with information about best practices in conducting this match. Any states

not already doing so were required to begin conducting cross-matches using NDNH by December 2011 and all states are strongly encouraged to implement procedures in-line with the ROPs.

- State Information Data Exchange System (SIDES). SIDES is a web-based system that allows electronic transmission of UI information requests from UI agencies to multi-state employers and/or Third Party Administrators, as well as transmission of replies containing the requested information back to the UI agencies. The current implementation of SIDES allows for the exchange of separation and earnings verification information. SIDES is a key strategy for reducing UI improper payments because it will improve the timeliness and accuracy of separation information received from employers to support eligibility determinations. Currently 18 states have implemented SIDES, and another 33 states are in the process of implementation.
- Claimant Messaging. Implementation of a statewide claimant messaging campaign designed to: 1) improve claimants' awareness of their responsibility to report any work and earnings if they are claiming benefits, and 2) improve claimants' understanding of work search requirements as a condition of eligibility for benefits. The state's campaign must consider how it may incorporate the Department's messaging products and tools.
- Employer Messaging. Implementation of a statewide employer messaging campaign designed to improve employers' awareness of their responsibility to respond to state requests for separation information and/or earnings/wage verifications. A state's campaign must consider how it may incorporate the Department's messaging products and tools.
- ES Registration. Implementation of technology or other solutions designed to address improper payments due to a claimant's failure to register with the state's Employment Service or job bank in accordance with the state's UI law. These changes must be completed by April 30, 2012.
- Implementation of Performance Measures. Strategies designed to help the state meet the proposed new performance measures which: 1) target reducing Benefit Year Earnings improper payments when claimants claim five weeks or more after returning to work by 30 percent the first year, and a total of 50 percent after two years; 2) target a reduction of improper payment rates higher than 10 percent; and 3) establish a recovery of overpayments target.
- State-Specific Strategies. Implementation of state-specific solutions to prevent improper payments and reduce the state's improper payment rates in key root cause areas. States must identify the extent to which the strategy is expected to reduce its improper payment rate (e.g., identify a reduction target). These activities can include staff training, activities to reduce appeals backlogs, enhanced NDNH activities, or other activities specifically designed to prevent improper payments.

- **Treasury Offset Program Implementation.** The Treasury Offset Program (TOP) permits states to recover certain unemployment compensation debts due to fraud from Federal income tax refunds. TOP is administered by the Department of the Treasury, but DOL has been heavily involved in working with Treasury and the states to promote its adoption. As of December 31, 2011 three states (New York, Wisconsin, and Michigan) have collected over \$26.4 million of Unemployment Compensation debts using TOP.

The Department has also implemented a comprehensive Web site to track states progress in addressing UI improper payments that can be found at:

<http://www.dol.gov/dol/maps/Strategies.htm>.

OVERTIME REQUIREMENTS OF THE FLSA

On December 7, 2011 the Department of Labor published a Notice of Proposed Rulemaking (NPRM) in the Federal Register that would amend the definition of domestic service employment and companionship services and make those services subject to the minimum wage and overtime requirements of the FLSA. It is my understanding that the in-home non-medical caregiving community has operated under the FLSA's companionship care and live-in exemptions to the minimum wage and hours rules for nearly 40 years.

Many have voiced their concerns that the proposed rule will create unsustainable pressure on many of these small businesses that provide in-home caregivers such that many will go out of business as they face increased costs. The Committee understands that the Office of Advocacy at the Small Business Administration has expressed concerns about the impact of the proposed rule on small businesses. It seems to me that DOL's proposed rule would upend this industry standard that has allowed the elderly and infirm to live in their own homes rather than receive institutional care.

Mr. Rehberg: What research has the Department conducted in compliance with the Regulatory Flexibility Act to calculate the impact of the rule on small businesses? Please provide the Committee with that the results of your research and its calculation of impacts on small businesses.

What analysis has the Department conducted to determine the net impact to incomes for in-home caregivers if, as many expect, employers and clients will reduce caregiver hours due to unaffordable overtime costs?

Ms. Solis: On December 27, 2011, the Department published a proposed rule: Application of the Fair Labor Standards Act to Domestic Service. After two extensions of public comment period, the comment period closed on March 21, 2012. The preliminary regulatory impact analysis contained in the proposed rule is based on the best available data. The Department relied on data from: the Bureau of Labor Statistics (BLS) 2009 Occupational Employment Survey employment and wages by state for the standard occupational codes covering Personal Care Aides and Home Health Aides, the workers most likely to be impacted by the proposed rule; BLS National Employment Matrix, 2008; BLS Quarterly Census of Employment and Wages, 2009, the 2007 Statistics of U.S. Businesses, and the 2007 Economic

Census by state for industries most likely to be impacted by the proposed rule, Home Health Care Services, and Services for Elderly and Persons with Disabilities. In estimating the number of employees potentially impacted, and the average hours worked by home health aides, the Department also considered research from PHI (Paraprofessional Healthcare Institute) which was based, in part, on the CDC's National Home Health Aide Survey.

The letter from the Office of Advocacy at the Small Business Administration was received during the comment period for the proposed rule and is a part of the rulemaking record. See Office of Advocacy, Winslow Sargeant, comment id: WHD-2011-0003-7756 available at: <http://www.regulations.gov/#!documentDetail:D=WHD-2011-0003-7756>. In its comment letter, the Office of Advocacy referenced the Small Business Roundtable it had convened; a summary of the Small Business Roundtable meeting as well as materials provided to the Department during that meeting are part of the rulemaking record (document id: WHD-2011-0003-3235, available at: <http://www.regulations.gov/#!documentDetail:D=WHD-2011-0003-3235>). In addition, the Office of Advocacy's letter mentioned comments submitted as part of the rulemaking record, including those from the International Franchise Association which submitted, as part of its comment, a study it commissioned by IHS Global Insight, and the California Association of Health Services at Home. These comments are included in the rulemaking record (<http://www.regulations.gov/#!documentDetail:D=WHD-2011-0003-9590> and <http://www.regulations.gov/#!documentDetail:D=WHD-2011-0003-0134>, respectively). The Department is continuing to review the comments received on the proposed rule, including the letter from the Office of Advocacy and the comments referenced in that letter; however, we note that very little economic data was provided by the more than 26,000 individuals who commented on the proposal. The comments and other materials are part of the rulemaking record, available at: <http://www.regulations.gov/#!searchResults:rpp=25;po=0;s=WHD-2011-0003>.

MSHA INSPECTORS

Mr. Walden: Many operators in Oregon have expressed concern that interpretation of safety standards can vary wildly from inspector to inspector.

What is MSHA's process for ensuring that inspectors are applying standards fairly and consistently across the board to provide operators with certainty?

Ms. Solis: MSHA has undertaken a number of measures focused on consistency of enforcement. Inspector training is a critical part of ensuring the consistent application of MSHA standards. MSHA began a two-week mandatory training of field office supervisors every two years. These supervisors directly oversee implementation of the mine inspection program. All coal and metal/nonmetal field office supervisors have completed the training. In addition to this new training program, the Agency provides mandatory, comprehensive entry-level and refresher training for all inspectors. Entry-level inspectors receive training at the National Mine Health and Safety Academy in Beckley, West Virginia, as well as extensive, field-based on-the-job training mentored by supervisors and seasoned journeyman inspectors. Both forms of training enhance consistency in following MSHA's policies and procedures.

Journeyman inspectors receive a minimum of 48 hours of safety and health-based training every two years. The individual field offices conduct regularly scheduled meetings to address enforcement issues when questions arise.

MSHA also has implemented a new pre-assessment conferencing process that began in MSHA districts in January 2012, resources permitting. Under this process, mine operators and miners' representatives can request a conference with the MSHA district to resolve disputes involving citations and orders before they become a matter of litigation. This process is intended to increase enforcement accuracy and consistency and should result in improved communication between MSHA, mine operators, and miners. Assistant Secretary Main also has strongly encouraged mine operators and miners' representatives to utilize the opportunities provided during the actual inspection and the closeout conference held at the mine to discuss the enforcement actions taken, and has encouraged our enforcement personnel to explain the citations or orders issued.

RULES TO LIVE BY

Mr. Walden: Many operators in Oregon have expressed concern that new requirements by MSHA are not properly communicated to operators, especially small mine operators. We especially heard this during the launch of the third phase of "Rules to Live By."

What is the agency's process to provide advance communications and guidance to operators on areas of emphasis or changes in standards so the agency is working with operators to provide new information on a timely basis?

Ms. Solis: Assistant Secretary Main has implemented a new approach in the rollout of special emphasis programs in which stakeholder outreach and education occurs at the beginning of the process so that expectations are understood up front. Outreach and education is followed by training of our MSHA inspection personnel through a distance learning program. Assistant Secretary Main also began posting training programs on the MSHA web site, making them available to the entire mining industry so everyone receives the same training and message before the enforcement component is initiated. All training instructors and state grant recipients are also provided the material to use in miner training, and copies of the stakeholder letter including links to the training program are emailed out to operators.

Rules to Live By III – Preventing Common Mining Deaths, followed this pattern. RLB III highlights those safety standards cited in connection with at least five mining accidents and at least five fatalities during the 10-year period from January 1, 2001, to December 31, 2010. This new phase will be added to standards previously addressed in Rules to Live By I and Rules to Live By II.

MSHA held a meeting with coal and metal/nonmetal union and industry stakeholders on January 31st to rollout the new RLB III initiative. The online inspector training program was also posted on the MSHA web site at this time. MSHA began training inspectors, and enforcement of the

initiative began in April 2012, providing time for operators with a two-month lead time to review the documentation online and address areas of concern with RLB standards at their mines.

MSHA has posted a significant amount of information to prevent mining deaths and accidents, including creating quarterly fatality updates, posting annual winter alerts, safety alerts on areas of concern, such as one late last year on the increase of fatal accidents at surface mines, and on 5002 (30 C.F.R. § 56/57.5002), a program that focuses on exposure monitoring at metal and nonmetal mines. All of this information is posted on the MSHA Web site at www.msha.gov.

MSHA also has worked directly with the mining industry to clarify what the regulations require and improve compliance, thus reducing enforcement actions and associated penalties. An example of the success of our commitment to consistency involves the collaborative education of MSHA inspectors and mine operators on guarding. Guarding is the most-often cited standard in metal and nonmetal mines, and one that draws the most criticism about consistency. The agency developed a training program in cooperation with the aggregates industry for guarding conveyor belts. This outreach effort has improved compliance and resulted in a 26 percent reduction in all guarding citations in Fiscal Year 2011 compared to Fiscal Year 2010. This pictorial training tool was piloted with state aggregate associations and resulted in immediate reductions in violations cited. The training is available to the public on the MSHA website.

SMALL MINES OFFICE (SMO)

Mr. Walden: The MSHA request for fiscal year 2012 (FY12) included a proposal to close the Small Mines Office (SMO). While it was not expressly stated, the final funding level for FY12 for the Education Policy and Development program appears to have denied the proposal to close SMO. The fiscal year 2013 request proposes, again, to move funding (\$303,000) and personnel (3) away from the SMO as a way to “reposition its resources in support of the enforcement functions”, according to the budget justification material. Why is MSHA continuing to thwart the intent of Congress with respect to the Small Mines Office?

Ms. Solis: MSHA appreciates support from Congress and is committed to meeting its intent. MSHA has no plans to close the Small Mines Office. The office has been renamed the Small Mines Consultation Program (SMCP) and provides invaluable support to small mine operators to improve health and safety for miners working at small mines. The name “consultation” is indicative of the assistance it provides to small mine operators with limited resources to develop effective safety, health and training programs. SMCP accomplishes its mission through on-site safety and health assistance to small mine operators requesting assistance with hazard identification and correction.

The proposed FY 2013 funding for SMCP is being reduced by 3 full time equivalents (FTE). This modest cut to SMCP will not result in a reduction in workload and performance, which is scheduled to increase in FY 2013 as enhanced training and field coordination reforms started in FY 2012 take effect. However the reduction is necessary to allow MSHA to prioritize and

reposition its resources in support of the enforcement functions. SMCP staff will be more strategically located in relation to small mines, increasing their access to the small mining operations and enhancing the level of consultation services provided.

H-2B VISA PROGRAM

Mr. Alexander: In a letter sent to you in September of last year, almost four dozen Members of Congress asked you to abandon the rule you proposed on March 18, 2011 (“Temporary Non-agricultural Employment of H-2B Aliens”), which would impose a broad range of new compliance burdens on the H-2B program, similar to ones currently administered in the H-2A program, which have had a negative impact on farmers across the country. If members on Capitol Hill could not convince you to abandon this rule’s implementation, one would think the letter sent to you on May 17, 2011, from the Small Business Administration’s Office of Advocacy would have. Advocacy’s Chief Counsel, Dr. Winslow Sargeant, clearly communicated his concerns and opposition to this rule throughout his letter:

- “Advocacy believes that DOL’s recent rulemakings may shut small businesses out of the H-2B visa program...”
- “Advocacy believes that DOL’s [Initial Regulatory Flexibility Analysis] is inadequate because it fails to properly evaluate the number of small businesses impacted by this rulemaking, underestimates the economic impact of this rule on these entities and does not discuss significant alternatives that may minimize the impact of this rule on these small businesses.”
- “Advocacy believes that DOL’s proposed rule creates numerous administrative burdens and compliance costs that will make it more difficult for small businesses that are seeking a legal means to hire foreign workers due to the shortage of available U.S. workers willing to do unskilled seasonal work.”
- You just finalized this rule in February, and intend to implement it in less than a month, on April 23. According to your own analysis in the Federal Register, you estimate this rule to be a major rule, and to have an economic impact of \$100 million. I am interested to know why you think you were right to finalize this rule, and why you think Members of Congress, the Office of Advocacy, and the countless American small businesses who insist they will be devastated by this rule, are all wrong.

Ms. Solis: The Department determined for a variety of reasons that a new rulemaking was necessary for the H-2B program. These policy-related reasons, which were discussed at length in the Notice of Proposed Rule Making (NPRM) are reiterated in the Final Rule that published on February 21, 2012. We accordingly proposed to return to the compliance-based certification model that had been used from the inception of the program until the 2008 Final Rule. We also proposed to add new recruitment and other requirements to broaden the dissemination of job offer information, such as introducing the electronic job registry and requiring the job offer to remain open to U.S. workers for a longer period and closer to the date of need. We stated that these changes were necessary to ensure that there was an adequate test of the U.S. labor market to determine whether U.S. workers are available for the jobs. Further, we proposed additional worker protections, such as increasing the number of hours per week

required for full-time employment and requiring that U.S. workers in corresponding employment who perform the same jobs at the same place as the H-2B workers receive the same wages and benefits as the H-2B workers. We discussed how increased worker protections were necessary to ensure that the employment of H-2B workers does not adversely affect the wages and working conditions of U.S. workers.

The Final Rule took into account the comments of small businesses and those Members who commented on the rule. The Department amended several proposed program changes in the Final Rule in response to concerns raised.

- **Corresponding employment:** The Final Rule responds to employers' recommendations to limit the potential reach of the corresponding employment provision and more clearly articulate which U.S. workers could be considered corresponding workers for the purposes of receiving the same wages and benefits as H-2B workers by applying it to workers performing substantially the same work as H-2B workers, and by excluding certain long-term incumbent workers and others working under collective bargaining agreements or individual employment contracts.
- **Job Contractors:** The proposed rule would have eliminated job contractors from being able to participate in the H-2B program. The Final Rule responds to employers' requests for greater flexibility and allows them to continue to participate if they demonstrate their own temporary or seasonal need.
- **Transportation:** The Final Rule incorporates employer recommendations about the proposed requirement to pay for or reimburse the employee for the cost of inbound transportation and subsistence by qualifying that the requirement to reimburse is in effect after the worker completes 50 percent of the job contract and the outbound transportation is only paid if the worker completes the job order period or is dismissed early. This addresses employer concerns that they may be paying transportation for workers who choose not to do the work.
- **Three-Quarter Guarantee:** The Final Rule responds to employer recommendations about the proposed requirement to pay an H-2B worker for three-quarters of the hours offered in the job order, even if there is less work, by increasing the length of time over which the three-quarters of the hours is determined and including flexibility for employers to be relieved of this requirement if there are man-made catastrophic events outside their control or Acts of God.
- **U.S. Worker Referral Period:** The Final Rule limits the period during which employers have an obligation to hire U.S. workers to 21 days before the date of need. This responds to employers' assertions that the Department's proposal in 2011 extending the period for accepting referrals of U.S. applicants until the later of 3 days before the date of need or the date on which last H-2B worker departs for the job opportunity would be unworkable and potentially costly for employers.

However, please be aware that the U.S. District Court for the Northern District of Florida, Pensacola Division, issued an order on April 26, 2012 that preliminarily enjoins the Department's enforcement of the Final Rule, pending adjudication of the claims raised by the plaintiffs in Bayou Lawn & Landscape Services, et al. v. Hilda L. Solis, et al., 12-cv-00183-RV-CJK.

In December of last year, DOL's Office of Federal Contract Compliance Programs proposed a rule that would require federal government contractors to employ at least 7 percent of their workforce with people with disabilities. As far as I can tell, this target of 7 percent is entirely arbitrary. And it is especially puzzling considering that the Department of Labor can't even reach the federal government's target of employing 2 percent of your workforce with people with disabilities. (As of 2009, only 1.1 percent of DOL's employees had specific disabilities targeted by the federal government. See the following report from the Equal Employment Opportunity Commission: <http://www.eeoc.gov/federal/reports/fsp2009/dol.cfm>.)

- Since it is a clear violation of the Americans with Disabilities Act (ADA) to ask an applicant if he or she is disabled, how can an employer possibly know if he or she is hiring a person with a disability and thereby satisfying the requirements of this rule?
- If an employer is forced to increase the number of people with disabilities to meet DOL's proposed requirement, would that employer be required to lay off existing employees who aren't disabled?

OFCCP Response to the Assertion in the Statement of Rep. Alexander that the Goal is Arbitrary.

OFCCP's Notice of Proposed Rulemaking (NPRM) regarding Section 503 of the Rehabilitation Act of 1973 proposes to establish a national aspirational employment goal of 7% for federal government contractors. This is not an arbitrary target. Rather, the proposed goal is derived from the disability data of the Census Bureau's 2009 American Community Survey (ACS). The ACS uses a definition of "disability" that is considerably narrower in scope than the Section 503 and Americans with Disabilities Act (ADA) definition, but it is, nonetheless, the best available source for data on people with disabilities in the labor force. The proposed goal consists of two figures, the estimated percent of individuals with disabilities in the civilian labor force in each EEO-1 job category (5.7%) and estimated percent of discouraged workers with disabilities (1.7%). The 7.4% sum of these two figures was rounded to 7% to avoid a false sense of precision.

The discouraged worker figure results from a comparison of the percent of the civilian population with a disability who identified as having an occupation to the percent of the civilian labor force with a disability who identified as having an occupation. We know from experts, public comments received during the rulemaking process and labor force participation statistics that the discouraged worker effect is a much greater problem among individuals with disabilities than among those without disabilities.

It is noteworthy that OFCCP's demographics compare favorably to the 7% goal we proposed for federal contractors. Recent data shows that 16% of OFCCP's employees and 13% of OFCCP's managers, nationwide, have disabilities as defined under the ADA and Rehabilitation Act.

OFCCP Response to Rep. Alexander's Questions

- a. Mr. Alexander: Since it is a clear violation of the Americans with Disabilities Act (ADA) to ask an applicant if he or she is disabled, how can an employer possibly know if he or she is hiring a person with a disability and thereby satisfying the requirements of this rule?

Ms. Solis: It does not violate the ADA for a contractor to invite an applicant to voluntarily self-identify as an individual with a disability before receiving an offer of employment. To the contrary, as explained in the Preamble to OFCCP's NPRM, "The requirement to give applicants and employees the opportunity to self-identify is consistent with the ADA's restrictions on pre-employment disability-related inquiries. Although the ADA generally prohibits inquiries about disability prior to an offer of employment, it does not prohibit the collection of this information by a contractor in furtherance of its section 503 affirmative action obligation to employ and advance in employment qualified individuals with disabilities." 76 FR 77056; 77062. In fact, in its regulations implementing the ADA, the EEOC specifically states that "inviting individuals to identify themselves as individuals with disabilities...to satisfy the affirmative action requirements of section 503 of the Rehabilitation Act is not restricted" by the ADA (Appendix to 29 CFR 1630.14(a)). Ibid. This data, however, as we note in the NPRM, is subject to strict confidentiality requirements and must be maintained in a data analysis file. 76 FR at 77095. In developing its proposed rule on Section 503, OFCCP worked in close partnership with officials at the EEOC to ensure that any regulatory changes are completely consistent with both the letter and the spirit of the ADA.

- b. Mr. Alexander: If an employer is forced to increase the number of people with disabilities to meet DOL's proposed requirement, would that employer be required to lay off existing employees who aren't disabled?

Ms. Solis: No, the proposed goal would not "force" a contractor to hire or layoff any individual, with or without a disability. The proposed aspirational goal, as expressly stated in the NPRM, "shall not be used as a quota" and a contractor's failure to attain the goal "does not constitute either a finding or admission of discrimination." 76 FR 77056; 77099. The proposed goal would help contractors and OFCCP evaluate the effectiveness of contractors' outreach and recruitment efforts and identifying any remaining workplace barriers to equal employment opportunity for individuals with disabilities. It is instead a yardstick against which contractors can measure their progress toward providing equal opportunity for individuals with disabilities. The current Section 503 regulations lack this type of accountability.

PROPOSED PARENTAL EXEMPTION REGULATION AFFECTING YOUTH FARMING:

Mr. Flake: Secretary Solis testified at the March 14, 2012, Senate Appropriations Committee that the use of power screwdrivers was taken out of context and not what the DOL is proposing. However, in the department's own words, Agriculture Hazardous Occupation #2 prohibits a youth under age 16 from "any activity involving physical contact" with "all machines, equipment, implements...operated by any power source other than human hand or foot power," and DOL has explicitly stated that this includes "batteries." It appears quite explicit and clear in the rule that the department proposes to outlaw the use of battery-powered implements like screwdrivers.

- a. Secretary Solis, your testimony is directly in conflict with the plain language of the rule. How do you rectify that?
- b. At the March 21, 2012 House Education and Workforce Committee hearing, Secretary Solis testified that the DOL is engaging in outreach to discuss the re-proposal of the parental exemption. Please give specific examples where the Department has reached out to discuss the re-proposal?
- c. More than 70 agricultural organizations filed comments to your department citing the parental exemption as an important matter. Has the Department of Labor reached out to those groups? If not, do they intend to? What is the time frame for this follow up?
- d. Do you have a timeline for re-proposal of the parental exemption?
- e. Madame Secretary, you received over 10,000 comments on the proposal but the Department decided to re-propose only the parental exemption of the rule, not the list of Hazardous Occupations. Why did the department take that approach? Why didn't you decide to re-propose the entire rule?

Ms. Solis: As you may know, the Department announced on April 26, 2012 the withdrawal of the proposed rule addressing hired farm workers under the age of 16. In the same announcement, the Department committed to working with the U.S. Department of Agriculture and with rural stakeholders, such as the American Farm Bureau Federation, the National Farmers Union, the Future Farmers of America, and 4-H, to develop an educational program to reduce accidents to young workers and promote safer agricultural work practices.

NOTICE OF PROPOSED RULEMAKING

On December 9, 2011 the Office of Federal Contract Compliance Programs issued a Notice of Proposed Rulemaking regarding individuals with disabilities. This would for the first time, require contractors to establish a goal of having 7 percent of their workforce made up of employees with disabilities.

The Americans with Disabilities Act (ADA) protects the privacy and confidentiality of individuals with a disability by assuring they will not be asked pre-offer questions that may compel them to reveal information about their medical conditions. The Proposed Regulations requires that individuals be asked to identify themselves as “disabled” during the application process and creates a hiring preference for this disclosure.

Mr. Flake: Secretary Solis, you maintain that the Proposed Regulations requiring Affirmative Action for Individuals with Disabilities does not impose a quota. Can you please explain what the practical difference is between a quota and an “enforceable goal?”

Ms. Solis: As stated in the NPRM, the proposed aspirational goal is not a quota but, rather, a contractor accountability tool. 76 FR 77056; 77099. The proposed goal would assist contractors and OFCCP with evaluating the effectiveness of contractors’ outreach and recruitment efforts and identifying any remaining workplace barriers to equal employment opportunity for individuals with disabilities. It is, in short, a yardstick against which contractors can measure their progress toward providing equal opportunity for individuals with disabilities. No such tool exists in the current Section 503 regulations. Moreover, the proposed goal states on its face that a contractor’s inability to attain the goal “does not constitute either a finding or admission of discrimination.” 76 FR 77056; 77099. A contractor that fails to meet the goal would be required to assess whether that shortfall was due to a workplace barrier or ineffective outreach or recruitment practices, and then take steps to correct the identified problem.

Mr. Flake: Do you believe this inquiry either is legally consistent with the ADA or is its core notion of privacy and confidentiality?

Ms. Solis: We are certain that it is consistent with the ADA for a contractor to invite an applicant to voluntarily self-identify as an individual with a disability before receiving an offer of employment, as proposed in the NPRM. As the Preamble to OFCCP’s proposed rule explains, “The requirement to give applicants and employees the opportunity to self-identify is consistent with the ADA’s restrictions on pre-employment disability-related inquiries. Although the ADA generally prohibits inquiries about disability prior to an offer of employment, it does not prohibit the collection of this information by a contractor in furtherance of its section 503 affirmative action obligation to employ and advance in employment qualified individuals with disabilities.” 76 FR 77056; 77062. In fact, in its regulations implementing the ADA, the EEOC specifically states that “inviting individuals to identify themselves as individuals with disabilities...to satisfy the affirmative action requirements of section 503 of the Rehabilitation Act is not restricted” by the ADA (Appendix to 29 CFR 1630.14(a)). Ibid. This data, however, as we note in the NPRM, is subject to strict confidentiality requirements and must be maintained in a data analysis file. 76 FR at 77095. In developing the proposed rule on Section 503, OFCCP worked in close partnership with officials at the EEOC to ensure that any regulatory changes are completely consistent with both the letter and the spirit of the ADA.

Mr. Flake: In the proposed regulations, the Labor Department repeatedly states that it does not have accurate and reliable data on the number of disabled workers 1) in the working-age population, 2) willing and able to work, and 3) qualified for work. Without such data, how can you impose any kind of sanctions on a federal contractor for failing to meet your “goal”?

Ms. Solis: The proposed goal is based on disability data from the Census Bureau's 2009 American Community Survey (ACS). The ACS uses a definition of "disability" that is considerably narrower in scope than the Section 503/Americans with Disabilities Act (ADA) definition. Therefore, the universe of people with disabilities within the meaning of the ADA/Rehabilitation Act is much larger than the universe of people with disabilities as defined in the ACS. The ACS is also based on sampling data, and thus, cannot be refined to the same degree as the Census' data regarding race and gender. We pointed out these shortcomings of the ACS in the NPRM, but concluded that, though not perfect, the ACS is nonetheless, the best available source for data on people with disabilities in the labor force. This was confirmed by the public comments on the ANPRM, as well as discussions with the U.S. Census Bureau when developing the NPRM. As noted in our response to a previous question, the proposed goal is aspirational and is an accountability and self assessment tool for contractors and OFCCP. Moreover, the proposed goal states on its face that a contractor's inability to attain the goal "does not constitute either a finding or admission of discrimination." 76 FR 77056; 77099. Thus, OFCCP would not impose "sanctions" on a contractor merely because it did not meet the proposed goal.

TRAINING AND EMPLOYMENT GUIDANCE LETTERS

Ms. Lummis: On August 2, 2011, the Department of Labor published Training and Employment Guidance Letters (TEGL) to update "special procedures" used under the H-2A program. As you know, these "special procedures" allow the Department to adapt the requirements of the H-2A program in order to accommodate the unique characteristics of certain occupations.

However, I am concerned that the Department made the August 2, 2011 changes with little or no input from stakeholders or guidance on how they will be enforced. For example, an individual "sleeping unit" has long been understood by open range employers to mean a separate bedroll/sleeping bag, bed, cot or bunk. But the addition of the term "housed" in the latest TEGL, as well as the three day limitation for employees sharing a mobile housing unit, has caused confusion as to whether the requirement for separate "sleeping units" now means separate "housing units." For remote areas of the open range, a new requirement forcing the provision of additional mobile housing units like sheep wagons will strain resources, hinder herding operations, and could also prove dangerous during adverse winter conditions, including inclement weather and fewer daylight hours.

Given these concerns, I request your written clarification of how the Department will enforce the new guidelines for the use of mobile housing units in open range occupations, including any departures from the status quo as it existed prior to the issuance of the August 2, 2011 TEGL. Please address whether or not you analyzed the additional compliance burdens associated with any departures from the status quo.

Ms. Solis: The Department's recently revised H-2A special procedures covering occupations involved in the open range production of livestock, which it published on June 14,

2011, did not change the historical standards for employers to provide housing and sleeping facilities to workers under the H-2A program. Due to the unique nature of the work performed on the open range, employers in this industry are allowed to self-certify that housing is available that it is sufficient to accommodate the number of workers being requested, and that it meets all applicable standards. Within the housing unit, workers must be afforded a separate sleeping unit such as a comfortable bed, cot, or bunk with a clean mattress. Because employers participating in the H-2A program must make arrangements to house workers several months in advance of the start date of work, the Department believes employers have sufficient time to plan and arrange for the provision of sleeping units for their employees that meets these minimum requirements.

Where it is temporarily impractical to set up a separate sleeping unit, the special procedures allow for a second worker to be housed in the same sleeping unit for no more than three (3) consecutive days. The Department does not believe this three day limitation imposes any significant burden on employers that are already required under the H-2A program to provide such housing and sleeping arrangements to employees. The special procedures for sheep and goat herders have always required employers to request a variance from the sleeping units requirement on a case-by-case basis. The employers are required to submit a signed statement with the application for labor certification assuring that the housing is available, is sufficient to accommodate the number of workers being requested, and meets the Department's standards. The Department's Wage and Hour Division will enforce the provisions of the TEGL as a normal aspect of its responsibilities of protecting U.S. and foreign workers.

Because the Department's process for devising provisions to the open range and sheepherder special procedures is currently subject to litigation, we are not able to discuss issues associated with compliance costs.

Ms. Lummis: The sleeping unit issue is a symptom of a larger problem of the Department failing to seek stakeholder input before finalizing TEGLs, which can nonetheless have a significant impact on stakeholders. I urge your Department to adopt a policy whereby stakeholder input is always sought, and stakeholder concerns addressed, prior to issuing TEGLs.

- a. If you are amenable to such a policy, please respond in writing to detail how you intend to implement a meaningful process for collecting and addressing stakeholder input prior to issuing TEGLs.
- b. Alternatively, if you choose to continue delivering TEGLs with inadequate stakeholder input and inadequate enforcement guidance, please explain why.

Ms. Solis: Both the H-2A and H-2B regulations provide that the Office of Foreign Labor Certification (OFLC) Administrator may consult with affected employer and worker representatives with respect to establishing, continuing, revising, or revoking special procedures under those programs. The Department continues to recognize the value of stakeholder input in preparing special procedures and regularly interacts with the regulated community in order to be apprised of their issues and concerns.

WIA AND LOCAL/STATE PROGRAMS:

Mr. Jackson: Madam Secretary, I strongly support the funding provided for the Workforce Investment Act (WIA) state and local set-aside activities which has used in my home state to address nursing shortages in underserved areas, support a high school academy for health care careers, and expand access to services through online technology.

I've included a letter and fact sheet provided by the National Governors Association and my State's Governor, which outlines the importance use of this local funding through Title I. (**See attachment**)

Do you support the 15% set aside for states and local activities outlined in the WIA statute? What impact would you foresee if the funding for WIA was cut or this set aside was disregarded?

Ms. Solis: States play a critical role in the functioning of our workforce investment system. Statewide reserve funds allocated to the Governors under the Workforce Investment Act are proposed at the five percent level in FY 2013, as established by Congress in FY 2011 and continued in FY 2012. This will allow for the maintenance of funding for local workforce areas to deliver services despite the overall reduction in the formula streams.

State set aside funds outlined in the WIA statute support policy development, infrastructure, program alignment, system performance, and essential oversight and risk-management responsibilities that lead to the delivery of quality services to job seekers and employers. We've also provided waivers to states, knowing that they no longer have funds for activities such as incentive grants to local areas and evaluations. Waivers for other activities will also be considered.

The Workforce Innovation Fund offers an opportunity for states to access Federal funds for innovation projects, paired with rigorous evaluation and waivers as necessary that will allow States to test new ways of delivering services and benefit the entire workforce system. The first Workforce Innovation Fund grants will be awarded in summer 2012, and the Department will continuously monitor implementation to ensure that the goals of the Fund are met. As part of implementation, we will widely disseminate best practices and lessons learned to the broader workforce system. Additionally, we are examining the base level of resources necessary to ensure that states are able to perform their critical functions.

JOB CORPS PROGRAM

Mr. Jackson: The Job Corps Program provides education and vocational training opportunities to at risk, young adults which for decades has provided demonstrated results of its success. President Obama's Budget Justification calls for a \$53 million cut to the program and proposes to close what it refers to as several "chronically low-performing" facilities.

Every Job Corps Center receives an annual report card from the Department of Labor which evaluates 16 different performance measures. It's my understanding that currently, the lowest performing Job Corps center in the country has a 77% graduate job placement rate, which seems incredibly successful given the economic environment and the community this program serves.

Secretary Solis, there are two Job Corps Centers which serve my constituents, the Paul Simon Job Corp Center in Chicago and the Joliet Job Corps in Will County. Would you provide the Subcommittee more information on how your Department would evaluate what you see as low performing facilities and the impact these proposed closures could have to the communities they serve?

Ms. Solis: Chronically low-performing centers are those that have consistently failed to meet performance goals over the past several program years. The Department is using its existing performance measures as a key component for developing its methodology for identifying centers for closure that will be published in the Federal Register for the public and stakeholders to provide feedback, prior to its use in selecting centers for closure.

Job Corps Centers positively impact communities in addressing the education and training needs of disadvantaged youth, providing employment opportunities for local citizens, and generating economic activity in the local economy. The Department will make every effort to mitigate the negative consequences of center closure and is committed to having at least one Job Corps Center in every state, to ensure that the program continues to address the needs low-income youth across the nation.

YOUTH BUILD

Mr. Jackson: Earlier this month, I had the opportunity to meet with an amazing group of young adults from my district in Harvey that are currently enrolled in the Chicago Southland Youth Build. Youth Build provides an alternative education program for at risk, out of school youth. The over 273 programs across the nation have built over 21,000 units of affordable and green housing since 1994.

For many, the Youth Build and other similarly youth focused education and job training programs are seen as "second chance" programs. But, as I sat over pizza with many of these young people, I quickly realized that many of them had never really been afforded a "first chance."

Secretary Solis, what more can we do for young Americans, like the ones I met with in Harvey, that haven't really been afforded a first chance because of the economy?

Ms. Solis: The Department has a strong focus on serving the hardest-to-serve youth populations through a variety of programs combining education, training and employment, and other support services for at-risk youth such as Workforce Investment Act (WIA) Youth Activities, YouthBuild, Reintegration of Ex-Offenders, and Job Corps.

The WIA Youth Program serves eligible low-income youth, ages 14-21, who face barriers to employment. Program funds include a focus on out of school youth through the statutory 30 percent minimum expenditure on out of school youth requirement. The WIA Youth Program serves many adjudicated youth as youth offenders are one of the identified target groups defined in the eligibility criteria. Many of the WIA Youth Program elements also focus on education, including occupational skills training, alternative secondary school services, and tutoring.

YouthBuild focuses on those youth who have already dropped out of high school and engages them through a program model that combines occupational skills training with education in an interactive environment as they work towards earning either a General Equivalency Degree (GED) or high school diploma. In response to the changing economy, the Department has recently expanded the YouthBuild program to offer training in other high-growth occupations in addition to construction skills training. This change will allow youth more opportunities for training and placement in industries such as healthcare, information technology or other occupations, thereby creating a career pathway for young adults, better preparing them to meet the needs of employers, and equipping them with the skills to be competitive in today's labor market.

The Reintegration of Ex-Offenders program provides competitive grants to local community-based organizations, state and local juvenile justice agencies, and school districts for a variety of education programs to assist adjudicated youth. Current education-related projects include grants to: 1) start or enhance alternative schools serving juvenile offenders; 2) start registered apprenticeship programs within prisons for young adult offenders; 3) implement projects within high schools to reduce the involvement of youth in crime and violence; 4) serve students in high schools that have been designated as persistently dangerous under the Elementary and Secondary Education Act; and 5) involve juvenile offenders in community service projects as a way of helping them give back to their communities to make up for their past transgressions.

Job Corps is a Federally-funded, primarily residential, highly structured education and training program to help eligible youth ages 16-24 prepare to succeed in the 21st century economy. Job Corps emphasizes the attainment of both academic credentials, including high school diploma or a GED, and industry recognized credentials, including occupational or technical certifications, state licensures, and pre-apprenticeship credentials.

How does the Administration's budget request provide for education programs for at risk, adjudicated, and out of school youth?

Ms. Solis: The Administration's FY 2013 Budget request proposes continued funding for a number of programs that include education components for at risk youth such as the WIA Youth Program, Job Corps, YouthBuild, and Reintegration of Ex-Offenders. In addition, the budget request includes a \$10 million Workforce Innovation Fund (WIF) set-aside to fund projects that focus on improving services for disconnected youth.

The Administration is looking at programs and systems across government to explore strategies to improve outcomes for disconnected youth by making more effective use of available resources. To that end, the Budget proposes a new "Performance Partnerships" authority that

would provide States and localities with enhanced flexibility in determining how services are structured in return for strong accountability for results. The Budget does not request dedicated funding for Performance Partnership pilots, as they are designed to facilitate flexibility of existing funds. However, in addition to the \$10 million youth set-aside within the WIF, the Budget proposes \$5 million for the Department of Education and \$5 million for the Department of Health and Human Services to be targeted at activities to assist disconnected youth. These funds will support activities that provide better information and tools to enable communities to direct their resources to strategies that work and to measure and evaluate successful practices.

In addition, the 2013 Budget sustains and builds on investments in improving early learning and elementary and secondary education and places a heightened emphasis on postsecondary education reform with efforts to tackle college costs while improving outcomes for students. The Budget also continues strong support for increasing access to college for low-income students by maintaining historic increases for Pell Grants, which are critical to creating future generations that are well-educated and globally-competitive. In addition, the Budget helps disadvantaged students and students with disabilities succeed through sustained investments in Title I and Individuals with Disabilities Education Act (IDEA) Grants to States of \$14.5 billion and \$11.6 billion, respectively. The 2013 Budget request also includes \$196 million for the Successful, Safe, and Healthy Students program to support student achievement by ensuring that students are mentally and physically healthy and ready to learn.

EXTENDING YOUTH EMPLOYMENT PROGRAMS

Mr. Jackson: Research demonstrates that the best way to move young people or the future workforce into stable, high-demand and living wage jobs is to combine education and work experience. But, for many low-income youth, the opportunity to gain work experience is limited and summer youth employment programs are critical for this development.

Secretary Solis, has your Department considered exploring the benefits of expanding youth employment programs beyond just the summer months and focusing on year-round employment programs for higher-risk youth?

Ms. Solis: The Department focuses on both summer employment and year-round employment programs for low-income youth. While summer employment opportunities are an important aspect of the WIA Youth program, summer employment is one of the 10 program elements in a comprehensive program model that also includes year-round work experience where youth have the opportunity to participate in work experience at any time during the year. Even under the American Recovery and Reinvestment Act of 2009, which had a major emphasis on summer jobs, the Department focused its guidance on work experience outside of the summer months and provided incentives, through additional waiver flexibility, in order to provide such year-round work experience for older low-income young people. The Department has continued to focus on work experience throughout the year through its programmatic guidance to the public workforce system as part of Training and Employment Guidance Letter 30-10 *Workforce*

Investment Act (WIA) Youth Program Guidance for Program Year (PY) 2011

(http://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=3034). In addition, the Department has proposed \$2.5 billion in the FY 2013 budget for summer and year round employment as part of the Pathways Back to Work proposal.

As part of the Summer Jobs + initiative, which is a call to action for businesses, non-profits, and government to work together to provide pathways to employment for low-income and disconnected youth in the summer of 2012, the Department plans to continue the use of the *Summer Jobs +* jobs bank beyond the summer months in order to provide youth with access to private sector work opportunities throughout the year. The Summer Jobs + jobs bank is an online job search tool that will connect youth around the country with job opportunities provided by employers as part of this initiative.

INTERAGENCY RE-ENTRY COUNCIL

Mr. Jackson: In January 2011, the Attorney General convened the inaugural meeting of the interagency Reentry Council which is tasked with making communities safer, assisting individuals returning from prison and jail in their efforts to become productive citizens and reducing the direct and collateral costs of incarceration. I also understand that under your leadership, the Department of Labor has been an active member of the Reentry Council.

What is your Department doing to help reduce the barriers to meaningful employment for persons with criminal records through your work on the Reentry Council?

Ms. Solis: The Department is an active member in the Employment Barriers Subcommittee of the Federal Interagency Reentry Council and has contributed to the development of its Employment Barriers Action Plan. The action plan identifies opportunities for Federal agency action to address barriers to employment for people with criminal records. The plan documents the respective commitments made by Reentry Council member agencies for specific activities in the following functional areas: Outreach/Communications, Enforcement and Related Training, Programmatic Support, Research to Inform Best Practices, and Federal Policy.

The Department has disseminated employment-related "Reentry Myth Busters" (including those on Federal hiring policies, Federal Bonding, the Work Opportunity Tax Credit, and the Fair Credit Reporting Act) and created additional Myth Busters where appropriate. On August 30, 2011, the Employment and Training Administration issued Training and Employment Notice (TEN) 08-11 *Federal Interagency Reentry Council "Reentry MythBusters" Series* (http://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=3075) to state workforce agencies and administrators that discussed the availability of the Myth Busters and suggesting uses for them by the public workforce system.

One of the Myth Buster fact sheets noted that while employers are entitled to ask about a prospective employee's arrests, convictions, or incarceration, under Title VII of the Civil Rights Act of 1964 employers may not treat prospective employees with the same criminal records differently based on their race, color, national origin, religion, or sex. In addition, blanket bans

on the hiring of ex-offenders are generally impermissible because such a ban, according to the Myth Buster, “is likely to limit the employment opportunities of applicants or workers because of their race or ethnicity.”

The prohibition on certain discrimination against people with criminal records described in the Myth Buster extends to the One-Stop delivery system. Under 29 C.F.R. § 37.20(b), each state plan submitted to carry out continuing WIA Title I programs or activities is required to certify that they will comply with Section 188 of WIA and its implementing regulation at 29 C.F.R. Part 37 (both incorporating, among other laws, the Civil Rights Act of 1964), the nondiscrimination provisions of WIA. The requirement to comply with these provisions further applies to “programs and activities that are part of the One-Stop delivery system and that are operated by One-Stop partners.” Finally, the Department is preparing to issue a Training and Employment Guidance Letter (TEGL) to address barriers to employment of people with criminal records, such as blanket bans on hiring anyone with criminal records that may appear in vacancy announcements posted in Job Banks within the public workforce system.

ALIGNING JOB TRAINING AND EDUCATION:

Mr. Jackson: I would like to commend the department on its recognizable effort in the President's budget to improve alignment between job training programs and the future workforce. The budget proposes an \$8 billion investment over three years for a community college initiative to be jointly administered by the Departments of Education and Labor.

While I believe this is a needed and necessary investment to encourage partnerships between businesses and community colleges, I would like to understand how your Department would provide direction on assuring the community based organizations that have demonstrated expertise in workforce development have the opportunity to be included in these partnerships.

Secretary Solis, what role do you see for community-based providers in this new initiative?

Ms. Solis: Community-based organizations understand the importance of leveraging resources, engaging local and regional employers to better identify their workforce needs and secure employment for their participants, and providing comprehensive supportive services in a manner that is culturally and linguistically appropriate to the participants they serve. Community-based organizations also are critical providers of basic skills training, technical skills training, and workforce development services in communities across the country and serve as access points for workers seeking to transition into new industries and new careers. As such, they are represented on local Workforce Investment Boards and may be eligible training providers under the WIA programs. Additionally, community-based organizations have been key partners in many of the Department's grant initiatives, such as Pathways out of Poverty and the Green Jobs Innovation Fund, and we anticipate that they will be local grantee partners in some projects funded under the Community College to Career Fund initiative.

SENIOR COMMUNITY SERVICE PROGRAM

Mr. Jackson: The President's FY 2013 Budget calls for the transfer of the Senior Community Service Employment Program (SCSEP) from the Department of Labor to the Department of Health and Human Services to improve coordination with other senior-serving programs. Several National Organizations have been successful in training this population through the Mature Workers Program.

Can you share with us how the Department will work to ensure that the proposed transfer is seamless for the seniors and community based organizations who currently participate or operate these programs? Will the Department of Labor be involved with the program after the transfer?

Ms. Solis: The proposed transfer should not affect SCSEP participants or the community agencies in which they serve. The SCSEP grantees that operate the programs, including the national organizations you reference, will be under similar programmatic requirements to provide services to participants and community agencies regardless of which Federal agency is the administrative entity. The Department works closely with the Department of Health and Human Services (HHS) already, and both agencies are committed to continued collaboration to ensure a thoughtful, planned transition to HHS, should the proposal be adopted, so that seniors and community agencies are not adversely affected. This commitment to collaborate will continue after the transition to ensure that unemployed low-income seniors participating in SCSEP acquire the skills and tools to obtain unsubsidized jobs through the public workforce development system.

JOB CORPS CLOSURES

Ms. Lee: The Department's FY2013 proposal to close under-performing centers deeply concerns me. These centers serve communities who truly have few other resources, and for which closure could represent yet another resounding blow to their already fragile systems for economic development and self-sufficiency. I understand that centers slated for closure have not been finalized, and that there will be rigorous criteria applied.

- a. When can we expect to see finalized criteria and a list of centers slated for closure?

Ms. Solis: The Department is developing a methodology for identifying centers for closure that will be published in the Federal Register for the public and stakeholders to provide feedback, prior to its use in selecting centers for closure. A specific timeline is under development.

- b. Could you please provide the detailed metrics and assessments currently used to assess centers, and which would be used to determine which centers are to close?

Ms. Solis: The Department has established a comprehensive performance management system to assess program effectiveness across multiple components of services and programs offered to Job Corps students. The performance management system serves three primary purposes, to:

1. Meet accountability requirements for establishing performance measures (also known as metrics) and reporting student outcomes for the Job Corps system per the Workforce Investment Act of 1998 (WIA) legislation, Common Performance Measures for Federal youth training programs, and U.S. Department of Labor (DOL) priorities;
2. Assess centers' and agencies' accomplishments in implementing program priorities and serving students effectively; and
3. Utilize a management tool that provides useful and relevant feedback on performance, while encouraging continuous program improvement.

To assess center performance against established goals and priorities, the Office of Job Corps' Federal staff conducts on-site center assessments and monitoring trips, and electronic desk monitoring and contractor performance reporting. Underperforming centers may be placed on a corrective action plan or performance improvement plan. Such a plan may be targeted to a specific area of performance such as academic attainment or in cases of significant underperformance, may include overall center operations.

The Department is using its existing performance measures as a key component for developing its methodology for identifying centers for closure that will be published in the Federal Register for the public and stakeholders to provide feedback, prior to its use in selecting centers for closure.

Further, the Department will ensure that it follows the legislatively-mandated process for closing a Job Corps Center, per Section 159 of the Workforce Investment Act, which includes the following:

1. Advance announcement to the general public of the proposed decision to close the center, through publication in the Federal Register or other appropriate means;
2. Establishment of a reasonable comment period, not to exceed 30 days, for interested individuals to submit written comments to the Secretary; and
3. Notification of the Member of Congress who represents the district in which such center is located, within a reasonable period of time in advance of any final decision to close the center.

- c. Are current job corps center ratings/rankings available and if so could you please provide those?

Ms. Solis: Job Corps' Program Year 2010 ranking report is available on Job Corps website at: <http://www.jobcorps.gov/Libraries/pdf/oms10r.sflb>.

- d. For students who are eligible to attend higher performing centers, how will they gain access to those centers? What is the process for determining eligibility, and were these students previously able to access these higher-performing centers?

Ms. Solis: Center closures will be conducted in a manner that mitigates negative impacts on students. Students enrolled at a center identified for closure will be given an opportunity to transfer to a different center to continue their academic and career technical training. Job Corps is responsible for the transportation of students during enrollment, to and from Job Corps centers and their home of record.

The Department of Labor awards contracts to large and small businesses, and non-profit and tribal organizations to conduct Outreach and Admissions (OA) activities. Admissions counselors at OA agencies are responsible for interviewing and screening applicants on several eligibility factors outlined in the WIA. WIA requires that a participant will be assigned to the center closest to his or her home, unless:

1. The participant selects a career technical training program that is not available at the closest center;
2. The participants would be delayed entry into the program because the closest center is at full capacity; or
3. The parent/guardian of the participant requests enrollment at a different center due to circumstances in the community of the participant that would impair successful participation in the program.

REINTEGRATION OF EX-OFFENDERS PROGRAMS, LOW SKILLED AFRICAN AMERICAN WOMEN

Ms. Lee: The National Urban League's State of Black America 2012 Equality Index reports that the unemployment rate gap for black and white women widened between 2010 and 2011 – black female unemployment rate rose while white female unemployment rate declined. Additionally, black women earn 82 cents for every dollar earned by their white counterparts, and 63 cents for every dollar earned by white men.

These gaps have a cross-generational impact because half of the children who live in households headed by a single black female live below the poverty level – they lack the financial resources (that most of us acquire through employment earnings) needed to adequately provide for their families.

As of September 30, 2011, the Reintegration of Ex-Offenders programs have assisted over 31,482 participants. Of these, 18,172 (58 percent) are African Americans. In the past funding cycles, this program also focused on high school drop outs. It has been brought to my attention that FY2012 RFP focuses on training those only with a criminal background, while the previous RFPs also included training for those who have dropped out of high school and have no criminal record, but desire getting a GED.

- a. Could you please explain this change in the targeted population, which seems to exclude training young women who might have dropped out high school, but have no criminal record?

Ms. Solis: The Department recognizes the problems faced by high school dropouts and other at-risk youth, but juvenile courts handle 1.6 million delinquency cases each year, with 1.1 million of these cases resulting in juvenile court sanctions, including 556,300 cases resulting in a term of probation, 157,700 in a residential placement, and 393,600 resulting in another sanction, so there are many juvenile offenders in need of services relative to the amount of funds available under this appropriation. For this reason, the Department chose to focus the FY 2011 solicitation for High Poverty, High Crime grants on those with previous involvement with the juvenile justice system.

- b. What has the Department proposed in the FY 2013 budget to assist low skilled African American women with no criminal background, who are in need of training?

Ms. Solis: Of the 2.5 million Workforce Investment Act (WIA) Adult and Dislocated Worker program participants who received staff-assisted services from July 2010 through June 2011, 54,775 were African American adult women with no criminal background. We will continue to serve these and other jobseekers through the WIA Adult and Dislocated Worker Program, Wagner-Peyser Employment Services, and through our competitive grant programs. Winners of recently announced grants to train workers for good jobs in high-growth industries include historically Black colleges and universities (HBCUs) and other entities that have served African Americans. In September 2011, a consortium of 10 South Carolina educational institutions, including Denmark Technical College (an HBCU), was awarded a grant of nearly \$20 million to establish 37 new on-line courses leading to industry-recognized credentials and degrees for emerging technology-based jobs in key industries, including manufacturing, engineering, industrial maintenance, and transportation and logistics.

Additionally, African American adult women with no criminal background also would be eligible to participate in the Pathways Back to Work Initiative, which is proposed in the FY 2013 Budget. This Initiative would provide unemployed, low-income job seekers with paid work experience and skills training, and give employers incentives to hire. It would provide \$10 billion for subsidized employment and work-based training for low-income and long-term unemployed adults, and it will provide \$2.5 billion for summer and year-round employment opportunities for low-income youth. Subsidized employment and workplace-based training opportunities benefit both job seekers and employers: they provide an opportunity for adults to gain work experience and build their resumes, simultaneously earning much needed income, while providing employers with an opportunity to build their talent pipeline.

ALIGNING JOB TRAINING AND EDUCATION

Ms. Lee: I would like to commend the department on its recognizable effort in the FY2013 budget to improve alignment between job training programs and the future workforce. The budget proposes an \$8 billion investment over three years for a community college initiative to be jointly administered by the Departments of Education and Labor. While I think it is a

needed and necessary investment to encourage partnerships between businesses and community colleges, I would like to understand how the department would provide direction on assuring that community based organizations that have demonstrated expertise in workforce development have the opportunity to be included in these partnerships. We know that such community based organizations not only provide s job training and/or GED-preparation programs, but they also provide that key bridge service placing program participants into employment.

- a. What role does the Department see for community-based providers in this new initiative?

Ms. Solis: Community-based organizations are critical access points for workers seeking to transition into new industries and new careers. Community-based organizations understand the importance of leveraging resources, engaging employers to better understand their workforce needs and secure employment for their participants, and providing comprehensive supportive services in a manner that is culturally and linguistically appropriate. Community-based organizations are key providers of basic skills training, technical skills training, and workforce development services in communities across the country.

As such, they are represented on local Workforce Investment Boards and are eligible training providers under the WIA programs. Additionally, community-based organizations are key partners in many of the Department's grant initiatives, such as Pathways out of Poverty and the Green Jobs Innovation Fund, and we anticipate that they will be local grantee partners in the some projects funded under the Community College to Career Fund initiative.

MATURE WORKERS PROGRAM – SENIOR COMMUNITY SERVICE PROGRAM:

Ms. Lee: The President's FY 2013 Budget calls for the transfer of the Senior Community Service Employment Program (SCSEP) from the Department of Labor to the Department of Health and Human Services to improve coordination with other senior-serving programs. Several National Organizations have been successful in training this population through the Mature Workers Program. The program is currently funded by the Department of Labor to serve persons age 55 and older that are unemployed and have low-incomes.

- a. Can you share with me how the Department will work to ensure that the transfer is seamless for the Seniors and community based organizations who operate these programs?

Ms. Solis: The proposed transfer should not affect SCSEP participants or the community agencies in which they serve. The SCSEP grantees that operate the programs, including the national organizations you reference, will be under similar programmatic requirements to provide services to participants and community agencies regardless of which Federal agency is the administrative entity.

- b. To what extent will the Department of Labor be involved with the program after the transfer?

Ms. Solis: The Department works closely with the Department of Health and Human Services (HHS) already, and both agencies are committed to continued collaboration to ensure a thoughtful, planned transition to HHS, should this proposal be adopted, so that seniors and community agencies are not adversely affected in any way. This commitment to collaborate will continue after the transition to ensure that unemployed low-income seniors participating in SCSEP acquire the skills and tools to obtain unsubsidized jobs through the public workforce development system.

SELF-EMPLOYMENT ASSISTANCE PROGRAM

Ms. Lee: In February Congress voted to extend unemployment benefits, and included language for the implementation of a self-employment assistance program.

a. Can you detail the Department's progress on implementation?

Ms. Solis: The Administration was pleased that the Self Employment Assistance (SEA) program was contained in the Middle Class Tax Relief and Job Creation Act of 2012 (the Act) that included an expansion of the program to the Emergency Unemployment Compensation (EUC) and Extended Benefit programs and the \$35 million grant program designed to support promotion of and state implementation of SEA programs.

As you are aware, there were many UI reforms contained in the Act, including significant changes to the EUC program and a new requirement for states to provide reemployment services and eligibility assessments to all EUC claimants. These two mandatory provisions required immediate implementation and necessarily were the first pieces of guidance that the Department issued following the enactment.

We are, however, actively working to implement the SEA provisions as well. We hosted two listening sessions on SEA on March 19 and 20, 2012, to meet the requirements of the Act to consult with stakeholders and other program experts regarding development of model legislative language for state use, provision of technical assistance, and establishment of state reporting requirements. We expect to issue guidance on the SEA provisions to states in early May. We have already engaged with the Small Business Administration (SBA) and are planning outreach and technical assistance to states in partnership with SBA. We also have started planning for the required evaluation of the program.

b. What has been proposed in the Department's FY 2013 budget to address and encourage and support entrepreneurship for the unemployment?

Ms. Solis: As you are aware, the Self-Employment Assistance (SEA) program is designed to encourage and enable unemployed workers to create their own jobs by starting their own small businesses. Under SEA, states may pay a self-employment allowance equivalent to the weekly unemployment benefit to eligible jobless workers while they are working full time to establish businesses with the goal of becoming self-employed.

The President's Fiscal Year 2013 Budget includes all of the proposals in the American Jobs Act (AJA). One of the provisions in the AJA is a Reemployment NOW program which would provide \$4 billion to states to implement a menu of optional innovative reemployment services, including SEA. The new legislation that was enacted provides states the same authority to establish SEA programs for individuals receiving extended benefits (EB) and Emergency Unemployment Compensation (EUC) as well as \$35 million in grants to operate any SEA program – a regular state SEA program, an EB SEA program, or an EUC SEA program. We are pleased to support its implementation.

DIVERSITY AT THE DEPARTMENT OF LABOR

Ms. Lee: Will the Department of Labor please provide a breakdown of the diversity of the staff at the Department of Labor, by pay grade and executive category? Also, can you please update the subcommittee on the diversity plans, outreach, and internal career development and promotion efforts that supply diversity and any other efforts that the Department is making to strengthen the diversity of its employees across all pay grades and executive levels?

Ms. Solis: The Department of Labor is committed to ensuring that the Secretary's vision for diversity and inclusion within the federal workforce be evident in all aspects of business operation, including recruitment, placement, promotion, development, and strategic and succession planning. A significant aspect of the Department's Strategic Plan FY2011-2016 is to eliminate barriers to fair and diverse workplaces across the federal workforce and nation. With this in mind, the Department is working towards becoming a leader in the implementation of Executive Order 13583 (issued on August 18, 2011, establishing a coordinated government-wide initiative to promote diversity and inclusion in the federal workforce). In adhering to this and related Presidential Executive Orders, the DOL is committed to addressing the need to diversify and increase the participation of targeted groups in the Federal workforce to better serve a diverse America.

Building upon work over the last three years which has increased the diversity in upper-level positions, the Department of Labor is working to become a model employer for people from diverse backgrounds. On April 3, 2012, DOL implemented our Operational Plan for Promoting Diversity and Inclusion. This plan challenges senior executives, managers and supervisors to contribute to changing the face of our workforce to better reflect the diversity of our Nation. In an effort to accomplish this, the DOL has implemented requirements increasing the level of accountability from the senior management level and throughout. One of these is the requirement of a diversity outreach plan for all SES recruitment and placement. This must be submitted prior to the posting of any SES vacancy announcement. Further, designated hiring managers from each agency are required to meet regularly with OASAM senior staff to review all diversity hiring efforts. This same plan will be implemented for the GS recruitment in coming months.

By implementing the plan the Department has integrated diversity and inclusion into its planning and operations in a manner that institutionalizes diversity and inclusion as a business practice rather than a stand-alone program.

In an effort to recruit and hire diverse candidates, the DOL Office of Diversity and Inclusion (ODI) and Regional Recruitment Coordinators are required to maintain outreach contacts, develop partnerships with state and local organizations, coordinate sponsored targeted recruitment events to reach more diverse applicants, establish listings of recruitment sources to locate qualified diverse applicant pools, and work closely with servicing HR offices when extending vacancy announcements. Where a shortfall in employee diversity exists, ODI works with agency managers to expand their recruitment efforts to include diverse outlets.

Consistently efforts are made to assist selecting officials and hiring managers in utilizing available methods to identify and provide internal advancement opportunities for all employees. ODI staff also work with agencies to ensure that training opportunities that could lead to further advancement are provided for all employees.

Grade	Asian/PI	Black	Hispanic	Nat. Amer	White	Grand Total
Executive	11	27	12	1	148	199
01	0	0	2	0	1	3
02	1	2	0	0	9	12
03	0	8	2	0	36	46
04	5	37	12	1	43	98
05	22	142	35	2	176	377
06	18	168	42	3	322	553
07	67	360	129	17	656	1,229
08	7	111	15	2	88	223
09	70	261	99	4	524	958
10	0	10	2	0	15	27
11	95	367	160	16	758	1,396
12	311	1,076	474	39	3,425	5,325
13	184	657	242	17	2,060	3,160
14	128	324	97	8	1,244	1,801
15	40	129	52	4	672	897
Grand Total	959	3,679	1,375	114	10,177	16,304

DIVERSITY IN CONTRACTING AT THE DEPARTMENT OF LABOR

Ms. Lee: Will the Department please provide a breakdown of the contracting opportunities available directly through the Department of Labor?

Ms. Solis: In compliance with the Federal Acquisition Regulation (FAR) and Section 501 of Public Law 100-656, the Department of Labor publishes its Annual Acquisition Plan and Procurement Forecast (AAPPF) on the Department's website at <http://www.dol.gov/oasam/programs/boc/AAPPF/>. The AAPPF makes available to the public the Department's **procurement planning and acquisition strategies for new and re-competed procurement actions**.

Are any of these contracts large enough to require the application of the Federal Acquisition Regulations (FARs)?

Ms. Solis: Yes. The FAR provides codification of uniform policies and procedures that are applicable to all the Department's procurement actions. The FAR is the principal set of rules that govern the acquisition process for all executive agencies through which the government purchases goods and services.

What is the success or compliance rate for prime contractors in their contracting goals for small disadvantaged businesses, women owned small businesses, HUBZone business and service disabled veteran businesses?

Ms. Solis: In Fiscal Year (FY) 2011, the Department met or exceeded its small business, small disadvantaged business, women-owned small business, HUBZone small business and veteran-owned small business subcontracting goals for prime contractors with subcontracting plans in contracts exceeding \$650K with large business. However, prime contractors faced challenges in meeting the service-disabled veteran-owned small business goal of three percent achieving a subcontracting performance of 1.7 percent.

DOL Small Business Subcontracting Goals vs. Performance Report, FY 2011

DOL Total Subcontracting Dollars:		\$402,395,320
Socioeconomic Category	Goal	Performance
Small Business	55%	58.2%
		(\$234,105,985)
Small Disadvantaged Business	5%	16.8%
		(\$67,749,155)
Women-Owned Small Business	5%	15.8%
		(\$63,417,589)
Veteran-Owned Small Business	3%	5.2%
		(\$21,048,761)
Service-Disabled Veteran-Owned Small Business	3%	1.7%
		(\$6,871,892)
HUBZone Small Business	3%	3.5%
		(\$14,052,243)

Source: February 7, 2012, Electronic Subcontracting Reporting System (eSRS) Summary and Individual Reports

SUBCONTRACTING GOALS

Ms. Lee: If performance bonuses or liquidated damages cannot be tied to the successful fulfillment of small business subcontracting goals in prime federal contracts for small disadvantaged businesses, women owned small businesses, HUB Zone businesses and service disabled veteran businesses, will the Department of Labor tell the subcommittee if it is possible to consider adjusting how companies that fail to meet their stated goals might lose any preferences in regards to all future contracting opportunities until such time as they completely fulfill all their individual subcontracting goals?

Ms. Solis: The Department of Labor has supplemental policy that requires the review of all subcontracting plans in acquisitions conducted under full and open competition expected to exceed \$650,000 to large businesses. Contracting officers evaluate prime contractors' actual subcontracting performance compared to their respective subcontracting plan goals. If a prime contractor does not meet subcontracting goals for the reporting period, the contracting officer is required to take corrective action. If contractors fail to meet subcontracting goals in subsequent periods, the contracting officer considers factors that would demonstrate good faith effort and take appropriate action including assessment of whether to exercise subsequent option periods.

SMALL BUSINESS ADMINISTRATION OUTREACH

Ms. Lee: Will you describe for us how the Department of Labor coordinates any efforts in ensuring access to contracting and procurement opportunities with the Small Business Administration, if at all, and how we, as Members of Congress, can work with you to ensure that our constituent small businesses are aware of the opportunities and will have access to all of the technical expertise that they need to successfully compete for those opportunities?

Ms. Solis: The Department of Labor coordinates its efforts with the Small Business Administration (SBA) through outreach initiatives that focus on ensuring access to contracting and procurement opportunities. The Department participates in SBA sponsored outreach efforts and provides counsel to the small business community on the Department's procurement opportunities, small business resources and procurement process. The Department also includes resources available from the SBA to the small business community on the Department's website.

Members of Congress can help its constituent small businesses become aware of procurement opportunities through its continued support of the White House Small Business Procurement Group's recommendation to ensure a "Foot in door" strategy. This strategy holds Federal agencies accountable for ensuring small businesses gain access to program buyers and contract decision makers.

WITNESSES

	Page
Ortiz, Lieutenant Colonel Ismael	1
Carbone, Joseph	1
Duncan, Hon. Arne	57
Freeman, Gwile	143
Mitchell, Timothy	143
Schmiegel, Lieutenant Colonel K. M	1
Seaver, Ron	143
Skelly, T. P	57
Solis, Hon. H. L	201
Starr, J. P	143

