

DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, EDUCATION, AND RELATED AGENCIES
APPROPRIATIONS FOR 2011

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

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

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Part 5

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**DEPARTMENTS OF LABOR, HEALTH AND
HUMAN SERVICES, EDUCATION, AND RE-
LATED AGENCIES APPROPRIATIONS FOR
2011**

WEDNESDAY, MARCH 10, 2010.

DEPARTMENT OF LABOR, FY2011 BUDGET OVERVIEW

WITNESS

HON. HILDA SOLIS, SECRETARY OF LABOR

INTRODUCTION

Mr. OBEY. Welcome, Madam Secretary. I am sorry we had to delay this hearing for an hour because of the special meeting I was called to today. So, to try to put us somewhat back on schedule, I am going to forego an opening statement and simply welcome you here. I know you probably have the toughest job that any Secretary of Labor has had since the Great Depression. I wish you luck and anything else that you need to get the job done.

Mr. Tiahrt.

Mr. TIAHRT. Thank you, Mr. Chairman.

Secretary Solis, welcome back to the Committee. It is always a privilege to receive testimony from a former colleague.

During these tough times, it is an extremely important Cabinet position to hold. Madam Secretary, when I look back over this past year, I become quite anxious about where we are today, and even more concerned about where we are headed. Unemployment continues to hover around 10 percent, twice the level of structural unemployment. We are seeing record budget deficits and historic levels of debt, many State budgets are also deep in red, and households continue to tighten their belts. They are making very difficult decisions, but necessary, decisions on spending cuts, which is what they expect their Government to do.

We have to work our way through this together and do so responsibly, and that does not mean that we spend our way out of this recession, as the distinguished Majority Whip said last month. I fundamentally disagree with that approach. In order to work towards a vibrant American economy in the 21st century, Congress needs to take a comprehensive look at policies and incentives which build solid economic foundation. This will not be accomplished by Federal funds, but by private capital which spurs innovation and leads to job growth. Lasting economic growth comes from the bottom up, and not the top down.

Government does not create wealth. I think that is a misnomer in Washington today, that Government does create wealth. It does not. Government does not create wealth; the private sector does. And jobs are a byproduct of creating wealth. Our fellow Americans have been the victims of a top-down approach this past year. The Recovery Act was supposed to create 3.5 million jobs; yet 3.3 million jobs have been lost since its passage, including over 25,000 manufacturing jobs in Kansas. Kansas wants to get back to work. Kansas employers want to hire them. It is our duty to give them the tools and the opportunity to do so, not enacting policies that will only lead to a jobless recovery.

FISCAL RESTRAINT

Yet, these are macro issues, Madam Secretary, and it will take so much more than the Department of Labor alone to positively affect them. But it can start here, with this Committee, and it has to because it has not started with the Administration. President Obama promised a three-year freeze on non-defense, non-security domestic spending; yet, his request for programs under the jurisdiction of this Subcommittee have increased by \$27,000,000,000.

We need to do exactly what the President promised, but has so far failed to do: apply the scalpel to this budget request and make the tough, perhaps politically unpopular, decisions.

There was an excellent article in the Wall Street Journal today about Ireland and how they are going to survive their red ink. The title of it is Irish Take Bitter Medicine to Survive the Age of Red Ink.

ETA CARRYOVER

I strongly support many of the programs funded through this bill; they are important for sustainable economic growth. But in these difficult times they call for fiscal restraint responsibility. Case in point—and I know the mere mention of this term, carry-over, will cause many to sit upright, but consider the Employment and Training Administration. The entity was responsible for providing employment and training assistance programs and the administration of unemployment benefits; \$2,500,000,000 of unspent funds was carried into fiscal year 2010, \$700,000,000 more than you had estimated; \$2,500,000,000 appropriated in fiscal year 2009 that was simply not needed.

We all know the trillion is the new billion, but these are huge, huge numbers. Just because the practice is permissible by statute does not make it an appropriate use of taxpayer dollars. Again, tough but responsible decisions must be made this year, and we have to own up to them.

CREATION OF GREEN JOBS

Lastly, your budget request is premised on the notion of creating good jobs, a simple enough concept that we all support. And as these good jobs are created, I certainly hope that we do not fall into the same nebulous void as green jobs. Not only does the definition of a green job seem to be ever-evolving, but even the process by which we now calculate green jobs growth is flawed.

Take Vice President Biden's December memo to the President entitled The Transformation of Clean Energy Economy. In it he cites that renewable energy investments would create 253,000 jobs and would "support"—I presume he means save—up to 469,000 more jobs. But he footnotes these numbers saying, "A project that employs one person for two years would count as creating two jobs." One person working for two years is two jobs.

I do not buy this. We could say that one job per month for two years would be 104 jobs. I think it is just one job and we need to keep our calculations correct and have an accurate representation of job growth, because the American people deserve and need to know the real facts.

So, Madam Secretary, I welcome you back once again, and I look forward to your testimony today.

Mr. Chairman, thank you for your time.

OPENING STATEMENT

Mr. OBEY. Madam Secretary, why do you not proceed? Summarize your statement and proceed to the questions.

Secretary SOLIS. Thank you, Mr. Chairman, Chairman Obey and Ranking Member Tiahrt and members of the Subcommittee. It is a pleasure to be here again this year. Thank you for inviting me to discuss our fiscal year 2011 budget request, and I ask that my prepared testimony be entered into the record, as I will review the highlights with you.

First, it is not possible to discuss next year's budget without acknowledging the immediate need to put Americans back to work. I am proud of the work we have done with the Recovery Act resources, which include providing nearly \$50,000,000,000 in UI benefits to unemployed workers and assisting over 190,000 of them to maintain their health care coverage under COBRA; creating summer job opportunities for nearly 318,000 low-income youth and over 18,000 wage-paying community service jobs for low-income seniors; and providing training opportunities for demand health care jobs and emerging jobs in the new green economy, renewable energy.

While these efforts are helping, they are clearly not enough, and at 9.7 percent, unemployment remains persistently and unacceptably high, and especially for those particular groups most affected. African Americans are suffering at 15.8 percent, Latinos at 12.4 percent. The situation is dire. And in the Native American communities it is even higher.

I remain hopeful, however, that Congress will reach agreement on measures that will allow us to continue to assist Americans until the labor market fully recovers.

Mr. Chairman, you recognized this need when you added funds last year for the Senior Community Service Employment Program. We moved quickly as a result and many low-income seniors did not need to wait for a jobs package to secure employment. But there is so much more that needs to be done, and some examples are:

To further extend the safety net for those displaced and dislocated workers by extension of the UI and COBRA assistance, which I believe the House and the Senate are working on; to commit to \$1,200,000,000 to ensure that a robust summer jobs program

can be implemented to put the high number of unemployed youth to work to receive job training and education exposure;

To jump-start our employment through a \$500,000,000 investment through on-the-job training programs that can help small businesses and hopefully be incentivized to hire and add on more workers; and

To add \$300,000,000 to further support the oversubscribed Pathways out of Poverty and Energy Training Partnership programs that include employers in all of those partnerships.

Our budget request will sustain those investments through programs that give workers the tools they needed to succeed in this new economy. I want to highlight some of the measures that will allow us to increase the skills of all segments of our workforce.

For the first time in over a decade, the budget proposes a significant increase in funding for the Workforce Investment Act programs. However, the additional resources are also closely linked to reform. In keeping with the Administration's WIA reauthorization goals, a percentage of the funds appropriated for adults, dislocated workers, and youth will be reserved for two new WIA Innovation Funds to provide competitive grants to encourage the workforce system to test or replicate models that we know work to expand and improve services and results for their customers, namely, employment in the private sector.

The budget also requests an increase of \$45,000,000 for the Green Jobs Innovation Fund. And I can tell you from my experience with the Recovery Act competitions that the demand for green job training has been enormous, and it has come from the private sector. We have simply not been able to keep pace with the record number of applications, submissions that came into my office; and I believe this unprecedented level of interest calls for further investment, more resources.

We are committed to linking this training with job creation efforts in green industries and expect our grantees to work with employers and other participants to gain those valuable skills and industry-recognized credentials that will help them move into better and higher paying jobs.

In addition to the Youth Innovation Fund, the budget request includes an increase in other services for youth, such as \$17,500,000 in the YouthBuild program that will allow us to extend this program and serve an estimated 230 competitive grants to local organizations to serve disadvantaged youth.

We also expect to see benefits from fully integrating the Job Corps program with other youth programs and returning it into the ETA program. We are also undertaking a rigorous and comprehensive review of the Job Corps operations to identify any needed reforms that we might need to take.

Good jobs for everyone means that other vulnerable populations must not also be left behind. That is why we are doing more to target resources to areas of greatest poverty, and that is why the budget request includes increases in the Indian and Native American and Migrant and Seasonal Farm Worker Programs. Two DOL agencies, ETA and the Office of Disability Employment and Policy, known as ODEP, will also receive \$12,000,000 each to continue their job disability initiative to increase the capacity at our one-

stop system to provide accessible services to individuals with disability.

We know returning veterans, including those who are disabled, can contribute greatly to the expansion of our economy. They are the most under-utilized population. For the Veterans Employment and Training Service, the budget requests \$262,000,000 and includes increases for homeless veterans grants and transition assistance programs which are vitally important for those individuals that are coming back and want to be reintegrated into our society.

Our Assistant Secretary, Ray Jefferson, will be with you tomorrow to fill in any items or activities that you require more information regarding our Vets program. The ETA Assistant Secretary, Jane Oates, will also be here tomorrow to discuss any further plans and details you might have regarding partnerships that include the nursing shortage and also efforts to help provide assistance to States to pay for a paid leave program that we are now initiating.

I know you understand that it can be too easy to exploit workers when jobs are scarce. We need to remain vigilant in protecting the rights and safety of all of our workers. In fiscal year 2011 the budget continues that vigilance by hiring additional enforcement personnel and strengthening our regulatory efforts. We build upon the resources that you provided last year to return our worker protection programs to the 2001 staffing levels or greater, after years of decline.

To do so, the request includes \$1,700,000,000 in discretionary funds for 10,957 FTE for our worker protection activities. This funding level is \$67,000,000, 4 percent, and 177 FTE above last year's level, and the agency-by-agency details are in my prepared testimony.

In discussing worker protection, I want to point out that the request also includes increases to support the development of regulations in areas such as pensions, worker health and safety. These resources will help reinvigorate the Department's regulatory program and are critical to the success of our worker protection agenda.

The budget also includes an important interagency effort to address the issue of employee misclassification. Workers wrongly classified as independent contractors are denied access to critical benefits and protections in the workplace to which they are entitled, for example, overtime, health care coverage, worker's compensation, family and medical leave, and unemployment insurance.

In addition to denying workers these protections and benefits, misclassification results in billions, billions of dollars of losses to Government through unpaid taxes. Our budget includes \$25,000,000 to hire additional enforcement personnel targeted at misclassification to fund competitive grants to boost States' incentives and capacity to address this problem.

Restoring our economy requires ensuring the world economy is also sound and balances. I firmly believe that our responsibility to promote acceptable conditions of work abroad is closely linked to our worker protection agenda here at home. It is with this goal in mind that we are requesting an increase of \$22,000,000 in the ILAB program to increase the monitoring of labor provisions in trade agreements and to support programs that use innovative and

successful models to improve the labor rights of workers in our trading partner countries.

Mr. Chairman, it is thanks to your leadership that we have been able to pursue these approaches, which is based on highly successful garment industry projects that we have been working on in Cambodia. By increasing funding, we will be able to expand our reach of worker rights protections in additional countries. So I thank you for your previous support.

Before I conclude, I want to say just a few words about our commitment to ensuring accountability for the resources that you entrust us with. This is why my testimony links investments to performance outcomes and why we have new commitment to program evaluation.

Members of the Subcommittee, I think we all know that too many Americans are ready and willing to work. But we know that they cannot find a job. There are six applicants for each job that is available now. We know the urgency. The budget before you will help spur new and better job opportunities while fostering safe workplaces that respect workers' rights. That is what my goal of Good Jobs For Everyone is, and I look forward to working with you on making this vision a reality.

I am happy to respond to any questions that the members of the Subcommittee might have.

[The information 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 10, 2010

Chairman Obey, Ranking Member Tiahrt, and members of the Subcommittee, thank you for the invitation to testify today. I appreciate the opportunity to discuss the Fiscal Year (FY) 2011 budget request for the Department of Labor.

The total request for the Department in FY 2011 is \$116.5 billion and 17,800 Full-Time Equivalent employees (FTE), of which \$17.1 billion is before the Committee. Of that amount, \$14.0 billion is requested for discretionary budget authority. Our Budget request will build on the \$4.8 billion in discretionary as well as the mandatory resources included for the Department in the American Recovery and Reinvestment Act (Recovery Act).

PUTTING PEOPLE BACK TO WORK

Workers and their families are hurting in these tough economic times. We know that job opportunities and economic security are of utmost importance to Americans. During my travels throughout the country, I have met many people who expected to be in their peak earning years, and yet were struggling to find employment and maintain retirement savings. At the Department of Labor, we are putting people back to work and assisting unemployed workers who need our help. Through the Recovery Act investments funded by the Congress, we have:

- Funded over \$49 billion in benefits to unemployed workers;
- Created more than 90,000 jobs nationwide through our Recovery Act programs;
- Created more than 317,900 summer youth job opportunities;
- Invested \$500 million in training and research for emerging “green jobs” and another \$220 million to help workers pursue careers in health care and other high growth industry sectors;
- Created over 18,000 new community service employment opportunities for seniors;
- Provided job-related services to more than 2.9 million unemployment insurance claimants;
- Provided direct assistance to over 190,000 unemployed workers and their families seeking affordable health coverage and the COBRA subsidy.

While these efforts are helping Americans during these difficult times, they are clearly not enough. The unemployment rate remains persistently and unacceptably high. This Administration wants to ensure that investments in job creation will *continue until the labor market fully recovers* from the economic downturn. The president has proposed \$100 billion for job creation, including the president's proposals on small business, infrastructure, and clean energy. I urge Congress to quickly pass a jobs bill. In addition, the Administration proposes additional job-creating investments in key Department of Labor initiatives:

- First, last summer the Recovery Act created over 300,000 summer jobs for at-risk youth in 2009, addressing an alarmingly high youth unemployment rate. Based on that experience, we believe that local areas can expand the program to create up to 350,000 jobs this summer, providing work experience to help young people build their futures and income their families can use in a weak economy. We can accomplish this with a \$1.2 billion investment in summer and youth employment, including \$150 million for competitive grants to support innovative programs and build knowledge of what strategies, including paid work experience, produce the best educational and employment outcomes for disconnected youth.
- Second, training programs that bring workers into contact with employers form key partnerships that will result in people getting jobs. We support an additional \$500 million to expand on-the-job training, refresh the skills of the long-term unemployed, and link them to real employment opportunities as the economy rebounds.
- Third, through grant programs we will be prioritizing training in emerging industries where we know there are jobs, such as clean energy, an area where we see a lot of potential for additional training efforts. The Administration supports an additional \$300 million to continue two Recovery Act programs -- Pathways Out Of Poverty Grants (\$225 million) and Energy Training Partnerships (\$75 million). For both of these programs, we received many more quality applications than we were able to fund. As a result, additional resources would allow us to quickly fund these high-quality programs.

We also believe that extending expiring unemployment benefits and health insurance coverage is a vital part of any jobs package. They ensure a continued safety net for individuals who cannot find jobs, and the benefits help stimulate the economy by putting money back in workers' pockets who then spend it in their local communities.

We must work together to respond to the plea from millions of Americans for job opportunities and assistance. That means that we need to create new and better jobs for the 21st Century economy. And because it is too easy to exploit workers when jobs are scarce, we need to be vigilant in protecting the rights and safety of workers. At the Department of Labor, my strategic vision is to provide *Good Jobs for Everyone*. Here are some of the ways that we define a good job:

- A good job can support a family by increasing incomes, narrowing the wage gap and allowing workplace flexibility.
- A good job is safe and secure and gives people a voice in the workplace.
- A good job is sustainable and innovative, for example a green job.
- A good job will help rebuild a strong middle class.
- A good job provides access to a secure retirement and to adequate and affordable health coverage.

The resources requested in our FY 2011 budget will help to make the vision of *Good Jobs for Everyone* a reality. They will build on and leverage the job creation efforts begun with the Recovery Act and continued with the FY 2010 appropriation. I am committed to doing my best to see that that the new jobs created with the economic recovery are good jobs that are open to the diverse group that represents the workers of the future.

PREPARING FOR JOBS OF THE FUTURE

The Department is looking to prepare workers with the tools they need to succeed in the 21st Century economy, and for innovative ways to promote economic recovery. The FY 2011 budget request for the Department's Employment and Training Administration (ETA) is \$10.9 billion in discretionary funds and 1,080 FTE, not including the 148 FTE associated with the proposed legislation for foreign labor certification application fees. Through innovative program strategies, the budget request for ETA will allow the Department to increase the skills of the American workforce, while addressing all segments of the population.

Innovation Funds

Reflecting the urgent need to prepare workers for 21st Century jobs, for the first time in over a decade, the FY 2011 budget proposes a significant increase in funding for the Workforce Investment Act (WIA) grant programs for Adults, Dislocated Workers, and Youth. The budget requests \$3.4 billion for these programs, an increase of \$209 million above the FY 2010 level. However, the additional resources are inextricably linked to reform.

In keeping with the Administration's WIA reauthorization plan, a percentage of the funds appropriated for Adults, Dislocated Workers and Youth will be reserved for the budget's proposed new Partnership for Workforce Innovation, which encompasses \$321 million of funding in the Departments of Labor and Education. In the Department of Labor, two new Innovation Funds would provide competitive grants to state and local entities that can demonstrate new and promising ways of preparing individuals for jobs of the future. There are funds for adults and youth. For adults, the \$108 million *Workforce Innovation Fund* would be funded through a 5 percent reserve from the WIA Adult and Dislocated Worker programs. Innovation funding will be used, in part, to support and test "learn and earn" strategies like on-the-job training and apprenticeships. For youth, the \$154 million *Youth Innovation Fund* will be funded by a 15 percent reserve of the funds appropriated for Youth; the funds will support summer and year-round employment opportunities and "work

experience plus” programs for out-of-school youth. We are confident that the Partnership for Workforce Innovation will create strong incentives for change that will improve the effectiveness of the Workforce Investment Act programs, and provide incentives for States and localities to break down program silos and improve service delivery.

Green Jobs

The demand for green job training opportunities is enormous – and the Department has been unable to keep pace with the record number of applications for grants. We believe that this unprecedented level of interest represents the need for resources that focus on green jobs training, which complements job creation efforts. We also believe this demonstrates the need to assist people who are already working, but who may be underemployed, to gain skills – and portable credentials – that will help them move into better, higher-paying jobs in emerging sectors.

The budget requests \$85 million for the Green Jobs Innovation Fund, an increase of \$45 million (89 percent) from the FY 2010 appropriation. The request will provide training opportunities for some 14,110 workers. These funds will support the Department’s efforts to achieve its high priority performance goal in the employment and training arena, which is aimed at increasing opportunities for America’s workers to acquire the skills and knowledge to succeed in a knowledge-based economy (and includes training over 120,000 Americans for green jobs by June 2012). The budget will also complement the competitive grant awards made through the \$500 million appropriation included for high growth and emerging industry sectors under the Recovery Act, and the \$40 million provided in the FY 2010 appropriation.

YouthBuild

The FY 2011 Budget includes \$120 million, an increase of \$17.5 million (17 percent) for YouthBuild to provide an estimated 230 competitive grants to local organizations for the education and training of approximately 7,450 disadvantaged youth age 16-24. Under these grants, youth will participate in classroom training and learn construction skills by helping to build affordable housing. In FY 2011, the Department will continue the “green” transition of YouthBuild by encouraging connections with other Federal agencies involved in creating green jobs – such as the Departments of Energy and Housing and Urban Development – in order to leverage resources and new “green” opportunities for YouthBuild participants.

Transitional Jobs

The FY 2011 budget proposes that \$40 million for second-year funding to demonstrate and evaluate transitional job program models, which combine short-term subsidized or supported employment with case management services to help individuals with significant employment barriers obtain the skills needed to secure unsubsidized jobs. The initiative, which is a critical part of our jobs agenda, will target non-custodial parents to strengthen their workforce skills

and experience, and help the children who rely on them for support. The Department is carrying out this demonstration collaboratively with other Federal agencies, such as the Departments of Health and Human Services and Justice. In partnership with these agencies, we are working to develop and implement a rigorous evaluation strategy for this demonstration.

Strengthening Unemployment Insurance Integrity and Promoting Re-Employment

The severity of the recession has placed great stress on the Unemployment Insurance (UI) system, which has paid out unprecedented amounts of unemployment compensation. This Administration is committed to protecting the financial integrity of the UI system, and helping unemployed workers return to work as swiftly as possible. In addition to providing the funding that States rely on to administer this important safety net program, our approach includes:

- A package of legislative changes that would prevent, identify, and collect UI overpayments and delinquent employer taxes. We estimate that these legislative proposals would reduce overpayments by \$2.632 billion and employer tax evasion by \$282 million over 10 years (net of the income tax offset).
- A request of \$55 million (an increase of \$5 million over the FY 2010 level) in discretionary funding to support Reemployment and Eligibility Assessments, which may include in-person interviews at One-Stop Career Centers with UI beneficiaries to discuss their need for reemployment services and their continuing eligibility for benefits. In FY 2011, this investment, combined with the \$10 million request included in State administration, will help 710,000 UI beneficiaries find jobs faster. It is expected to save \$2.3 billion over a 10-year period.

We urge the Congress to act on these important proposals to strengthen the financial integrity of the UI system and help unemployed workers return to work.

Senior Community Service Employment Program

The FY 2011 budget proposes \$600.5 million for the Senior Community Service Employment Program (SCSEP), which will support some 61,900 slots for low-income seniors in part-time, minimum wage community service jobs. The request continues funding at the base amount of the FY 2010 appropriation. As you know, in FY 2010 the Congress provided a special multi-year appropriation of \$225 million to help low-income seniors facing special economic challenges, asking that we allocate those funds within 45 days of enactment. In January 2010, the Department moved quickly to award these funds to offer immediate employment opportunities.

Job Corps

The budget includes \$1.7 billion to operate a nationwide network of 124 Job Corps centers in FY 2011. Job Corps provides training to address the individual needs of at-risk youth and equip them with the skills they need to enter the world of work. The FY 2011 budget sets forth an ambitious agenda to reform and improve the Job Corps program's performance. We have begun this agenda in FY 2010, which includes:

- Fully integrating Job Corps with the Department's other employment and training programs, with the return of the program to the Employment and Training Administration.
- A rigorous and comprehensive review of Job Corps center operations and management to identify areas most in need of reform.
- Remediation of program performance shortfalls at the lowest performing centers.
- Analysis of contracting practices and procedures to identify potential savings and strategies to improve cost effectiveness.

We are optimistic that our reform agenda will identify ways to produce better outcomes at a lower cost. To the extent that our efforts produce long-run cost avoidance, rather than near-term savings, the budget includes appropriations language that would allow the transfer of up to 15 percent of the \$105 million appropriation for construction to meet center operational needs. This authority was first provided by Congress in the Recovery Act. Job Corps received \$250 million from the Recovery Act, which it is using to fund shovel-ready construction projects that stimulate job growth in center communities. In addition, the Recovery Act funds are promoting environmental stewardship in Job Corps by supporting development of green-collar job training, technology enhancements, and fleet efficiency.

Veterans' Employment and Training Service

We know returning veterans can contribute greatly to our economy. For the Department's Veterans' Employment and Training Service (VETS), the FY 2011 budget request is \$262 million and 234 FTE. The FY 2011 budget includes \$41 million for the Homeless Veterans Reintegration Program (HVRP), an increase of \$5 million (14 percent) above FY 2010. The request will allow the program to provide employment and training assistance to more than 25,000 homeless veterans, and increase our reach to homeless women veterans. In addition, the budget requests \$8 million for the Transition Assistance Program (TAP) for spouses and family members (including those with limited English proficiency), an increase of \$1 million (14 percent) from FY 2010. TAP Workshops will enroll roughly 185,000 participants worldwide in FY 2011, and play a key role in reducing jobless spells and helping service members transition successfully to civilian employment.

State Paid Leave

Workforce and workplace changes have made it increasingly difficult for working families to meet their work and family responsibilities. The vast majority of American workers have family care-giving responsibilities outside of work and no full-time caregiver at home. Nearly half of private-sector workers do not have paid sick leave to care for themselves, and even fewer have leave available to care for another family member when they are ill. Millions of workers risk losing pay – and even their jobs – when they are sick or their children are sick. No worker should be placed in that position. Similarly, most workers do not have paid family leave – for example, to care for a newborn or newly adopted or fostered child.

State programs that provide for paid leave for workers facing these challenges offer a solution for working families who cannot afford to lose a day's pay or risk loss of their job to care for themselves and their families. The FY 2011 budget requests \$50 million for a State Paid Leave Fund to provide grants to help States establish paid leave programs.

PROTECTING WORKERS' RIGHTS AND SAFETY

In the jobs of the future as well as in jobs of the present, workers should be safe and their rights should be protected. To achieve our goal of rebuilding the middle class, we need to level the playing field and restore fair play for all working people. The FY 2011 budget continues our commitment to protect the rights and safety of workers by hiring additional enforcement personnel and strengthening our regulatory efforts. The request includes \$1.7 billion in discretionary funds and 10,957 FTE for our worker protection activities. This funding level is \$67 million (4 percent) and 177 FTE above the FY 2010 appropriation. The budget returns the worker protection programs to the FY 2001 staffing levels or greater, and builds on the progress begun in FY 2010 to restore capacity in our worker protection programs.

Employee Misclassification Initiative

Employers who misclassify their employees as independent contractors often avoid paying the minimum wage and overtime. They evade payroll taxes, and often do not pay for workers' compensation or other employment benefits. As a result, employees are denied the protections and benefits of this Nation's most important employment laws, and their employers gain an unfair advantage in the market place. Employees are particularly vulnerable to misclassification in these difficult economic times. The FY 2011 budget requests \$25 million for a multi-agency initiative to strengthen and coordinate Federal and State efforts to enforce statutory prohibitions, and identify and deter employee misclassification as independent contractors.

For the Wage and Hour Division, the FY 2011 budget requests an additional \$12 million and 90 new investigators to expand its efforts to ensure that workers are employed in compliance

with the laws we enforce. The funds will support targeted investigations that focus on industries where misclassification is most likely to lead to violations of the law, and training for investigators in the detection of workers who have been misclassified.

The Misclassification Initiative also will support new, targeted ETA efforts to recoup unpaid payroll taxes due to misclassification and promote the innovative work of States on this problem. This initiative includes State audits of problem industries supported by Federal audits, and \$10.9 million for a pilot program to reward the States that are the most successful (or most improved) at detecting and prosecuting employers that fail to pay their fair share of taxes due to misclassification and other illegal tax schemes that deny the Federal and State UI Trust Funds hundreds of millions of dollars annually.

In addition, the Misclassification Initiative includes:

- For the Office of the Solicitor, \$1.6 million and 10 FTE to support enforcement strategies, with a focus on coordination with the States on litigation involving the largest multi-State employers that routinely abuse independent contractor status.
- For the Occupational Safety and Health Administration, \$150 thousand to train inspectors on worker misclassification issues.
- Legislative changes that will require employers to properly classify their workers, provide penalties when they do not, and restore protections for employees who have been classified improperly.

With these efforts, we intend to reduce the prevalence of misclassification and secure the protections and benefits of the laws we enforce. This effort strikes at the core of the Department's mission – and the hard working people of this country deserve no less.

Wage and Hour Division

I take the failure to pay workers the wages that they have earned very seriously, and I am committed to enforcing all employment laws – particularly those related to payment of the minimum wage and overtime. Workers deserve this money, and it will bring new resources to low-income households where most of it will be spent and help reinvigorate local communities. As I noted earlier, we have already increased Wage Hour enforcement staffing. At 1,672 FTE, the staffing level for the Wage and Hour Division requested in FY 2011 is 29 percent higher than the FY 2009 level. As new investigators grow into their jobs, they will be an even stronger force for securing compliance with basic labor standards protections. The FY 2011 Budget request of \$244.2 million for the Wage and Hour Division will support targeted investigations, meaningful compliance assistance, and – in support of the Department's high priority performance goals – reduce repeat violations of minimum wage, overtime, and workplace safety laws.

Office of Federal Contract Compliance Programs

I am also committed to vigorously enforcing the laws that combat discrimination, for our goal is to protect workers who — ultimately — are America's most important asset. The FY 2011 request for the Office of Federal Contract Compliance Programs (OFCCP) is \$113.4 million and 788 FTE, an increase of \$8 million from the FY 2010 level. The 2010 appropriation has allowed OFCCP to return to 2001 staffing levels, and the 2011 request will make it possible to maintain that level.

The FY 2011 budget will allow OFCCP to broaden its enforcement efforts and focus on identifying and resolving both individual and systemic discrimination. OFCCP will focus its attention on a broad range of issues that arise in individual cases, including harassment, retaliation, termination, and failure to promote. Since federal contractors are obligated to self-audit and correct identified problems, OFCCP will step up monitoring of this element of contractor compliance. As part of OFCCP's enforcement of Executive Order 11246, *Equal Employment Opportunity*, a renewed emphasis on conducting construction reviews is planned.

Office of Workers' Compensation Programs

The FY 2011 discretionary budget request for administration of the Office of Workers' Compensation Programs (OWCP) totals \$127.3 million and 921 FTE to support the Federal Employees' Compensation Act (FECA) (\$103.5 million), the Longshore and Harbor Workers' Compensation program (\$17.2 million) and \$6.6 million for the Division of Information Technology Management and Services (DITMS). DITMS provides information technology General Services Support for the programs that were previously within the Employment Standards Administration (ESA) and was previously funded in ESA's Program Direction and Support activity. DITMS was transferred to OWCP with the understanding that it would provide the same level of IT support. The request includes an additional \$3.2 million and 9 FTE to address the burgeoning workload under the Defense Base Act arising from claims associated with injuries to war-zone contract workers in Afghanistan and Iraq.

A high priority performance goal for FY 2011 will be a new, jointly-sponsored OWCP and Occupational Safety and Health Administration (OSHA) initiative entitled "Protecting Our Workforce and Ensuring Reemployment" (POWER). The new program is designed to bring a greater focus on the Federal Government as a model employer of workers injured on the job and returning to the workplace, or for employing workers with disabilities.

The OWCP budget also includes mandatory funding totaling \$53.8 million and 295 FTE to administer Part B of the Energy Employees Occupational Illness Compensation Program Act (EEOICPA), and \$72.8 million and 265 FTE for Part E of the Act. EEOICPA provides compensation and medical benefits to employees or survivors of employees of the Department of Energy and certain of its contractors and subcontractors, who suffer from a radiation-related

cancer, beryllium-related disease, chronic silicosis or other covered illness as a result of work at covered Department of Energy or DOE contractor facilities.

Lastly, OWCP's FY 2011 budget includes \$38.3 million in mandatory funding and 198 FTE for its administration of Parts B and C of the Black Lung Benefits Act, and \$58.4 million and 127 FTE in FECA Fair Share administrative funding.

Office of Labor-Management Standards

The FY 2011 budget request for the Office of Labor-Management Standards (OLMS) totals \$45.2 million and 269 FTE. This is an increase of \$4 million from the FY 2010 level. OLMS administers the Labor-Management Reporting and Disclosure Act (LMRDA), which establishes safeguards for union democracy and union financial integrity and requires public disclosure reporting by unions, union officers, employees of unions, labor relations consultants, employers, and surety companies. OLMS also administers the Department's responsibilities under Federal transit law by ensuring that fair and equitable arrangements protecting mass transit employees are in place before the release of Federal transit grant funds. The FY 2011 budget includes an additional \$2.5 million to allow OLMS to modernize an aging, mission-critical information technology system. This project will increase transparency to the public, reduce reporting burden and administrative costs, and improve program efficiency.

Employee Benefits Security Administration

The Department's Employee Benefits Security Administration (EBSA) protects the integrity of pensions, health plans, and other employee benefits for more than 150 million people. The FY 2011 budget request for EBSA is \$162 million and 941 FTE, an increase of \$7.1 million (5 percent) and 31 FTE compared to the FY 2010 level. The additional resources will support a significantly greater demand for regulatory guidance, research, outreach, education and assistance. The budget will improve EBSA's ability to ensure America's workers, retirees and their families have access to a secure retirement and affordable health insurance. I am very proud of the work this agency has done under the Recovery Act, implementing a new appeal program related to an individual's appeal of the denial of his or her COBRA premium assistance, and responding to over 190,000 inquiries and complaints from unemployed workers and their families seeking affordable health coverage and the COBRA subsidy; hosting over 2.5 million visitors to our dedicated COBRA website; and conducting 826 outreach events related to the new program, including compliance assistance webcasts and seminars and on-site visits with workers facing layoff at their place of employment.

Occupational Safety and Health Administration

I am proud that OSHA is restoring its capacity to strongly enforce statutory protections, provide technical support to small businesses, promulgate safety and health standards, strengthen the accuracy of safety and health statistics, and ensure that workers know about the hazards they face and their rights under the law. The FY 2011 budget request for OSHA is \$573.1 million and 2,360 FTE, an increase of \$14.5 million and 25 FTE over the FY 2010 level. The budget redirects 35 FTE from compliance assistance to enforcement and supports the Department's high priority performance goal to reduce workplace injuries by targeting establishments and industries with the highest injury, illness, and fatality rates – with the goal of reducing by two percent per year the number of fatalities associated with the four leading causes of workplace death in OSHA's jurisdiction: falls; electrocution; caught in or between; and struck by. The request also includes an additional \$4 million to expand OSHA's regulatory program, \$1 million for consultation programs focused on small businesses, and \$1.5 million for State Plans. These additional resources will support a vigorous enforcement presence in the nation's workplaces and ensure that hard-to-reach workers know about their rights and the hazards they face.

Mine Safety and Health Administration (MSHA)

MSHA is celebrating 40 years of legislation aimed at improving working conditions for America's workers, and last year, MSHA recorded the safest year in mining in U.S. history. The FY 2011 Budget requests \$360.8 million and 2,430 FTE and supports MSHA's comprehensive strategy to curb debilitating and potential fatal diseases caused by coal mine dust. The budget includes an increase of \$2.3 million and 21 FTE for the Metal and Nonmetal Mine Safety and Health budget activity to bolster enforcement and conferencing. The Budget will ensure a 100 percent completion rate for all mandatory safety and health inspections; support MSHA's enhanced enforcement initiatives, which target patterns of violation, flagrant violators, and scofflaws; and allow MSHA to promulgate new standards related to reducing health hazards associated with exposure to coal mine dust and crystalline silica. The request also allows MSHA to continue its work to enhance mine rescue and emergency operations and will support the Department's high priority performance goal – which targets the most common causes of fatal accidents and is aimed at reducing workplace fatalities at mining sites by five percent per year based upon a rolling five-year average.

Office of the Solicitor

The Solicitor's Office provides the legal services that support the Department, including the Department's enforcement programs. The FY 2011 budget includes \$130.4 million and 658 FTE for the Office of the Solicitor (SOL), an increase of \$5.2 million and 22 FTE from FY 2010. This amount includes \$122.5 million in discretionary resources and \$7.9 million in mandatory funding. The budget includes an increase of \$2 million to support an additional 12

FTE to handle increased Mine Safety and Health enforcement litigation resulting from the substantial increase in the number of cases at the Federal Mine Safety and Health Review Commission (FMSHRC). The FY 2011 budget will support SOL's enforcement litigation, issuance of timely legal opinions, legal support for rulemaking, and increased efficiency through its acquisition of legal technology.

Pension Benefit Guaranty Corporation

For administrative expenses of the Pension Benefit Guaranty Corporation (PBGC), the FY 2011 budget requests \$466.3 million and 942 FTE. The budget includes an increase of \$14.7 million for the PBGC's benefit determination process to cover the projected long-term costs of absorbing participants of several very large pension plans that terminated in late FY 2009. In addition, \$200,000 and one FTE are requested to increase the capacity of the Office of Inspector General to support its audit, investigation, and training activities.

ENSURING ACCOUNTABILITY AND TRANSPARENCY

Spending tax dollars wisely helps the Department achieve our mission on behalf of America's workers, and builds trust among our stakeholders. We are committed to ensuring a sense of responsibility, accountability, and transparency at the Department of Labor. Our FY 2011 budget supports those goals.

Built around my vision of *Good Jobs for Everyone*, the Department is currently updating its strategic plan, which will be published by September 30, 2010 and cover FYs 2010-2016 – a span during which the Department will mark its one hundredth anniversary of service to America's workers.

Over the next several months, we will be reaching out to a broad range of stakeholders – including Congress – to solicit their input and perspective on a new strategic goal framework that will govern all aspects of work in the Department.

Our strategic planning efforts dovetail nicely with President Obama's commitment to improve the performance of the Federal Government through three complementary performance management strategies. They are:

- Use performance information to lead, learn, and improve outcomes;
- Communicate performance coherently and concisely for better results and transparency; and
- Strengthen problem-solving networks.

As part of this process, the Department's FY 2011 budget articulates five ambitious – but realistic – high-priority performance goals that we will strive to achieve in the next 18 to 24 months. These goals – which I've touched on above – offer an opportunity for the Department to achieve remarkable and lasting benefits for the American people. Our high-priority performance goals will focus the agencies on the most critical needs affecting the safety, health, and economic security of workers. We are working with our colleagues in the Office of Management and Budget to establish an action plan for implementation of the Department's high-priority performance goals – including quarterly milestones that we will use to gauge the progress and success of our implementation strategy.

A Strengthened Commitment to Program Evaluation

In the 2011 Budget, the Administration encouraged Departments to volunteer for a new program evaluation initiative designed to strengthen rigorous, objective assessments of existing federal programs to help improve results and better inform funding decisions. The Department of Labor is proud to be one of a limited number of agencies selected to pilot this new approach in the FY 2011 budget. The budget includes \$40.3 million to fund five rigorous evaluations and demonstrations of workplace safety enforcement and workforce development services. Most are demonstrations that would provide program services, coupled with rigorous evaluations of the strategies. While the evaluations are still in the design phase, we expect a substantial portion of this funding will go to states, workforce agencies, or for participant services. The five evaluations, which will be shaped and guided by Labor, working closely with the Office of Management and Budget and Council of Economic Advisors, will cover the following:

- WIA performance measures
- Effects of job counseling
- Using linked administrative data to evaluate workforce programs
- Incentives for dislocated workers
- Effects of OSHA inspection strategies

In addition, the budget includes \$10 million in the Departmental Management account and \$11.6 million in the Training and Employment Services account to continue to pursue a robust, Department-wide evaluation agenda. To effectively manage the new evaluation resources, the Department is establishing a Chief Evaluation Office in FY 2010 to directly manage the Department-wide evaluation resources, and work with the other components of the Department to ensure a high level of rigor and quality in the evaluations they support.

Workforce Data Quality Initiative

The FY 2011 budget requests \$13.8 million for second-year funding for the Department's Workforce Data Quality Initiative, which we are carrying out in partnership with the

Department of Education. The initiative provides competitive grants to develop longitudinal data systems that have the capability to link workforce and education data collected as individuals progress through the education system and into the workforce. These data systems can provide valuable information to consumers, practitioners, policymakers, and researchers about the performance of education and workforce development programs. In FY 2010, up to 12 States will receive grants to implement longitudinal databases over a three-year period. The FY 2011 request will support participation of up to 12 additional States in the initiative.

OTHER PROGRAMS

Bureau of Labor Statistics

Through its 21 economic programs, the Bureau of Labor Statistics (BLS) produces some of the Nation's most sensitive and important economic data. The FY 2011 budget proposes \$645.4 million and 2,465 FTE for BLS, an increase of \$34 million (6 percent) from the FY 2010 level. The budget proposes several initiatives to modernize and improve the accuracy of BLS survey data. For example:

- An increase of \$27.3 million is requested to improve the data quality of the Consumer Price Index (CPI) and Consumer Expenditure (CE) Survey, including work to support the Census Bureau in its development of a supplemental poverty measure.
- An increase of \$4.9 million is included to expand the Occupational Employment Statistics (OES) program to annual data reporting from a subset of establishments, making possible year-to-year comparisons.

In addition, the FY 2011 budget proposes new, cost-effective data collection strategies that would not diminish the quality of the data that BLS publishes. For example:

- A restructuring of the way in which the Current Employment Statistics produces State and metropolitan area data estimates would save \$5 million annually.
- An alternative, model-based methodology will allow BLS to produce Locality Pay data at a lower cost. The new approach will eliminate the Locality Pay Surveys, ensure no reduction in the data quality, and save \$10 million annually.

Finally, the FY 2011 budget proposes to eliminate the International Labor Comparisons program. The savings from this elimination and the two-cost effective data collection strategies mentioned above will be used to partially finance the OES, CPI, and CE enhancements.

We look forward to working with Congress to implement the FY 2011 budget strategies to improve and modernize the critically important economic data produced by BLS.

Office of Disability Employment Policy (ODEP)

Even though the majority of workers with disabilities are prepared, willing, and able to work, they remain a largely untapped labor pool. We know that people with disabilities are out of the labor force at a much higher rate than their counterparts without disabilities, and we are launching innovative partnerships to increase their employment opportunities. For example, along with the Office of Personnel Management, in April the Department is hosting a national disability job fair with participation by numerous Federal agencies and human resources professionals. Also, along with the Departments of Defense and Veterans Affairs, we have re-launched an improved National Resource Directory website for America's wounded warriors, their caregivers, other members of the veterans community, and employers. By visiting www.nationalresourcedirectory.gov, customers can now access thousands of services and resources at the national, state and local levels to support recovery, rehabilitation and community reintegration for veterans.

The FY 2011 budget requests \$39 million and 52 FTE for ODEP to combat the problem by developing policy and policy strategies that, when implemented by ODEP's Federal, state and local partners that include public and private-sector employers, will:

Increase physical and programmatic access for individuals with disabilities in Workforce Investment Act partner programs and at One-Stop Career Centers, through a partnership between ETA and the Department of Education.

- Increase the employment of people with disabilities within the Federal Government, in partnership with the Office of Personnel Management.
- Make workplaces more inclusive and welcoming to both transitioning youth and adults with disabilities.
- Expand access to employment supports – like technology and transportation. These services are crucial to the success of all workers in the job market, especially those with disabilities. ODEP will utilize ongoing partnerships with the Department of Commerce and Education; the General Services Administration; the National Science Foundation; businesses; technology designers, developers and manufacturers; and the disability community to ensure that emerging workplace information and communication technology is universally available.
- Spur new strategies for integrated employment opportunities for workers with disabilities within minority, women, and veteran-owned businesses. For example, ODEP's "Add Us In" initiative funds a competitive grant to encourage small businesses, particularly minority-owned businesses, to increase the number of people with disabilities hired by such employers.

The request includes \$12 million for ODEP to continue its partnership with ETA on the Disability Employment Initiative, which strives to increase the capacity and accountability of

the One-Stop Career system to provide accessible programs and services to individuals with disabilities. A companion request of \$12 million is contained within the ETA budget. Our goal is to ensure that *Good Jobs for Everyone* includes workers with disabilities.

Bureau of International Labor Affairs

One of my goals as Secretary of Labor is to help American workers build the foundation for a sustained recovery of the global economy, while contributing to a more balanced pattern of global trade in the future and respect for workers' rights around the world. The FY 2011 budget requests \$115 million for the Bureau of International Labor Affairs (ILAB), an increase of \$22 million and 10 FTE from the FY 2010 level. The additional resources will allow ILAB to expand its oversight and monitoring of labor rights in countries that have free trade agreements and trade preference programs with the United States.

Based on the funding for workers rights initiated by Congress in FY 2008, the Bureau will also expand support for innovative programs that address root causes of violations of workers' rights. Given the challenges of the global economy, we believe that these programs will create the right environment to prevent and address incidents of labor exploitation.

The FY 2011 budget will support the Department's high priority performance goal to improve worker rights and livelihoods for vulnerable populations in eight countries by the end of FY 2011. The budget will also continue the Bureau's longstanding commitment to building international relationships that improve global working conditions and strengthen labor standards around the world.

Women's Bureau

This year, the Women's Bureau will mark 90 years of work formulating standards and policies that promote the welfare of wage-earning women and advance their opportunity for fair and profitable employment. The Bureau's efforts to provide women in the workplace with the information and tools needed to obtain good jobs and economic security for themselves and their families is invaluable in this time of economic recovery.

The Bureau's FY 2011 budget includes \$12.3 million and 58 FTE, which is \$700,000 above the FY 2010 enacted level. This budget will allow the Women's Bureau to continue and increase its role of conducting research, outreach, and evaluations of programs and policies affecting working women. The budget will also allow the Bureau to work with the Bureau of Labor Statistics to improve data collection on work-family responsibilities, and support my vision of *Good Jobs for Everyone*.

CONCLUSION

Too many Americans are ready, willing, and able to work – but cannot find a job. The FY 2011 budget for the Department of Labor will help spur new and better job opportunities, foster safe workplaces that respect workers' rights, and ensure American workers are ready for 21st Century jobs. I am committed to achieving the goal of *Good Jobs for Everyone*, and I look forward to working with the members of this committee to make that vision a reality.

Mr. Chairman, this is an overview of the programs proposed at the Department of Labor for FY 2011.

I am happy to respond to any questions that you may have.

Mr. OBEY. Thank you very much.
Mr. Tiahrt.

GREEN JOBS

Mr. TIAHRT. Thank you, Mr. Chairman.

I want to talk just a little bit, ask you some questions about the green jobs. In the fiscal year 2011 request for increased funding for green jobs training, the request is for \$45,000,000 over fiscal year 2010, for a total of \$85,000,000, more than doubling its funding in one year. This would be in addition to the \$500,000,000 provided in the Recovery Act.

However, your latest Recovery Act execution report states that only \$520,000 of the \$500,000,000 provided for green jobs has been spent. These funds were provided 13 months ago. I am aware the obligation rate is higher, but I think it is important to focus on what has actually been injected into the economy.

Money that is merely obligated does not provide the economic stimulus intended by the Recovery Act, and it certainly does not help the American worker. Furthermore, I am concerned about the push to create green jobs, whether they will actually have a counter effect. There is a Washington Post article about the smart grid, and that is considered to be one of the clean energy sector jobs growth. The author, who is the Director of GE Smart Grid Initiative, suggests that because the smart grid is premised on automation, more than 28,000 jobs of meter readers are likely to disappear.

Now, maybe that is just the normal course of technology; we should accept that. But green jobs is kind of a novel concept. In the article he says that there are really four categories, based on what has happened in Europe, for green jobs when it comes to this smart grid: it is research and development, it is manufacturing, installation, and then information technology.

Now, we are excited about the manufacturing side of it because we have to make things in this Country. If we do not make things, our economy is going to be stagnant. We cannot exist as a service economy only; we have to make things. So the manufacturing side of it is very good. In fact, we have a wind generating manufacturing facility owned by Siemens, a German company, in Hutchinson, Kansas, not far from my home. But when you look at the actual jobs that are residual or long-term for these green jobs, it is a minimal number. So I am concerned that we are overestimating the impact on our economy by green jobs.

If you take into consideration the study done by King Juan Carlos University in Spain, they decided that for every green job that was created, the resources were taken from the private sector and actually cost 2.2 jobs in the private sector. So we had a net loss of 1.2 jobs, according to their estimate, in Spain for having a single green job. So taking resources out of the private sector to create these and subsidize these jobs may not be the best plan to get the economy rolling again.

I am going to go back to this \$500,000,000. So if you have not spent any of the \$500,000,000 of the stimulus fund, how can we assess whether or not unemployed individuals have been able to obtain work through the so-called green jobs sector?

DECREASE IN JOB LOSSES

Secretary SOLIS. Thank you, Congressman Tiahrt, for your question. You bring up a lot of good questions here, and what I would like to begin with is, frankly, if we can all look back where we were in January and February of last year. We were losing well over 700,000 jobs a month at that time.

This last month, one of the roles that I play in the Department of Labor is to have to issue what that job report is. I am happy to say that we have seen a very, very dramatic decrease in job loss; it went down to 32,000 jobs a month. However, I do want to say that we have a high, high number of people who continue to be unemployed and have been out of work for longer than six months.

GREEN JOBS

The green job programs that we have rolled out—and much of that money was actually released through a competitive process where we had—in each case, entrepreneurs, partnerships with different providers that were a compilation of community colleges, apprenticeship programs, but, more importantly, we had business involved. These efforts are to help create job training slots, and the idea is that the results of those partnerships come about because of the design of the grants' writers from the local area.

Much of what is coming to us is by way of what the community sees as a need. So, for example, in a community that I visited in Tennessee, their interest was in looking at solar panels, looking at trying to change how work was done in the Sharp Corporation. They were doing televisions before; now they are doing solar panels. The owner of that property was telling me that they would like to see more help so that they can have a trained workforce to make that kind of transition. This is where I believe our partnerships will work in a better way to help focus in terms of what regional sectors are looking for.

I know that there has been much debate about how many jobs we created, but I know that because of the Recovery Act we have seen more than 1.5 to at least 2.5 million jobs that have been created. That also represents people in law enforcement, teachers, people who are also working in construction and hopefully now beginning to get involved in those construction projects that are going to be rolled out through the infrastructure monies that were made available by the Congress.

Mr. OBEY. The gentleman's time has expired.

Mrs. Lowey.

And let me explain. I am going to try to hold each questioner to five minutes, so if members want long answers from the witness, they need to ask short questions.

G-20 SUMMIT

Mrs. LOWEY. Well, I am delighted, Madam Secretary, to have you with us, and once again I want to congratulate you on your effective administration. We really are delighted to see you in this position.

I know that you were very enthusiastic at the last year's summit in Pittsburgh when the G-20 leaders called upon you to host a

meeting of employment and labor ministers in early 2010. The economic crisis that our Country is recovering from has been felt worldwide. So if you can tell us about this G-20 meeting, how it will help us solve the jobs crisis we face, I think it would be very helpful.

Secretary SOLIS. Thank you, Congresswoman Lowey, and it is a delight and pleasure to be here with you as well. I know how deeply concerned you are with respect to foreign relations, and have watched you in action on the floor and always with the mind-set of how can we build our relationships with our trading partners; and under that premise the G-20 summit that is going to be held here in Washington for the first time, I think, is a very historic moment. To have our Administration actually present this idea in Pittsburgh and have, then, the buy-in from the G-20 labor ministers and all those parties to say yes, we want to come together.

This is a global crisis. The economic crisis of job loss is hitting everyone, and more severely than our own Country; and I think this is an opportunity for us to be able to position ourselves once again to talk about some of the innovative things that we are doing and listen clearly to what some of the other countries are doing that may work better.

But, more importantly, making sure that the U.S. can play a significant role in this effort. And I am very, very appreciative that we are able to get the support that we did in the last year's budget to help provide the foundation for the ILAB division under the auspices of Sandra Polaski. She is doing a tremendous job to help build upon those relationships that we saw that may have been very fragile in the last few years.

And I am very excited about the opportunity, as I travel to other meetings representing our Country at the G-8 Summit, talking to other labor ministers there. They are very, very much engaged to see where our investments are; where that safety net, where those monies are going to help provide security for those dislocated workers and what kinds of new programs are being implemented to keep people on the job.

Germany and other countries have very, very different types of approaches in how they address keeping workers on the job; they help to subsidize that salary and they actually give an incentive to businesses to keep those industries in place, unlike what we have been doing here. And I say that because they have had a tremendous manufacturing industry going there for many years, but they know that that investment cannot be lost easily, so they make sure that they try to attempt to keep dollars there. Those are things that we can learn from.

So I am very excited to be able to pull together the labor ministers here, along with the Administration, to hear about some good innovative programs, but also bring together business leaders. So we are also bringing together the different chamber representatives, the manufacturing representatives, as well as labor, to talk about the kinds of ideas and what is needed most now in the world.

So I take this very seriously and I am very pleased that the Department of Labor can finally play a role here.

BUREAU OF INTERNATIONAL LABOR AFFAIRS

Mrs. LOWEY. Thank you. In the couple of minutes I have left, I know you have been proud of the work that the International Labor Affairs Bureau has done. Well, we have given you, I believe, the budget request—I do not know that the Chair has appropriated it yet—\$22,000,000 and an increase which would be focusing on labor conditions in foreign countries, reducing child labor, protecting women's rights, maintaining our education, HIV/AIDS initiatives. Could you comment on the importance of that increase to accomplish these goals?

Secretary SOLIS. I think these are very, very important investments that we are making. As I said earlier in my statement, we have been working with other international partners, including the International Labor Organization, the ILO, to look at what best practices we can offer to other countries that are perhaps having some trouble, with trade enforcement or labor relation protections.

But, more importantly, how to try to bring up the quality of life for some of our trading partners. I think about the example in Cambodia, where an effort was made there to look at the garment industry and to try to bring all those industries in that part of the world together to set a better standard to protect their workers, provide better wages for them, and then allow for our markets and other international markets through the ILO to also become partners with them. This expands their economic base, which creates more jobs, and creates opportunities for the U.S. to import and export those goods from countries like Cambodia.

We are trying to use that model in other parts of Central America. In particular, we are exploring discussions with El Salvador and Nicaragua.

Mr. OBEY. Mr. Rehberg.

OSHA ERGONOMICS REGULATION

Mr. REHBERG. Thank you, Mr. Chairman. I was going to ask a meaningful question, but our staff left to have his picture taken with Herschel Walker, and I had to decide whether to go with him. He is out in the hall.

Welcome. Nice to have you back.

Secretary SOLIS. Thank you.

Mr. REHBERG. The majority put language in the bill last year to add a column in the 300 log for musculoskeletal injuries, and some of us kind of think that that is the first sign towards a movement towards doing something that we successfully stopped in 2001, and that was the creation of an ergonomics regulation. Does your Administration intend to reestablish an ergonomics regulation in the three years that you have left?

Secretary SOLIS. Congressman, I do want to tell you that there is a lot of confusion surrounding this issue, and we have decided that we want to put this back in terms of gathering information, because we think it is going to be useful. Many businesses are required to report any injury anyway, and all we are saying is that we are going back to the 2001 practice. It does not mean that we are going to roll out an ergonomics standard—

Mr. REHBERG. So there is no intent at this time for the Administration?

Secretary SOLIS. At this time that is not—

Mr. REHBERG. And you do not anticipate in the future a movement towards—

Secretary SOLIS. At this time I can tell you that that is not the direction that the Department is going in. It is more of a means and mechanism to help provide information to businesses so we can prevent injuries. We know worker's compensation premiums and what have you have gone way up. We think this is a way to help provide provision information.

WORKER PROTECTION

Mr. REHBERG. Over the course of 2001 forward, Secretary Chao was very aggressive in, one, enforcement; two, working on the things she promised to do, and that was create industry-specific guidelines; and, three, to continue ergonomic research. Could you report what the Department has done in all three of those areas? Are you still going to aggressively work on industry-specific regulations like the nursing home industry?

Secretary SOLIS. I think that we are obviously trying to put the OSHA division back where it was in 2001, so one of our efforts is to try to make sure that we staff up, that we are not having to do things that really bog down the system; and we would like to try to streamline the system and get information out to businesses, as well as workers, so that we can prevent injuries. I think we will be taking a look at different regulations in more detail, and I would be happy to provide you and your staff that information.

But at this time, we are trying to respond to what Congress has also made clear to us, that in the past, OSHA and the Wage and Hour Division have not been as aggressive in terms of going and seeking and investigating some of these problems that have been occurring. The GAO is very clear on that; the Congress, this Congress, has been very clear. So we are attempting to address those issues that have kind of landed on my lap now as the Secretary of Labor.

[The information follows:]

There are no specific plans involving ergonomics rulemaking at this time. OSHA is carefully assessing its best course for preventing work-related musculoskeletal injuries, which includes a review of the guidelines that have been published and the effectiveness of guidelines as a strategy to address work-related musculoskeletal injuries.

The agency plans to continue to use the general duty clause, when appropriate, for enforcement when work-related musculoskeletal injuries occur. OSHA has also launched a recordkeeping National Emphasis Program (NEP), which will help ensure that musculoskeletal injuries are being recorded accurately by employers filling out the OSHA recordkeeping logs.

A final rule will be issued in FY 2010 to revise the Occupational Safety and Health Administration's (OSHA) recordkeeping form to restore a separate column on musculoskeletal disorders (MSD) that was removed from the form in the last administration. Restoring this column will improve the workplace injury and illness data collected by OSHA and the Bureau of Labor Statistics (BLS). Having more complete and accurate data will further our understanding of work-related MSDs, which is certainly beneficial to any ergonomics research, and also better inform employers about ergonomic hazards in their workplaces.

OSHA STAFFING

Mr. REHBERG. Well, that is an interesting comment, putting the agency back. What was done to the agency, was the budget cut? Are there less employees?

Secretary SOLIS. I would say to you that the priorities were much different. And in terms of, again, trying to address the issues that the Congress has put before us, we thought it was well worth our efforts to focus in on looking at how we can reduce the injuries in the workplace; minimize fatalities and injuries that cost business and our economy an even greater amount of money.

Mr. REHBERG. Okay, I would like to see the research that has been done. It was promised that it was being done, and I am not sure I have ever seen that. Again, was the budget cut or are there less employees in OSHA that there were at the start of 2001?

Secretary SOLIS. Over the course of the last decade, we did not see the same—how could I put it?—equivalent number of staffing that should have been kept up to pace. So again, what I am saying is that we are trying to go back to 2001 levels. There may have been priorities placed on other divisions and did not focus in on enforcement and protection, where the Congress has been stating very clearly for the past few years that they wanted to see more enforcement occurring. And because there were a lot of complaints that were made, that is where our focus has now been directed.

Mr. REHBERG. So if we go back and compare enforcement pre-2001, we will find there was more enforcement on an individual basis than there was from 2001 forward?

Secretary SOLIS. I would say that there was more of a compliance approach to enforcement, which did not always result in changes in behavior in terms of prevention on the part of businesses and industry to make those corrections, to provide training, and to access new tools so that we could reduce the number of injuries in the workplace.

Mr. REHBERG. Thank you, Mr. Chairman.

Mr. OBEY. The Chair would simply point out that the Chart shows that there was a decrease of 252 people in OSHA between 2001 and 2008, and within Federal enforcement there was a decrease of 146 people, or 8.7 percent. The percentage reduction in the entire agency was 10.2 percent. And for safety and health standards the reduction was 22 percent.

Ms. Lee.

RACIAL DISPARITIES IN UNEMPLOYMENT

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

Good morning again, Madam Secretary. Good to see you. You are doing a great job. I want to thank you and your staff for being so accessible and for really tackling the tough issues of the economy and unemployment. It is very desperate out there, as you know.

A couple of things. In the committee report in 2009, we had report language that addressed looking at what the issues were as it relates to racial disparities in unemployment as it relates to the structural issues and why this unemployment gap is so great between the national average and the African American and Latino communities. So that is one question I would just like to get an up-

date for the record. And I want to thank your Assistant Secretary for Policy for working on this and for keeping me informed on this.

EX-OFFENDER GRANTS

Also, secondly, there was report language, I believe it was \$20,000,000 for ex-offender funding that should have been put out for competitive grants for communities of color, for dropout, for ex-offenders, for making sure that these young people have the requisite skills to become employed; and I do not believe any of that has been spent yet. So have you issued guidance on that or what is the status of that \$20,000,000? And that, I believe, was report language in 2009 also.

Secretary SOLIS. Thank you, Congresswoman Lee. To begin with, I am also pleased that we now have my Assistant Secretary for Policy, Mr. Bill Spriggs, who is here behind me. He has been the individual that has been working on the request for that report that you issued some time ago. And I apologize that we have been so late in getting it fully together, but, upon his arrival, we found that we needed more data sets, more information so that we could have a more accurate picture of what is really taking place.

That report had now left my office and has been sent over to OMB for review. We hope that in a few weeks or perhaps next month we will be able to issue that report to you. So I am pleased. And a part of it is, as you know, a staffing issue because we just were able to get the appropriate staff onboard. But, believe me, this is an issue that I am greatly concerned about as well.

With respect to the ex-offender program, I want to go to that because I know that is of great concern to many members of this Committee as well.

Ms. LEE. I believe it was the 2009 committee report that issued the report language for the \$20,000,000 that would be allocated for ex-offenders and dropouts.

Secretary SOLIS. Well, what we have done for the 2011 request is, to bring together these programs in a more meaningful way so that we can actually attack the issue of employment, because the hardest, I think, factor here is while we are trying to reintegrate folks back into society, the problem is really the barrier of employment.

Once they are able to achieve employment and get the services they appropriately need, I think then we are on our way to recovery; and that is something that really has not been focused on as heavily in the past, it was actually more of a focus for younger offenders, which was more in terms of education, which I do not want to take away from, because we are going to keep that component, but when we talk about adult ex-offenders, it is really more about providing assistance so that they can help stabilize their immediate families that they return to in many cases, and part of it is making sure that we can find them jobs or help to subsidize a portion of that.

So we are combining our efforts here and we are really trying to make it more strategic because we know dollars are limited.

Ms. LEE. But have you issued the guidance for that \$20,000,000?

Secretary SOLIS. I think later this month, my staff tells me, it will be issued.

Ms. LEE. Later this month.

Secretary SOLIS. So we will work with you to give you that information, and then if there is any input that you want to—

Ms. LEE. Okay. Yes, because that is very important. I mean, we have it already and all, it is my understanding, we need is to hear from your office in terms of how to get that out, in terms of the competitive grants. Okay.

Secretary SOLIS. Thank you.

Ms. LEE. Thank you very much.

Thank you, Mr. Chairman.

Mr. OBEY. Mr. Alexander.

RATIO OF JOB SEEKERS TO JOBS

Mr. ALEXANDER. Thank you, Mr. Chairman.

Madam Secretary, in your opening statement you said something about six applicants per job opening. How can we determine that?

Secretary SOLIS. Congressman, that is the information that economists have reported, the ratio of job seekers to jobs is about six to one. I just saw a report earlier this morning on the news that said it actually went down a bit, to 5.5 to one. I cannot break that down for you, I am not an economist, but I can tell you that people out there are very much looking for jobs.

And as I go across the Country visiting some of our programs and hear about the kinds of efforts that are being made for people to try to get into training programs that can upgrade skills so that they can be ready when the full-blown economy is back to speed, that is the urgency that I hear, and from employers. Employers want to know that that gap, the education gap for training, is slowly closing, because they cannot find, enough trained personnel ready for some of these jobs that they would like to hire out for.

NUMBER OF FEDERAL EMPLOYEES

Mr. ALEXANDER. Can you tell us how many new Federal employees have been hired in the last year?

Secretary SOLIS. I cannot tell you how many Federal employees, but I can tell you that through the Recovery Act monies, through the CBO, we know that there were anywhere from 1.5 to over 2 million jobs that were created; and not all of them were Federal Government, a lot of them were also in the State with respect to teachers, police officers, and also other various industries. And we are trying to do a better job in terms of the Recovery Act money and how to actually account for those jobs that are created.

FOREIGN GOVERNMENT SUBSIDIZED EMPLOYMENT

Mr. ALEXANDER. When you were responding to Mrs. Lowey's question a while ago, you said something about the fact that you had been to some other nations and in some countries they actually subsidize employees, unlike we do here. Can you tell us what that means?

Secretary SOLIS. Well, just as an example, in Germany I am aware that they provide substantial subsidies for workers that are in areas or industries that are going through economic crisis, the automobile industry as an example.

And what they do is they make a concerted effort then to allow for that salary to be paid for by the Government. A portion of that is paid for, maybe two days as opposed to three days, so they do not lose that talented, skilled, crafted person. Those are ideas. And it is not just in Germany; there are other parts in Europe where that model has been used.

Mr. ALEXANDER. Thank you.

Mr. OBEY. Mr. Jackson.

DOL BUDGET REQUEST

Mr. JACKSON. Thank you, Mr. Chairman. Thank you for the time.

I want to thank my former Rayburn neighbor, Secretary Solis, and welcome her back to our Committee, and thank her for her testimony.

Madam Secretary, during this tough economic period, and with unemployment hovering just around and under 10 percent, you have one of the toughest jobs in the Administration: putting people back to work. I read with great interest your testimony and I understand that we are under budget constraints as we write these appropriations bills. However, I find it incomprehensible that we are quibbling over about \$14,000,000,000 in your discretionary budget. We spend close to \$1,000,000,000,000 bailing out banks that do not lend to us and got us into our current financial crisis.

My problem with your discretionary budget, at least from my perspective, is that it is not bold enough. I read the part of your testimony that provides and seeks to put significant resources back into employment and training to prepare workers for the 21st century. However, last week the House voted on a "jobs bill" which would provide tax incentives to businesses to hire more workers. I voted against that bill because I do not believe that tax incentives are the best way to create jobs.

ADDRESSING CHRONICALLY UNEMPLOYED

In my district—and I have been here for 15 years—I am deeply concerned about the chronically unemployed. In my district, there are three people for every one job, while in the northwest suburbs, around O'Hare Airport, there are three jobs for every one person. Just under \$1,000,000,000,000 to bail out the banks, but for a fraction of that number, let us say \$300,000,000,000, my math says that \$300,000,000,000 could employ 7.5 million Americans at about \$40,000 a year. 7.5 million Americans put to work at \$40,000 a year is about \$300,000,000,000, a fraction of the \$1,000,000,000,000 that we spent to bail out the banks.

Are not sometimes the simplest ideas the best ideas? What does your budget do to address the chronically unemployed? And my colleague who asked the question about how many Federal employees have been hired over the last year, if I had my say, it would be 7.5 million more Federal employees, doing everything from painting bridges to cleaning up highways, to cleaning up vacant lots across this Country. And I fundamentally believe that the Federal Government has a responsibility during these tough economic times to shore up unemployment and put the American people back to work.

Madam Secretary, your budget, what does it do to address the chronically unemployed?

Secretary SOLIS. One of the things I would like to respond to, Congressman Jackson, is that through the Recovery Act money, we were able to help, set a good foundation to begin this holistic approach to really trying to assist people that were out of the workforce, the dislocated workers, the folks who lost their jobs recently in the automobile industry, the financial institutions, people who were also highly qualified. We are talking about people that had different skills sets.

Through our Workforce Investment Act monies, we made grants available just through the green job approach, the partnerships that we established, about \$500,000,000 went there. And we are asking for a bump-up there because we think it works and we know that there is a big interest.

We know that there are people out there that may have lost their job because the assembly plant or manufacturer is no longer here, and we are trying to get people identified to get the appropriate type of counseling and assessment that they need. We plan to make sure that our one-stops are more accessible and that these grants that we provide through the Workforce Investment Act—and that is something that I believe you will want to be involved in by helping us with the reauthorization—to really reach down and touch those neighborhoods and communities like yours that may not have benefitted in the past from these types of efforts and targeted funding.

We also make a special attempt through our Pathways Out of Poverty program to identify high unemployment areas; of 15 percent and higher, that require people to come together, partners, business, community colleges, apprenticeship programs, CBOs, and stakeholders that have a better sense of where these individuals are that could obtain this job skill.

Keep in mind our effort is to make sure that we connect the business with the job training. I do not actually create the job. What I do is bring partners together that then say, at the end of the program, we expect to hire so many people. We fund those slots. That is really what the Workforce Investment funds and the partnerships that we have been able to put together are focused on.

But we try to make the best assessment to make sure that we are getting the people in, and it is taking a long time because we have had to change guidelines, we have had to change the way that we even bring people on to read proposals. Much of that had not changed in the past 10 years. And I do not have to tell you communities like yours and others have been left out, quite frankly, from many of these job training programs.

So our attempt is to, look at green jobs, health care jobs, as well as careers where we think there will be continual growth. We have actually seen that is the one spot where we see that there will be job growth, where we can integrate our local communities to get into those entry level health careers.

Mr. OBEY. The gentleman's time has expired.

Mr. Cole.

JOB SECTORS FACING CONTRACTION

Mr. COLE. Thank you very much.

Madam Secretary, great to see you again. You and your folks in your Department probably see more data on what is happening in the labor force than anybody else in the Government. I am very curious. We know we have lost about 8 million jobs over the course of the recession, and there are a lot of articles now beginning to appear to suggest a lot of these jobs “are not coming back.” What are the areas that you think, frankly, we will not be able to recover in, the particular sectors or kinds of work that, looking forward, you suspect there will be considerably less of in the future than we had in the past?

Secretary SOLIS. Well, thank you, Congressman Cole. That is a good question. One figure that I continue to see that is not recovering as quickly is obviously in construction, and a lot of it has to do with the housing industry and the fact that we are just not building more houses. We have inventory, in fact, an overwhelming number of houses that now are in foreclosure. So that is creating a strain in terms of that workforce.

REBOUNDED JOB SECTORS

I would say also that in manufacturing overall we are just finally seeing an up-tick. The most recent report, issued in February, saw about 1,000 jobs added in manufacturing.

What I do see happening, the positive sign, is that businesses are bringing on temporary workers. But, when you talk about temporary workers, it is not the clerk; these are engineers, architects, very highly skilled individuals that are helping that business come back and hopefully, with the Recovery Act and all the funds that you all have made available, and with the credit and capital market changing its direction, that businesses will feel more confident in bringing people on.

The health care industry, as I said earlier, helped to create about, I would say, close to 500,000 or 600,000 jobs this last cycle. I also see growth in IT technology energy efficiency, and the renewable energies. That is why I think other countries are taking full advantage of that and we should also be heading in that direction.

And I know that there has been a tremendous amount of investments made by different Cabinet secretaries, Department of Energy, in our railway system, as well, high speed rail. If we can get those projects on the ground ready to go—and much of that money has already now been given to different States—that is going to create jobs not just for the two-year period of the Recovery Act, it will go on for ten years because of all the other jobs that will be created around that rail system.

JOB SECTOR CONTRACTIONS

Mr. COLE. If you could just have somebody from your Department give me a list of where you really expect the contractions. We clearly are going to have a lot of very skilled people that do not have a future that you are going to want to redirect.

[The information follows:]

EMPLOYMENT PROJECTIONS: 2008-2018

The employment structure of the U.S. economy in 2018 is expected to reflect a continuation of recent trends. In general, goods-producing sectors will lose employment while service-providing sectors will expand. Below are two tables showing those industries and those occupations with the largest employment declines projected between 2008 and 2018. These projections do not reflect changes to the labor market that have occurred since the baseline year of 2008.

Industry Description	Sector	2007 NAWCS	Thousands of jobs		Change 2008-18	Average annual rate of change 2008-18
			2008	2018		
Industries with the largest wage and salary employment declines, 2008 and projected 2018						
Largest declines						
Semiconductor and other electronic component manufacturing	Manufacturing	5344	432.4	286.8	-145.6	-4.0
Newspaper, periodical, book, and directory publishers	Information	5111	618.9	499.2	-119.7	-2.1
Motor vehicle parts manufacturing	Manufacturing	5365	544.4	443.3	-101.1	-2.0
Postal Service	Federal government	491	747.5	650.0	-97.5	-1.4
Printing and related support activities	Manufacturing	5333	594.1	499.3	-94.8	-1.7
Telecommunications	Information	517	1021.5	931.9	-89.6	-0.9
Cut and sew apparel manufacturing	Manufacturing	5152	155.2	66.7	-88.5	-8.1
Support activities for mining	Mining	213	327.7	251.7	-76.0	-2.6
Crop production	Agriculture, forestry, fishing, and hunting	111	950.6	880.7	-69.9	-0.8
Converted paper product manufacturing	Manufacturing	5222	319.7	255.6	-64.1	-2.2
Insurance carriers	Financial activities	5241	1401.8	1338.2	-63.6	-0.5
Electric power generation, transmission and distribution	Utilities	5211	404.7	345.7	-59.0	-1.6
Computer and peripheral equipment manufacturing	Manufacturing	5341	182.8	124.7	-58.1	-3.8
Basic chemical manufacturing	Manufacturing	5251	152.1	99.9	-52.2	-4.1
Pulp, paper, and paperboard mills	Manufacturing	5221	126.1	81.9	-44.2	-4.2
Machineries shops; turned product, and screw, nut, and bolt manufacturing	Manufacturing	5327	360.1	319.5	-40.6	-1.2
Animal production	Agriculture, forestry, fishing, and hunting	112	860.6	823.9	-36.7	-0.4
Ventilation, heating, air conditioning, and commercial refrigeration equipment manufacturing	Manufacturing	5334	149.5	112.8	-36.7	-2.8
Plastics product manufacturing	Manufacturing	5361	539.0	555.2	33.8	0.6
Tire and rubber product manufacturing	Manufacturing	5141	75.4	41.9	-33.5	-5.7

Source: Employment Projections Program, U.S. Department of Labor, U.S. Bureau of Labor Statistics

EMPLOYMENT PROJECTIONS: 2008-2018

Occupations with the largest job declines, 2008 and projected 2018 (Numbers in thousands)

2008 National Employment Matrix title and code		Major occupational group		Employment		Change, 2008-18	
				2008	2018	Numeric	Percent
Farmers and ranchers		11-9012	Management, business, and financial	985.9	906.7	-79.2	-8.03
Sewing machine operators		31-6031	Production	212.4	140.9	-71.5	-33.66
Order clerks		43-4151	Office and administrative support	245.7	181.5	-64.2	-26.12
Postal service mail sorters, processors, and processing machine operators		43-5053	Office and administrative support	179.9	125.3	-54.5	-30.32
File clerks		43-4071	Office and administrative support	212.2	162.6	-49.6	-23.36
Shipping, receiving, and traffic clerks		43-5071	Office and administrative support	730.5	701.2	-29.3	-4.01
Telemarketers		41-9041	Sales and related	341.6	303.8	-37.8	-11.07
Office and administrative support workers, all other		41-9099	Office and administrative support	306.7	271.0	-35.7	-11.64
Fest-haw supervisors managers of production and operating workers		51-1011	Production	681.2	645.5	-35.7	-5.24
Packers and packagers, hand		53-7064	Transportation and material moving	758.8	734.8	-24.0	-3.16
Cutting, punching, and press machine setters, operators, and tenders, metal and plastic		51-8011	Production	256.8	205.2	-51.5	-20.03
Electrical and electronic equipment assemblers		51-8022	Production	215.3	182.0	-33.3	-15.42
Machine feeders and operators		53-7063	Transportation and material moving	140.6	109.5	-31.2	-22.13
Door-to-door sales workers, news and street vendors, and related workers		41-9091	Sales and related	181.6	154.7	-26.9	-14.79
Information and record clerks, all other		43-4199	Office and administrative support	226.9	200.1	-26.7	-11.79
Paper stock machine setters, operators, and tenders		51-9106	Production	102.3	81.0	-21.2	-21.34
Computer operators		43-9011	Office and administrative support	110.0	89.5	-20.5	-18.66
Machinists		51-8041	Production	421.5	402.2	-19.3	-4.57
Laborers and freight, stock, and material movers, hand		53-9067	Transportation and material moving	2,117.5	2,298.6	181.1	8.55
Miscellaneous agricultural workers		43-2990	Farming, fishing, and forestry	807.0	788.8	-18.2	-2.26
Data entry keyers		43-9021	Office and administrative support	284.3	266.9	-17.4	-6.13
Switchboard operators, including answering service		43-2011	Office and administrative support	155.2	138.2	-16.9	-10.89
Inspectors, testers, sorters, samplers, and weighers		51-9061	Production	464.7	447.8	-16.9	-3.65
Mail clerks and mail machine operators, except postal service		43-9051	Office and administrative support	111.4	124.8	13.4	12.03
Lathe and turning machine tool setters, operators, and tenders, metal and plastic		51-4054	Production	55.7	40.8	-14.9	-26.75
Grinding, lapping, polishing, and buffing machine tool setters, operators, and tenders, metal and plastic		51-4033	Production	92.7	77.9	-14.8	-15.92
Postal service clerks		51-6064	Production	34.9	30.7	-4.2	-12.03
Multiple machine tool setters, operators, and tenders, metal and plastic		43-9011	Office and administrative support	75.8	62.1	-13.7	-18.02
Photographic processing machine operators		51-4081	Production	86.0	73.4	-12.6	-14.66
		51-9133	Production	51.3	38.8	-12.5	-24.31

Source: Employment Projections Program, U.S. Department of Labor, U.S. Bureau of Labor Statistics

Please note that the BLS employment projections are based on analysis of long-term structural changes to the economy, not short-term business cycle fluctuations. BLS does not attempt to project the peaks and troughs of business cycles, and our projections model assumes a full employment economy in the target year. Because the economy is expected to trend out of the recession and return to full employment over the 10-year projections period, the current projections indicate faster growth rates and more numerous openings than might have been expected in several industries had employment not fallen in 2008, as the economy recovers from the current downturn. Please see <http://www.bls.gov/opub/mir/2009/11/art1.full.pdf> for more information about the impact of the recession on the projections.

SHORTAGES IN TRADITIONAL ENERGY INDUSTRY

Let me ask you. You mentioned energy and I had a particular question about that. I am not one who is critical of the money going to training on green jobs; I see a lot of wind power sprouting up in my State. I think there is no question there is going to be a market there.

But there are also pretty critical shortages now in what I call the traditional energy industry as well. We are now doing a lot more natural gas in a lot more places; it is a much cleaner fossil fuel. I can tell you it is hard to find people that know how to drill in Western Pennsylvania or New York now, or that have a lot of knowledge of that particular business. Plus, we have some shortages in our own industry.

So while you are incentivizing the movement—and I think appropriately—of people into the so-called green sector, what are we doing to help the industries that have critical shortages that produce traditional forms of domestic energy?

Secretary SOLIS. Congressman Cole, that is an excellent question. I have actually seen many of our programs training up again in the area of hard manufacturing, and I am talking about jobs that you just mentioned, welding as an example.

I have been to some of our programs that we have funded and find very regularly that the business components out there in the industry are saying I cannot find a qualified welder. And the salary levels that they offer are anywhere from \$60,000 to \$100,000. If the public were made more fully aware of what the potential is, I am sure people would not mind relocating to where those jobs are, because they do pay very good salaries.

And because we are going into, say, renewable energies, I think there are going to be more opportunities. I know that the folks that we have been working with in partnership in public and private entities know that this is where we need to move our training programs, and I am acutely aware of that and know that that is an important factor in our recovery.

We have to bring back, also, some steady skill sets, but also that manufacturing base, and we have to have that workforce staying here because there are a lot of people that are retiring from those industries. Same thing in the coal mine industry; you see a lot of retirees. We are still going to need people to be trained to go into those mines.

Mr. COLE. I know my time has expired. I would just urge you to look at these traditional areas too. Green energy is the new buzz word, but there are going to be a lot of jobs in natural gas going forward and it is going to be national in scope; we are going to be way outside of traditional areas where people will have some new opportunities that have not had them in the past.

Thank you, Mr. Chairman.

Mr. OBEY. Mr. Honda.

Mr. HONDA. Thank you, Mr. Chairman.

CONTINUING EDUCATION

Again, welcome, Madam Secretary. It is good to see you. A couple of things just real quick off the top of my head. I really appreciated

the allocation of \$5,000,000 to San Jose State University, where we will be able to look at health care and biotechnology training programs, and the vision I think that you are providing the Department is we are doing a lot of innovation and a lot of emphasis on green employment and green careers, but in order to have the workforce there that support that also, we need to have higher education. Some of these other institutions are prepared to do that.

One of the things that we did in Santa Clara County was have an AA program, a pilot program to have folks who were in the labor industry, laborers, who want to pursue a AA degree in contract managing. Where, before, those folks were always the ones who were managed, now they have that background experience and can take a traditional job that Congressman Cole had talked about and upgrade them and convert them into other jobs that are going to be in high demand, especially when we have more activities in the green industries.

So looking at the AA, hopefully somebody in your Department might work with the education department to look at how we can link the AA to a BA into the four-year college, where they can continue their education and their life skills into something more productive.

GREEN JOBS

In terms of the green jobs issues, I think that if people visited Santa Clara County and Silicon Valley, that although we have companies like Applied Materials that make machines that allow us to have photovoltaic gadgets or panels or flat screens, the instruments that are being sold and made by this company have a ripple need that goes upwards towards folks who do work like design and do work like creating the machine parts. There are skilled laborers and skilled artisans out there that are necessary. So those are traditional jobs that still exist that need to be continued and supported. So a green job could support more than five other jobs that are necessary for them to do that.

I just wanted to have some of our colleagues understand that there are supportive groups that are out there. Even Caterpillar. When you have heavy machinery, you just do not have one kind of worker. So I think that in the green area we are expanding our vision and making this a better place.

And the term greener and green, I think that that is probably a good term to use because we have to have every individual in this Country, and globally, understand that we all have individual impacts on our carbon footprint, and collectively we need to be constantly aware of it. So in your Department I really do appreciate that constant attention to that, because otherwise, as a Nation, we are not going to be able to effect any changes in our attitudes.

I have no questions, Madam Secretary, but I just wanted to feed back some of the things and observations I have had over the past few months.

Mr. Chairman, closing comments. Folks asked me in my internet town hall meeting I had last night one of the interesting questions was that if these things are happening and we are creating more jobs, why is unemployment looking like it is getting more.

And I think that those who understand the statistics is that people who are not in the job market are not coming back in the job market, so that is going to create a blip in that unemployment, and then it goes down as they secure jobs. So folks who would be negative, we need to just respond in kind to let people know the information, what it really means in real life and people's jobs and the situation in this Country.

Thank you very much for your work, Madam Secretary.
Mr. OBEY. Mr. Moran.

EMPLOYEE READINESS TO ENTER JOB MARKET

Mr. MORAN. Thank you very, Mr. Chairman.

Let me just say ditto for all the nice comments that have been addressed to you, Madam Secretary. We are delighted you are in this position and we appreciate all your diligent efforts.

I represent an area that has a preponderance of technology firms, a lot of jobs. We are in pretty decent shape relative to the rest of the Country. But we are trying to make the most of the employment training opportunities that are available for those who are underemployed or unemployed because we have a lot of jobs. So we want to bring them in to this knowledge-based economy.

But the employers tell me that there is a very serious deficiency in terms of employment training programs that the Federal and State government operates; that, in fact, they cannot use the skills that are taught through these training programs. At best, if they find that somebody shows up every day, is reliable, that is one of the best indicators that they can hire them, but they have to hire them at pretty low entry level skill levels and, thus, compensation levels.

And they tell me the problem in an area like computer skills, where the jobs are available, is that the trainers are really not up to speed on the computer skills that are needed; that in many cases the trainer is teaching what they knew when they last left the private sector and came in to be a trainer. And because the computer skills advance at such a rapid pace, what they know is kind of outdated, and they either do not have the inclination or do not have the time, really, to bring themselves up to speed on the latest technology.

Can you address this? Do you think this is an unfair criticism or is it something that you have observed and are addressing?

Secretary SOLIS. Thank you, Congressman Moran. You hit the nail on the head. In my travels across the Country visiting different workforces and workplaces, I often hear from the employer that it is very tough to find someone who is really prepared that they can hire right way with the set of skills that they need.

Therefore, the need to have reform with respect to some of the programs that we operate in the Department of Labor and, we are proposing in our budget to provide some new and better methods of trying to make our systemic approach more targeted so that we really do get at what the business owner needs, and make sure that those skill sets are really going to lead to a good job, and are marketable and timely.

So it is going to require, I think, a lot of support on the part of the Congress, as well, as we look at revamping the Workforce In-

vestment Act, because we do have some traditional partners who have been used to doing things for the last decade a certain way, and many times those folks are not going out as they were intended to to really talk to the business community, the entrepreneurs, the new inventors of this new technology that is coming out not just in the green industry, but just IT overall.

I think that one of the incentives that we want to use is reward those programs that can demonstrate that there are some good methods being used. We want to be able to replicate them and we want to support innovation. So I am very much interested in your ideas and would like to learn more about how we can work together to help craft these kinds of activities so we make this a more effective program.

EXTENSION OF RETIREMENT AGE

Mr. MORAN. Thank you, Madam Secretary. I was not supposed to ask questions that elicited long answers, but that was a superb response. I have one other question.

The President is putting together a group of people to address structural deficit problems and, invariably, they will look at entitlement programs, Social Security especially, and I am sure one of the recommendations is going to be that they extend the retirement age.

Now, in my district, a significant portion of the workforce is not going to be bothered by that. In fact, I think they would welcome it, to be able to keep working until 70. The problem is that we have a cookie-cutter approach in entitlement programs, and people who work with their back and their legs and their arms all their life, they cannot keep working until 70. So what are you going to do for those 15 years or so when the body wears out?

I mean, I really am serious about this. It is not fair to manual workers to extend that retirement age. But if we could come up with a more sophisticated retirement system that was more correlated to the physical, as well as the mental demands of various workforce classifications, then it would be fairer to extend the retirement age; people would be more comfortable. We would have a more productive economy and probably save substantial sums in our entitlement programs for retirees.

Is there any research, any thought that is being given to that within the Department of Labor, Madam Secretary, that might help us in this difficult decision-making arena?

Mr. OBEY. The gentleman's time has expired.

Secretary SOLIS. I would like to get back to you in more detail about what we are looking at in terms of approaches now in EBSA and also the PBGC, because we are really talking about retirement security too, so people do not have to stay longer in the workforce for those folks that work in very hard assembly line and very labor-intensive jobs. We are looking at some creative mechanisms there and I would love to work with you on that.

[The information follows:]

As we consider Social Security deficit issues, we are concerned about a range of issues including changes in the Social Security Full Retirement Age (FRA) that would disproportionately hurt workers in physically demanding jobs. These workers tend to have lower income compared to white collar workers.¹ We are aware of studies that show retirees from physically demanding jobs, especially operators/laborers, make up a disproportionate share of younger retirees.² For instance, it has been shown that classifications of operators/laborers constitute 19 percent of workers aged 55 to 61 and 22 percent of retirees, while in contrast, managers/professionals make up 25 percent of workers aged 55 to 61 and 19 percent of retirees.³

Because of changes enacted in 1983, the retirement age is already going up. For those born between 1943 and 1954 the full retirement age is 66, and for those born after 1960, the full retirement age is 67. These changes will be accompanied by cuts in benefits to those retiring at age 62, their spouses and widows. This process is, as you point out, affecting workers in all occupations.

Some researchers have characterized the principles behind social security as a balance between individual equity (you get what you put in) and social adequacy (providing for those in need).⁴ It is argued that the stability of the social security system over the last 25 years is evidence of a consensus around the current balance between these principles.⁵ Therefore, it makes sense that reform proposals should balance individual equity and social adequacy to be politically feasible.

There has been some research recommending social adequacy leaning policies in conjunction with raising the FRA. Suggestions have been made as to possible ways to accommodate workers in physically demanding jobs including adding a second tier disability benefit for those who cannot work, but do not meet current disability requirements.⁶

While we are aware of policy proposals, we have made no decisions about what course we will take in addressing the Social Security deficit issues.

¹ See Tables 5-2 through 5-7 of "The RP-2000 Mortality Tables," The Society of Actuaries. http://www.soa.org/files/pdf/rp00_mortalitytables.pdf

² See p. 13 of Cori E. Uccello (1998), "Factors Influencing Retirement: Their Implications for Raising Retirement Age," Urban Institute #9810. http://www.urban.org/UploadedPDF/1000207_retire_factors.pdf

³ See p.13 of Uccello (1998).

⁴ See p. 11 of Eric Klieber (2009), "Strengthening Social Security for Workers in Physically Demanding Occupations," National Academy of Social Insurance Working Paper. <http://www.nasi.org/research/2009/strengthening-social-security-workers-physically-demanding>

⁵ See p. 14 of Klieber (2009).

⁶ See p. 15 of Klieber (2009).

Mr. MORAN. Thank you, Madam Secretary.
And thank you for your indulgence, Mr. Chairman.
Mr. OBEY. Ms. Roybal-Allard.

PROTECTING MIGRANT FARM WORKER CHILDREN

Ms. ROYBAL-ALLARD. As always, welcome, Madam Secretary. Let me begin by thanking you for hosting a briefing last September at the Department of Labor on the serious issues confronting migrant farm worker children.

Last year, as you know, I introduced the CARE Act to give the estimated 400,000 youth working in agriculture the same child labor workplace protections that safeguard children in all other industries; and I know that you have been a champion for a very long time of child labor rights, and I look forward to continuing to work with you and your staff on this legislation as it moves forward.

But in the meantime, children in agriculture are not equally protected by our child labor laws. They work in the fields at younger ages for longer hours and under very dangerous conditions that would not be permitted in any other industry. For example, a Human Rights Watch study found that while there are only 8 percent of children in agriculture, approximately 40 percent of all workplace deaths and nearly half of all workplace injuries suffered by children occur in agriculture.

Until the CARE Act is passed into law, these findings highlight the critical need for oversight and enforcement of our current laws, which at least provide some protections to our children. Yet, in 2005, the average civil penalty assessed by the Department of Labor was only \$1,011, or just 9 percent of the maximum penalty for child labor infractions; and in 2006, of the 1,344 child labor investigations by the Department, only 28 were in agriculture. This lack of enforcement obviously gives employers little incentive to follow the laws that do exist to protect these children.

Now that the Wage and Hour Division staffing has been restored to the 2001 levels, can we look forward to increased investigations and meaningful penalties for child labor violations in agriculture?

Secretary SOLIS. Thank you, Congresswoman Roybal-Allard, and I also want to commend you for introducing your legislation, the CARE Act, and I want to applaud your work and the work of those that helped to work behind the scenes to bring this issue before the Congress. It is something that all of us deeply care about, and I certainly am putting forth as much effort as possible to see that our Wage and Hour Division, working in conjunction with the Migrant Seasonal Agricultural Worker Protection Act, or Field Sanitary Standards in OSHA, are all working together in a strong effort to focus in on combating child labor.

The Wage and Hour Division is conducting training right now with our investigators; they are out in the fields so that we can detect and get those parties involved in this egregious behavior to understand that this is not the direction that we need to be going in.

It is also working with stakeholders, with parents, and also with the community, and even religious groups and organizations that can help to provide more information. We are rolling out a campaign to provide assistance to those most vulnerable populations,

which will include, by and large some of the farm worker and farm worker children.

It is egregious that this goes on. I was very upset when I heard about the violations that were occurring in the blueberry fields up in the northeastern part of our Country, where young children of ages 5 to 8 were out picking blueberries, and parents were allowing their children not to attend school because they needed the money; and they were out there through contractors who would bring these folks in and kind of move them around different farms.

Well, when I heard that news, I ask that there would be immediate action taken by our staff, and I am happy to say that we have been able to now begin a more robust process, because we have more field investigators and the staff, and even people who speak their languages, so we can ascertain actually what is going on on the ground without intimidating people and them not being fearful of sharing information, because you know that is a big barrier that we face also with this population.

But I would tell you that civil penalties, I have a list and I can give you the details of where we have gone after some of these egregious cases just in this past year that I think would be noteworthy for you. And we know we want to work with you to continue this effort.

EXPOSURE OF CHILDREN TO HAZARDOUS MATERIALS

Ms. ROYBAL-ALLARD. Thank you. In May of 2002, the National Institute for Occupational Safety and Health issued a report recommending that more than half of the existing regulations pertaining to children working in hazardous jobs, such as those exposing them to pesticides and lead, be revised and 17 new regulations be added; and although the Department of Labor has taken some steps to amend non-agricultural hazardous odors, those pertaining to agriculture have yet to be put on the Department's regulatory agenda for updating.

Given the dangerous conditions, again, that these children face working in agriculture, what is the Department of Labor's time line for reviewing and acting on the recommendations for this specific industry?

Mr. OBEY. Very short answer, please.

Secretary SOLIS. I would love to get back to you on what our activity and our plan is, because it is something you know I care very deeply about with respect to pesticide use and hazards that find their way to our children who are forced to work in the fields.

Ms. ROYBAL-ALLARD. Thank you.

Mr. OBEY. Mr. Ryan.

Mr. RYAN. Thank you, Mr. Chairman.

Thank you, Madam Secretary. Let me first thank you and your staff. We had a visit recently from Assistant Secretary Oates and just had a tremendous visit. We had some steelworkers who were having issues with unemployment and she was just terrific, and it looks like we have fixed some of the issues; and you and your staff were ahead of the curve, as always. So thank you for being so great.

I wanted to just mention, one, what Mr. Cole talked about, natural gas. We sit in Ohio under the Marcellus Shale, which is a

huge natural gas opportunity for all of us, so talking about the Pickens plan, as far as retrofitting diesel engines and buses and trucks, I think it is an opportunity for all of us to say this is a clean fuel, and areas like Northeast Ohio and Western Pennsylvania have an opportunity to really, I think, resuscitate some long-term chronic problems that we have had.

LEVERAGING STIMULUS FUNDING

I want to make a comment about the stimulus package, too, because there has just been so much said about it. You are someone, and this Administration, I think, believes that we need to make investments into our communities, and we were able to take some stimulus money, not just stabilizing police and fire and a lot of school teachers did not get laid off in my district because of money that came, but we were able to take \$20,000,000 from the State to do some site prep work, move a rail line, and it leveraged a \$650,000,000 investment from a French tubing company that does a lot of natural gas tubing.

And I bring this up because I want you to bring back to the Administration and to your colleagues that you work with in the Cabinet that there are communities in our Country, as you know, that just do not have money to make deals go down. So whether it is training money or community development block grant money, we need more opportunities to make things happen when you do not have that local tax base to make deals work for businesses.

So I just wanted to put a bug in your ear to bring that back. I know you believe in it, and we need to continue to recognize that community development block grants and those kinds of things are very, very important.

I want to thank you for all that you have done for Ohio with green collar jobs and the training money that you have sent. We also are benefitting from some high speed rail lines that are going from Cleveland to Columbus to Cincinnati, and your money will come in handy to make sure that we have the workforce available to do that. So the stimulus package has been good to us. We need more, there is no question, but it has been good to us.

REEMPLOYMENT OF HIGHLY-SKILLED WORKFORCE

I have one question that hopefully you can touch upon. We have in our area a distressed auto community. We have lost a lot of very high-skilled work. A lot of high-skilled workers are unemployed now. What are we doing within the Department of Labor or in conjunction with the Department of Labor–Department of Commerce to take these very high-skilled people, engineers, people who have made companies like Delphi and General Motors a lot of money over the years? How do we take these people and help them start their own business?

And I know that may not be directly related to the Department of Labor, but they are unemployed workers. I think there is an enormous amount of opportunity for them to get creative, especially with the green economy. They have a history in manufacturing and, as we heard today, five spinoffs for every one manufacturing job. We have to get back to making things in this Country. So how do we take these brilliant engineers from General Motors or Delphi

and corporations like that and help them with business plans and opportunities to create their own businesses?

Secretary SOLIS. Well, thank you, Congressman Ryan. It was very kind of you to mention some of the things that we have done out in Ohio. I have to give you credit also for having a great leadership delegation there; everyone working together, and also your governor. I was down there when we actually issued the \$400,000,000 for that high speed rail, and I can tell you there were a lot of delighted people there in the room to see that there is going to be an investment made on the part of the Federal Government to jump-start a project that will last into the next decade. Job creation is what we definitely want to see.

But to your point about how we can try to deal with the highly qualified workforce that is out there looking for jobs, you now have the privilege of also working with Dr. Ed Montgomery on our Department of Labor staff, who is addressing the whole automobile industry displacement, and what he has done is brought together the different Cabinet offices—Department of Energy, Commerce, EPA—to try to put together plans regionally so that we can start structurally looking at how we get these dollars out to those most distressed areas; and yours is one that is on target for us to bring those resources.

We know that capital still remains a big obstacle, making sure that there is more credit available. I think the President is moving in that direction to see that we can provide incentives for businesses, tax cuts, research and development, more assistance targeted in a fashion that will help to spur that innovation so that businesses will not think that they can just have maybe support for two years, but be able to make a plan for 15 years.

So I understand clearly where your thought process is and would want to work with you more to see how we can maybe learn from some of the things that are happening in your State and share with other industries. We also have some issues in California with some of our auto plants that are closing there. If we can use those best known practices and share them, I think we can all win in the long run. We have other industries, for instance aerospace is affected and we would be at a disadvantage if we do not also do something for these highly skilled individuals.

Mr. RYAN. Thank you.

TRAINING FOR HIGH-GROWTH INDUSTRIES

Mr. OBEY. The gentleman's time has expired.

Let me just ask two questions before we end the hearing.

First of all, as you know, in the Jobs for Main Street Act, which we passed in the House in October, we provided \$500,000,000 for Workforce Investment Act Youth Activities; we provided \$750,000,000 for job training grants; and I am happy to see that the Administration has picked up both of those items in your statement that you made today.

I do have one question about your choice of priorities, however. Can you explain the Administration's request to fund additional green jobs or green jobs training grants, when there is a more immediate need for additional health care professionals?

And in that context, in the Recovery Act, Congress provided \$250,000,000 for training in high-growth industries with an emphasis on the health care sector; and my understanding is that DOL received an overwhelming number of applications for those grants. Can you tell the Subcommittee what percentage of the grant proposals you were able to fund for those items and whether there are additional high-quality applications that were denied due to a shortage of funding?

Secretary SOLIS. First of all, Chairman Obey, I do want to give you credit for your outstanding work in helping us look to where the high need areas are, and you did that for us last year in our budget. With respect to the over-subscription of grants that we received in health care, we received 800 applications, and I would say that a good portion of them, a large portion, were eligible for funding.

But we did not receive the amount of funding to be able to go beyond 8 percent of that fully-eligible population of applicants that came in. We were only able to fund 55 awards. And I know that this is a very sensitive issue for you, as it is one for me. I recently visited one of our nursing programs that we provide assistance to in Sacramento, a community college program, and to hear the testimony that I heard from some of the students there that had to wait years just to get into an entry level position was mind-boggling.

But these were the students that persisted and some, by accident, were actually able to get enrolled into the program. Many were already well above 21 years of age; one was even 50 years of age, but felt so compelled because of the need to get into these careers that pay well that we know we have a shortage of.

I know that the Department of Health and Human Services has a more robust budget than I do in nursing, and we want to collaborate with them to see how we can work on improving and expanding this effort, because there is a shortage and I think this is something you and I can talk about and figure out a way to work together.

Mr. OBEY. We are really missing an opportunity if we do not recognize that possibility.

IMPROVING JOB LOSS PICTURE

Just one other point. With respect to the stimulus package, I frankly find it quite tiresome to be in an argument about whether or not the stimulus package "worked or not." This is a pretty badly hand-drawn chart, but what it shows is that, beginning in March of 2008, this downward line represents the average monthly job loss that we were experiencing in the economy. This line represents zero job loss and, as you can see, by December of 2008 we were losing 750,000 jobs per month the last three months of that decline.

Since then, we have had a steadily improving picture in terms of job loss, so that today, over the last three months, we have averaged 35,000 job losses each month. That is a 95 percent improvement.

Now, it certainly is not good enough because we still have not reached positive growth in the economy, but before a ball can bounce, it has to stop falling, and that is pretty much what I think we were able to do with the Recovery Act. The bill was never large

enough to plug the entire \$3,000,000,000,000 hole in the economy that we were facing, but what it did do is soften the blow, lessen the pain, reduce the number of people who were losing jobs. And let us hope that we have enough imagination, enough luck, and enough help and cooperation between the public and private sectors to actually turn that into a positive job growth area in the months ahead.

CONCLUSION

But I thank you for your testimony here today. Sorry we had to delay you by an hour, but it is good to see you.

Secretary SOLIS. It is good to see you. Thank you very much, Mr. Chairman and members of the Committee.

Mr. OBEY. You bet.

[The following questions were submitted to be answered for the record:]

YOUTH UNEMPLOYMENT

Mr. Obey: The unemployment rate for youth (ages 16 – 19) is 25 percent—a slight reduction from a few months ago but still, as you say, unacceptably high. This is particularly troubling because studies have shown that persistent unemployment at the beginning of a worker’s career results in lower earnings throughout their lifetime. Workers simply do not catch up. What would your proposed *Workforce Innovation Fund* do to address this situation?

Ms. Solis: The proposed Youth Innovation Fund, which is part of the Workforce Innovation Partnership, will assist in addressing the issue of youth unemployment. Research suggests paid work experience may improve educational and employment outcomes for at-risk youth.

Two core components of the Youth Innovation Fund are paid work experience for youth, which will enable youth to gain world-of-work experience, and workplace skills that are necessary to succeed in the labor market. These paid work experiences are particularly critical in the current economy where the youth unemployment rate is so high.

The Youth Innovation Fund will support and evaluate innovative models for delivering summer and year-round employment opportunities and comprehensive services to at-risk youth. Thirty percent of the Youth Innovation Fund will be reserved for summer jobs programs, while the remainder will focus on comprehensive programs that include work experience as a core component. Research suggests paid work experience may improve educational and employment outcomes for at-risk youth.

WIA CARRY-IN

Mr. Obey: According to data provided by the Labor Department, States came into program year 2009 with a combined \$983 million in unspent WIA formula funds. Can you account for the size of the WIA carry-in balance and explain to this subcommittee the purpose of reserving WIA funds beyond a single program year?

Ms. Solis: As you know, the Workforce Investment Act authorizes States and local areas to expend their grant funds over three years, so it is to be expected that there would regularly be unspent carry-over balances in this program. There are several factors that influence the balance of unspent WIA formula funds that are carried into each program year. Before discussing these factors and other reasons why states may reserve funds, it is important to emphasize that the data reflect total expenditures, not total obligations which is a more immediate indicator of spending patterns. Since expenditures lag behind obligations, the amount of formula funds carried in that is actually available for services tends to appear larger than it actually is - in reality most funds have already been obligated by the State or local area.

The system provides training for jobseekers that spans more than a single Program Year -- at the point in time when carryover is determined (June 30 of each program year), many workers are

midway through training, which appears as “carryover” even those funds are already legally obligated. WIA provides its workforce boards with multiple years to spend formula funds, allowing for long-term planning to meet the training needs of their states and local economies.

Additional factors that may influence carry-in balances include:

- **Use of performance-based contracts:** States may provide job training using performance-based contracts. This approach requires holding back a portion of the payment until outcomes, such as graduation or job placement, are reported and performance goals are reached. This approach is a responsible practice but delays the reporting of expenditures.
- **Length of training:** States that focus on longer training courses rather than short courses would likely show slower expenditures and higher carry-in balances.
- **One-Stop payrolls:** States and local areas obligate the funding needed to meet payroll needs and keep local offices running. However, these funds are paid out on a week-by-week basis and may contribute to higher reports of carry-in balances.
- **Reserving Funds for Emergency Use:** Given the state of our recovering economy, normal fluctuations in WIA funding levels, and the difficulty with predicting where and when large-scale lay-offs will occur, states may have held back funds in anticipation of future layoffs and plant closures.
- **Prioritized use of American Recovery and Reinvestment Act of 2009 (Recovery Act) Funds:** During the past year, states may have prioritized the use of Recovery Act funding over regular formula funds which would also contribute to unusually high carry-over funds from the regular appropriation and lower expenditure rates.

The Government Accountability Office (GAO), in its own study on WIA expenditures (GAO-07-1051T, page 13), reported “states are spending their WIA funds within the authorized 3-year period.” The same report also noted, “nationwide, states spend over 66 percent of their program allocation in the first year.”

COMMUNITY SERVICE JOBS FOR OLDER AMERICANS

Mr. Obey: The recession has created record levels of unemployment among older Americans. In response, Congress has increased the funding for the Senior Community Service Employment Program (SCSEP)—in both the Recovery Act and the FY 2010 bill—in order to increase the number of community service jobs for low-income adults age 55 and over. Using Recovery Act funds, SCSEP grantees so far have provided nearly 20,000 unemployed older adults with jobs through December 31, 2009, in addition to employing nearly 100,000 older workers already in the program with FY 2009 funds.

The Labor Department deserves credit for awarding these additional funds in a timely manner so that unemployed individuals and communities could benefit. But can you explain why the nearly 20,000 SCSEP participants are not included in the official jobs count for the Recovery Act?

Ms. Solis: The Congress exercised considerable foresight appropriating funds to assist older Americans, a group that was heavily impacted by the recession. The SCSEP program provides

senior workers with part-time, community-service employment opportunities. These subsidized employment opportunities serve as means for SCSEP participants to give back their communities, while developing the skills and abilities needed to join or reenter the workforce and obtain unsubsidized employment outside the program. Therefore, the subsidized employment opportunities provided by SCSEP are not counted as jobs created. A more detailed description about how ETA calculates jobs created under the Recovery Act can be found in the August 14, 2009 Training and Employment Guidance Letter #01-09 which is available at <http://wdr.doleta.gov/directives/attach/TEGL/TEGL01-09.pdf>.

BACKLOG OF APPEAL CASES

Mr. Obey: In 2005 and 2006, there was a series of tragic mine accidents—including the horrible disaster at the Sago mine in nearby West Virginia. As a result, Congress passed the MINER Act to strengthen enforcement of safety standards and modernize our emergency response system—so that we could avoid similarly tragic mine accidents in the future. MSHA also established larger penalties for safety violations and included a process for shutting down flagrant offenders that failed to redress serious repeat violations.

Unfortunately, instead of working with MSHA to improve safety standards in their mines, mine operators have chosen to file appeals against 67 percent of all penalty dollars—up from 24 percent a few years ago. Some mines are appealing more than 90 percent of their penalty assessments in a brazen attempt to avoid severe sanctions that could result from repeat violations. This steep increase in appeals has led to a serious backlog of appeal cases at the Federal Mine Safety and Health Review Commission (Review Commission). At its current capacity, the Review Commission is able to clear about 5,000 – 7,000 cases per year but new cases are coming in at the rate of more than 9,000 per year. The backlog has reached 16,000 cases and is continuing to grow.

Madame Secretary, what is the Labor Department doing to eliminate this growing backlog of appeals? And how can Congress help to reduce the backlog so the MINER Act fulfills its intended purpose of improving mine safety?

Ms. Solis: We will take several approaches to reduce the contested case backlog. Mine operators, with the assistance of miners, have the primary responsibility to prevent the existence of unsafe and unhealthy conditions in the nation's mines, and the best way to reduce the backlog is to have safer mines. Simply put, hazards which are identified and fixed before the inspector gets there will result in fewer citations. One of the ways MSHA could encourage mine operators to proactively find and fix safety problems would be to require health and safety management programs. Opportunities also exist at the time of a mine inspection to resolve disputes about violations, and we will encourage this approach. To further reduce the number of citations that are contested, MSHA will work with the Office of the Solicitor to implement reforms to resolve disputes about the merits of citations during the conference process prior to cases being filed with the Federal Mine Safety and Health Review Commission. Finally, some operators who appear to be developing a pattern of significant and substantial safety violations may be contesting citations to delay enforcement. We will work with the Office of the Solicitor to ask

the Review Commission to expedite appropriate cases so that problem operators cannot delay the process for establishing a pattern of violations simply by contesting cases.

FARM WORKER REGULATIONS

Mr. Kennedy: Farm workers and their families have long been forced to contend with a confusing regulatory structure and fragmented enforcement regimes because of their exclusion from the National Labor Relations Act and differing standards for workplace safety, hourly wages and family leave. In an effort to address this issue, I authored a letter to the Department of Labor and was joined by 23 of my colleagues in support of farm workers nationwide. Also, the Committee authored language in the 2010 Department of Labor appropriations bill urging the Department to pursue special coordination for farm workers and their families. Could you please provide the Committee with an update on your recent efforts to better coordinate farm worker regulations in response to this language?

Ms. Solis: The needs and welfare of U.S. farm workers and their families are a priority for the Department and this Administration. We are fully committed to improving the effectiveness and coordination of services to farm workers and their families, and the strong enforcement of statutes that provide protections to these workers. Ensuring strong and effective worker protections for this vulnerable workforce is an essential part of my vision of Good Jobs for Everyone.

We have taken a number of steps over the past year to demonstrate this commitment through increased efforts to improve conditions for farm workers and their families. Examples of these actions include:

- On February 12, 2010, the Department published in the Federal Register new final regulations that significantly strengthen worker protections and enforcement under the H-2A agricultural labor certification program. The Department's Wage and Hour Division (WHD), the Office of the Assistant Secretary for Policy (OASP), the Office of the Solicitor (SOL), and the Employment and Training Administration (ETA) worked closely on the development of the new regulation and continue to closely coordinate on its implementation. ETA and WHD are conducting extensive joint outreach to state workforce agencies, employers, workers and their advocates to ensure a smooth transition to the new regulatory framework and will continue to work closely to ensure that the regulation achieves its objectives. Other federal partners were regularly apprised of the progress and will continue to be important allies in the implementation of this regulation.
- The Department's FY 2011 budget request includes the first request for a funding increase over the prior year's appropriation in over 20 years for the Migrant and Seasonal Farm Worker program. The increase will restore funding to the levels originally envisioned by the Workforce Investment Act while supporting services for 1,027 additional migrant and seasonal farm workers bringing the total served in the program year to 18,860. The program extends training and other workforce development services to eligible migrant and seasonal farm workers and their families through the public workforce system's One-Stops, enabling them to gain access to education and career

pathways, particularly jobs that provide stable, year-round employment both within and outside agriculture.

- I am very concerned about children who work in agriculture, as they are among the most vulnerable of the country's workers. The Department is working hard to crack down on violations of the child labor provisions of the Fair Labor Standards Act (FLSA) and other important laws. WHD is focusing on youth employment in agriculture through a variety of strategies. Every agricultural enforcement initiative WHD conducts will include a child labor component. Investigators will be trained and expected to not only look for child labor violations but to identify all youth employed in the fields. While using its enforcement tools, WHD is also continuing outreach efforts to ensure important compliance and occupational safety and health information reaches farmers, farm labor contractors, parents, teachers, those who provide services to farm workers, and other federal agencies.
- Additionally, WHD enforces, under its own authority and under the 1997 transfer of the Occupational Safety and Health Administration's (OSHA) authority, temporary labor camp and field sanitation standards which are directed to the protection of migrant and seasonal farm workers. Fourteen states that operate OSHA-approved and funded state plans continue to enforce these standards as well, and in several cases have adopted more stringent occupational safety and health standards for the protection of these workers. In particular, California OSHA has an extensive program to enforce its Heat Illness Prevention standard in the fields.

These actions are a sample of the actions taken by the Department that demonstrate our commitment to providing fair wages and strong labor protections for this vulnerable group of workers and their families. At my direction, our agencies are working closely with one another to advance this goal in as comprehensive and effective manner as possible and ensure that good jobs for everyone includes farm workers and their families.

WORKER MISCLASSIFICATION

Mr. Kennedy: I commend the Administration for taking action to combat the growing problem of worker misclassification. This abusive practice creates a significant loss of tax revenues to both federal and state governments by giving tax cheats an unfair advantage in the marketplace. Furthermore, misclassification prevents workers from getting critical workplace protections and from getting benefits they deserve. I look forward to working with you to implement these efforts and am interested in their timeframe. How soon does the Department of Labor expect to have this initiative fully functional?

Ms. Solis: Should the Congress provide the requested funds the different elements that are a part of the initiative will be implemented at various points over the next year. The Department's budget request for FY 2011 includes \$25 million for the Department of Labor, including \$12 million for increased enforcement of wage and overtime laws in cases where employees have been misclassified; these funds will allow us to hire more investigators and provide better training on how to determine who is an employee and who is an independent contractor. Even though these funds will not be available until FY 2011, we are already planning how best to

target enforcement to identify and remedy widespread misclassification and we are emphasizing this issue in our current, FY 2010 enforcement strategy. We have also established a working group, headed by the Wage and Hour Division Deputy Administrator, which includes members from a number of Departmental agencies, including OSHA and ETA. The working group is exploring ways for all DOL agencies to provide better guidance to both workers and employers and increase information sharing between Department agencies. Over the next few months, the working group plans to bring in a diverse array of stakeholders, including unions, worker advocates, and employer groups, to get their input on misclassification and what steps we should take. We are also planning to meet with representatives from state misclassification task forces to learn from their experiences. The working group is also working with the Vice President's Middle Class Task Force and the Department of Treasury on a similar, government-wide effort to develop strategies to address misclassification.

An additional \$10,950,000 is requested for the Employment and Training Administration for two initiatives focused on increasing the capacity to address misclassification within the Federal/state administered Unemployment Insurance program. The first initiative provides states the opportunity to compete for grants to increase their capacity to participate in data sharing activities with the IRS and other Federal and state agencies; to implement targeted audit strategies; establish a cross-state agency task force to target egregious employer schemes to avoid taxation through misclassification, and to develop education and outreach programs. The second initiative would pilot a high performance award program designed to encourage states to improve misclassification efforts. States that are most successful (or most improved) at detecting and prosecuting employers that fail to pay their fair share of taxes due to misclassification and other illegal tax schemes will be rewarded.

STATE PAID LEAVE FUND

Mr. Tiaht: The budget requests \$50 million for a new "State Paid Leave Fund". The justification behind this request says that nearly 40% of private-sector workers do not have paid sick leave. But, according to the Bureau of Labor Statistics, 73% percent of full-time workers have paid sick leave, 91% have paid vacation, and 89% have paid holidays. Furthermore, 80% of part-time workers do so voluntarily. California, Washington, and New Jersey have existing paid leave programs. Why is it the Federal government's responsibility to spend \$50 million for states to do something that's already being done in other states?

Ms. Solis: Data from the Department of Labor's Bureau of Labor Statistics (<http://www.bls.gov/news.release/pdf/ebs2.pdf>) shows that 61 percent of all private sector workers have paid sick leave. Because nearly 40 percent of private-sector workers do not earn paid sick leave to care for themselves, and even fewer have leave available to care for another family member when they are ill, millions of workers risk losing pay and or their jobs when they are sick or their children are sick. In spite of the guidance from the Centers for Disease Control and Prevention (CDC), which recommends that if individuals have a fever and are sick or their children are sick they should not go to work, many workers have no choice but to go to work. This presents a major public health concern and some studies suggest that it costs U.S. businesses billions of dollars annually. In addition, changes in family circumstances - whether

it's the birth of a new child or the serious illness of an older relative - put greater stress on the economic security of families than ever before. Today, nearly two-thirds of mothers of young children work outside the home.

Under this new initiative, grants would assist states in planning and start-up activities relating to paid leave programs. The program would be voluntary and no state would be required to participate.

WORKER TRAINING AND EMPLOYMENT PROGRAMS

Mr. Tiahrt: If this request is approved, there will have been over \$19 BILLION provided for Training and Employment Services since fiscal year 2008. Can you provide enrollment numbers for FY 2008 through your estimate for FY 2011?

Ms. Solis: The attached chart "People Served by ETA Training and Employment Services Program" provides enrollment information for Training and Employment Services program for FY 2008-2011. Your estimate of over \$19 Billion in available funding appears to include appropriations under the ARRA, thus ARRA participant totals are included as part of the current (FY 2009) program year totals where appropriate.

People Served by ETA Training and Employment Services Programs

	PY 2008 Results	PY 2009 Q2 (4-Qtr. Summary)	FY 2010 Projections ¹	FY 2011 Projections ¹
Career Pathways Innovation Fund ²	N/A	N/A	60,130	60,130
Community-Based Job Training Grants ³	113,438	141,048	N/A	N/A
Green Jobs Innovation Fund	N/A	N/A	6,640	14,110
High Growth and Emerging Industries grants--ARRA funded ⁴	N/A	N/A	195,000	N/A
Job Training in High Growth Industries ³	80,760	90,469	19,593	19,593
Indian and Native American (adult and youth programs)	16,496	33,716	25,000	26,196
National Farmworker Jobs Program	18,477	20,371	17,833	18,860
Reintegration of Ex-Offenders (adult and youth programs)	9,844	13,807	24,725	23,355
WIA Adult ⁵	4,921,774	5,597,700	5,171,158	5,443,323
WIA Dislocated Workers ⁵	666,313	864,237	647,106	675,640
National Emergency Grants ⁶	61,355	52,611	N/A	N/A
National Emergency Grants--ARRA funded ⁷	N/A	8,644	N/A	N/A
WIA Youth	275,243	307,214	282,426	266,274
WIA Youth--ARRA funded ⁷	N/A	363,460	N/A	N/A
YouthBuild ⁸	6,618	11,309	7,890	7,450
TOTAL	6,017,666	7,499,594	6,457,501	6,554,931

Sources: PY 2008 results are from WIA State Annual Report data; all other data is cumulative data from grantee quarterly reports for the final quarter of the program year. PY 2009 Quarterly data are summary data from most recent 4 quarters of data or program-to-date data. Projections are taken from the Congressional Justification of Appropriation Estimates for FY 2011.

¹Projections for participants served are derived using the FY appropriation amount relative to the cost per participant specific to each program. These projections include only participants funded with regular resources.

²Career Pathways Innovation Fund is in budget request, as successor to Community-Based Job Training Grants.

³Participant counts are cumulative since inception of grants.

⁴These grants are funded with monies from the ARRA; estimates included in FY 2010 are the total number of participants to be served through the life of the grants.

⁵PY 2009 outcomes for these programs include some ARRA-funded participants; however, they are not reported separately.

⁶States report on NEG participants separately from the WIA Dislocated Worker formula program; however, projections for NEGs are included in the overall WIA Dislocated Worker Training and Employment Activities section.

⁷States report separately on participants in ARRA-funded WIA Youth, National Emergency Grants, and YouthBuild projects. Participant counts are program-to-date through 12/31/2009.

⁸YouthBuild PY 2009 participant numbers include participants served by ARRA-funded YouthBuild projects.

WIA FUNDING STREAMS

Mr. Tiaht: What other funding streams exist on the mandatory side of the ledger that compliments the Department's Workforce Investment Act and Employment Service programs? Please itemize and list the amounts provided for each fiscal year since 2008.

Ms. Solis: There are two mandatory accounts that complement the Department's Workforce Investment Act and Employment Service Programs: (1) Federal Unemployment Benefits and Allowances (FUBA) for Trade Adjustment Assistance (TAA), which offers trade eligible dislocated workers training, weekly income, out-of-area job search and relocation allowances, and assistance with health insurance coverage; and (2) High Growth Training Grants, which are competitively awarded, using H-1B visa application fee revenues, to train U.S. individuals for occupations for which visas are now used.

The funding provided is as follows:

FUBA – Trade Adjustment Assistance

FY 2008 – \$929,700,000
 FY 2009 – \$958,800,000
 FY 2010 - \$1,818,400,000
 FY 2011 - \$1,938,200,000

High Growth Training Grants

FY 2008 - \$130,597,000
 FY 2009 - \$111,000,000
 FY 2010 - \$120,000,000
 FY 2011 - \$125,000,000

CHANGE TO 300 LOGS

Mr. Tiaht: OSHA is proposing to add a column to the 300 logs to track MSD injuries. What is the purpose of this rulemaking, and is it the Administration's intention to issue an ergonomics regulation as a result?

Ms. Solis: There are no broader regulatory plans involving ergonomics at this time, other than to use the general duty clause when appropriate for enforcement and to issue a final rule in FY 2010 revising the Occupational Safety and Health Administration's (OSHA) recordkeeping form to include a separate column on musculoskeletal disorders (MSD). Adding this column will improve the workplace injury and illness data published by the Bureau of Labor Statistics (BLS). Having more complete and accurate data will further our understanding of work-related MSDs. The proposed rule would require employers that are subject to the recordkeeping requirements to mark a new, separate MSD column, instead of choosing between one of the existing available columns, which are less well defined for the purpose of accurately recording MSDs.

The MSD column will provide a simple, transparent, easily accessible, and consistent reference for employers and workers to identify whether there are MSD problems in their workplaces.

The requirement to record cases in an MSD column will affect approximately 1.5 million (19%) of the nation's 8 million employers. Employers with 10 or fewer workers (more than 4.6 million employers) are exempt from requirements to record injuries and illnesses, including the proposed MSD column requirement. In addition, the proposed rule would not apply to employers in certain low hazard industries.

Currently, BLS publishes data on MSDs using the OSHA Form (301), which is only for cases that result in days away from work. Because there currently is no MSD column on the OSHA Form (300) log, OSHA and State officials must do a line-by-line analysis to tabulate cases. The proposal will allow BLS to publish statistics on all MSDs, by industry, for the Nation and for states that participate in the survey. The statistics also will be useful for conducting further analysis and evaluation of MSDs, and for safety and health research.

CREATING FEDERAL GOVERNMENT JOBS AT THE EXPENSE OF THE PRIVATE SECTOR

Mr. Tiaht: Madame Secretary, the national average annual income in 2009 was approximately \$45,000. Admittedly rough estimates suggest the average Federal government compensation (salary and benefits) to be around \$100,000. How many private sector jobs would it require to raise enough tax revenue to support each new FTE?

Ms. Solis: Income and compensation have very different definitions, and to compare them would be misleading. The reference to \$45,000 average income is approximately correct: According to the Bureau of Labor Statistics' (BLS) Quarterly Census of Employment and Wages (QCEW), the average annual wage earnings of non-Federal workers (private and state/local) for 2008 was \$45,129. However, your comparison figure is described as "compensation (salary and benefits)" which is a broader concept. The appropriate comparison to the \$45,000 figure mentioned in the question is to wage earnings of federal employees, which averaged \$66,293 according to the 2008 QCEW report from BLS.

The understanding that Federal investment in facilities and jobs spurs economic growth and private investment is seen in the enthusiastic reaction of local civic and business leaders to an announcement of a new military base or other Federal facility in their community. They welcome it as a spur to job creation and economic development throughout the community.

Federal jobs can be a spur to private job creation, an effect that is particularly important in times of recession when private demand is falling. New Federal jobs result in expanded consumption demand as Federal employees spend their pay checks in their local communities. The economic multiplier effect of new Federal pay checks results in increased sales by private merchants, builders, service providers and manufacturers and translates into job growth and increased earnings in the private sector that ultimately echoes back through the economy in terms of increased Federal, State and local tax revenues.

I would disagree with the premise of this question (“Federal Government Jobs at the Expense of the Private Sector”) that Federal employees’ compensation represents a deadweight loss to the economy. Federal employees make valuable contributions to public safety, health, security and welfare that provide net benefits to taxpayers that exceed the taxes paid for their compensation. In some cases the productivity of Federal employees is directly measurable in terms of fees and other revenues that their work directly generates.

- An example is an Occupational Safety and Health Administration (OSHA) inspector whose work saves lives and prevents costly injuries.
- While more difficult to measure, no less real is the benefit that all Americans receive from the hard work and sacrifice of our armed forces whose efforts to protect our safety and freedom so clearly exceed the value of their compensation.

As context, it is important to note that Federal employment at 2.8 million in February, 2010, represented only 2.3 percent of the 131.3 million total payroll jobs.

The premise of the question is inaccurate in its implication that Federal workers’ salaries and compensation are only derived from taxes on the earnings of private sector workers.

- Private workers are not the only payers of personal income taxes: State, local, and Federal employees also pay income taxes.
- Personal income taxes are only one of the many streams of Federal tax receipts and other revenues that support the Federal budget. In 2009, personal income taxes accounted for only 26 percent of Federal outlays. And, Federal employee compensation is paid in part from all of the sources of federal revenue, including corporate income taxes, excise taxes, estate taxes, fines, fees and rents.

THURSDAY, MARCH 18, 2010.

**FY2011 BUDGET OVERVIEW: DEPARTMENT OF
EDUCATION**

WITNESS

HON. ARNE DUNCAN, SECRETARY OF EDUCATION

CHAIRMAN'S OPENING REMARKS

Mr. OBEY. Good morning, everybody.

Today we are pleased to have the Secretary of Education, Arne Duncan, to testify.

Mr. Secretary, don't interpret the lack of Democratic members here as a lack of interest. We are having a Democratic Caucus on a new-fangled idea that we have been rushing at breakneck speed through Congress over the past year, so people are still having some last-minute thoughts on that, and that is where they are this morning. I assume they will be by shortly.

But we are here today, of course, to discuss the fiscal 2011 budget. Let me say, Mr. Secretary, that I know you and I share the same goal of seeing every kid in this country having access to a school that can provide them with a top-notch education and produce a good strong skill set. In addition, I know that we both agree that the funds we provided for education last year in the Recovery Act were absolutely imperative and have been essential in keeping our schools from drowning.

I am not so sure we are on the same page when it comes to immediate needs and priorities about how to proceed from here. The work of the Education Department is more critical than ever. Today we face record high unemployment nationwide, while State school districts and colleges are in economic crisis. Educational opportunity, at all levels, is our most powerful tool in helping the poor and the middle-class climb up the economic ladder.

AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009

The underutilization of our human potential in the United States imposes heavy consequences on our society: lower productivity, lower earnings, poorer health, higher rates of incarceration and less civic involvement. That is why I was pleased to participate in the efforts to provide an unprecedented \$98 billion investment in education in the Recovery Act which, among other things, was responsible for creating more than 300,000 education jobs. But we need to do more, in my judgment.

According to the Center on Budget and Policy Priorities, State budget gaps will total \$180 billion in fiscal 2011 and \$120 billion in 2012. The consequences of that for our education system are staggering, and the numbers are daunting. Twenty-nine States and

the District of Columbia have cut K–12 services, even with the Recovery Act funds. In California, though I am always reluctant to cite that State because of their wacky budget process, aid to local school districts has been reduced by billions of dollars. Cuts to early childhood funding in Illinois will leave 10,000 children ineligible for services. Mississippi cut its fiscal 2010 K–12 funding by nearly 5 percent. In New Jersey, more than 11,000 students will likely lose access to after-school programs. And the list can go on and on.

In light of all of this, in my judgment, we need to do more to help States and school districts weather this financial crisis, and I hope that the Administration will put the full weight of its efforts behind efforts to do so. We also should make sure that any emergency financial assistance is broadly distributed and available for purposes like avoiding teacher layoffs and keeping the lights on.

SCHOOL REFORM

I know you and the President are very focused on using Federal aid to promote certain types of school reform. I am certainly in favor of improving our schools. I voted for No Child Left Behind, though I had huge misgivings about the details, because I felt, as I said yesterday, that it was the President's first initiative out of the box and he deserved the benefit of the doubt and because I wanted to see reform. I get just as tired as anybody else of seeing non-performing schools and dull teachers.

But, nonetheless, we can be for improving schools, but it seems to me that right now our most immediate problem is that school districts are drowning in red ink. As I said yesterday, I like to sail, but when the sailboat is sinking, my top priority would not be to put a new coat of varnish on the deck. I would want to protect the hull first.

FY 2011 BUDGET REQUEST FOR EDUCATION

Secondly, in the interest of brevity, let me skip that and simply say, on your 2011 Budget, that request includes over \$3.5 billion for new and untested initiatives, for which you will control how the funding is allocated to State school districts and other providers. In times like this, we need to worry about our core foundational programs, which go out by formula and are widely shared across the Nation. A school district's ability to attract funds should not depend upon its capacity to write a grant application.

ELEMENTARY AND SECONDARY BUDGET REQUEST

I want to support this Administration in your education priorities, but not at the expense of reliable and predictable Federal support that thousands of districts across the country rely upon.

Perhaps most troubling is the lack of any increase at all in Title I funds, which are broadly distributed by formula to all school districts in need. At the same time, the budget includes an extra \$500 million to expand the Innovation Fund, which makes grants through competitions run by your Department. Similarly, it seeks to more than double the appropriation for Teacher Incentive Funds,

even though your Department has yet to complete any rigorous evaluation of this 5-year-old program.

Overall, in the Administration's budget, funding for ESEA, funding for formula grants go down by almost \$700 million, while narrowly targeted competitive grant programs increase by \$3 billion. It seems to me that is not the correct balance, particularly during these hard economic times when most school districts need immediate help.

HIGHER EDUCATION BUDGET

I also want to express reservations about your higher education budget. I believe that a more educated citizenry is vitally important to our economy, especially in our changing economy. But we need to make sure that a student's brain, not their bank account, is the only determinant on whether they can get a college degree.

Would you put that chart up, please?

We put this chart up earlier this week, and I want to emphasize it again. What the chart demonstrates is that a student who in the 8th grade was in the top 20 percent of performers in mathematics had a 29 percent chance of graduating from college if they come from a poor family and a 75 percent chance of graduating from college if they come from a rich one. That, in my view, is an indictment of our indifference to the needs of children who are stuck in low-income families and stuck in poverty-related schools. And it seems to me our number one priority needs to be to redress that imbalance.

PELL GRANTS

I would also say that a key tool to increasing access to higher education for students of modest means is the Pell Grant. These grants currently help over 8 million students get the college or technical education they need to qualify for a decent job. Over the past 5 years, this Congress has worked to increase the maximum Pell Grant award by \$1,500. We are facing a real challenge in continuing that policy.

The cost of maintaining Pell Grants at that level is rising. You have large numbers of students going back to school because they recognize the tightness of the job market, and they are trying to upgrade their skills. Unfortunately, as we look for a solution to Pell funding, the administration's budget leaves me somewhat confused. It proposes to somehow move Pell Grants over to the entitlement side of the budget. I have no idea how well that is going to be received by the Congress. But we understand that if enacted, the Higher Education Reconciliation Act would provide a portion of the shortfall that we are facing today.

But even counting that funding, it still leaves a substantial shortfall, and we need the Administration's help in finding a solution. It is not just good enough to ask us for the money, without suggesting how it is going to be paid for. So, I hope you can explore those issues over the next couple of hours, Mr. Secretary.

RANKING MEMBERS OPENING REMARKS

Mr. Tiahrt, I would invite you to make whatever comments you think are appropriate.

Mr. TIAHRT. Thank you, Mr. Chairman.

I want to begin by thanking Secretary Duncan and Mr. Skelly for showing up today before the committee.

Welcome to the committee.

EDUCATION SPENDING AND BUDGET DEFICIT

We all know that education is critical, and I think we can all agree it is very important that we give the tools to every child to achieve their view of the American dream as well as equipping our economy for the skilled workforce needed to keep us competitive in a global economy.

To do this, we need a world-class education system that puts the needs of students, parents and teachers first, while partnering with our local schools. I know there are differences on how we intend to accomplish this, particularly when the Federal Government would continue hemorrhaging red ink under the President's budget as far as the eye can see.

The deficit this year under the President's budget will reach \$1.5 trillion and never dips below \$700 billion over the next decade, while our national debt would nearly double, despite an economy that is projected to have recovered and the war in Iraq ended. Beyond the next 10 years, the current path is unsustainable, as spending on the big three entitlement programs will continue to consume all of the available resources under current law.

So as we look at the Department's budget request, tough choices will have to be made. We are putting the burden of today's spending on the kids who will be working tomorrow. So we have a trade-off: a good education system with frills that the students have to pay off in the future, or a system that meets the needs to give them the tools so they can achieve their dreams without the frills.

While I have questions and concerns about many of the specifics in the Department's budget proposal, I look forward to the opportunity to continue discussing with the Secretary and the members of this subcommittee how we can responsibly invest in educational excellence, both today and going forward.

Thank you, Mr. Chairman.

Mr. OBEY. Thank you.

Mr. Secretary, please proceed. Why don't you take 5 or 10 minutes to summarize your statement. And we will put the full statement in the record.

SECRETARY ARNE DUNCAN'S OPENING STATEMENT

Secretary DUNCAN. I will be brief. Thank you so much, Chairman Obey and Ranking Member Tiahrt, for the opportunity to appear before the entire committee today.

I want to begin by thanking you for what you have done to keep America's teachers in the classroom and to keep America's children learning. The Recovery Act saved nearly 325,000 education-related jobs and another 75,000 non-education jobs at the State level, and that is just through our Department. This funding not only helped

stabilize the economy and avoid a depression, but it absolutely averted an educational catastrophe.

And, Chairman Obey, I want to personally thank you for all your leadership in making that happen.

All told, we have obligated over \$70 billion from the Recovery Act. We have \$25 billion left, most of which will be out the door over the next few months. That money will help States balance budgets, help young people pay for college, and help drive the change we need in our classrooms to prepare our children for the jobs of the future.

DEPARTMENT OF EDUCATION FY 2011 BUDGET REQUEST

Let me turn to our proposed 2011 education budget. As you know, while most Federal spending is frozen, President Obama is proposing an historic increase in education funding. He understands that education is the key to our economic security, and even in these challenging times, he remains deeply committed to this issue.

DISCRETIONARY FUNDING REQUEST

The President is requesting a 7.5 percent increase in discretionary spending, from \$46.2 billion to \$49.7 billion. It supports our cradle-to-career agenda, from preschool through college. Our K-12 budget is focused on six areas, all of them about supporting students and teachers.

COLLEGE AND CAREER READINESS

“College and Career Ready Students” is our new proposed name for the Title I formula grant program, which we continue to fund at historic levels. The Title I program will also receive substantial Recovery Act dollars next year.

We also propose more funding for School Turnarounds, from \$546 million to \$900 million, so we can continue to focus on the lowest-performing 5 percent of each State’s schools.

PROMOTING WELL-ROUNDED EDUCATION

Second, because students need a well-rounded education, we propose a \$100 million increase for learning programs beyond tested subjects like reading, writing, math and science, that is, for programs such as technology, the arts, foreign languages, history and other subjects. All told, we will request more than \$1 billion next year to promote a well-rounded education.

ENSURING PROPER LEARNING ENVIRONMENTS

Third, student supports are needed to ensure a proper learning environment. Our budget proposes a \$245 million increase over 2010 for a total of \$1.8 billion to improve school climate, student health, student safety, parental engagement and community involvement. This includes continued support for the 21st Century Community Learning Centers program. We also want to work with the Congress to refine this program so that it lifts student outcomes and incorporates enrichment activities through community partnerships.

PROMISE NEIGHBORHOODS

We are also proposing a major investment in a new program modeled on the Harlem Children's Zone. It is called Promise Neighborhoods, and it seeks to transform whole communities with schools as neighborhood anchors. It provides wrap-around social services from birth through college for students and families at risk.

RESOURCES FOR DIVERSE LEARNERS

The fourth area of reform we are calling Diverse Learners. This includes students with disabilities who will benefit from a requested \$250 million boost to the IDEA formula grant program. Like Title I, substantial IDEA Recovery Act dollars will continue to be available this year.

Other diverse learning populations include English-language learners, which will get a \$50 million boost under our proposal, and we are maintaining dedicated funding for migrant students, homeless students, rural students and Native American students.

EFFECTIVE TEACHERS AND SCHOOL LEADERS

The fifth area of reform is called Teachers and Leaders. No one is more essential to educational success than the person in front of the class and the person who is running that school building. This proposed budget seeks \$3.9 billion, a \$350 million increase, to elevate the teaching profession and get effective teachers and leaders into the schools that need them the most.

We are also requesting a large investment in teacher and principal leadership programs so States and districts can recruit and train the very best people possible.

We further support both traditional and nontraditional pathways into teaching so people from all walks of life can bring their experience and knowledge into the classroom. And our budget invests in programs to reward educators for raising achievement and working in hard-to-staff schools and subjects.

COMPREHENSIVE CHANGE NEEDED

The final area falls under the category of innovation. We are proposing almost \$2.5 billion to increase high-quality charter and magnet schools and other autonomous public schools and to continue the Race to the Top and the Investing in Innovation programs. With so many children at risk of failure, America cannot accept the status quo. We have to be bold.

The facts are both startling and disturbing. Today, 27 percent of America's young people drop out of high school. That means 1.5 million teenagers are leaving our schools for the streets. And this is a national problem, urban, suburban and rural. Our 15-year-olds rank 24th out of 29 countries in math. In science, 15-year-olds rank 17th. And just 40 percent of young people earn a 2-year or 4-year college degree, and the U.S. now ranks 10th in the world in the rate of college completion. We used to lead the world. We have flatlined. Many other countries have passed us by.

We must embrace new approaches to learning and expand upon proven models of success. We must hold everyone accountable for results, and we must aim higher.

Our States recognize the problem, and that is why 48 of them are working together to raise standards, and 40 of them, along with Washington, D.C., have developed bold reform plans in their bid for Race to the Top funding. And everyone who applied is a winner. Those good, courageous, tough conversations are happening around the country, and we are seeing huge progress.

FY 2011 BUDGET AND ESEA REAUTHORIZATION

We are also seeing considerable bipartisan interest—both in the States and here in Congress—in our reauthorization proposal.

I would like to briefly touch on some of the key elements which are organized around three main goals: first, raising standards so the students truly graduate from high school ready for college or the world of work; second, rewarding excellence and growth; and, third, increasing local control and flexibility while maintaining the focus on equity and closing those stubborn achievement gaps.

We believe that States do not need a prescription for success. States and districts need a common definition of success. And we need a better system of accountability.

As you know, No Child Left Behind greatly expanded the Federal role in holding schools accountable. It required States, districts and schools to report test scores disaggregated by student subgroups, bringing much-needed transparency around achievement gaps. NCLB was right to create a system based on results for students, not just on inputs.

But there are far too many perverse incentives, and we must fix that. NCLB's accountability system actually encouraged States to lower standards. It doesn't measure growth or reward excellence. It prescribes the same one-size-fits-all interventions for schools with very different needs.

It also led to a narrowing of the curriculum and excessive focus on test preparation. And it labels too many schools as failing, regardless of the progress they are making.

Our proposal will use student academic growth and gain as the measure of whether schools, districts and States are making progress. It is a fairer, more honest and much more useful indicator. Most educators say they want to be evaluated on growth, not proficiency.

As I said before, our proposal supports a well-rounded education, not only by requesting more than \$1 billion for the arts, science, history, languages and other subjects, but by allowing, not mandating, States to use these subjects in their accountability systems.

Under our plan, we will reward schools that are making the most progress, and we will be tough-minded with our lowest performing schools and schools with large achievement gaps that aren't closing. All other schools will be given flexibility to meet performance targets working under their State and local accountability systems.

SUPPORT FOR RURAL DISTRICTS COMPETING FOR FUNDS

Now, we understand there are concerns that small rural districts cannot compete with large urban districts for grants, so here is

what we will do: First, we will continue funding the Rural Education Achievement Program, also known as REAP. In our budget, it has not been consolidated with any other programs or funding streams.

Second, we will look at competitive priorities for rural districts where it makes sense and is needed, and we welcome that discussion with you. We recently did exactly that with the Investing in Innovation Fund, the \$650 million I-3 fund.

Finally, we are also identifying foundations and nonprofit organizations to partner with rural districts. I have traveled to many rural areas in the past year and seen firsthand both the challenges they face as well as their capacity to address them. And I am confident that our Department can support rural school districts as they work to improve—and compete.

So those are some of the highlights. I encourage you and your staff to review the blueprint for reauthorization which is now available online.

PROGRAM CONSOLIDATIONS AND SAVINGS

I want to make one additional point about efficiency and our obligation to taxpayers. In our proposed 2011 budget, we list \$340 million in savings by cutting ineffective programs and eliminating earmarks. We also consolidated 38 programs down to 11 funding streams to reduce red tape and paperwork for local educators, and they have been very appreciative of that.

The bottom line is that, between our budget and our blueprint, we have a coherent and comprehensive vision for education in the 21st century that builds on core values shared by Congress and by the Administration: high standards and better assessments, rewarding excellence with real incentives based on student growth, and a smarter, more limited Federal role that supports rather than directs State and local educators.

STATE OF EDUCATION BUDGETS NATIONWIDE

Let me just close by voicing my concern for education budgets around the country. Even with the remaining Recovery Act dollars, States are facing teacher layoffs, cutting school days and furloughing teachers to balance their budgets. For many States, that funding cliff arrives this July.

I want to thank the House for supporting an education jobs bill. I appreciate that there is growing concern that the Federal Government cannot continue funding States indefinitely. But America cannot neglect its obligation to children now. Somehow, we must find a way to continue to support our teachers and principals, parents and students, so that we emerge from this difficult economic period stronger and better prepared for tomorrow.

Thank you so much. I am happy to take your questions.

PREPARED STATEMENT OF SECRETARY DUNCAN

[The statement follows:]

DEPARTMENT OF EDUCATION

Statement by

Arne Duncan
Secretary of Education

on the

U.S. Department of Education Fiscal Year 2011 Budget Request

Mr. Chairman and Members of the Committee:

Thank you for this opportunity to testify on behalf of the President's 2011 budget request for education. I want to begin by thanking all of you for your commitment to our children's education. This Committee has played a critical role in helping the Department to accomplish an extraordinary amount of work over the past year, both to help America's education system weather the economic recession and to launch key initiatives to improve the quality of that system.

AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009

It was just over a year ago that Congress and President Obama worked together to complete the American Recovery and Reinvestment Act of 2009 (Recovery Act). This legislation is delivering nearly \$100 billion to Recovery Act recipients, including States and school districts, to help address budget shortfalls in the midst of the most severe financial crisis and economic recession since the Great Depression. To date, the Department has awarded more than \$69 billion. For the quarter ending December 31, 2009, recipients reported that assistance from the Department of Education funded approximately 400,000 jobs overall, including more than 300,000 education jobs, such as principals, teachers, librarians and counselors. These numbers are consistent with the data submitted in October, during the first round of reporting, and this consistency reflects the steady and significant impact of the Recovery Act. Although State and local education budgets remain strained, schools systems throughout the country would be facing much more severe situations were it not for the Recovery Act. The Recovery Act also increased Federal postsecondary student aid to help students and families pay for college.

I believe, however, that the Recovery Act did much more than just provide short-term financial assistance to States and school districts. Indeed, I think the Recovery Act will be seen as a watershed for American education because it also laid the groundwork for needed reforms that will help improve our education system and ensure America's prosperity for decades to come. Thanks to the Recovery Act, all States now are working to strengthen their standards and assessments, improve teacher and leader effectiveness, improve data systems and increase the use of data to improve instruction, and turn around low-performing schools.

In addition, the Recovery Act helped to jumpstart a new era of innovation and reform, particularly through the \$4 billion Race to the Top program and the \$650 million Investing in Innovation Fund. States already have demonstrated their interest in the reforms called for by the Recovery Act and Race to the Top. Just in preparation to apply for Race to the Top grants, States have made essential changes, such as allowing data systems to link the achievement of individual students to their teachers and enabling the growth or expansion of high-quality charter schools. States also are demonstrating the progress they have made toward implementing the reforms called for in the State Fiscal Stabilization Fund in their applications for Phase II of that funding. We must continue to invest in innovation and scale up what works to make dramatic improvements in education. The President's fiscal year 2011 budget requests \$1.35 billion for Race to the Top awards, both for States and for a new school district-level competition, as well as \$500 million in additional funding for the Investing in Innovation (i3) program.

The House also has passed the Student Aid and Fiscal Responsibility Act (SAFRA), which would make much-needed reforms to Federal postsecondary student aid programs that would enable us to make key investments in education by redirecting the tens of billions of dollars that otherwise would be spent on unnecessary subsidies to lenders over the next decade. These investments include expanding student aid through a more generous Pell Grant program and low-cost student loans, preparing students and workers for 21st Century jobs to increase our social well-being and economic prosperity, including through President Obama's American Graduation Initiative, and helping more low-income children enter school with the skills they need to succeed through the President's Early Learning Challenge Fund. SAFRA also includes important investments in Historically Black Colleges and Universities and minority-serving institutions. Our 2011 budget request strongly supports SAFRA, and we are working to win Senate approval for it as soon as possible.

PRESIDENT OBAMA'S 2011 BUDGET REQUEST

The centerpiece of the 2011 budget request for the Department of Education is the pending reauthorization of the Elementary and Secondary Education Act (ESEA). The President is asking for a discretionary increase of \$3.5 billion for fiscal year 2011, of which \$3 billion is dedicated to ESEA, the largest-ever requested increase for ESEA. Moreover, if together, we complete an ESEA reauthorization that is consistent with the President's plan, the Administration will submit a budget amendment for up to an additional \$1 billion for ESEA programs. But, our budget and reauthorization are not simply about more resources - they also are about using resources more effectively. We would greatly appreciate your support for this historic budget.

The Department's budget and performance plan for 2011 also includes a limited number of high-priority performance goals that will be a particular focus over the next two years. These goals, which will help measure the success of the Department's cradle-to-career education strategy, reflect the importance of teaching and learning at all levels in the education system. The Department's goals include supporting reform of struggling

schools, improvements in the quality of teaching and learning, implementation of comprehensive statewide data systems, and simplifying student aid. These goals and key initiatives and other performance information are included in the President's Fiscal Year 2011 Budget materials and are on www.ed.gov.

FISCAL YEAR 2011 BUDGET REQUEST AND ESEA REAUTHORIZATION

Our 2011 budget request incorporates an outline of our key principles and proposals for ESEA reauthorization. We have thought a great deal about the appropriate Federal role in elementary and secondary education, and want to move from a simple focus on rules, compliance, and labeling of insufficient achievement, toward a focus on flexibility for States and local educational agencies (LEAs) that demonstrate how they will use program funds to achieve results, and on positive incentives and rewards for success. That is why, for example, our 2011 budget request includes \$1.85 billion in new funding for the Race to the Top and Investing in Innovation (i3) programs. In addition, our reauthorization proposal for Title I, Part A of ESEA would reward schools or LEAs that are making significant progress in improving student outcomes and closing achievement gaps. Our budget and reauthorization proposals also would increase the role of competition in awarding ESEA funds to support a greater emphasis on programs that are achieving successful results.

We believe that our goals of providing greater incentives and rewards for success, increasing the role of competition in Federal education programs, supporting college- and career-readiness, turning around low-performing schools, and putting effective teachers in every classroom and effective leaders in every school require a restructuring of ESEA program authorities. For this reason, our budget and reauthorization proposals would consolidate 38 existing authorities into 11 new programs that give States, LEAs, and communities more choices in carrying out activities that focus on local needs, support promising practices, and improve outcomes for students, while maintaining Federal support for the most disadvantaged students, including dedicated formula grant programs for students who face unique challenges, such as English learners, homeless children, migrant students, and neglected and delinquent students.

COLLEGE- AND CAREER-READINESS

Another key priority is building on the Recovery Act's emphasis on stronger standards and high quality assessments aligned with those standards. We believe that a reauthorized Title I program, which our budget request would fund at \$14.5 billion, should focus on graduating every student college- and career-ready. States would adopt standards that build toward college- and career-readiness, and implement high-quality assessments that are aligned with and capable of measuring individual student growth toward these standards. To support States in this effort, our request would provide \$450 million, an increase of 10 percent increase, for a reauthorized Assessing Achievement program (currently State Assessments).

States would measure school and LEA performance on the basis of progress in getting all students, including groups of students who are members of minority groups, low-income, English learners, and students with disabilities, on track to college- and career-readiness, as well as closing achievement gaps and improving graduation rates for high schools. States would use this information to differentiate schools and LEAs and provide appropriate rewards and supports, including recognition and rewards for those showing progress and required interventions in the lowest-performing schools and LEAs. To help turn around the nation's lowest-performing schools, our budget would build on the \$3 billion in school improvement grants provided in the Recovery Act by including \$900 million for a School Turnaround Grants program (currently School Improvement Grants). This and other parts of our budget demonstrate the principle that it is not enough to identify which schools need help – we must encourage and support State and local efforts to provide that help.

EFFECTIVE TEACHERS AND SCHOOL LEADERS

We also believe that if we want to improve student outcomes, especially in high-poverty schools, nothing is more important than ensuring that there are effective teachers in every classroom and effective leaders in every school. Longstanding achievement gaps closely track the inequities in classrooms and schools attended by poor and minority students, and fragmented ESEA programs have failed to make significant progress to close this gap. Our reauthorization proposal will ask States and LEAs to set clear standards for effective teaching and to design evaluation systems that fairly and rigorously differentiate between teachers on the basis of effectiveness and that provide them with targeted supports to enable them to improve. We also will propose to restructure the many teacher and teacher-related authorities in the current ESEA to more effectively recruit, prepare, support, reward, and retain effective teachers and school leaders. Key budget proposals in this area include \$950 million for a Teacher and Leader Innovation Fund, which would support bold incentives and compensation plans designed to get our best teachers and leaders into our most challenging schools, and \$405 million for a Teacher and Leader Pathways program that would encourage and help to strengthen a variety of pathways, including alternative routes, to teaching and school leadership careers.

We also are asking for \$1 billion for an Effective Teaching and Learning for a Complete Education authority that would make competitive awards focused on high-need districts to improve instruction in the areas of literacy, science, technology, engineering, mathematics, the arts, foreign languages, civics and government, history, geography, economics and financial literacy, and other subjects. Our request also includes \$2.5 billion for an Effective Teachers and Leaders formula grant program to help States and LEAs improve teaching and enhance the teaching profession.

In addition, throughout our budget, we have included incentives for States and LEAs to use technology to improve effectiveness, efficiency, access, supports, and engagement across the curriculum. In combination with the other reforms supported by the budget, these efforts will pave the way to the future of teaching and learning.

IMPROVING STEM OUTCOMES

One area that receives special attention in both our 2011 budget request and our reauthorization plan is improving instruction and student outcomes in science, technology, engineering, and mathematics (STEM). The world our youth will inherit increasingly will be influenced by science and technology, and it is our obligation to prepare them for that world.

The 2011 request includes several activities that support this agenda and connect with President Obama's "Educate to Innovate" campaign, which is aimed at fostering public-private partnerships in support of STEM. Our goal is to move American students from the middle of the pack to the top of the world in STEM achievement over the next decade, by focusing on (1) enhancing the ability of teachers to deliver rigorous STEM content and providing the supports they need to deliver that instruction; (2) increasing STEM literacy so that all students can master challenging content and think critically in STEM fields; and (3) expanding STEM education and career opportunities for underrepresented groups, including women and girls and individuals with disabilities.

Specifically, we are asking for \$300 million to improve the teaching and learning of STEM subjects through the Effective Teaching and Learning: STEM program; \$150 million for STEM projects under the \$500 million request for the i3 program; and \$25 million for a STEM initiative in the Fund for the Improvement of Postsecondary Education to identify and validate more effective approaches for attracting and retaining, engaging and effectively teaching undergraduates in STEM fields. And, I have directed the Department to work closely with other federal agencies, including the National Science Foundation, the Department of Defense, the National Aeronautics and Space Administration, and the National Institutes of Health to align our efforts toward our common goal of supporting students in STEM fields.

COMPREHENSIVE SOLUTIONS

We also recognize that schools, parents, and students will benefit from investments in other areas that can help to improve student outcomes. Toward that end, we are proposing to expand the new Promise Neighborhoods program by including \$210 million to fund school reform and comprehensive social services for children in distressed communities from birth through college and career. A restructured Successful, Safe, and Healthy Students program would provide \$410 million to – for the first time – systematically measure school climates, which we know can affect student learning. This will help direct funding to schools that show the greatest need for resources to increase students' safety and well-being by reducing violence, harassment and bullying; promote student physical and mental health; and prevent student drug, alcohol, and tobacco use.

COLLEGE ACCESS AND COMPLETION

The Administration has made college- and career-readiness for all students the goal of its ESEA reauthorization proposal, because most students will need at least some

postsecondary education to compete for jobs in the 21st Century global economy. For this reason, we are proposing a College Pathways and Accelerated Learning program that would increase high school graduation rates and preparation for college by providing students in high-poverty schools with opportunities to take advanced coursework that puts them on a path toward college. This new program would help expand access to accelerated learning opportunities such as Advanced Placement and International Baccalaureate courses, dual-enrollment programs that allow students to take college-level courses and earn college credit while in high school, and “early college high schools” that allow students to earn a high school degree and an Associate’s degree or two years of college credit simultaneously.

Just as essential to preparing students for college is ensuring that students and families have the financial support they need to pay for college. As I noted earlier, the Administration supports passage of SAFRA, which would make key changes in student financial aid and higher education programs that are consistent with President Obama’s goal of restoring America’s status as first in the world in the percentage of college graduates by 2020. In combination with SAFRA, the 2011 request would make available more than \$156 billion in new grants, loans, and work-study assistance—an increase of \$58 billion or 60 percent over the amount available in 2008—to help almost 15 million students and their families pay for college. And another achievement of the Recovery Act, the new American Opportunity Tax Credit, will provide an estimated \$12 billion in tax relief for 2009 filers. The budget proposes to make this refundable tax credit permanent, which will give families up to \$10,000 to help pay for four years of college.

The 2011 budget request would raise the maximum Pell grant to \$5,710, nearly a \$1,000 increase since the President took office. In that time, the number of students receiving grants has grown from six million to nearly nine million, and the total amount of aid available has nearly doubled. In addition, we are asking Congress to make funding for the Pell Grant program mandatory rather than discretionary, to eliminate annual uncertainty about Pell Grant funding and end the practice of “backfilling” billions of dollars in Pell Grant funding shortfalls.

No one should go broke because of student loan debt. That is why our budget also would help borrowers struggling to repay student loans by reducing the minimum payment to 10 percent of their discretionary income, and providing for all of their debt to be forgiven after 20 years – 10 years if they choose a career in public service. These changes will help more than one million borrowers next year.

IMPROVING OUTCOMES FOR ADULT LEARNERS

The 2011 budget request includes funding for a variety of programs that support adult learners, including career and technical education, and adult basic and literacy education. These programs provide essential support for State and local activities that help millions of Americans develop the knowledge and skills they need to reach their potential in a global economy. For example, our request would provide \$1.3 billion for Career and Technical Education State Grants, to support continued improvement and to

increase the capacity of programs to prepare high school students to meet State college and career-ready standards. One of our greatest challenges is to help the 90 million adults for whom increasing basic literacy skills is a key to enhancing their career prospects. For this reason, we are asking for \$612.3 million for Adult Basic and Literacy Education State Grants, an increase of \$30 million over the comparable 2010 level, to help adults without a high school diploma or the equivalent to obtain the knowledge and skills necessary for postsecondary education, employment, and self-sufficiency.

IMPROVING OUTCOMES FOR PERSONS WITH DISABILITIES

The budget also includes several requests and new initiatives to enhance opportunities for students and other persons with disabilities. For example, the budget request includes a \$250 million increase for Grants to States under the Individuals with Disabilities Education Act to help ensure that students with disabilities receive the education and related services they need to prepare them to lead productive, independent lives. The \$3.6 billion request for Rehabilitation Services and Disability Research would consolidate nine Rehabilitation Act programs into three to reduce duplication and improve the provision of rehabilitation and independent living services for individuals with disabilities. The request includes a \$6 million increase over the 2010 level for a new Grants for Independent Living program (which consolidates Independent Living State Grants and Centers for Independent Living) and would provide additional funding for States with significant unmet needs. It also includes \$25 million for a new program that would expand supported employment opportunities for youth with significant disabilities as they transition from school to the workforce, through competitive grants to States to develop innovative methods of providing extended services.

The Budget provides \$112 million for the National Institute on Disability and Rehabilitation Research to support a broad portfolio of research and development, capacity-building, and knowledge translation activities. And the request includes \$60 million—\$30 million under Adult Education and \$30 million under Vocational Rehabilitation—for the Workforce Innovation Fund, a new initiative in partnership with the Department of Labor. The proposed Partnership for Workforce Innovation, which encompasses \$321 million of funding in the Departments of Education and Labor, would award competitive grants to encourage innovation and identify effective strategies for improving the delivery of services and outcomes for beneficiaries under programs authorized by the Workforce Investment Act. This investment will create strong incentives for change that, if scaled up, could improve cross-program delivery of services and outcomes for beneficiaries of programs under the Workforce Investment Act.

CONCLUSION

In conclusion, we have made extraordinary progress in meeting the needs of our schools and communities in the midst of financial crisis and recession, making long-needed reforms in our Federal postsecondary student aid programs, and reawakening the spirit of innovation in our education system from early learning through college. The next step to cement and build on this progress is to complete a fundamental restructuring

of ESEA, and we believe strongly that our 2011 budget request is essential to that effort. I look forward to working with the Committee toward that goal and have every confidence that with your continuing leadership and strong support from President Obama and the American people, we will accomplish this important task.

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.

Last year, he was 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 and has two children, daughter Clare, 7, and son Ryan, 4.

Mr. OBEY. Thank you.
 Mr. TIAHRT.
 Mr. TIAHRT. Thank you, Mr. Chairman.

PELL GRANT PROGRAM COSTS

Mr. Secretary, there is a huge rise in cost in Pell Grants since fiscal year 2007. The maximum Pell Grant award under the House-reported Labor-HHS bill was \$4,150 per student at a total cost to taxpayers of about \$13 billion. That represented an increase of \$100 in the maximum award over the previous year. Since then, Congress has increased the maximum award to \$5,550, the bulk of which is this committee's responsibility. Your request for that amount is an increase to \$5,710, for a total cost of \$36 billion. When you consider the increase for the amount coupled with the number of students, which in the last 4 years has gone up by about 50 percent, it is a lot of money that we are setting aside.

How has the cost of this important program skyrocketed so much in just 4 years?

Secretary DUNCAN. What we are trying to do is make sure—and I think Chairman Obey's slide is very compelling. There are so many students around this country who want to go to college who, due to difficult financial circumstances, simply can't afford it. And we want to make sure that those dreams don't die young.

I don't worry just about our seniors and juniors. I worry about those 9- and 10-year-olds around the country whose mom or dad loses their job or takes a huge pay cut, and they start to think that college isn't for them. We have to continue to invest. We have to educate our way to a better economy.

If we simply stop subsidizing banks and put those savings behind Pell Grants, we can close that shortfall in the Higher Education Act. And the bill, I appreciate Chairman Obey and Chairman Miller for their leadership on that. If we choose to invest in education and stop subsidizing banks, we can do the right thing by the country.

Mr. TIAHRT. And we are very proud of our institutions in Kansas, and especially around March Madness, I have seen some brackets where the finals is KU versus K-State.

Secretary DUNCAN. I am picking Kansas.

Mr. OBEY. What are they playing, badminton?

RIISING TUITIONS AND COST TO STUDENTS

Mr. TIAHRT. My concern is that, as we put more money and dollars in the system, it seems like the universities just bump up their tuition costs, and we end up with the kids in the same problem. By putting more money in the system, doesn't necessarily open the doors for them; as a matter of fact, it may be more difficult for them, because they don't get enough, they start borrowing money, and by the time they get through their 4-year program, they owe \$100,000.

Secretary DUNCAN. It is a great question. I share that concern. And it is really interesting. If you look across a couple thousand higher education institutions, you see folks doing different things. You see some with absolutely runaway costs, way above the rate

of inflation. You see other universities going to 3-year programs, going to no-frills campuses, doing some very creative things.

And I think our students and families are very, very smart, and they are going to vote with their feet. They are going to do their homework, and where the costs are out of control and the value is not there, folks are going to stop going. You have seen a number of universities start to go in the other direction, reducing costs even in tough times, going to 3-year programs, no-frills campuses.

So I think our students and parents through the marketplace are going to help drive more universities to go where they need to. But where schools have runaway costs, I think you are going to see students and parents choose to go in a different direction.

FINANCING PELL GRANTS AND DIRECT LENDING PROPOSAL

Mr. TIAHRT. Well, we are going from \$13 billion in fiscal year 2007 to now a total cost of more than \$36 billion. That is almost three times the increase. My concern is, these kids are going to end up paying for this because it is borrowed money. It is money we don't have.

Secretary DUNCAN. Again, this is money we can invest in students without going back to taxpayers for another dime. We simply stop subsidizing banks. So this is a real chance for America, I think, to get its priorities right. I think we have to stop subsidizing banks. If we can do that, we can invest unprecedented resources to make college more accessible and affordable for our Nation's young people.

DIRECT LENDING PROPOSAL—TERMINATING LENDER SUBSIDIES

The President has drawn a line in the sand. He says, by 2020, we want to again lead the world in college graduation rates. We have to educate our way to a better economy. Again, we used to lead the world. We have flatlined. Many other countries have passed us by. And making college more accessible and affordable is very important.

There is a piece of that legislation that is something else called income-based repayment, IBR. Again, simply by stopping those subsidies to banks, we could reduce those loans and repay them at the back end.

Mr. TIAHRT. Mr. Secretary, we just had Secretary Geithner here a couple days ago, and he is very proud of subsidizing the banks. And I don't think he is going to stop.

It doesn't prevent our kids from having to pay back this borrowed money. I think you are absolutely right; we have to quit bailing out the buddies on Wall Street.

It is tragic that our kids that are in school today, the kids that are going to qualify for these Pell Grants, are saddled with the burden of paying back not only the money that is being allocated for education now, higher education Pell Grants, but also what we paid to bail out the banks.

We are overdrawn by \$655 billion this year alone. We are going to have to start making some tough choices, and it seems like this is a dramatic increase.

Secretary DUNCAN. Again, I think we are trying to make some tough choices. I agree with you. We are trying to make a tough

choice to stop subsidizing banks and put that money behind young people.

Mr. OBEY. The gentleman's time has expired.

Ms. Lowey.

Mrs. LOWEY. Thank you, Mr. Chairman.

21ST CENTURY COMMUNITY LEARNING CENTERS

And thank you, Mr. Secretary, for your leadership and creativity. However, I want to ask you a couple of questions about the after-school programs. This has been very important to me and to many of our communities.

The budget request includes \$1.6 billion for the 21st Century Community Learning Centers program. So this appears to be the same as fiscal year 2010, but after I look closely, I realize that \$10 million of the request would fund full-service community schools, and \$3 million would stay at the Department to run a national competition. So it is actually a \$13 million cut.

Now, we know that after-school programs serve more children than 5 years ago. There are more children, however, unsupervised each afternoon. The demand for programs is higher than ever. In fact, parents of 18.5 million children not currently participating in after-school programs say they would enroll their children if one were available.

Now, my constituents say that reducing funds for after-school programs is like pulling the rug out from under working families who are struggling right now. So I am not opposed to extending the school day, but it is important to delineate between extended day and after-school programs.

The vast majority of after-school programs last until 5 to 7 p.m., whereas extended-day programs often run only until 4 p.m. After-school programs just keep children safe longer, giving them enrichment and education activities until their working parents get home.

IMPACT OF ECONOMY ON AFTER-SCHOOL PROGRAMS

There was a survey conducted by the Afterschool Alliance that looked at how the economy is affecting after-school programs. It found that 95 percent of after-school programs report that the recession is affecting their community. Approximately 6 in 10 programs report a loss in funding due to the recession; 86 percent say more kids in their community need after-school programs; and 83 percent report that funding for their program is less than secure for the next 3 to 5 years.

So the gap between the proposed funding level and the authorized level of \$2.5 billion leaves as many as 1.5 million children behind and many States unable to make new grants, and that prevents new programs from getting off the ground and turning away established programs looking to renew grants.

AFTER-SCHOOL PROGRAMS

So I would like to ask you three questions: One, why is the Department proposing to effectively reduce after-school funding by

using these funds for other purposes, as good as they may be, besides funding 21st Century Community Learning Centers?

How does extending the school day fill the gap between what would otherwise be accomplished through after-school programs?

And given the obvious need for more after-school programs, did the Department consider increasing funding for the program? You have asked for an overall increase in the budget. So I would say, why didn't you increase these programs when the need is so obvious?

I want to make it clear, I am not against extended-day, but I don't think it takes the place of the after-school programs.

Could you respond?

Secretary DUNCAN. Sure. Those are really powerful questions. Let me just say I got my start in education in my mother's after-school program. I was raised as part of that and ran my own after-school program for 6 years before I went to join the Chicago public schools. So, throughout my life, I have seen the extraordinary benefits.

Our streets often aren't as safe as we want them to be. As you know, we have more and more children on their own after school, and whether it is two-parent working families or a single-mom working two or three jobs, those hours, I would say, not just 3 o'clock to 5 o'clock, but 3 o'clock to 7 o'clock, 8 o'clock, are times of high anxiety for parents. And we have to find ways to address that. Let me start talking in bold strokes and then answer your question specifically.

We talk about what our priorities are. One of the six buckets is student supports, and the total pot there is \$1.8 billion. That is a 16 percent increase. That is for after-school and extended-day. It is trying to create safe and healthy students, and it is this idea of creating more—replicating the ideas behind Jeffrey Canada's Harlem Children's Zone to make sure we have entire communities that are supporting students, enabling them to—

Mrs. LOWEY. Kid's Day does a great job, too. We have that in New York as well.

Secretary DUNCAN. It does a great job. I will also tell you the President has requested an additional \$1 billion if the reauthorization passes, and we want to put a large chunk of that money into after-school programs. So if that passes with Congress's support this year, there is another huge funding source.

We are not looking to cut funding. We are challenging grantees to tackle both of those two things.

Mrs. LOWEY. Wait. You are not looking to cut it, but you are, for something else that is good.

Secretary DUNCAN. Again, we are going to challenge grantees to do these things. I don't see these two ideas as in conflict. I think folks can work on these things together.

Mrs. LOWEY. How?

Secretary DUNCAN. Community schools can integrate after-school programs.

Mrs. LOWEY. Where are they going to get the money?

Secretary DUNCAN. Again, these are through the grants we are going to put out. So there is a chance here for folks who are being

creative to add time. We couldn't agree with you more; we want to add more time after school.

Mrs. LOWEY. Okay, let me just say this: I think your extended-day, your other programs are all great and all wonderful, but in the meantime, there are over 1 million kids who will not be able to get services of after school.

So what I would just say, and I am hoping we can work together on the budget, is, I might adjust those figures, because I think it is important to address the after-school program. And we are certainly willing to support your creativity and extended-day, and I am familiar with CIPS and all the others. So I hope we can work together on that.

Secretary DUNCAN. Thank you so much for your thoughtfulness.

Mr. OBEY. Mr. Rehberg.

Mr. REHBERG. Thank you.

I want to thank minority staff for sticking around for my questioning this time.

COMPETITIVE GRANT PROGRAMS AND RURAL DISTRICTS

Welcome. Nice to have you. And if you haven't checked my biography, I am from Montana. I represent 147,000 square miles. And we wish we would be rural education, but we are not; 85 percent of my kids are either rural or frontier.

I had lots of problems with the No Child Left Behind as well, but I always found the Administration and the Secretary of Education to be fairly amenable to changes, flexibility.

So if I could make some suggestions: Moving to the grant program does not necessarily work for a State like Montana, because we just don't have the economy of scale. There aren't grant writers in these schools. They are so small, that we especially see it in other areas like fire grants. There are other grant programs within the Federal Government, and we have struggled. We have tried to do education programs to help them learn how to write grants. We even offered in my office to help them write grants.

And to expect us to try to make up \$12 million for our schools in Montana through grant writing is practically impossible. And I plead with you, don't move so quickly in that direction.

TURNING AROUND LOW-PERFORMANCE SCHOOLS

The second area is the Race to the Top. Once again, the four model categories you have created are nice, but the difficulty is they don't really reflect our kind of schools. It is not that easy for us to get rid of a principal, fire half our teachers, restructure the way you have done it.

I guess if you could give me some assurances of your desire or willingness to be flexible, and can you work with the Rural Education Caucus that we have here in Congress to address some of the lack of flexibility in the creation of the models in the first place?

Secretary DUNCAN. Absolutely. I had a wonderful visit to Montana and learned a tremendous amount.

Mr. REHBERG. Did you fly, or drive around?

Secretary DUNCAN. We flew in, and we drove around. So we got a good sense of the issues. We traveled with the Governor and

spent some time with the State school superintendent. I went to Northern Cheyenne country as well. It was a fascinating day, and I got a lot from it.

Mr. REHBERG. As you know, we did not, our Office of the Public Instruction did not compete for the grants.

Secretary DUNCAN. They can come in, in the second round. To be clear, we are not looking for fancy grant proposals. We want to go where the need is, and we have been very, very clear about that. We are looking for folks who have a heart, who want to get dramatically better, who want to raise the bar for all children, close achievement gaps. Again, we are not interested in fancy grant proposals or consultants or anything like that. We just encourage everyone to put their best ideas forward. And please rest assured, we want to go where the greatest need is.

SCHOOL IMPROVEMENT INTERVENTION MODELS

In our proposals, I think you are talking about the school Turn-around model, the Transformational Model doesn't require you to move staff out. We can continue to have the conversation and be flexible with that model put in place. We thought about it to make sure in those rural communities where you—

Mr. REHBERG. Can those other models be added? You are not dead set on those four?

Secretary DUNCAN. We can have that conversation. We had lots of conversations with rural superintendents about that model. We didn't just sort of come up with these models—which also include the Restart and School Closure Models—in a vacuum. There were a number of conversations there. Frankly, there was pretty good support. But if we missed something, we are happy to continue those conversations.

Mr. REHBERG. That is probably the thing I hear most from the school administrators: It is not practical or does not work. Maybe you are hearing from other areas of the country that it does, but my rural administrators—

Secretary DUNCAN. Okay. We will continue to vet it. I will absolutely commit to you to continue those conversations. I have tried to travel throughout the country, so whether it is Montana, whether it is West Virginia, whether it is Wyoming—

HELPING STRUGGLING POPULATIONS

Mr. REHBERG. Let me switch gears rather quickly because the one thing I liked about No Child Left Behind was the testing, but the problem was we didn't do anything once we had the test done. We know it is our Native American schools in Montana. Clearly, we knew it before we went in that is what it was going to show. But the money didn't follow the tribes, didn't go into the reservations. Now we are seeing the consolidation of those accounts within your budget proposal as well.

How do you hope to address them specifically when you slip them in with the African American districts and all the other districts that are identified as some of the trouble spots?

Secretary DUNCAN. Again, our budget proposes the largest increase in spending for education ever. And so we want to put resources everywhere. At the time when the President is level-fund-

ing most other domestic spending, this is a major investment. And that is how we see it, as an investment. There is huge unmet need around the country in every community, urban, rural, suburban, frontier, and we want to work as hard as we can to meet that need.

Mr. REHBERG. Thank you, Mr. Chairman.

Mr. OBEY. Mr. Kennedy.

Mr. KENNEDY. Thank you, Mr. Chairman.

Welcome, Mr. Secretary.

CHARTER SCHOOLS IN RHODE ISLAND

I wanted to just reiterate, my State being a small State, we have about the same size school district, if you will, as a major city like Dallas, about 160,000 kids. We have full implementation of charter school laws in our State. It has really been a partnership with the Speaker, leadership, and our superintendent, both in our biggest city and also our smallest community. All of the partners are signed on.

We have an approach where we fully fund and hold accountable both our public schools and our charter schools, and we are prepared to defund both charters and public if they don't perform. We actually have criteria-based hiring for teachers, and we are putting teacher quality and evaluation into the system already.

For that reason, we get a "green" just among the National Council for Teacher Quality, green for those that should be proceeding forward with the Race to the Top measurement. I just wanted to highlight that, just in case you are deciding who to give the money to.

ADULT LITERACY

I want to bring to your attention the notion that the collaboration, if you can just elaborate for us, the collaboration with the Department of Labor on literacy.

We have in this country a growing challenge in terms of adult literacy. And you can't divorce a parent's literacy and the fact that that impacts their child's challenges in terms of learning. So I would like to ask you, in terms of your Innovation Fund whether you couldn't explain—I mean, a lot of these families, the parent can't get into college if they don't first have the basic skills.

PELL GRANTS AND COLLEGE TUITION

I want to echo what Mr. Tiahrt said in terms of the increase in Pell Grants. Frankly, I know this is politically not even good politics, but we ought to be spending this money on public universities and community colleges to make it go the furthest. The notion that we are spending it on Ivy League colleges that have no cap on expenditures and do not make the most of their dollars in terms of access to the average middle-class family to me is another challenge I think for the Administration to make the most of those educational dollars. If they really want to take on the status quo, that would be the way to do it. Because I have kids waiting for classes to get into the Community College of Rhode Island, and they can't do it because there is not enough money. And yet we are spending Pell Grants to go to the Ivy Leagues like Brown and other places,

albeit they are great universities. But frankly, I want to see more kids go to higher education, get access to basic skills and higher education than spend this money on a bunch of Ivy League universities that don't need it.

ADULT LITERACY AND TRAINING

So if you could talk about the adult literacy challenges that we have and how you are going to work with the Department of Labor and Secretary Solis on literacy issues.

Secretary DUNCAN. Thank you. It is a huge issue for us as a nation, and we think we have about 90 million American adults who need to go back to school to get basic training, to be able to take that next step. So we have had a very, very good collaboration so far with the Department of Labor. Secretary Solis has been a wonderful partner.

I have as my Under Secretary a former community college president, a visionary, Martha Kanter, the first time in the history of the Department that a community college president has been in that position. We want to make a significant increase in community colleges.

We think they are this unrecognized gem along the education continuum. And whether it is 18-year-olds or 38-year-olds or 58-year-olds going back to school to retrain and retool, in green jobs, community jobs, tech jobs, health care jobs, we think as families get back on their feet, the country is going to get back on its feet, and we think community colleges can drive a lot of that.

We also recruited, who happens to be from your State, just an absolute superstar who works with Martha, Brenda Dann-Messier, who is a phenomenal leader, passionate, has devoted her life to this issue of getting adults the skills they need and the basic skills to be retrained.

So a lot of hard work is ahead of us. But I want you to know we are absolutely committed. We have a laser-like focus on community colleges, and Brenda is just an absolute champion for adult literacy.

Mr. KENNEDY. Well, what are you doing to partner with the technology sector to provide these technology boards, if you will, so there is no stigma to people who may have literacy issues, they can learn both literacy for their job, but also basic literacy skills without people having a sense of maybe what the challenges are?

Secretary DUNCAN. We have had great relationships with the community. Then we have conversations. Folks want to be part of the solution, so we are not seeing resistance. We are not seeing silos. We are not seeing egos, and I think we have a chance to get dramatically better.

Mr. KENNEDY. If I could suggest, if we could bring all of the technology CEOs to the White House, tell them let's get a cut rate and just get a bunch of these technology boards access to people so they can learn at their own pace and be able to get both the skills and literacy without people having a sense as to where they are, because there is huge stigma to literacy, I just encourage that. I also encourage Rhode Island in the Race to the Top.

Thank you very much.

Mr. OBEY. Mr. Alexander.

Mr. ALEXANDER. Thank you, Mr. Chairman.
Good morning, Mr. Secretary.

STUDENT LOAN INTEREST RATES

So it doesn't look like we just hate banks more than we love children, let's talk about the student loan program a little bit. What is the average interest rate today that banks would charge?

Secretary DUNCAN. That banks can charge?

Mr. ALEXANDER. Yes.

Mr. SKELLY. For students, for subsidized loans, this year the interest rate students will get charged is 6 percent this year. It will be 5.4 percent as of July. It goes down for a couple more years. For unsubsidized loans, the rate is 6.8 percent.

Mr. ALEXANDER. So if we take it away from the banks and handle it in your Department, what will the interest rates be?

Mr. SKELLY. Under current law, the rates would be the same. The interest rates are the same for the Direct Loan Program and for the Guaranteed Student Loan Program.

Mr. ALEXANDER. So the students will be paying the same thing. So what we are doing is just taking it away from the banks because we dislike banks and we are going to put it in you, is that right?

Secretary DUNCAN. It is a little more complicated than that. We have basically been subsidizing banks, and we bear all the risk. And the banks have had a very, very good deal for a long time. And they have, because they have had a good deal, right now, and this is a matter of public record, they are spending millions of dollars on lobbyists who are running around town. They are running ads in a variety of places. And we think, again, when there is so much unmet need out there, when middle-class, working-class families are struggling to go to college, for us to continue to put money into banks when we can put money into students—

Mr. ALEXANDER. But if we are not going to let them have the loan at a cheaper rate, how are we benefiting the student?

Secretary DUNCAN. Because of those savings by not subsidizing banks, we can put billions of dollars in increased—

Mr. ALEXANDER. Is that what we are going to do?

Secretary DUNCAN. Yes, sir.

Mr. SKELLY. In the SAFRA legislation, the legislation will be incorporated into the Reconciliation Act . . .

Mr. ALEXANDER. And we know that that money won't be spent in other places?

Mr. SKELLY. I was just going to say that the rates will revert to a variable rate under a lot of the proposals under consideration. There would be a drop in the student loan interest rate under current laws.

EVEN START PROGRAM—FAMILY AND ADULT LITERACY

Mr. ALEXANDER. Okay. Let's go back and talk about something Mr. Kennedy was talking about. I, too, am concerned about adult literacy.

I have been a proponent of Even Start, Head Start, those programs, and it is very moving to go into a setting and see an adult learn to read and write along with their children. I am afraid if you

mix all of those programs in and put them under competitive bidding, that that program, Even Start, is going to get lost in the mix. Can you ease my concerns?

Secretary DUNCAN. I will try to. I appreciate your leadership there so much. I am a huge fan of family literacy. Again, if we are trying to change children's lives, you have to change parents' lives. Again, this is something I learned growing up as part of my mother's program, that she makes parents come in and read with their kids, and helps them if they don't know how to read to their kids. And if you are really trying to change that child's life trajectory, you have to change what is going on inside that home.

So I am a huge, huge proponent of family literacy. We increased the funding for literacy by about 9 percent, so we are putting more money there. Even Start programs, family literacy programs generally can absolutely have a chance not to just maintain funding, but potentially increase their funding.

Mr. ALEXANDER. Good. Thank you.

Mr. OBEY, Ms. Lee.

Ms. LEE. Thank you, Mr. Chairman.

Good morning, Mr. Secretary.

TEACHER SUPPORT AND CHRONIC LOW-ACHIEVING SCHOOLS

Let me first say I recognize change is hard, and this is an entirely new approach to our educational system, which is sorely needed, but I have a lot of questions about this new direction.

First, I may as well say, probably one of the votes that I regret most is voting for No Child Left Behind, and I don't say that about many of my votes. Of course, I wanted to see it repealed, but it looks like you all are trying to fix it. But let me ask you a couple of things, because I am not so sure that the issue of teacher support—and I cite the example in Rhode Island where all teachers were fired. Historically, teachers have not had the resources. They have not had the support. And I look at your budget for counselors, you know; I look at all of the supports that need to be in the school, especially in low-achieving schools, schools in urban and rural areas where you have low-income students, the supports have not been there historically for teachers.

So for schools now to have to race to try to help teachers teach and then have the punitive measures that you all have decided upon, such as what happened in Rhode Island, if they hadn't been able to teach the way we want them to teach, to me just seems wrong.

Teachers should be the highest-paid profession in the world. Really. They are securing our future. We have historically had a problem with low teacher salaries, and that is an issue that needs addressing.

We haven't had the type of counseling at our public schools that teachers need, nor the curriculum, nor the supplies, nor the computers, the technology.

In my area, in Oakland, an entry level teacher is paid \$37,000, but yet in a higher-income area, a teacher gets \$45,000. Both salaries are much, much too low. It doesn't make any sense to put the onus on teachers, I don't believe. Teachers have families. They have children.

So to say we are going to lay off or fire teachers if they don't perform is a bit shortsighted, rather than do what we need to do to support teachers in terms of classes. You know what all we need to do.

Had your budget been in place before the firing of teachers in Rhode Island, what do you think would have happened?

Secretary DUNCAN. Let us be just very clear on that situation. We have actually worked very hard, and the union and the district are going through mediation and working together. So this story isn't finished yet, and we have been very encouraged by that.

You never want teachers to get fired. That is not what anyone wants. And these guys are going to continue to talk and work through this. It is a tough situation. It is a tough conversation. But we are very happy they are back bargaining, and we are hopeful for a good resolution there. These conversations are never easy at a school like that.

Reading rates have gone up, but in math I think 7 percent of students are at math proficiency levels. So 93 of students aren't. A dropout rate of 52 percent—

Ms. LEE. Sure. In my district, we have schools that are very similar.

HOLDING SCHOOLS, DISTRICTS AND STATES ACCOUNTABLE

Secretary DUNCAN. So we need to work together.

I think your point is very well taken. The partnership with teachers is hugely important. One of the many things I thought was broken about NCLB is to put all the onus onto teachers, and we are trying to say this is a shared responsibility. So for the first time we are going to hold not just schools but districts and States accountable. We are going to have a laser-like focus on equity.

To your point, often—and Congressman Jackson knows this—often, the poorest communities get the least resources. There are huge funding inequities—

Ms. LEE. That is all the time.

FUNDING FOR LOW-ACHIEVING SCHOOLS

Secretary DUNCAN. I lived on the poor side of the tracks for a long time. In Chicago public schools that were 90 percent minority, 85 percent living below the poverty line, we received less than half the money of wealthier districts, less than half of districts 5 miles north of us. And think about the compounded difference that makes over 12, 13 years of education. It makes no sense whatsoever.

What we want to do is we want to be very, very creative. The School Improvement Grants, which haven't gotten much discussion, you know, Race to the Top is \$4 billion and, School Improvement Grants is \$3.5 billion. We have put all that funding on the table just for that bottom 5 percent of schools.

SUPPORT FOR TEACHERS

So teachers need more time to collaborate. They need more support. We want to fund that. I think we should be paying—this is controversial—math and science teachers more. We have got a

shortage of math and science teachers; and I think we need to reward them to work in disadvantaged communities, rural or inner-city, urban.

INCREASED RESOURCES, SHARED RESPONSIBILITY

So we are going to put unprecedented resources out there, and what we are going to do is say, with these resources, we have to challenge the status quo. Where we have dropout factories where 50, 60, 70 percent of students aren't graduating, we have to collectively do something better.

So we are trying to make a huge investment there, but it has to be a shared responsibility. I absolutely agree. Teachers can't begin to do this alone. I always say, if children aren't fed, they can't learn. If children aren't safe, they can't learn. If children can't see the blackboard, they can't learn.

So this idea of the student supports emphasis, trying to create the climate in school and in the communities, the Geoffrey Canada work around schools to give students a chance to concentrate and think about algebra, trig, and biology. We have to do all those things, and I promise you we are committed to doing that.

Mr. OBEY. Mr. Cole.

Mr. COLE. Thank you, Mr. Chairman.

PROGRAMS FLAT-LINED IN FY 2011 BUDGET

Mr. Secretary, thank you for being here; and thank you for what you are trying to do. I think you have got really one of the toughest jobs in government, and you do it well.

But, like everybody else, I have concerns; and I think I share the chairman's concern about not funding programs that we think work or flat-lining them and moving toward the competitive grant system. Because I think it is very difficult. You need certainty in education, and you need to have some sort of timeframe, and if every year you are sort of up for a grant you have got a lot of problems and a lot of concerns.

But I want to ask you about some specific areas where you flat-lined programs that, frankly, are of great interest to me.

There is no increase in TRIO funding, and one of the major aims appropriately is to try to help disadvantaged kids get through school. There is no increase in GEAR UP funding, which helps kids get to college in the first place, again, usually disadvantaged. These are programs I see in my district and in my State and I think work exceptionally well.

I am concerned frankly—I remember your testimony vividly last year, and you talked about going to reservation schools and seeing the real needs and the real challenges there. But we are flat-funding tribally controlled, postsecondary career and tech institutions, and we are flat-funding Indian student education programs again. So if these are areas of real need—and they are, and I know you recognize that—why are we flat-funding in all these areas and moving toward grants—which again I share some of the concerns voiced by several of the members on the panel. Quite often, these are institutions or student groups that are going to find it very difficult in competing at that sort of thing.

Secretary DUNCAN. Again, just to be very, very clear, in the big picture, almost three-fourths of our budget is continuing to be formula based. So the overwhelming majority of our money will be formula based. We are moving some money in the competitive direction, and we want that money to go where the greatest need is. So part of what we wanted in the higher education bill was a college Access and Completion Fund so GEAR UP and TRIO and other programs like that would have a chance to grow and expand where they are doing a good job.

We think we want to continue to go where the need is. Again, we are not looking at fancy presentations, not looking at fancy Powerpoints but where there is significant need and a real desire to get better. Those are the kinds of places where we want to invest. And we think we have to get dramatically better and address those dropout rates. If we just keep doing the same thing, I don't know if we are going to get the better results we need. That is the balance we are trying to strike.

Mr. COLE. That is a fair point, Mr. Secretary. Although you could make an argument—particularly in the four cases I have mentioned—we are not doing better because those programs aren't anywhere near completely funded. It is not like every kid eligible for TRIO is in TRIO or every Indian kid who could be educated is getting that.

So maybe we actually—sometimes we do need to do more of the same thing. We just haven't done enough. And it is very difficult, I think, when you show up and everybody wants to do something new and exciting and everybody wants to do something innovative and there are lots of good ideas, but there tends—particularly in tough economic times—

And you are better off than most. As you say, the President has clearly made a decision here to try to give additional resources. I would have thought maybe in some areas at least this was an opportunity to catch up and to fund places that haven't been funded. These programs really do work extremely well, and they didn't get any increases last year. I guess \$20 million for TRIO, which the chairman made available, that wouldn't happen. That wasn't in the President's Budget.

INDIAN EDUCATION

And, again, there is nothing here to reward or build on a program that is pretty good; and there is nothing directed again toward Indian kids, which are the most disadvantaged, lowest completion rate in high school, fewest—lowest percentage in college, lowest number of college grads of any ethnic group or racial group.

I think those programs really need a whole lot more in them before we sort of start trying something new.

INCREASED FUNDING IN CONSOLIDATIONS

Secretary DUNCAN. And those programs that, you know, have a demonstrated track record of effectiveness, that are doing a great job, will absolutely have an opportunity to receive more funding. So that chance is still there.

And in all of these areas often, you know, when agencies consolidate budgets, they use it as an excuse to cut. We actually increased

funding in every single one of our buckets. So that opportunity is there for them.

Mr. COLE. Well, I am somewhat skeptical, but we will talk about this more.

Thank you, Mr. Chairman.

Secretary DUNCAN. I appreciate your thoughts.

Mr. OBEY. Mr. Moran.

Mr. MORAN. Thank you, Mr. Chairman.

GRADUATION RATES OF NCAA ATHLETES

I am just reading an article here relevant to March Madness, which starts today. And I want to applaud the Secretary for pushing a proposal that if the NCAA teams are going to participate in post-season play, they ought to graduate at least 40 percent of their athletes. It doesn't seem to be a particularly high bar, and I am disappointed to see that Kentucky would fail, the number one seed, but it is disgraceful to only graduate less than a third of their players. And, likewise, Maryland at 8 percent; California at 20 percent; Washington, 29; Tennessee, 30.

And the most disturbing thing is that only 20 teams graduated at least 70 percent of their African American players.

I appreciate the fact that you are addressing this. We turn our back on these issues because we enjoy the entertainment of competitive basketball, but we are not doing any favors to these athletes.

I don't know that you need to comment on it. You can if you want.

REAL ESTATE MARKET IMPACT ON SCHOOL FUNDING

The other thing, though, that I am very much concerned about, Mr. Secretary, is that we have a disfunctionality in the way in which we fund elementary and secondary education in this country. It really relegates the Federal Government to little more than gap filling or capacity building, as you know. It is going to be particularly exacerbated, given the real estate market.

We were told by our three principal economists this week real estate values are going to continue to decline. The principal way we fund elementary and secondary education is through property values, and the people who pay the most in property taxes are the least likely to send their children to public schools. They are the least likely to have school-age children, and if they do, they send them to private schools.

Here you are with all of these initiatives, but you are bringing them out at a time when real estate values are not going to recover, where, despite what you are trying to do, the likelihood is that schools are going to have to continue to eliminate teacher positions, administrators, and the like because we don't fund public education in a manner that would give us a national workforce that is capable of competing globally. And you may want to discuss that.

Unfortunately, the decline in real estate values is going to be particularly exacerbated next year because the stimulus bill runs out. So do you want to comment on that, Mr. Secretary?

EDUCATION FUNDING AS INVESTMENT IN NATION

Secretary DUNCAN. I will comment on both of your points, and I couldn't agree more and just appreciate your moral leadership on this.

As a country, we dramatically underinvest in education; and we do it at our own peril. And, again, I don't see this as an expense, I see this as an investment. You could take the poorest child from the toughest community with the toughest home situation and you put that child in a great early childhood program and send him to a great elementary school and put him in a serious high school, and that child is going to be very, very successful.

There is a school that we started in the heart of the toughest community in Southside. Inglewood High School used to have a 60 percent dropout rate. It just made the national news. Started a new school, all young men, 141 graduates—I think 107 graduates all going to 4-year universities.

You give students from tough communities great opportunity, and they can do well. Other countries simply invest more than we do, and we are paying the price for that.

So what we want to do is continue to push as hard as we can to make sure that scarce resources are going to education; and the more we can demonstrate success and that we are getting better, the more I hope people will see this is the right investment to make. But we have to educate our way to a better economy.

DISPARITIES IN NCAA GRADUATION RATES

Quickly, on the NCAA, it is not just the graduation rates but, to your point, the huge disparities between white ball players and African American ballplayers. I grew up with too many players who got used by the universities, made millions of dollars off of them. No one cared about their education; and when the ball stopped bouncing for them, they had very, very tough lives. So that is something that scarred me from the time I was a little guy, and to be in a position now to try to speak out against that—

What is interesting is so many universities do the right thing. There was an article in the New York Times on Xavier University that has a phenomenal 77-year-old nun who is in charge of academic affairs, and they graduate 100 percent of their players and have for decades.

This is all about effort. It is all about culture. And you have other places that simply want players to entertain and to make them money, and they care nothing about their lives beyond that. And that is what we have to challenge.

Mr. MORAN. Good for you. Good point.

Thank you, Mr. Chairman.

Mr. OBEY. Mr. Bonner.

Mr. BONNER. Thank you, Mr. Chairman.

Mr. Secretary, I agree with really all of my colleagues and especially Mr. Cole. You have got one of the toughest jobs in government, and we wish you success.

NATIONAL EDUCATION POLICY DISCUSSIONS

This is not the right place to make this request, but, Mr. Chairman, I would really like for us to think about one day if we could impose on the Secretary's demanding schedule allowing us to have a conversation where we could talk about local issues. Because we are all mentioning—or most of us are mentioning—things that we know from our congressional district that are important to us, and I am going to do that in just a second, but also where we could talk about national policy. Because it would make for an interesting debate if we could just focus on national policy versus things that are near and dear to our hearts.

But, again, I won't make that request at this point. I would just throw it out for your consideration.

But let me bring a local matter to my State to your attention and just ask for your input.

I did not vote for the stimulus bill, although I have admitted multiple times that one of the good things that it did was it helped save thousands of jobs, tens of thousands of teachers' jobs throughout the country, including in my district; and I have told teachers in my district that that was one of the things—I don't know that it has created any new jobs in any district, but it certainly has saved some jobs.

FORMULA-DRIVEN STIMULUS BILL FUNDS

But one of the areas of concern in Alabama is we have three schools, a school for deaf and blind citizens, we have a school for math and science, and we have a school for the fine arts. The fine arts school is in Birmingham. The deaf and blind school is in Taladega. Those are not in my district. The school for math and science is in my district.

Unfortunately, because they are not subject to the annual formula of our State legislature but through direct appropriations of the legislature, they did not receive any assistance from the stimulus bill. And knowing firsthand about the school for deaf and blind and also the school for math and science, these are good schools, residential campuses that serve the entire State of Alabama. Is there anything that we can do to try to make sure that they are included and not excluded from these formulas?

HELPING SCHOOLS NOT IN FORMULA CALCULATIONS

Secretary DUNCAN. I think there is. Your State of Alabama received \$1.16 billion, and I have had a great working relationship with your Governor, and I think we have saved a very significant number of education jobs in a State that has been critically important.

I was in Selma, Alabama, 2 weeks ago.

Mr. BONNER. That is where I was born.

Secretary DUNCAN. It was a very moving experience and one of those amazing days.

Tom Skelly can walk you through—I think we can help.

Tom, why don't you walk him through what is possible here?

STATE FISCAL STABILIZATION FUND

Mr. SKELLY. Mr. Bonner, I know there were some questions about the schools there in Alabama, and we looked into it for your office earlier in the week. It turns out that you can use the government services portion of the State Fiscal Stabilization Fund. It is just the education portion that is restricted to programs that Alabama funds at the local level that are elementary and secondary education programs. The school for the deaf, the school for the blind, the fine arts school, those still could be funded through the government services portion.

Mr. BONNER. And, unfortunately, my State is like 46 or 47 other States. I think Oklahoma and North Dakota are the only two States that I know of that actually aren't facing severe economic crises. So I am afraid that our State has already tapped into the fund, Mr. Skelly, that was available. But that is our problem, not yours. And I certainly acknowledge that, and I appreciate that.

TAX CREDIT FOR PRIVATELY SCHOOLED STUDENTS

Let me throw a crazy idea out from left field just for your opinion.

The chairman said in his opening comments—and he is right—our schools are drowning in red ink, but our Federal Government is drowning in red ink as well. And would it be totally off the wall to consider—and I know this would be a tax issue, which doesn't come before our committee. But just your personal thoughts, Mr. Secretary, as a leader in education reform—for us to consider putting on the table a tax credit for families who send their kids to private schools or parochial schools or who home school? Because these kids are getting an education through a different means, but their families continue to support public education with their taxes. How crazy an idea is that?

Secretary DUNCAN. I guess my primary concern is the vast majority of students in our country go to traditional public schools and I worry about how desperately underfunded our current public schools are. So my honest answer is my first priority is we need to do a much better job of supporting and investing—holding accountable for results, but investing in those public schools that serve the overwhelming majority of our country.

Mr. BONNER. Thank you.

Thank you, Mr. Chairman.

Mr. OBEY. Mr. Jackson.

Mr. JACKSON. Thank you, Mr. Chairman.

FISCAL CONSTRAINTS ON NATION'S SCHOOL DISTRICTS

Mr. Secretary, welcome back to our committee. It is good to see you. I have a couple of global questions, and then I want to ask a couple of specific questions in the time that has been allotted me.

We really have two processes here in the Congress. Today, you are here before our committee presenting your fiscal year 2011 budget, which represents substantial increases in education. You have correctly stated that it is the most aggressive investment in education in recent memory. But the context for which you seek to change public schools and our Nation's education system is obvi-

ously in the context of the worst economic recession since the Great Depression.

Detroit public schools are in near collapse. They are expecting to close almost 40 schools this summer.

The Chicago public school system, Ron Huberman said in yesterday's paper, I believe it was, that 37 students per class will not be an unusual size if these budget negotiations don't go well. But the expectations are that they will not go well, that the pension obligations, the local property tax issues, the inability of local taxpayers to shoulder the burden suggest major changes in the Chicago public school system.

There are two processes. There is one process that shows your very aggressive budget that seeks to change the Nation's education system in the current economic context, but the other process is the supplemental process that ushers truly the Nation's priorities, whether they be for Afghanistan and Pakistan.

FEDERAL VS. LOCAL SHARE IN EDUCATION FUNDING

The supplemental process bailed out our Nation's financial institutions, as carefully articulated by the President. I am wondering, in light of the fact that the Nation's top 50 school systems are experiencing shortfalls in revenue and, as the chairman indicated, drowning in red ink, why there is no emergency supplemental request by the Department of Education to provide relief for the major school systems that are near collapse by summertime. There will be no other process between now and the election, now and next year, to avoid many of these local disasters, and I am wondering why no supplemental request.

Secretary DUNCAN. Obviously, Congressman, as you know, education in our country is primarily a local issue; and we are trying to help in every way we can. We provide usually 8, 9, 10 percent of funding. Most of the money comes from the State and the local level.

It breaks my heart to see some of the decisions that folks are having to make out there; and, as you know, those are my colleagues and peers. Those are folks I work closely with.

Situations are different in different places. A place like Detroit has seen declining enrollment for a long time, hasn't had strong leadership, has put off tough decisions. I am actually very hopeful about where Detroit is going. They have a phenomenal leader there I think now who is doing a great job, who is getting their fiscal house in order. You had tremendous mismanagement there, adults using the system for their own benefit, not for students. And I have said repeatedly, Detroit, you know, may be ground zero; and we are going to do everything we can to support what they are doing and where they are going financially. Robert Bobb is financially——

Mr. JACKSON. I understand Mr. Secretary. No disagreement there.

I don't meant to cut you off. My time is obviously limited.

But why no supplemental request from the Administration, which is now prioritizing education, to address the red-ink issues in the top 50 school systems just as we are looking at the red-ink issues for the banking sector?

Secretary DUNCAN. I hear the thought. I hear the concern. And it gives me something to think about.

Mr. JACKSON. It is hard to imagine that it is a priority if we are not looking at the only vehicle that is leaving the station from the Administration. I have been watching the news the last couple of days that, while Congress is bogged down in a health care debate, which hopefully will end soon, the Administration seems to have already moved to education; and yet the vehicles that are leaving the station to address these areas are very, very serious; and they have enormous ramifications at the local level. And I am sure that and I hope that you will take my concerns seriously.

ADDRESSING LOW GRADUATION RATES OF NCAA ATHLETES

I also want to ask a law, rules, and regulations question that followed what Mr. Moran indicated about the number of athletes that are graduating from NCAA schools. I am seriously hoping that you would use your good offices to seek a meeting with the NCAA and demand from them rules and regulations that provide the necessary tutoring and the necessary academic support for athletes not as a goodwill gesture or some hope that they will, but with some teeth.

We have been discussing this too long, and the millions of dollars that basketball players make for many of these March Madness schools and the fact that they have shameful graduation rates, you would think that some of that money would go towards providing them with tutors, with mentors, with people to help them graduate and understand the significance of graduation. But it just seems to me the Secretary of Education's office should be honcho'ing with the NCAA such rules and regulations.

Your thoughts on that, Mr. Secretary.

Secretary DUNCAN. I spoke before the entire NCAA commission 2 months ago—I mean, the entire NCAA delegation, a couple thousand people, 2 months ago and said exactly the same things. We do plan to meet with the President, and Ben Jealous has joined me in this. When so many schools do it in the right way, it is inexcusable to me why we allow a few renegades to continue to operate the way they do. The vast majority of schools do this very well, but we have a couple bad apples and the fact that we tolerate that is mind boggling.

Mr. OBEY. Ms. McCollum.

Ms. MCCOLLUM. Thank you, Mr. Chairman.

NATIVE AMERICAN AND ALASKA NATIVE STUDENT EDUCATION

Mr. Secretary, I want to thank you for being here today. I do want to thank you for your efforts to make sure that all children, including Native American children and Alaska Native children, have an opportunity to—

Mr. OBEY. Is your mike on?

Ms. MCCOLLUM. I guess I need to go to the school of technology. Thank you, Mr. Chair.

But when we talk about Native American children and Alaska Native American children and the work that you have done, we have to be mindful that they are included in two different budgets, the budget of the Bureau of Indian Affairs and the budget that you

have before you today that you are discussing with the committee. So, Mr. Chair, I really think in order to talk about doing what is in the best interest of our Native American children and Alaska Native children at some point if we could maybe figure out a way to have both the Bureau of Indian Affairs and the Department of Education in here at the same time, that would be very helpful for us to move forward.

COMMON COURSE STANDARDS

Last week, 48 States announced their proposal for common course standards and I applaud their efforts, and I strongly support moving forward on the national standards reform. But I am concerned that two States, Alaska and, importantly, Texas, have not participated.

TEXAS PROPOSED TEXTBOOK CHANGES

I am even more alarmed about decisions made on social studies education by the Texas Board of Education last Friday. Ten out of 15 elected people in one State have effectively manipulated academic materials based on their personal ideology.

I have here an article from the Washington Post, and it says, "Historians criticize proposed textbooks changes as partisan." In the article, the Post goes on to say that the Texas Board of Education is imposing a partisan, factually incorrect version of history on Texas students, in effect, students across America because of the way textbooks are purchased.

It is outrageous and unacceptable, that a group of 15 people should be allowed to influence the education of all of America's school children. And I don't want this decision in any way to influence textbooks in Minnesota. So I want to be clear. I don't want the Federal Government to write curriculum, but I don't want the Texas Board of Education to be writing curriculum for an entire country either.

So, Mr. Secretary, one of my questions to you at the end will be are you concerned and should our Nation's school districts be concerned about this blatant manipulation of history?

48 STATES WORKING TOWARD COMMON STANDARDS

Secretary DUNCAN. Obviously, as you said, the Federal Government does not and should not write curriculum. That is best done on the local level. But I share your hope in the way that 48 States are going together. And this is happening at the local level. If these are Federal standards, our national standard system dies. Because you have 48 governors, 48 school chiefs working together, you have the heads of both national unions working together on this, avidly supporting it, the business community has been crying out for this. This is a game changer. This is a game changer. We are still early. There is, you know, still a lot of hard work to go, but they have done phenomenal work. The leadership is exactly where it should be at the local level, and I think that is where we should focus our energy, and we should continue to move the country in the right direction.

Ms. MCCOLLUM. Thank you for alleviating some of my concerns. So we have it in front of us, and we know what we are doing. I am going to remain guardedly optimistic.

ESEA REAUTHORIZATION

Your blueprint for the reauthorization of the Elementary and Secondary Education Act puts, in my opinion, primarily all the responsibility for success with teachers. But, as you pointed out and as was mentioned in an earlier question, it is a shared responsibility.

In full disclosure, people should know I have been a classroom teacher. I know that the success of my student depended upon many factors, the ability of myself to teach but many outside classroom factors. Are the students having a bad test because they went to bed hungry the night before, because they don't have proper vision, because their parents have not been involved in making sure that homework was done, because a family is losing their house to foreclosure? All of these factors, including violence in the home, affects a student's ability to perform.

Now, sometimes a student's lack of performance will be a teacher, but it is not always. So if you could reiterate for me in a second a little bit more about that.

SHEPHERD PROGRAM—POVERTY AND HUMAN CAPABILITY

And then we have focused primarily on K–12, but I want to talk to you more at some point about the Shepherd Program that provides a great interdisciplinary study focus on poverty and human capacity through the Shepherd Consortium in colleges and universities that I think will go to the heart of addressing disadvantaged youth and moving America forward.

So, with that Mr. Chair, I will remain silent so you can answer.

EFFECTIVE TEACHERS AND LEADERS FUNDING

Secretary DUNCAN. I am just thrilled that we have a former teacher on this committee. We need more educators in the rooms, and you have lived this. You have lived the challenges that students face every single day, and I appreciate your commitment so much.

Again, a couple fundamental changes we are making from No Child Left Behind is all the accountability was on teachers before and, for the first time, we are saying this is a shared responsibility among schools, districts, and States. That is a fundamental change that I think folks haven't quite appreciated yet.

Secondly, we are trying to do everything we can to support teachers. A huge increase in funding to almost \$4 billion, \$3.86 billion, to create better mentoring programs, more time for collaboration, better pipelines, master teachers, giving teachers the time they need to work together and be successful.

And to your point about students, you know, not arriving to school in a vacuum, this idea of student support. A 16 percent increase to create communities whose schools give students a chance to be academically successful—schools with safe climates where

students' physical and emotional needs, and psychological needs are being met.

There is so much we can do there, and we are trying to make an unprecedented investment to give teachers an opportunity to actually teach and give students a chance to actually concentrate on their academic study and think about their long-term futures.

Ms. MCCOLLUM. Thank you, Mr. Chairman.

Mr. OBEY. Mr. Honda.

Mr. HONDA. Thank you, Mr. Chairman; and welcome, Secretary.

EDUCATIONAL OPPORTUNITY EQUITY COMMISSION

These past few weeks I have enjoyed our past discussions about establishing equity among our schools. This subcommittee included language in the fiscal year 2010 Consolidated Appropriation Act directing the Department to establish an Educational Opportunity Equity Commission to conduct hearings and community engagement meetings about how the Federal Government could improve education and eliminate disparities. I am glad to hear from my staff that your Department has been to work on this effort, and I look forward to working with you on this moving forward.

I notice that your Blueprint for Reform released the other day prominently features the words "equity" and "opportunity" on the cover and includes equity and opportunity for all students as a key goal. Can you outline for me the approaches you are proposing both in the Blueprint for Reform proposal for the Elementary and Secondary Education Act reauthorization and your fiscal year 2011 budget proposal that will help to meet the educational needs for each student, foster the maximum development potential for each student, and to ensure that each student has the knowledge and skills needed to participate effectively in community life?

And in particular can you discuss a few items like what role do your proposals envision for the Federal Government in ensuring that States maintain levels of educational service to provide each student an equitable and sound basic education during times of declining State and local revenues? How you propose to assess the needs of each student, the effectiveness of schools in meeting the standards of an equitable and sound education for each student? How does the Administration propose to address and rectify the deep, abiding inequality that exists in public education in this country?

And you will notice that instead of saying "all" students, I really emphasize "each" student, because I think that terminology will drive policy and the expression of policy. What are your thoughts on these questions?

ENSURING EDUCATIONAL EQUITY

Secretary DUNCAN. First of all, Congressman, I just want to thank you for your leadership on this issue. This is one that I think is hugely important for the country. What I have said repeatedly is if we are serious about trying to close the achievement gap, we have to close what I call the opportunity gap. And I am convinced that children from, again, poor neighborhoods, poor communities, tough families, if they have the opportunities they can do very, very well.

As you know, I have brought in Russlynn Ali to lead the Office for Civil Rights. She is an absolute superstar. She has an absolute passion for this.

We want to reinvigorate that office. We want to step up our enforcement of civil rights on behalf of students, and we will be working hard to make sure the rights of all students are protected.

We are going to specifically focus on schools with large achievement gaps and ask them to implement data-driven decisions to close that gap, and we are going to hold districts accountable for closing the gap within districts.

TEACHER AND PRINCIPAL EQUITY

We want to have a reinvigorated focus on teacher and principal equity. We have to do a much better job of supporting States and districts to ensure that the highest need schools have effective teachers and principals, and we are going to ask districts to show that the resources that they provide to high poverty schools are truly comparable to those they provide to low poverty schools.

And, finally, we have in our proposed budget approximately \$900 million in school improvement grants to make sure those students who have been historically underserved have an opportunity to get a dramatically better education, and we do this with a sense of urgency.

So, a lot of hard work ahead of us. I look forward to the collaboration with you, and I think we have a chance to do some very important work as we move forward.

SCHOOLS AS A REFLECTION OF COMMUNITY

Mr. HONDA. The civil rights of youngsters—as you have said before, education is a civil right, and I agree with you. This country has attempted to correct that in terms of our efforts in desegregation. We are seeing resegregation in different ways now.

Looking at the bigger picture of how schools are created, I think what we have learned from the desegregation effort is that a school reflects the community that it is in. Will there be a role in this effort where we will work with local entities in the zoning efforts? Because the zoning determines the community, and the community is from which the students are coming from.

Looking at redevelopment projects where entire neighborhoods are gone and new ones are brought up without any consideration to its impact on schools, if we have environmental impact reports, should not the social impact of a neighborhood on children also be part of the consideration? If you have any thoughts on that.

Secretary DUNCAN. Again, schools don't exist as islands; and how we create communities to support those schools, how we fund schools equitably, all those things help to give students a chance to be successful. I think we can be much more creative and much more thoughtful on how we do that. And it troubles me that far too often the children who need the most help, the most resources, the best teachers, the best principals, the best facilities don't receive them.

Mr. HONDA. So it seems to me that we have to be looking at our cities and counties and our States in how they develop land use

rules and regulations and know that schools are part of the infrastructure of a new community.

Thank you, Mr. Chairman.

PROMISE NEIGHBORHOODS

Secretary DUNCAN. Critically, one of the big investments we want to make is in this Promise Neighborhoods initiative, again to create communities around schools to give those schools a chance to really help students learn.

Mr. OBEY. Ms. Roybal-Allard.

SHIFT TOWARD COMPETITIVE PROGRAMS AND CONSOLIDATIONS

Ms. ROYBAL-ALLARD. Welcome, Secretary Duncan.

First, let me associate myself with Chairman Obey's comments about funding new and untested competitive grant programs while districts struggle to provide children the education they need and deserve in the wake of devastating budget cuts.

The Los Angeles Unified School District is a perfect example. With a \$620 million deficit, it has been forced to issue 5,200 pink slips and shorten the school year by 5 days. LAUSD and districts like that desperately need funding from reliable tested programs like Title I to retain teachers and to keep classrooms open, and I want to thank the chairman for raising the issue, and I hope you will be giving it very serious consideration.

EDUCATIONAL TECHNOLOGY STATE GRANT PROGRAMS

Mr. Secretary, the Administration has proposed the consolidation of many education programs that provide badly needed services. I find this to be very troubling because, from my experience, consolidation can and often results in the elimination of a program regardless of how great the need.

EDUCATIONAL TECHNOLOGY STATE GRANT PROGRAMS

I am particularly concerned about consolidating the educational technology State grant programs which complements our \$30 billion investment in broadband Internet access and other technology for our Nation's classrooms. These grants have been essential to our State and local school districts' efforts to coordinate the purchase of technology and the training of educators on how to use it.

For example, the State grant funding received by the Los Angeles Unified School District is used to hire technology coaches who train teachers at its 680 campuses on the use of technology. Without a dedicated funding for this purpose, how will the district coordinate their technology programs and ensure that educators can effectively use the technology made available to them?

Secretary DUNCAN. I appreciate your concerns. Obviously, we think technology is a hugely valuable tool going forward to accelerate learning and to help students who haven't had those opportunities before; and we will work with Congress on reauthorization of technology activities. There has been no decision yet on whether nationally it will be formally competitive, so we look forward to working with you on these issues.

Ms. ROYBAL-ALLARD. So this is not going to become a competitive—

Secretary DUNCAN. No decision yet has been made. But we look forward to working with you on this issue.

Ms. ROYBAL-ALLARD. That is great to hear.

Secretary DUNCAN. And note, just big picture, we think that technology is a huge piece of the answer going forward; and we want to find ways to integrate it into everything we do.

Ms. ROYBAL-ALLARD. Right. Because it makes no sense that we have spent already \$30 billion if teachers don't know how to use that technology.

INCOME-BASED REPAYMENT OF STUDENT LOANS

When the Higher Education Opportunity Act was signed into law in August of 2008, a loan forgiveness program was authorized for service in areas of national need, including health care professions. In light of the critical and the growing demand for nurses, I find it surprising that this program has yet to be funded. Why did the Department not include the loan forgiveness for service in areas of the national need program in your budget proposal?

Secretary DUNCAN. That is actually part of the higher education bill that is before Congress and before the Senate. So the IBR, Income-Based Repayment, we are a huge fan of. It significantly reduces loan repayments on the back end and brings folks into the public sector, great talent, and we will forgive that debt after 10 years.

So that is something that we think is very, very important; and we continue to advocate for right now, we have already reduced it to 15 percent of income in terms of loan repayments; and we want to take that down to be 10 percent and after 10 years of public service have all those loans forgiven. So whether it is nurses, whether it is folks working in medical clinics, or legal clinics, or teachers, folks going into the public sector, we want to create much better avenues so they are not handicapped by staggering debt that prohibits them from following their heart and helping out in the community.

TRIO, GEAR-UP, HEP AND CAMP PROGRAM REQUESTS

Ms. ROYBAL-ALLARD. In the few seconds that I have left, I also want to express my concern about the flat-funding for the TRIO, GEAR UP, and the High School Equivalency and College Assistance Migrant Programs, especially when the President has this goal of, by 2020, having the United States to be first in the world in the percentage of citizens with college degrees. These are, again, proven college preparation and support programs that have successfully helped low-income students achieve; and particularly when we are having experts telling us that the education of poor and minority children is absolutely key to our Nation's future economic success, I just find it incredibly surprising that the Department again is only level-funding these programs which could truly help us to reach the President's goal of 2020.

COLLEGE ACCESS AND COMPLETION FUND

Secretary DUNCAN. I appreciate that; and, again, I am a big fan of those programs. They have done a great job, and we have proposed a College Access and Completion Fund that would enable those and other programs to actually significantly increase their funding based upon their ability to demonstrate exactly your point, that they are making a difference in student's lives.

Mr. OBEY. Mr. Ryan.

Mr. RYAN. Thank you, Mr. Chairman.

Thank you, Mr. Secretary. You are doing a great job. I really appreciate everything you are doing and using your bully pulpit to reach out to different areas like the NCAA issue. I really appreciate that.

SOCIAL AND EMOTIONAL LEARNING PROGRAMS

Last year, in our report language we put some—this committee put some language in regarding social and emotional learning, and I have talked to you about this a few times. The committee believes that addressing the social and emotional development of students through evidence-based social and emotional learning programs is a highly effective way to promote safe and drug-free schools and to promote higher student achievement and attainment. The committee urges Federal support for the implementation of evidence-based social and emotional learning standards and programming. Can you just kind of comment on what you guys have done recently?

Secretary DUNCAN. And what we will continue to do.

In this budget, we are proposing \$1.8 billion for a range of student supports, including social and emotional learning. That would be a \$245 million increase, a 16 percent increase. So we are trying to put our money where our mouth is and say that we have to create climates again where students have a chance to be academically successful. And if we are not addressing those social and emotional needs, quite frankly, we are kidding ourselves.

Mr. RYAN. I agree.

SOCIAL, EMOTIONAL DEVELOPMENT AND DECISION MAKING ABILITY

I want to bring to your attention—Representative Kildee and I are sponsoring the Academic Social and Emotional Learning Act to provide technical assistance to schools to try to implement these social and emotional learning programs and hope we could get your support and hopefully get that passed and get some money into that as well.

One of the recent studies I wanted to share with you, a case meta-analysis of more than 700 positive youth development, SEL character education, and prevention interventions has shown that SEL programs improved students' achievement test scores from 11 to 17 percentile points. And, as we see, the brain science, you know, more and more backs up that we have got to teach these kids how to regulate their emotions. We now know that the part of their brain that has to handle the emotional situations that these kids are dealing with also deals with their short-term memory, their decision-making ability. So all of these issues that we

have talked about these kids making bad decisions, whether it is teen pregnancy, whether it is alcohol abuse, regardless, I think teaching these kids these skills is unbelievably effective.

I have been to schools in Cleveland. We are starting a pilot program in three of the schools in my district. So I would just encourage you to stay focused on SEL. We are throwing a lot of money around, and I think this—which in many instances is needed—but I think this is a very, very effective, cost-effective way of doing business.

Secretary DUNCAN. I appreciate your leadership so much, and you hit the nail on the head that these are learned skills. So children can have huge challenges, but if you help them learn how to handle those and deal with them, then you have a chance. When you don't, they can't get past those challenges and can't begin to think about what is going on in class. But these are absolutely teachable, learned skills; and the more we can do that—and I think children today have probably never had more challenges—huge pressures, huge temptations, stresses at home—and if we are not addressing this, we are not in the game.

So thanks so much for your leadership—

TEACHING STUDENTS TO UNDERSTAND EMOTIONS

Mr. RYAN. You have got it. There are a lot of good programs out there that really break it down in the curriculum, where they are teaching about the brain, they are teaching about the amygdala and the prefrontal cortex to first and second graders so that they understand what is happening to them when they get pushed on the playground or when they have a domestic issue at home. They know what is going on.

And I think that level of awareness that the student has about what is happening to them is critically important for them to be able to then figure out how to not respond in a bad way.

EARLY COLLEGE ENROLLMENT AND DUAL ENROLLMENT PROGRAMS

One other question. We have a great early college enrollment program in Youngstown, Youngstown city schools. We also have one in Akron as well in my district. One of the issues I wanted to bring up, because of budget constraints, Youngstown State University, they have cancelled the program. So what I wanted to ask you about is making Pell grants eligible for kids who are going into early college.

I don't think it is going to cost us any more money. I think in the end it will actually save us money, because we are front-loading the money. So paying for these kids to go to college with Pell grants their last 2 years of high school and so we are going to avoid the latter years of the cost of living or the increase in education costs had they waited 2 more years.

So can you help us with that and comment on it, about creating that pipeline?

Secretary DUNCAN. Our Administration is hugely supportive of early college and dual enrollment. What is interesting to me is so often historically this is seen as a thing for the advanced juniors and seniors to do. What I often see in different contexts, it is actually a dropout prevention program.

For students who may not be the highest performing but are in the middle of the pack, when they start to take a college class and get college credit and start to think, man, I can really function and be successful in this environment, it changes their whole perspective on life. So it is a very interesting range of students who can benefit from this.

COLLEGE PATHWAYS

We have proposed in our budget \$100 million for College Pathways, an accelerated learning program that would expand access to college, dual-enrollment, AP classes, the international baccalaureate program as well. So \$100 million there.

PELL GRANTS AND EARLY COLLEGE PROGRAMS

On the Pell grant issue specifically we have talked about, it is an intriguing idea. I think it has been considered in the past, and there are some challenges associated with expanding Pell grant eligibility to students during high school, but it is an idea worth kicking around, and I would be happy to look into this and other options. At the end of the day, your goal of significantly expanding access to early college programs, I don't think we can do enough of this, and we have to be very creative in how we think about this.

Mr. RYAN. I mean, we are going to spend this money on the Pell grant one way or the other—I mean, if they go to college, you know—and let's spend it early and make sure they get into college, like you said, even the people in the middle of the pack.

Thank you, Mr. Chairman.

Mr. OBEY. Thank you.

Ms. DeLauro.

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

DISPROPORTIONALITY IN SPECIAL EDUCATION

Good morning, Mr. Secretary. It is great to see you.

Just very quickly a point, I am going to send a letter to you about an important issue in my district regarding significant disproportionality in IDEA. I don't want to take your time this morning.

Secretary DUNCAN. Give it to me when we are done.

Ms. DELAURO. I will get it to you, and hopefully we can take a look at this.

Secretary DUNCAN. I will have Alexa Posny take a very close look at it for you.

Ms. DELAURO. Great. Thank you.

EARLY LEARNING CHALLENGE FUND

Mr. Secretary, I have been a long-time and a strong supporter of early childhood education and the resources for critical programs like Head Start, Childcare Development Grant, others. I was excited to see the Administration's focus on early childhood through the initiative in the Early Learning Challenge Fund. I was proud to vote for this in the education bill that now will be part of reconciliation.

But, let me ask you, if we are not successful in including the Challenge Fund in reconciliation, what is the administration's backup plan to make this important initiative a reality?

Secretary DUNCAN. It is hugely important. And, Congresswoman, I would agree with you that probably the best investment we could make, the best return is in early childhood education. And what we all talk about is we are constantly playing catch-up. I keep saying we have to get out of the catch-up business, and the best way to get out of the catch-up business is to make sure that our 5-year-olds hit kindergarten ready to learn and ready to read.

We have far too many children who—it is not just 3- and 4-year-olds, but what are we doing zero to 5 to make sure that we are leveling the playing field? I am convinced that if we did that well, so many of these challenges we face long-term, dropout rates and other things, would be dramatically lower.

So, you know, we desperately want that Early Learning Challenge Fund to be in there. If it is not, we need to work through a different vehicle or do something.

But this President, this Administration, is absolutely committed here. You know, we are asking for almost \$10 billion over the next 10 years. We have had some questions about collaboration. We have had a wonderful, wonderful partnership with HHS and Secretary Sebelius; and we all are working together. This is a huge opportunity for the country to break through, and we hope it goes through. If it doesn't, we need to work together—

Ms. DELAURO. I, for one, will push to be a part of that effort. I think if it is not, we must really work together and collaborate to make sure that that happens.

EVEN START

Let me ask a question about Even Start. That is something that I have talked about before.

Last year's House report reflects the priorities of this subcommittee and the members and, I might add, certainly of the chairman. And just very briefly, the committee strongly recommends \$66 million for Even Start, which is the same amount as the fiscal year 2009 funding level. It provides grants to States, family literacy, integrating early childhood education, adult education, parenting education for low-income families and their children from birth to 7 years old.

The committee goes on and says it does not agree with the Administration's program to eliminate Even Start, and the view on that was that—the elimination, which our view is that it was based on results of flawed evaluation studies, studies that were not representative of Even Start participants and programs based on small samples, et cetera.

I have to ask you this: Why have you come back again with a proposal to eliminate this program? This is a program that serves 50,000 families nationwide. It is the only Federal education program that focuses specifically on parents and their children and the literacy learning skills that they can work on together. So I am having trouble understanding why you—why the Administration insists on ending this program.

Secretary DUNCAN. We talked about it earlier, and I am a huge fan and supporter of family literacy. Growing up, as part of my mother's after-school program, she spent a lot of time not just working with children but working with parents and trying to make sure that she was changing what was going on inside the household and really making sure parents had the skills to function and to support their own children.

So this is one that we are passionate about. Family literacy is something that is part of the literacy program in the proposed ESEA authority on a well-rounded education. We actually propose a 10 percent increase in funding. Even Start projects can absolutely apply—compete to do that. Brenda Dann-Messier, who is leading our adult ed work, is a passionate advocate and did phenomenal work in adult literacy.

So this is something we are going to work very, very hard on, going forward. So it is part of an overall literacy package. We don't have a line just for Even Start.

Ms. DELAURO. Well, you know, I can't be a predictor of where this committee will come out, but I can say for myself that I would be one and I suspect that there are others that are going to want to see that this program continues.

Secretary DUNCAN. We are happy to have that conversation.

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

Thank you, Mr. Chairman.

Mr. OBEY. Thank you.

EDUCATION JOBS SAVED BY RECOVERY ACT

Mr. Secretary, you indicated and witnesses did yesterday that about 325,000 teachers' jobs were saved by the Recovery Act. We roughly filled about 40 percent of the hole in State budgets last year. This year that is going to drop about 20 percent. This program is meant to be temporary. Some people object to it; and they say, well, this is going to wind down. What good did you do?

EDUCATION JOBS BILL

And the whole point of the program was to simply get us through the next 2, 2½ years until the private sector could recover and pick up the slack again. To do that, last December the House passed a second jobs bill, which contained \$23 billion in additional assistance to education because we don't want to see 50 percent of the teachers whose jobs were saved last year lose those jobs in the coming year.

So let me ask what will happen at the local school district level to their ability to retain those teachers if we do not pass that bill or something similar to it that provides at least a similar amount of assistance to States and local school districts.

Secretary DUNCAN. Chairman, I appreciate your huge leadership on this. I share your concern. I am very, very concerned.

As I travel around the country, everywhere I go, everywhere, no one is immune from this. Folks are hurting. And we are not just cutting through fat. We are beneath bone now. And to hear about skyrocketing class sizes, to hear about—I keep arguing for more time, Mr. Chairman. We see students going to 4-day work weeks.

Those are huge challenges, and we need to do something. We need to do something.

Mr. OBEY. What will happen if we do nothing?

Secretary DUNCAN. You will see some devastating cuts around this country. And folks that are making these cuts, fiscally responsible superintendents, school boards for the fall are planning budgets now, March and April. So this is not something that is going to play out in August. These things are happening in real time.

Mr. OBEY. And won't it also put additional upward pressure on local property taxes?

Secretary DUNCAN. Sure. Sure. Absolutely.

TITLE I, ESEA FUNDS FOR HIGH-POVERTY SCHOOLS

Mr. OBEY. I referred to this chart earlier, and what it shows is that, among students who scored in the top quarter—I said 20 percent earlier. I should have said top quarter—on eighth grade math tests, the child of a wealthy family graduated from college 74 percent of the time, while a child that came from a poor family graduated only 29 percent of the time, even though they demonstrated the same ability.

I would point out a similar relationship exists between that eighth grade performance and the decision to even enter college. What is the one program for elementary and secondary education which we have relied upon for years to try to equalize that poverty situation?

Secretary DUNCAN. Title I.

Mr. OBEY. Right. How do we correct that if we don't provide significant increases in Title I?

SCHOOL IMPROVEMENT GRANTS

Secretary DUNCAN. A couple ways. One is, as you know, the school improvement grants are going to be directed to those low-performing, high-poverty schools. So we are trying to make a very, very significant investment there. We have \$3.5 billion that we want to put out to those schools now.

We have to focus—and there aren't simple answers here. You have to focus on getting great talent into those historically underperforming schools, and we want to work hard on that as well.

And I would argue that Pell grants, making sure students have access to resources to go—we have so many families—you probably saw the same survey I saw a couple weeks ago. A lot of American families just don't think college is for them.

TITLE I FUNDING

Mr. OBEY. I understand about Pell grants, and I will get to that. But the fact is that if you want to provide assistance to all poor kids around the country, you don't need to go through a targeted program that gets to a few school districts. Because there are many, many poverty districts around the country who will never get the grants that you are talking about.

ADDRESSING INEQUALITY IN EDUCATION

Which leads me to the same question that I was asking before and several others have been asking. Why if we want to close that gap would we not concentrate on Title I? I mean, I was elected in 1969. That was at a time when the Federal Government had just started programs like Title I, and I sponsored Wisconsin's first State version of Title I. I still remember the bill number, 51-A. That was a tiny little initiative at that time, \$5 million for the entire State. That went a lot further in those days than it does now.

But I mean I have been trying and so have most people on this panel been trying ever since to meet the needs of Title I by providing for more full funding. We have never come anywhere near close to where we should be in funding Title I.

So, I don't understand why I should be all that interested in focusing what meager additional resources there are in the education budget this year on a new program when we know that the basic program is there to deal with poverty stricken kids all over the country.

Secretary DUNCAN. I think obviously what you and I absolutely share in common is a passionate desire to help disadvantaged children be successful, and Title I is a huge piece of that.

But I would argue that everything we are trying to do is trying to address those inequalities. So trying to put money to attract great teachers into poor communities we think is hugely important. Trying to make sure that students have a well-rounded education, where so often it is narrowed, is very, very important.

Chairman OBEY. I think that is important, too, but, to me, there are lots of ways we can provide incentives to put better teachers in some of those schools. But I question such a heavy focus on teachers. Yes, I want quality teachers, but let me give you an example: Me.

When I was in 7th grade, I skipped school 2 days a week, and that is how I learned to play the harmonica. I was hiding out in the woods.

Secretary DUNCAN. We need more music in school.

Chairman OBEY. But I finally got turned around essentially by two teachers. Now, if I hadn't gotten turned around, should those teachers have been blamed for my failure?

Secretary DUNCAN. No. No, of course not. Nobody is suggesting that. No, of course not. Of course not.

But great teachers turn around children, you and many others included. We all remember those teachers that changed our lives. And all we want to do is we want to shine a spotlight on excellence. What I will tell you is there have been very few incentives for those great teachers to go to historically underserved communities, very few rewards to do that, and we want to make sure the children who need the most help are getting it.

Mr. OBEY. I understand, and you are focusing on heavily underserved communities.

RACE TO THE TOP APPLICATION PROCESS

But let me make a point. In your Race to the Top package, I am told by my State education people and by my Governor that when

your Department considered their application, that all of the points that they would have earned in your evaluation system were roughly related only to six counties in the State—Milwaukee, Kenosha, Racine, Madison, Green Bay, and I have forgotten the other one.

Secretary DUNCAN. I don't know the specifics of your proposal, but I will say what we were trying to reward is States that had comprehensive plans—urban, rural, suburban, every child.

Mr. OBEY. All I can tell you is that my State people think that the focus of your attention was almost exclusively on those six urban counties.

FOCUSING INCREASED RESOURCES ON INEQUALITY

The point I would make is simply that we have got 72 counties in the State, and there are a lot of them outside of that area that are low income and have lots of poverty kids. I just do not understand why we do not—very frankly, I am a Democrat, as you know, and so are you. I do not understand why, when we finally have a shot at it, we are not greatly emphasizing Title I before we do others.

I am all interested in reform, but, as Richard Nixon said, timing is everything in politics. And as I see it, I will be a whole lot more interested in putting additional money in reform efforts 2 years from now when the economy is through this recession than I am right now when everybody is sucking for air. I don't understand why we do not have a greater emphasis on trying to help those school districts.

Secretary DUNCAN. Obviously, I think we would agree we need to do both. We need to help stabilize schools under huge stress, and we need to get dramatically better, and we are trying to find that balance.

HISTORY AND CIVICS EDUCATION

Mr. OBEY. Let me ask an additional question. I asked this yesterday of the panel, too.

We seem to be fixated on improving performance for math and science, but I, frankly, am concerned that we are going to be producing a generation of societal and political illiterates. Because I think you see as the testing focuses on math and science, for instance, or math and reading, it isn't just the arts that get squeezed aside, it is history, it is civics.

As I said yesterday, I was in one class a few months ago where the kids couldn't tell the difference between a State legislator and a third baseman for the Chicago Cubs. They were absolutely illiterate in terms of the things they would need to know to function as citizens in a democracy.

How do you feel about this emphasis on math and science and how do we produce a much more well-rounded approach to education? Because, otherwise, we can set utilitarian goals, but it is not going to meet our other societal needs.

BUDGET INCREASE TO PROMOTE WELL-ROUNDED EDUCATION

Secretary DUNCAN. I will tell you, I was in 37 States last year—rural, urban, suburban. Everyone—teachers, parents, students—all expressed their huge concern about what we are seeing in this country, which is a narrowing of the curriculum. I couldn't agree with you more.

So yes, reading and math are important, but, again, one of our six big buckets is a well-rounded education for history, for arts, for financial literacy, which we haven't talked about, which is a big one, for foreign languages—

Mr. OBEY. Financial literacy, we could start with Wall Street bankers.

Secretary DUNCAN. And we ought to produce a next generation of students who do better than what we have seen today. I mean that very seriously.

For all those things, civics education, history, social studies, we propose a 17 percent increase, \$265 million.

So the need for a well-rounded education—let me just say one more thing about it, Mr. Chairman. It is hugely important. It is not just important at the high school level, which is often what people think. I think that for first graders, second graders, and third graders, we have to give students a chance to find their passion—music for you, art for someone else, drama for someone else. We have to provide those opportunities; and if we don't do that, we really put a ceiling, a limit on what students can accomplish.

So math, reading, science, are very important. So is foreign language, literature, arts, PE. We need to get back to those things, and we are trying to do everything we can to encourage that. A well-rounded education is critically, critically important.

Mr. OBEY. Mr. Tiahrt, why don't we give everybody a shot at one last question or so before we shut down the hearing. Take a couple minutes yourself, if you want.

CIVIL RIGHTS

Mr. TIAHRT. Thank you, Mr. Chairman.

I have been hearing several times that education is a civil right. So I don't recall it being in the 14th amendment or the Civil Rights Act of 1964. I checked the White House Web site. It is not included there under civil rights. It is not in Wikipedia. I don't think it is a civil right. I think it is very important, but I don't think it has the status of a civil right, and I think it diminishes those who are protected by our laws for civil rights by trying to broaden it.

PROPOSAL FOR DIRECT LENDING FOR STUDENT LOANS

I have a question more directly about student loans and the government taking over the process of administering student loans. As I see it, we have these two avenues: One is where the government takes over student loans and takes money that we don't have, so we have to go borrow money to loan to students. So the students end up going through school and then have to pay back not only the student loans but then the money that the Federal Government borrowed to provide the student loan. When you compare that to banks, banks already have money to lend. We don't have to go bor-

row from the Chinese. So the student just has to get his education and pay back the student loan.

One can make the argument that the Federal Government is subsidizing the money and will have to borrow money to subsidize the interest. And I would say it is much cheaper to borrow just for the interest, rather than for the loan and interest, and I think you would agree that math is correct.

So why are we doing this? Is it for control? Is it to limit what institutions can receive money or limit some curriculums? What is the purpose for borrowing money for student loans when we don't have it?

PROPOSAL TO INCREASE PELL GRANT FUNDING

Secretary DUNCAN. It is very, very simple. Taxpayers are already spending this money. Taxpayers are subsidizing banks today. This is not a new expense.

Mr. TIAHRT. This program will continue, but we are not going to continue to subsidize banks.

Secretary DUNCAN. Let me just finish. So we think we should stop subsidizing those banks; and we think we should invest scarce resources, taxpayer resources, yours and mine, into students.

To be clear, what we want to dramatically increase is access to Pell grants. That chart that Chairman Obey put up there haunts me, and the lack of financial resources for poor families to go to college is a huge impediment and a huge killer of dreams.

Mr. TIAHRT. Since my time is limited—

Secretary DUNCAN. Let me finish. These are Pell grants. Students don't have to pay these back. These are grants.

Mr. TIAHRT. I am talking about student loans, the student loan program that the government is trying to take over.

Secretary DUNCAN. This is Pell grants that we are trying to increase.

STUDENT LOAN REFORM

Mr. TIAHRT. I am talking about student loans. The government is trying to take over student loans, correct?

Secretary DUNCAN. We are trying to stop subsidizing. We are trying, rather than have the private sector initiate those, we would initiate those.

Mr. TIAHRT. The bank I received my student loan from is still in business today, and it did not receive any subsidized funds, even in the latest go-around.

Secretary DUNCAN. I would beg to differ on that one, and I am happy to look at that specific situation.

But we can dramatically increase Pell grants to students, we can invest in community colleges, we can lower loan repayments at the back end, the income-based repayment, simply by stopping subsidizing banks.

Mr. TIAHRT. Well, there are students that will get access to college through student loans, do you agree?

Secretary DUNCAN. Sure.

Mr. TIAHRT. Okay. So why is the government taking over student loans? Why don't we continue to pursue that through the private lending institutions, like I did when I got my college student loans?

Secretary DUNCAN. Because we can save tens of billions of dollars by initiating the loans ourselves. The servicing of the loans will all be done by the private sector.

Mr. TIAHRT. How can we save money when we have to borrow money for the student loans and for the interest?

Secretary DUNCAN. We are going around in circles here. We can save money because of subsidizing banks, and the——

Mr. TIAHRT. The bank that I got my student loan from is not subsidized. Which bank is subsidized that is providing student loans today?

Secretary DUNCAN. This is across the country. The servicing of these loans would all be done by the private sector. It is not our sweet spot. We would do none of that. Good actors would get a lot more business. We have more and more people going back to college in this country, which is a good thing. Bad actors would lose business. The free market would play.

Mr. TIAHRT. I think it is out of line for us to get into the student loan business, because we don't have the money to start with. And it doesn't save us money. It costs us money to do this. Private banks have the money available. So I think it goes beyond just the financial side. I think there is some control issue here, and I want to know what it is.

Secretary DUNCAN. There is zero control issue.

Mr. TIAHRT. What requirements would we put on student loans? Mr. Kennedy advocates cutting them out for Ivy colleges, and I think he makes a good argument for that.

Secretary DUNCAN. Let me finish. The private market, before we have done anything, as you know, has been collapsing. This thing has been on life support. And before we got here, we have seen a huge migration of universities to direct lending, from about 1,000 universities to 2,300 before we got to town. So this is something that has happened without us doing anything because the private market wasn't working.

Mr. TIAHRT. I would say if private institutions want to pursue that path, they should be open to doing it. I just think there is something beyond this, and it is in the element of control, and I think it is a bad path.

The other thing I want to mention before my time runs out——

Secretary DUNCAN. I just want—for the record, I want to say we have zero interest in that. We simply want to stop subsidizing banks and put scarce resources behind students.

INDIVIDUALS WITH DISABILITIES—GRANTS TO STATES

Mr. TIAHRT. I want to join with Congresswoman DeLauro about my concerns on IDEA as well. I want that for the record, that we need to get to our proportionate share, and it needs to be equitable.

Secretary DUNCAN. We have a \$250 million increase for IDEA grants to States. I hear that concern.

Mr. OBEY. Ms. DeLauro.

TEACHER RECRUITMENT AND RETENTION

Ms. DELAURO. Let me just echo something that the chairman said, and I guess many of my colleagues, because I arrived late, and that is it was Randi Weingarten who said a child's education

should not be based upon how well adults write grant applications. I couldn't agree more.

When States start to lay off teachers—I just want to make this statement because it has been discussed here—they undermine our economy further, not to mention increasing class sizes.

I know you believe that we have to have reform in a good and a bad economy, but I think what is key to all of us at the moment or at our core here is the timing and making this shift in education funding and the effect that it is going to have in terms of worsening the economy; and instead of providing that opportunity, a better education opportunity, we will be curtailing that. So I just want to add my voice to that.

But let me ask about the Teacher Incentive Fund, if I can. Teachers, you know, we have said are the most critical factors in improving student achievement. We are doing everything that we can to make sure we can recruit and retain the best teachers. But we know from the research that the financial incentives are of limited value to attracting teachers to low-performing schools.

A survey by Scholastic, Inc., and the Bill and Melinda Gates Foundation show that non-monetary rewards are the most important things in obtaining good teachers. I believe only 8 percent responded that pay-for-performance plans are key.

What initiatives do you propose in your budget to attract the best and the brightest to serve the neediest kids, especially once the schools are labeled as the State's worst schools?

TEACHER INCENTIVE FUND

In a related question, how can we justify an increase of \$800 million in the Teacher Incentive Fund, a program that 2 years ago was only \$97 million and also a program that received \$200 million in the Recovery Act and I believe that the funding has not gone out yet?

Secretary DUNCAN. Many, many factors go into attracting great talent to underserved communities. I absolutely agree. Increased financial rewards is a small piece of that.

A couple of things have to happen. You have to have a great principal. Teachers will follow a great principal to the end of the Earth. Great principals make a huge difference. Bad principals run off good teachers. That is part of the problem. Principal leadership is hugely important, and we have to invest there, and we are looking for a five-fold increase there.

PROMISE NEIGHBORHOODS

You need a community to rally behind a school. So all the work we are trying to do around Promise Neighborhoods tries to create that community of support behind those troubled schools.

Ms. DELAURO. That is the Comer Model, and I am very familiar with the Comer Model in schools, Jim Comer.

Secretary DUNCAN. And when you put it in place, great teachers want to go to those tough communities. They want to have a chance to succeed. And if we can put in place the structure, more time for them, more time to collaborate, better resources, better data, we put those in place, I promise you great teachers will want to go to underserved communities.

Mr. OBEY. Mr. Cole.
Mr. COLE. Thank you, Mr. Chairman.

MOVE TOWARD MORE CONSOLIDATION AND COMPETITIVE PROGRAMS

Just an observation and a couple questions.

I think what you are running into, Mr. Secretary, is there is a lot of confidence in you, quite frankly, but I don't know who the next Secretary is going to be. And I worry about just the centralization of power and the grant approach that brings, the pickers of winners and losers, who is going to do it, how it is going to work, and how you are going to have any certainty at the receiving end of this process. I think you do need certainty over a period of time if you are going to make the kind of investments that are necessary.

ASSESSMENT OF NO CHILD LEFT BEHIND

But let me ask a historical question, because I am struggling with trying to understand what we have done right and where we need to change, get better, and what you want to do.

Under No Child Left Behind, which is now, of course, much maligned but actually had a couple of great virtues, one of which was actually bipartisan, which I think to move ahead here you need to be bipartisan; and, second, that it really did put a lot of focus on the consumer here, i.e., the kids, as opposed to anyplace else in the bureaucracy and how are we doing with them and are we really particularly looking, by breaking students out, at kids that are the most disadvantaged, the most challenged, and trying to target resources there.

I am happy we are going through reauthorization, because that is why we have it. So what have we learned? What do we need to do different?

Looking first at No Child Left Behind, could you tell me, did scores for kids broadly—and I mean very broadly—go up? Did we narrow differences, which is what we all wanted to do on both sides of the aisle?

Secondly, going forward, could you just explain for me the differences in where you propose to go? And I actually look on this as building on. I don't see this as antithetical efforts necessarily. But where are the differences, the course corrections you are making, in contrast to where we would have been had we just simply stayed on line, which never is a very good idea?

Secretary DUNCAN. I appreciate that, and I want to assure you that we will only do this and want to do this in a bipartisan way. I consider that education has to be the one thing that rises above politics and ideology. We all have common interests. I have been so impressed here. The leadership of the House, the Senate, Republicans, Democrats, everybody is working hard on this together.

DROPOUT RATE AND COLLEGE COMPLETION

My sense of urgency is—I go back—we have a 27 percent dropout rate. That hasn't moved. We used to lead the world in the percentage of college graduates 2½ decades ago. We have flat-lined. Everybody else has passed us by. You want to know why we are in

a tough economic position now? I think that explains a lot of it. So we need to get dramatically better, and we need to get better as fast as we can.

FOCUS ON ACHIEVEMENT GAPS

What I will always give the previous Administration credit for was focusing on achievement gaps. We used to like to sweep that under a rug as a country, and it forced us to have those tough conversations. We need to continue to have them and the idea of disaggregating data, really looking at what is going on there. That is something we will never, never walk away from. And we have to have focus on achievement gaps.

ASSESSMENT OF NO CHILD LEFT BEHIND

Having said that, I wasn't here. I don't know the history. There were a number of consequences intended, unintended I don't know about, challenges that I have heard repeatedly around the country as I have traveled. The law was far too punitive. The law was very prescriptive. And this is well-documented. It actually lowered the bar. Due to political pressure, States lowered standards, which is absolutely the wrong thing to do, wrong thing educationally, wrong thing economically. But due to political pressure, the standards got lowered in many cases; and, to Chairman Obey's point, we saw a narrowing of the curriculum.

FOCUS ON GROWTH, GAIN; REWARD SUCCESS, EXCELLENCE

So what do we need to fix? We need to raise the bar, have meaningful standards, a high bar for every child. We need to reward excellence and success.

Again, I want to look at growth and gain, how much are students improving each year.

Let me give you one example I use. Let's say you are a sixth-grade teacher, and I come to you, and I am three grade levels behind. I am reading at a third-grade level. I leave your class, I am one grade level behind. Under No Child Left Behind, you are a failure. You are a failure. Your school is a failure. Your State is a failure.

I think not only are you not a failure, you are not just a good teacher, you are a great teacher. I had 2 years' growth for a year's instruction, and we should be recognizing that excellence. We should be learning from it. We should be encouraging it. We should get more of those teachers into underserved communities.

So that is a huge problem we have to fix. I think by focusing on growth and gain, that is the right way to do it. So reward excellence and success, more local flexibility, essentially how you want to manage.

FLEXIBILITY AND ACCOUNTABILITY

No Child Left Behind was very loose on goals: 50 different goal-posts, 50 different standards, many got dummed down, very prescriptive, very tight on how you get there. We want to flip it on its head: tight on its goals, high bar for the country, college- and career-ready standards. But give much more local flexibility, hold

folks accountable for the results, let them move to get there. And then, finally, and we are trying to invest heavily here, our students need a well-rounded education.

Mr. COLE. Thank you, Mr. Chairman.

Mr. OBEY. Ms. McCollum.

Ms. MCCOLLUM. Mr. Secretary, you talked about holding, and so I want to give you an example of why I think you need to do that.

The State of Minnesota, for balancing its budget a couple decades ago, decided it would delay payments to school districts, not make them on time. School districts had to go out on the market and borrow money and pay interest. That money wasn't going to children.

That was one of the last actions I took. We corrected that before I ran for Congress. And now Governor Pawlenty is right back. That was the demand that he had in balancing the budget, that the school districts have to go borrow money in order to make their day-to-day payroll obligations so the State of Minnesota didn't have to. That is wrong, and I hope you hold States accountable.

PROPOSAL TO MOVE TO STUDENT LOANS DIRECT LENDING

I would like to give you an opportunity to walk through what we are doing with the Direct Student Loan program. It used to be, if I understand, the U.S. had the money, we gave it to the banks that then distributed it to the schools, and everybody took their cut on it, and we took the full risk. But now we are lending directly to the schools where the financial counselors and the students are sitting together.

Would you walk through that for me?

Secretary DUNCAN. You summarized it perfectly. We have subsidized banks where we have all the risk, and if we can just cut out the middleman there and do direct loans across the country—again, we are seeing a huge migration towards this anyway before we did anything because the private market was drying up. We saved tens of billions of dollars.

I understand banks' resistance to this. They have had a very good deal; and because of those subsidies—and this is all a matter of public record—they have been able to hire and spend millions of dollars on lobbyists to oppose this. They are running ads in States opposing this. And I understand it, from their perspective, it is a hard thing to give up.

But if we can take tens of billions of dollars at a time of tremendous economic crisis and make college much more accessible and affordable for hard-working Americans, middle-class, working-class Americans, I don't see how in good conscience we can stay on the sidelines.

Ms. MCCOLLUM. Mr. Chair, I don't see how we are taking over anything except an opportunity for more children to have a chance at college. Thank you.

Mr. OBEY. Mr. Ryan.

Mr. RYAN. I appreciate you doing that, too, Mr. Secretary. I mean, subsidizing the banks where they had no risk at all and, if someone bailed, we picked up the tab. I appreciate how you are doing that.

ROBOTICS COMPETITIONS

Two things. One, the issue of math and science. We have some programs in Ohio, robotics programs, they had the first competition and whatnot, just unbelievable, where you see kids get so excited and passionate about using their hands and conceptualizing what they are going to create. And the first competition is probably the most prominent competition around the country.

When I think about robotics, I think about the old shop classes and how this is kind of like 2.0 in the shop classes.

Secretary DUNCAN. The new shop.

Mr. RYAN. Yes, exactly. Is there anything in this budget that would help local schools? Now a lot of schools can't even afford the start-up to get the kit and to pay the supplemental for the teacher.

Secretary DUNCAN. Yes, I am a big fan. We talk about well-rounded education. I am actually going to go to the national championships, the national finals of the first competition. I am a big fan. And we talk about a well-rounded education. It is those kinds of opportunities again, whether it is robotics, debate, academic decathlon, music. So I worry in tough times that those extra curricula are often the first things to get cut. Those are things that keep students engaged and keep them motivated. So we want to continue to encourage a well-rounded education. I love those robotics competitions.

INCENTIVES AND PUBLIC-PRIVATE PARTNERSHIPS

Mr. RYAN. How can we create incentives? In Warren, Ohio, we have a great program at Warren Harding High School, and it is with non-traditional kids. They are not playing hoops, they are not on the football team, whatever. The reason they have been so successful is Delphi was a local corporation who was very involved in the start-up of the robotics program at the high school.

So how do we create incentives for local manufacturers or local corporations to help contribute to these programs?

Secretary DUNCAN. That is the thing. I think the start-up costs for the robotics competition are actually minimal, and it is easy. Again, that is where we can think about it at the Federal level. But I think that that is, at the local level, just going out to those businesses and saying, for a small amount of money, you create this huge life-changing, life-transforming opportunity for students.

Those kinds of sponsoring partnerships are out there. Obviously, business is struggling now, and there are maybe fewer available dollars. But this is a low-cost, high-impact, high-visibility activity, where students from very non-traditional backgrounds are getting interested in science and engineering and thinking about a whole set of careers that they never would have thought about without this competition. So there is a huge amount of space for folks to be creative and innovative and build those public-private partnerships.

Mr. RYAN. Most of these programs, you see these kids, they have like a 98 percent graduation rate, a placement rate in college, the military, something when they get out.

PARTNERING OF SCHOOL DISTRICTS TO SHARE SERVICES

One last question before we have to run, I am not for consolidating school districts or schools. I believe in the neighborhood school. I think that is very important. But there are a lot of services that I think school districts can share—buying the food, buying computers.

Secretary DUNCAN. Textbooks.

Mr. RYAN. Textbooks, those kinds of things. Is there anything in here to create an incentive for school districts to partner with each other on those services?

Secretary DUNCAN. When times are tough, what would you rather do, increase your purchasing power or lay off a bunch of teachers? I would much rather increase my purchasing power and keep those desperately needed adults in the building. So where folks are doing all these things—HR, buses, food, textbooks—where they are doing it on an individual basis, that to me is just an absolute waste of money at a time of desperate need.

Mr. RYAN. Are there any incentives in here?

Secretary DUNCAN. We can think about it. I think this is one that is common sense.

Mr. RYAN. Well, if we are relying on common sense—thank you, Mr. Chairman.

Mr. OBEY. Thank you.

Mr. Secretary, let me simply summarize by asking two questions and then making a point.

PELL GRANTS

With respect to Pell grants, lest anybody think that we are being overly generous with them, when they were first instituted, the maximum Pell grant covered over 70 percent of the cost of going to a 4-year university. Today, despite the increases that we have had that has taken it from 32 percent upwards somewhat, we are still riding at about 37 percent. So we have hardly been overly generous.

SAVINGS FROM DIRECT LENDING

Secondly, with respect to student loans, I just want to read something that appeared in Roll Call last week. I want to quote two sentences.

“The legislation deserves GOP backing first and foremost because it eliminates government waste and saves billions. The choice is simple. Do we help Citibank make millions of dollars in profits from zero-risk student loans or find other ways to use the up to \$87,000,000,000 in savings?”

That savings number comes from the nonpartisan Congressional Budget Office.

The article was written by Dr. Susan B. Neuman, former Assistant Secretary of Elementary and Secondary Education under former President George W. Bush.

IG AUDIT OF READING FIRST

Let me also ask this question: I am sure that you are familiar with the Inspector General’s alarming audit of the Reading First

Initiative under the previous administration. The investigation concluded that Federal officials violated conflict of interest rules when awarding grants to States under the reading program and steered contracts to favored textbook publishers. The IG's report found that the program was awash with conflict of interest and woeful mismanagement.

It also suggested that the Department of Education violated the law by attempting to dictate which curriculum schools must use. The report states that program review panels were stacked with people who shared the Reading First director's views and that only favored publishers or reading curricula could obtain program funding.

ELIMINATING CONFLICT OF INTEREST IN COMPETITIVE AWARDS

What is your Department doing to ensure that conflict of interest does not exist in competitive grant programs under your leadership? What kinds of measures have been put in place to prevent an outcome along the lines of the Reading First initiative?

Secretary DUNCAN. First and foremost, we don't think we should be involved in curricula decisions. This has always been down at the local level and should not be driven at the national level. So we have no opinion, no stance, no interest, no investment, and are absolutely dispassionate on it. So in that spot you can't have a conflict of interest.

We have tried to recruit people with the highest integrity and to do things the right way. We absolutely hope to be and should be and will be held accountable for that. All we want to do is invest in great ideas that are coming from the local level.

But we have no agenda here, no interest in textbook publishers, and we don't think we should be playing in the curricula field whatsoever.

ACTIONS TO PREVENT CONFLICTS OF INTEREST

Mr. OBEY. I am concerned not just about that narrow approach but across the board in the agency. If you can get us some more information for the record, that would be helpful.

Secretary DUNCAN. I will.
[The information follows:]

ACTIONS TO PREVENT CONFLICTS OF INTEREST

The Department has taken significant actions to prevent conflicts of interest in the implementation of our programs. On December 4, 2007, after the release of the Office of Inspector General reports on the Reading First program, the Department issued an internal directive, "Improving Administration and Management of Department Programs." The directive provided all employees with program implementation guidance on a number of topics, including identifying a conflict of interest, prohibitions against controlling and directing curriculum and instruction, controls for the proper use of peer-review processes, and early and ongoing consultation with the Office of the General Counsel. The Department requires all employees to participate in annual training to ensure that they follow the policies described in the directive.

The policies and procedures used in the Race to the Top competition provide a recent example of the emphasis that the Department places on ensuring that grant competitions meet the highest standard of integrity. The Department has taken several actions to ensure that the Race to the Top competition peer review process is conducted in an objective manner free from conflicts of interest. A document that describes the steps the Department took to identify potential, direct, and indirect conflicts of interest, as well as the appearance of a conflict of interest, is available

on the Department's Web site at <http://www2.ed.gov/programs/racetothetop/application-review.html>.

ORIGINS OF U.S. DEFICIT

Mr. OBEY. Let me say, lastly, with respect to the education budget, I hope that you will give no ground—I would ask you to put chart number one up.

I would ask that you give no ground when people are suggesting that somehow the deficit is impacted in a major way by what we are doing in education.

As that chart shows, if you take a look at the deficit which was inherited this year by the Obama Administration, \$5.1 billion of that—I mean \$5.1—I can't read my own writing—

Secretary DUNCAN. I think it is trillion.

Mr. OBEY. Yes, it is \$5.1 trillion. I read better with my glasses off. These are new glasses, and they are not worth you know what.

But \$5.1 trillion of the 2009–2019 deficits were caused by tax cuts which were paid for with borrowed money and \$1.8 trillion paid for by our entry into two wars, as I said yesterday, one I believe justified and one not. Then the economic collapse contributed \$3 trillion to that deficit over that same period. Meanwhile, the Recovery Act—the entire American Recovery and Reinvestment Act, not just the education piece—the entire Recovery Act accounts for \$1.1 trillion.

I would simply suggest I don't offer that chart to critique Administration performances, because you are not done yet. But what I do do is to offer it to simply suggest that, in judging whether debt is useful or not and whether deficits are useful or not, we have to differentiate between what the money was used for.

If the money was invested in items that simply add to economic consumption and immediate gratification, we have done ourselves no favor by borrowing that money. But if that money is used to invest in the long-term efforts to make this country independent from foreign oil, so we aren't shipping \$400 billion a year to the Middle East to pay for our lack of foresight in energy; if we are investing in infrastructure that makes it cheaper to deliver products to market; if we are investing in education, which increases the competitiveness of our workforce and the quality of our individual lives, then those are investments worth making, provided that over time when the economy resumes its full level of performance, that we begin to pay that money back.

To me, that is the way to look at it; and I would urge the Administration to give no quarter in setting the record straight on that.

CHAIRMAN'S CLOSING REMARKS

With that, thank you for coming.

Secretary DUNCAN. Thank you for the opportunity. Thank you so much for your leadership and hard work.

[The following questions were submitted to be answered for the record of the hearing:]

QUESTIONS FROM THE SUBCOMMITTEE**MANAGEMENT**

Mr. Obey: According to The Partnership for Public Service's *Best Places to Work* 2009 rankings, the Department ranked 27 out of 30 in overall job satisfaction. Are there any activities planned in FY 2010 or requested in FY 2011 that are targeted to improve the workforce environment and job satisfaction at the Department? If so, please list and explain these activities.

Secretary Duncan: In response to the relatively low levels of overall job satisfaction, the Department has implemented various strategies targeted at improving job satisfaction this fiscal year that will also continue during FY 2011. These include increased communication with employees, providing our supervisors with tools to improve the competencies needed to become more engaged and to lead better, and in October 2010 the Department will implement a new performance management system for our employees.

Some examples of the specific FY 2010 activities include:

Leadership Training and Development

- Human Capital Reviews – Established a senior-level organizational culture team that conducts quarterly reviews with senior leadership in each of the organizational components to focus on their workforce, survey results, and strategies on how to address any improvement opportunities.
- Leadership Development – Established a requirement for each of the organizational components to have a measure in their Organizational Assessment (OA) that emphasizes the importance of training and development for our leaders. Mandated that each supervisor, manager, and executive had a development plan in place by January 31, 2010 that focuses on closing Department-level competency gaps in the areas of building a performance culture and conflict management and specific organizational competency gaps.
- Education First Class Initiative – This initiative is being championed by Federal Student Aid on the key themes we identified for improvements (leadership, trust, transparency, communication and employee engagement, and improving our partnership with labor).

Communication

- Employee All Staff Meetings – Scheduled quarterly meetings with the Secretary to share with employees updates about programmatic and workforce issues.

- Colleague Acknowledgement Emails – Established an email box for colleagues to acknowledge each other's hard work in support of the mission by sending an e-mail to ThankYou@ed.gov. These are read by me and my Chief of Staff and periodically will be featured during my quarterly all staff meetings.
- OpenED Collaborative On-line Forum – Launched an online forum that allows employees the opportunity to collaboratively and transparently discuss and identify the best topics to engage in ongoing, productive discussion about ideas that enhance the work of the Department by drawing upon the institutional knowledge of all our employees. A peer OpenED Reading Committee reviews and recommends ideas to be further reviewed by the specific program office for implementation.

Performance Culture

- New Employee Performance Management System – Collaborating with the union to design a new employee performance management system for the FY 2011 performance cycle.

Employee Development

- Training Needs Assessment - Conducted a Department-wide training needs assessment of 10 organizational components to identify common and unique requirements to help focus training and development needs that can be addressed through instructor-led or available through online training. Training of supervisors was the primary need identified across the components, along with building trust, maintaining integrity, and building cohesive partnerships across the organization.
- Competency Assessment - Conducted assessments for the Department's mission critical occupations to identify strategic competency gaps and provide targeted training to address them.
- Tuition Reimbursement Program – Continue to support higher education learning through the reimbursement of tuition for courses strategically linked to an employee's current job to help attain organizational performance goals. For FY 2010, the Department has reimbursed 83 employees for training totaling \$150,000.
- Mentoring Program - Announced 2010-2011Mentoring@ED program to give employees an opportunity to enhance their careers through the development of a dynamic mentoring partnership experienced through a formal, structured program.

During FY 2011 the Department will continue implementing the strategies previously mentioned to create an environment of trust throughout the Department and to continue developing supervisors and managers. As demonstrated by the results from our 2009 Annual Employee Survey, several of our 10 lowest scoring questions increased from our 2008 results, as a result of efforts.

FTE ALLOCATED TO RACE TO THE TOP

Mr. Obey: The FY 2011 budget request includes large FTE increases in many principal offices. Please provide further detail on how the additional 50 FTE will provide technical assistance to States regarding the Race to the Top program. Please provide the number of FTE that is currently allocated to the Race to the Top program and its first award cycle.

Secretary Duncan: The 50 FTE requested for the Race to the Top program will support a new approach to grants management, transitioning the Department from an organization focused on compliance monitoring to an organization adept at both supporting States in achieving their educational goals and holding States accountable for meeting educational goals, financial requirements, and legal obligations. The Race to the Top initiative will serve as the pilot for this new approach. Most of the FTE will serve on State teams to provide dedicated technical assistance. Dedicated technical assistance will mean staff having knowledge of each State's capacity, assets, and deficits, using all available tools to provide support and incentives to improve performance. Eventually, the role of these State teams may be expanded to include other Department programs.

The State team is envisioned as the first level of support for a State. Each State would have a dedicated team empowered to provide support, deploy ED resources to help solve problems, withhold funds, and grant waivers -- all within appropriate and well-specified guidelines. State teams would be supported by two types of experts. First, there would be program specialists, who would be brought in to consult/advise when there were questions related to a particular program (e.g., Title I). Second, there would be small support teams expert at evaluation, database design and mining, codifying promising practices, building and supporting active communities of practice (across States and within States), providing technology platforms to support dissemination and replication activities, and so on. Thus, these State teams would be responsible, not only for the success of the States they served, but also for the fast and effective dissemination and sharing of promising practices across States.

To implement this plan will require the resources outlined below. The majority of these people are new hires because the Department does not currently have the capacity or the skills needed to undertake this new work with current staff alone.

The new staffing resources it would take to implement this plan are estimated as follows:

- Executive and regional management/support (~5-7)

- State teams (~30-35 -- approximately 1-2 people per State team, approximately 20 State teams)
- Program specialists (no new hires; we would use existing staff for this work)
- Support specialists:
 - Technical/Data (~2-3)
 - Evaluation (~1-2)
 - Knowledge Management (~2-3)
 - Community Building (~2-3)

There are currently 20 FTE allocated to the Race to the Top program during its first award cycle.

FY 2011 BUDGET REQUEST FOR OFFICE OF THE SECRETARY

Mr. Obey: Please provide a more detailed explanation for the increase in the Office of the Secretary.

Secretary Duncan: The increase of 7 FTE in the office of the Secretary will be for continuing to administer programs in the State Fiscal Stabilization Fund ARRA account, as well as providing support for newly authorized funding of Race to the Top and Investing in Innovation. These FTE are necessary to perform key activities such as planning, monitoring, technical assistance, reporting, and risk mitigation (i.e., helping ensure that the programs achieve their intended outcomes).

FY 2009 DEPARTMENT OF EDUCATION EXPENDITURES FOR OVERTIME

Mr. Obey: Please provide for the record a table that shows all funds expended by ED for overtime in 2009. Include office, the number of employees receiving overtime in that office, and overtime amount.

Secretary Duncan: The table below displays all funds expended by ED for Overtime in 2009 by office and the number of employees receiving overtime in that office.

Office	Overtime Amount	Number of Employees
Advisory Committee on Student Financial Assistance	0	0
Chief Financial Officer	\$29	17
Chief Information Officer	44	14
Civil Rights	0	0
Communications and Outreach	6	1
Deputy Secretary	0	0
Elementary and Secondary Education	1	3
English Language Acquisition, Language Enhancement, and Academic Achievement for Limited English Proficient Students	0	0
Federal Student Aid	57	36
General Counsel	7	1
Innovation and Improvement	2	1
Inspector General	3	9
Institute of Education Sciences	0	0
Legislation and Congressional Affairs	1	1
Management	7	11
Planning, Evaluation, and Policy Development	5	3
Postsecondary Education	2	2
National Assessment Governing Board	0	0
National Board for Education Sciences	0	0
National Institute for Literacy	0	0
Safe and Drug-Free Schools	3	3
Secretary	130	28
Special Education and Rehabilitative Services	7	1
Under Secretary	0	0
Vocational and Adult Education	1	1
Total	305	132

Notes:

Amounts are in thousands of dollars.

Office of the Inspector General data excludes special law enforcement availability pay recorded as overtime.

FY 2009 DEPARTMENT OF EDUCATION COMPENSATION EXPENDITURES

Mr. Obey: Please also provide a similar table with compensation time levels.

Secretary Duncan: The table below displays the Compensation time levels in hours by office, the number of employees receiving compensation time in that office, and the equivalent dollar level of the compensation time in that office.

Office	Hours	Number of Employees	Equivalent Dollar Level
Advisory Committee on Student Financial Assistance	0	0	0
Chief Financial Officer	1,560	97	\$80
Chief Information Officer	1,969	63	93
Civil Rights	4,067	253	178
Communications and Outreach	2,011	50	84
Deputy Secretary	25	1	1
Elementary and Secondary Education	2,213	99	93
English Language Acquisition, Language Enhancement, and Academic Achievement for Limited English Proficient Students	71	6	3
Federal Student Aid	5,026	229	224
General Counsel	4	1	1
Innovation and Improvement	434	31	15
Inspector General	1,015	78	45
Institute of Education Sciences	143	19	7
Legislation and Congressional Affairs	70	9	3
Management	914	38	41
Planning, Evaluation, and Policy Development	1,289	49	54
Postsecondary Education	133	16	5
National Assessment Governing Board	65	2	2
National Board for Education Sciences	0	0	0
National Institute for Literacy	197	8	6
Safe and Drug-Free Schools	1,301	38	60
Secretary	990	36	41
Special Education and Rehabilitative Services	2,765	107	128
Under Secretary	0	0	0
Vocational and Adult Education	567	42	27
Total	26,827	1,272	1,192

Note: Equivalent dollar levels are in thousands of dollars.

STUDENT AID ADMINISTRATION – OVERSIGHT AND ECASLA

Mr. Obey: Mr. Secretary, in a February 25, 2009 NY Times article, you stated that there would be a complete report on the implementation of the Ensuring Continued Access to Student Loans (ECASLA) programs by June 30, 2009. Was such a report prepared; and if so, please summarize its findings.

Secretary Duncan: The Department has prepared weekly reports on the ECASLA (Ensuring Continued Access to Student Loans Act of 2008) Implementation. These reports are provided and discussed with congressional staff and provided to the Congressional Budget Office, the General Accountability Office and other agencies. The reports include information, by lender and in summary, of all participations interests sold, loan purchases, and conduit balances and purchases for both 2008-2009 and 2009-2010. Additional information was also provided in the 2010 and 2011 President's Budgets. The Administration is currently preparing an additional report on the ECASLA programs through FY 2010. We will deliver this to Congress upon its release.

Below is the executive summary on ECASLA implementation and summary by participant as of April 14, 2010.

Executive Summary			
	Total Through 4/13/10	Total Through 4/6/2010	Net Change
2007 - 2008 Short Term Purchase Program: - FINAL			
Total # Funded	8	8	-
Total \$ Value of Loans	\$ 1,028,809,368	\$ 1,028,809,368	\$ -
Total \$ Amount of Purchase (97%) Funded	\$ 997,945,088	\$ 997,945,088	\$ -
Total \$ Principal of Loans	\$ 1,007,856,408	\$ 1,007,856,408	-
# of Loans Funded	280,506	280,506	-
2008 - 2009 Participation Program: - FINAL			
# of Approved Sponsors	27	27	-
Total \$ Requested	\$ 33,375,751,248	\$ 33,375,751,248	\$ -
Total # of Purchase Requests	528	528	-
\$ Balance in Participation	\$ -	\$ -	\$ -
Total \$ Participated	\$ 33,359,225,064	\$ 33,359,225,064	\$ -
Total # of Purchase Requests Participated	528	528	-
\$ Participated PUT to Purchase Program	\$ 31,272,236,021	31,272,236,021	-
% Participated PUT to Purchase Program	93.74%	93.74%	0.00%
2008 - 2009 Purchase Program: - FINAL			
# of Approved Lenders	107	107	-
# of 45 Day Notices	428	428	-
\$ of 45 Day Notices	\$ 53,440,406,604	\$ 53,440,406,604	\$ -
# of Loans	11,883,530	11,883,530	-
# of 45 Day Notices Rescinded	2	2	-
\$ of 45 Day Notices Rescinded	\$ 300,861,403	\$ 300,861,403	\$ -
# of Loans	78,846	78,846	-
Total # of PUTs Funded	426	426	-
Total \$ of PUTs Funded	\$ 48,528,839,688	\$ 48,528,839,688	\$ -
Total # of Loans	11,591,639	11,591,639	-
\$ of PUTs from Participation	\$ 31,272,236,021	\$ 31,272,236,021	\$ -
% of PUTs from Participation	64.44%	64.44%	0.00%
\$ of Straight PUTs	\$ 17,256,603,666	\$ 17,256,603,666	\$ -
% of Straight PUTs	35.56%	35.56%	0.00%

	Total Through 4/13/10	Total Through 4/6/2010	Net Change
2008 - 2009 FFEL Put Summary - (09 AY disbursement \$ continues to update)			
\$ of 2009 AY FFEL Disbursements	\$ 63,409,896,840	\$ 63,409,896,840	\$ -
\$ of Disbursed 2009 AY FFEL Loans Put via the Purchase Program (Principal Balances only)	\$ 46,118,709,954	\$ 46,118,709,954	\$ -
% of Disbursed 2009 AY FFEL Loans Put via the Purchase Program	72.73%	72.73%	0.00%
2009 - 2010 FFEL Participation Summary			
\$ of 2010 AY FFEL Disbursements	\$ 46,997,366,653	\$ 46,997,366,653	\$ -
\$ of 2010 AY Participations	\$ 31,181,768,741	\$ 30,755,825,064	\$ 425,943,677
% of AY FFEL Disbursements funded via Participation Interests	66.35%	65.44%	0.91%
2009 - 2010 FFEL Put Summary			
\$ of 2010 AY FFEL Disbursements	\$ 46,997,366,653	\$ 46,997,366,653	\$ -
\$ of Disbursed 2010 AY FFEL Loans Put via the Purchase Program (includes all fees / interest)	\$ 6,821,701,304	\$ 6,804,221,090	\$ 17,480,214
% of Disbursed 2010 AY FFEL Loans Put via the Purchase Program	14.52%	14.48%	0.04%

2003 - 2009 ABCP (Conduit):			
# of Conduit LIDs Activated	17	17	-
\$ CP Expected Funding Notices	\$ 52,485,000,000	\$ 52,485,000,000	\$ -
\$ CP Advances Released	\$ 33,907,334,785	\$ 33,333,168,839	\$ 574,165,946
	\$ 31,969,914,097	\$ 31,969,914,097	\$ -
# PUT Notices Received	391	391	-
\$ PUT Notices Received	\$ 1,083,079,782	\$ 1,083,079,782	\$ -
# PUT Notices Canceled by SPV	146	141	5
\$ PUT Notices Canceled by SPV	\$ 375,139,343	\$ 358,056,110	\$ 17,083,233
# PUT Notices Funded	187	176	11
\$ PUT Notices Funded	\$ 272,098,960	\$ 260,754,369	\$ 11,344,591
# PUT Notices Pending	58	74	(16)
\$ PUT Notices Pending	\$ 116,603,796	\$ 157,414,475	\$ (40,810,679)

	Total Through 4/13/10	Total Through 4/6/2010	Net Change
2009 - 2010 Participation Program:			
# of Approved Sponsors	30	30	-
# of Sponsors in Review	-	-	-
# of Sponsors with no MLSA	5	5	-
Forecasted Total \$ Disbursements	\$ 36,276,635,500	36,752,119,532	(475,484,032)
Total \$ Requested	\$ 31,441,064,273	\$ 31,154,344,109	\$ 286,720,164
Total # of Purchase Requests	588	578	10
\$ Balance in Participation (3/31/10)	\$ 26,198,715,534	\$ 26,198,715,534	\$ -
Total \$ Participated	\$ 31,181,768,741	\$ 30,755,825,064	\$ 425,943,677
Total # of Purchase Requests Participated	586	573	13
\$ Participated PUT to Purchase Program	\$ 1,573,330,975	\$ 1,573,330,975	\$ -
% Participated PUT to Purchase Program	5.05%	5.12%	-0.07%
2009 - 2010 Purchase Program:			
# of Approved Lenders	62	58	4
# of Lenders In Review	10	6	4
Forecasted \$ PUT from Participation	\$ 34,167,300,533	\$ 33,060,188,236	\$ 1,107,112,297
Forecasted # of Loans PUT from Participation	7,653,432	6,381,247	1,272,185
# of 45 Day Notices	79	72	7
\$ of 45 Day Notices	\$ 12,506,517,932	\$ 10,581,919,508	\$ 1,924,598,424
# of Loans	2,487,008	2,125,280	361,728
# of 45 Day Notices Rescinded	-	-	-
\$ of 45 Day Notices Rescinded	\$ -	\$ -	\$ -
# of Loans	-	-	-
Total # of PUTs Funded	50	49	1
Total \$ of PUTs Funded	\$ 6,821,701,304	\$ 6,804,221,090	\$ 17,480,214
Total # of Loans	1,404,226	1,400,627	3,599
\$ of PUTs from Participation	\$ 1,573,330,975	\$ 1,573,330,975	\$ -
% of PUTs from Participation	23.06%	23.12%	-0.06%
\$ of Straight PUTs	\$ 5,248,370,329	\$ 5,230,890,116	\$ 17,480,214
% of Straight PUTs	76.94%	76.88%	0.06%
Total # of PUTs Pending	29	23	6
Total \$ of PUTs Pending	\$ 4,469,763,219	\$ 2,562,969,506	\$ 1,906,793,713
Total # of Loans of PUTs Pending	932,593	574,486	358,107
\$ of PUTs Pending from Participation	\$ 580,520,803	\$ 580,520,803	\$ -
% of PUTs Pending from Participation	12.99%	22.65%	-9.66%
\$ of Straight PUTs Pending	\$ 3,889,242,416	\$ 1,982,448,703	\$ 1,906,793,713
% of Straight PUTs Pending	87.01%	77.35%	9.66%

Summary by Participant

Lender	2008 - 2009 Participation Interests Sold	2008 - 2009 Loan Purchases	2007 - 2008 Loan Short Term Purchases*	2003 - 2009 Conduit (ABCP) Funding Note Balances	2003 - 2009 Conduit (ABCP) Purchases	2009 - 2010 Participation Interests Sold	2009 - 2010 Loan Purchases
1st Community Federal Credit Union	\$ -	\$ 6,473,208	\$ -	\$ -	\$ -	\$ -	\$ -
Access Group	907,335,360	469,444,899	-	770,224,504	1,278,014	944,294,736	-
ALL Student Loan Corp	308,287,226	310,624,547	-	-	-	213,787,949	98,515,204
Alva State Bank	-	1,439,947	-	-	-	-	-
Arkansas Student Loan Authority	-	59,112,361	-	-	-	-	-
Anchor Bank, FSB	-	34,539,359	-	-	-	-	50,274,508
Androscogin Bank	-	9,509,340	-	-	-	-	-
Austin Bank	-	27,981,969	-	-	-	-	-
Arvest Bank	-	211,602,395	-	-	-	-	-
Baptist Credit Union	-	1,893,200	-	-	-	-	-
BancFirst	-	122,887,058	-	-	-	-	-
Bank of America Corp	-	1,531,352,011	-	-	-	-	-
BCM Federal Credit Union	-	261,748	-	-	-	-	-
Black Hills Federal Credit Union	-	4,728,022	-	-	-	-	-
BONY MELLON ELT LELA	-	-	-	-	-	104,498,094	-
Bremer Bank	-	58,390,921	-	-	-	-	-
Cadence Bank N.A.	-	9,336,355	-	-	-	-	-
Citizens Bank of Pennsylvania	-	363,174,907	-	-	-	-	-
College Foundation, Inc. (SEAA)	-	-	-	741,684,886	-	826,820,056	-
Colleginvest	130,119,860	264,735,264	-	-	-	190,916,964	-
Colonial Savings, F.A	-	1,186,564	-	-	-	-	-
Commerce Bank	-	4,830,110	-	-	-	-	-
Compass Bank	-	191,506,019	-	-	-	-	-
Coppermark Bank	-	3,785,822	-	-	-	-	-
EdAmerica	1,612,978,923	1,576,638,619	7,273,889	-	-	1,314,174,241	1,027,121,165

Lender	2008 - 2009 Participation Interests Sold	2008 - 2009 Loan Purchases	2007 - 2008 Loan Short Term Purchases*	2003 - 2009 Conduit (ABCP) Funding Note Balances	2003 - 2009 Conduit (ABCP) Purchases	2009 - 2010 Participation Interests Sold	2009 - 2010 Loan Purchases
Education Services Foundation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 91,977,184	\$ 1,287,359
Finance Authority of Maine	-	-	-	-	-	-	-
First Bank and Trust	-	5,736,939	-	-	-	-	-
First Community Credit Union	-	1,722,584	-	-	-	-	-
First Dakota National Bank	-	3,427,460	-	-	-	-	-
First National Bank of Central Texas	-	11,947,846	-	-	-	-	-
First National Bank and Trust Co. of McAlister	-	1,289,640	-	-	-	-	-
First Financial Bank, NA	-	89,011,363	-	-	-	-	-
First National Bank of Oklahoma	-	5,929,631	-	-	-	-	-
First National Bank of Texas (Includes First Convenience Bank)	-	57,014,134	-	-	-	-	85,385,047
First National Bank and Trust Co. of Weatherford	-	4,342,776	-	-	-	-	-
First National Bank of Wichita Falls	-	6,643,430	-	-	-	-	-
First National of Huntsville	-	16,096,585	-	-	-	-	-
First Premier Bank	-	3,283,899	-	-	-	-	-
First Security Bank	-	22,829,799	-	-	-	-	-
First Tennessee Bank National Association	-	124,204,905	-	-	-	-	-
First Texoma National Bank	-	4,485,885	-	-	-	-	-
Fort Hood National Bank	-	1,376,843	-	-	-	-	-
Fort Worth Community Credit Union	-	867,789	-	-	-	-	-
Georgia Student Finance Authority	-	35,582,488	12,795,419	-	-	47,619,613	53,291,267
Graduate Leverage	30,797,626	30,642,195	-	-	-	25,022,983	-

lender	2008 - 2009 Participation Interests Sold	2008 - 2009 Loan Purchases	2007 - 2008 Loan Short Term Purchases*	2003 - 2009 Conduit (ABCP) Funding Note Balances	2003 - 2009 Conduit (ABCP) Purchases	2009 - 2010 Participation Interests Sold	2009 - 2010 Loan Purchases
Herring Bank	\$ 682,471,418	\$ 34,550,972	\$ -	\$ 291,494,991	\$ -	\$ 360,022,327	\$ 5,965,168
Higher ED Ln Auth of the State	-	727,285,576	-	-	-	-	-
Home Federal Bank	-	5,080,532	-	-	-	-	-
Illinois Student Assistance Corp	-	83,280,910	-	-	-	-	-
Iowa Student Loan Liquidity Corp	144,846,241	137,521,680	-	575,723,466	8,872,576	142,687,887	-
JPMorgan Chase Bank	-	2,457,098,372	-	-	-	-	671,947,255
KeyBank National Association	167,593,042	495,174,332	-	-	-	-	346,190,043
KYHESIC	481,796,375	427,937,268	-	-	-	518,060,757	-
Legend Bank, NA	-	1,009,337	-	-	-	-	-
Maine Education Services	-	32,024,384	-	-	-	-	-
Midwestern University	-	-	-	-	-	55,619,480	-
Mississippi Higher Education Asst. Corp (MHEAC)	244,195,136	248,571,012	-	-	-	47,248,725	852,160
Mobil Oil Federal Credit Union	-	1,417,722	-	-	-	-	-
National Education Financing II	13,859,358	13,334,647	-	-	-	116,691,357	67,429,514
National Education Loan Network (NELNET)	2,185,689,719	2,265,464,257	996,155	1,384,819,289	-	1,442,185,281	-
New Hampshire Higher Education (NHHELCO)	184,108,621	185,815,280	-	-	-	54,852,676	-
New Mexico Educational Assistance Foundation	-	-	-	-	-	-	-
Northstar Bank of Texas	-	2,785,204	-	-	-	153,260,331	-
Northstar Education Finance	217,233,641	207,899,910	-	-	-	-	-
Northwest Savings Bank	-	21,325,300	-	-	-	-	-
North Texas Higher Education Authority, Inc.	-	-	13,076,173	-	-	-	-
Norway Savings Bank	-	13,172,983	-	-	-	-	-

lender	2008 - 2009 Participation Interests Sold	2008 - 2009 Loan Purchases	2007 - 2008 Loan Short Term Purchases*	2003 - 2009 Conduit (ABCP) Funding Note Balances	2003 - 2009 Conduit (ABCP) Purchases	2009 - 2010 Participation Interests Sold	2009 - 2010 Loan Purchases
Oklahoma City University	\$ -	\$ 3,314,370	\$ -	\$ -	\$ -	\$ -	\$ -
Oklahoma Student Loan Authority	18,973,819	19,921,556	-	309,766,352	8,708,660	19,340,237	-
Panhandle-Plains Student Finance Corp	50,577,047	61,177,983	-	-	-	-	-
PHEAA	-	-	-	-	-	-	-
PHEAA II	-	-	-	751,560,165	12,299,237	-	-
PHEAA III	-	-	-	426,642,214	1,847,152	-	-
Petit Jean State Bank	-	529,925	-	181,038,216	834,864	-	-
Pinnacle Bank	-	940,164	-	-	-	-	-
RBS Citizens, NA	-	633,795,254	-	-	-	-	-
Rhode Island Student Loan Authority	177,402,254	96,643,438	-	68,754,265	-	228,708,326	-
SC Student Loan Corporation	245,117,834	-	-	369,843,820	-	662,185,086	-
Simmons First National Bank	-	77,790,870	-	-	-	-	-
Smart Financial Credit Union	-	17,988,734	-	-	-	-	17,480,213
SLM Education Credit Finance Corp.	20,212,971,803	19,548,055,850	951,648,033	14,682,374,009	230,085,076	18,127,454,308	-
Southern Methodist University	-	-	-	-	-	-	-
Stillwater National Bank & Trust	-	7,261,183	-	-	-	-	-
Student Funding Group	-	6,767,660	-	-	-	-	-
Student Lending Works	26,431,075	129,892,342	12,155,418	9,444,452	-	34,974,992	-
SunTrust Bank	-	26,637,435	-	-	-	-	-
Surety Loan Funding Company	-	275,471,939	-	-	-	-	-
Texas Bank	-	19,711,394	-	-	-	-	-
Texas Christian University	-	10,190,351	-	-	-	-	-
Texas First State Bank	-	5,709,846	-	-	-	-	-
	-	837,158	-	-	-	-	-

Lender	2008 - 2009 Participation Interests Sold	2008 - 2009 Loan Purchases	2007 - 2008 Loan Short Term Purchases*	2003 - 2009 Conduit (ABCP) Funding Note Balances	2003 - 2009 Conduit (ABCP) Purchases	2009 - 2010 Participation Interests Sold	2009 - 2010 Loan Purchases	
Texas Tech Federal Credit Union	\$ -	\$ 23,255,531	\$ -	\$ -	\$ -	\$ -	\$ 22,691,792	
Texas Trust Credit Union	-	542,864	-	-	-	-	-	
Three Rivers Federal Credit Union	-	6,078,048	-	-	-	-	5,537,163	
The Student Loan Corporation (CITI)	2,898,053,391	2,782,180,469	-	10,426,856,345	-	4,593,818,418	322,862,630	
University Federal Credit Union	-	105,469,938	-	-	-	-	-	
University of Oklahoma Lew Wentz Foundation	-	13,103,989	-	-	-	-	-	
The University of Tulsa	-	5,861,734	-	-	-	-	-	
US Bank	-	1,637,072,267	-	-	-	-	278,105,761	
USC Credit Union	100,617,560	128,522,721	-	-	-	108,404,652	-	
Utah Higher Education Assistance Authority	423,235,777	442,272,896	-	-	-	397,889,405	-	
Vermont Student Assistance Corporation (VSAC)	-	-	-	215,348,479	-	322,860,985	-	
Wachovia Education Finance	1,894,531,960	5,015,054,769	-	-	-	-	1,717,892,824	
Wakefield Co-operative Bank	-	2,098,834	-	-	-	-	1,830,560	
Wells Fargo ELI NITHEA/HESC	-	-	-	-	-	36,391,693	25,100,083	
Wells Fargo ED Services of America	-	-	-	764,338,645	8,173,380	-	-	
Wells Fargo Education Financial Services	-	4,372,067,657	-	-	-	-	2,021,941,589	
Totals	33,359,225,064	48,528,839,688	997,945,088	31,969,914,097	272,098,960	31,181,768,741	6,821,701,304	
* Price is 97 percent of the total of the outstanding principal balance plus accrued but unpaid interest as of the purchase date.							GRAND TOTAL	153,131,492,941
							\$ ED capital in market from ALL Puts	\$ 56,620,585,039
							\$ ED capital in market in 9/10 Part. balance	\$ 26,198,715,534
							Total \$ ED capital in Market	\$ 82,819,300,573

ADMINISTRATIVE COSTS OF ECASLA PROGRAM

Mr. Obey: Please provide the actual administrative funds spent to date related to the ECASLA programs. In addition, please provide the corresponding assumptions that were originally made regarding the cost of these functions.

Secretary Duncan: From August 2008 to February 2010 \$89 million has been spent towards administrative costs associated with servicing FFEL loans under the ECASLA programs (2007-2008 Short-Term Purchase Program; 2008-2009 Loan Participation Program, 2008-2009 Loan Purchase Program; 2009-2010 Loan Participation Program, 2009-2010 Loan Purchase Program).

Administrative Cost of ECASLA Programs—August 2008 to February 2010

		Costs
CSB FFEL Loans Operating Cost		\$ 51,153,950
CSB FFEL Loans Transfer Cost		\$ 10,935,685
TIVAS FFEL Loans Operating Cost	(All 4	\$ 27,122,527
Servicers)		
Total		\$ 89,212,162

Note: The above costs are associated with servicing FFEL loans solely. An additional \$2,084,845 was spent on non-operational costs for system improvements.

ASSUMPTIONS UNDERLYING ORIGINAL ADMINISTRATIVE COST ESTIMATES FOR ECASLA PROGRAMS

When originally estimating the cost of the ECASLA programs, several assumptions were made in order to estimate the administrative cost. The key assumptions were:

- **Borrower accounts:** Number of borrower accounts was calculated by using \$8,740 as the average dollar account size per borrower divided into projected dollar volume for all ECASLA programs. The projected dollar value was reported by lenders to the Department.
- **Average unit price per borrower account:** The average monthly unit price depends on contract terms and distribution of accounts by status (e.g., In-school, In-Grace/Repayment, Deferment/Forbearance, Delinquency). Originally, it was assumed that 92% of accounts would be In-School and 8% of accounts would be in In-Grace/Repayment. This resulted in an average unit price of \$1.57 in 2009 and \$1.21 in 2010.

- Average number of months that accounts would be serviced: This assumption, which tied closely to the timing of ECASLA loan purchases, was important in estimating the first year's cost of ECASLA programs. It was originally assumed that, during 2009, the Department would, on average, service 2007-2008 Short-Term Purchase Program loans for 11.5 months, 2008-2009 Loan Participation Program loans for 4 months, and 2008-2009 Loan Purchase Program loans for 7.5 months. For 2010, it was originally assumed that the Department would, on average, service the incumbent programs for 12 months, the 2009-2010 Loan Participation Program for 4 months and the 2009-2010 Loan Purchase Program loans for 7.5 months.

STUDENT AID ADMINISTRATION – PERFORMANCE PLAN

Mr. Obey: With the passage of Higher Education reconciliation, Federal Student Aid will be in charge of disbursing and servicing all Federal Student Loans beginning in 2010. This will require an effective strategic plan to effectively prepare for this huge undertaking.

Public Law 105-244 requires the Secretary and Federal Student Aid's Chief Operating Officer to make available to the public, a performance plan for the Performance Based Organization for the succeeding 5 years that establishes measurable goals and objectives for the organization. That law also directs the Secretary and the Chief Operating Officer to consult with institutions of higher education, Congress, lenders, and other interested parties not less than 30 days prior to the implementation of the performance plan or revision.

When was the most recent 5-year plan published and what years did that plan cover; if a plan has not been submitted covering 2009 or 2010, when will it be submitted?

FEDERAL STUDENT AID FIVE-YEAR PLAN

Secretary Duncan: The most recent 5-year plan approved by the Department and published in March 2006 covered the period 2006 – 2010, and can be found at <http://www2.ed.gov/about/offices/list/fsa/06-10performanceplan.pdf>.

Pending Department approval, the target for publishing the Strategic Plan 2010-2015 is July 2010.

Mr. Obey: How does the Department plan to carry out the consultation with all parties designated by statute?

Secretary Duncan: In January, Federal Student Aid (FSA) started to build the strategic plan that will determine our direction for the next 5 years. McKinsey & Company was engaged to orchestrate the process within FSA and provide expertise in strategy development and organizational transformation. As part of this process, several external groups were interviewed to provide insight on the current student aid landscape

and to offer input on changes that may happen over the next 5 years. The insights that these groups provided influenced the draft 5-year plan for 2010-2015.

GROUPS CONSULTED DURING FSA FIVE-YEAR PLAN DEVELOPMENT

The following organizations have been consulted:

Advisory Committee on Student Financial Assistance: Allison G. Jones, Chairperson; Assistant Vice Chancellor, Academic Affairs, The California State University

Students: US PIRG; United States Students Association

Institutions of Higher Education: National Association of Student Financial Aid Administrators; American Council on Education

Congress: House Committee on Education and Labor (George Miller D-Calif., Chairman); Senate Committee on Health, Education, Labor & Pensions (Tom Harkin, D-IA, Chairman; Mike Enzi, R-WY, Ranking Member)

Guaranty Agencies: Student Loan Guarantee Foundation of Arkansas, California Student Aid Commission, EdFund, CollegeInvest, Nelnet Guarantor Solutions, in collaboration with College Assist, Florida Office of Student Financial Assistance, Georgia Student Finance Commission, Illinois Student Assistance Commission, Iowa College Student Aid Commission, Kentucky Higher Education Assistance Authority, Louisiana Office of Student Financial Assistance, Finance Authority of Maine, American Student Assistance, Michigan Higher Education Assistance Authority, Missouri Department of Higher Education, Montana Guarantee Student Loan Program, National Student Loan Program, New Hampshire Higher Education Assistance Foundation, New Jersey Higher Education Student Assistance Authority, New Mexico Student Loans, New York State Higher Education Services Corporation, North Carolina State Education Assistance Authority, Student Loans of North Dakota, Oklahoma Guaranteed Student Loan Program, American Education Services/PHEAA, Rhode Island Higher Education Assistance Authority, South Carolina Student Loan Corporation, Tennessee Student Assistance Corporation, Texas Guaranteed Student Loan Corporation, Utah Higher Education Assistance Authority, Vermont Student Assistance Corporation, Northwest Education Loan Association, Great Lakes Higher Education Guaranty Corporation, United Student Aid Funds, and Education Credit Management Corporation

Other interested parties: Council for Opportunity in Education

Pending Department clearance, a link to the 2010-2015 5-year performance plan will be available on the Department's web-site.

FSA FTE, PERSONNEL COMPENSATION AND BENEFITS

Mr. Obey: For Federal Student Aid, the FY 2010 appropriated amount and FY 2011 President's request assumes an increase of over 400 FTE or a 37 percent increase in staffing from FY 2009 through FY 2011. Given this large increase requested, the Committee realizes that FSA must increase its capacity to hire. For FSA, please provide FTE recruitment and attrition levels by month for the last 12 months. Include principal office, GS or ES level, starting pay and position description for all new hires, and GS or ES level, ending pay, and position description of all separations.

Secretary Duncan: Below is the list of new hires and separations by month for the last 12 months (April 2009-April 2010).

Month-By-Month New Hires and Losses						
Action	Org Name	Date Effective	Pay Plan	Grade	Position Title Opm	Salary
Apr-09						
NEW HIRES	Business Operations	04/13/2009	AD	00	INFORMATION TECHNOLOGY SPECIALIST	\$114,000
NEW HIRES	Business Operations	04/27/2009	AD	00	INFORMATION TECHNOLOGY SPECIALIST	80,000
LOSSES	Admin Services	04/11/2009	GS	15	SUPVY HUMAN RESOURCES SPECIALIST	140,969
LOSSES	CIO	04/13/2009	GS	06	PROGRAM SUPPORT ASSISTANT	40,792
LOSSES	Admin Services	04/19/2009	GS	08	PROGRAM SUPPORT ASSISTANT	45,639
May-09						
NEW HIRES	Admin Services	05/24/2009	GS	14	HUMAN RESOURCES SPECIALIST	\$123,269
LOSSES	EPMS	05/09/2009	GS	11	PROCUREMENT SUPPORT SPECIALIST	60,989
LOSSES	Admin Services	05/23/2009	GS	13	MANAGEMENT & PROGRAM ANALYST	95,620
LOSSES	Admin Services	05/30/2009	GS	07	PROGRAM SUPPORT ASST (STEP)	41,210
LOSSES	Admin Services	05/30/2009	GS	04	PROGRAM SUPPORT CLERK (STEP)	29,736
LOSSES	Program Compliance	05/31/2009	GS	12	GUAR & LENDER REV SPEC	96,083
Jun-09						
NEW HIRES	Admin Services	06/01/2009	GS	04	PROGRAM SUPPORT CLERK (STEP)	\$29,736
NEW HIRES	Admin Services	06/02/2009	GS	07	PROGRAM SUPPORT ASST (STEP)	41,210
NEW HIRES	Program Compliance	06/07/2009	GS	11	INSTITUTIONAL REVIEW SPECIALIST	76,350
NEW HIRES	Program Compliance	06/08/2009	GS	11	INSTITUTIONAL REVIEW SPECIALIST	63,397
NEW HIRES	Program Compliance	06/08/2009	GS	09	INSTITUTIONAL REVIEW SPECIALIST	71,520
NEW HIRES	Admin Services	06/08/2009	GS	04	PROGRAM SUPPORT CLERK	29,736

Action	Org Name	Date Effective	Pay Plan	Grade	Position Title Opm	Salary
NEW HIRES	Admin Services	06/08/2009	GS	04	PROGRAM SUPPORT CLERK	\$29,736
NEW HIRES	Admin Services	06/08/2009	GS	04	PROGRAM SUPPPORT CLERK	29,736
NEW HIRES	Admin Services	06/08/2009	GS	04	PROGRAM SUPPORT CLERK	29,736
NEW HIRES	Admin Services	06/08/2009	GS	04	PROGRAM SUPPORT CLERK	29,736
NEW HIRES	Admin Services	06/08/2009	GS	04	PROGRAM SUPPORT CLERK	29,736
NEW HIRES	Admin Services	06/08/2009	GS	04	PROGRAM SUPPORT CLERK	29,736
NEW HIRES	Admin Services	06/08/2009	GS	03	PROGRAM SUPPORT CLERK	26,487
NEW HIRES	Admin Services	06/08/2009	GS	03	PROGRAM SUPPORT CLERK	26,487
NEW HIRES	Admin Services	06/08/2009	GS	03	PROGRAM SUPPORT CLERK	26,487
NEW HIRES	Admin Services	06/08/2009	GS	03	PROGRAM SUPPORT CLERK	26,487
NEW HIRES	Admin Services	06/08/2009	GS	03	PROGRAM SUPPORT CLERK	26,487
NEW HIRES	Admin Services	06/08/2009	GS	05	PROGRAM SUPPOST ASSISTANT	33,269
NEW HIRES	Admin Services	06/08/2009	GS	05	PROGRAM SUPPORT ASSISTANT	33,269
NEW HIRES	Admin Services	06/08/2009	GS	05	PROGRAM SUPPORT ASSISTANT	33,269
NEW HIRES	Admin Services	06/08/2009	GS	04	PROGRAM SUPPORT CLERK	29,736
NEW HIRES	Admin Services	06/08/2009	GS	07	PROGRAM SUPPORT ASSISTANT	41,210
NEW HIRES	Admin Services	06/08/2009	GS	05	PROGRAM SUPPORT ASSISTANT	33,269
NEW HIRES	Admin Services	06/15/2009	GS	04	PROGRAM SUPPORT CLERK	29,736
NEW HIRES	Program Compliance	06/21/2009	GS	12	AUDIT RESOLUTION SPECIALIST	73,100
NEW HIRES	CFO	06/21/2009	GS	14	ACCOUNTANT	102,721
NEW HIRES	CIO	06/22/2009	AD	00	IT SPECIALIST	91,000
NEW HIRES	CFO	06/22/2009	GS	13	ACCOUNTANT	98,518
NEW HIRES	C&O	06/29/2009	AD	00	CHIEF OPERATING OFFICER	177,000
LOSSES	Program Compliance	06/02/2009	GS	14	SUPV. CASE MGMT SPEC	132,382
LOSSES	EPMS	06/06/2009	GS	11	PROCUREMENT SUPPORT SPECIALIST	60,989

Action	Org Name	Date Effective	Pay Plan	Grade	Position Title Opm	Salary
LOSSES	EPMS	06/06/2009	GS	14	MANAGEMENT AND PROGRAM ANALYST	\$106,145
LOSSES	EPMS	06/20/2009	AD	00	EXECUTIVE BUSINESS ADVISOR	118,734
LOSSES	Admin Services	06/20/2009	GS	14	HUMAN RESOURCES SPECIALIST (ER/LR)	109,570
LOSSES	Program Compliance	06/26/2009	GS	13	INSTI REVIEW SPECIALIST	101,844
Jul-09						
NEW HIRES	CFO	07/19/2009	GS	12	MANAGEMENT & PROGRAM ANALYST	\$73,100
NEW HIRES	Business Operations	07/20/2009	AD	00	MANAGEMENT & PROGRAM ANALYST	73,100
LOSSES	CFO	07/01/2009	GS	12	ACCOUNTANT	87,717
LOSSES	Program Compliance	07/03/2009	GS	15	MANAGEMENT & PROG ANALYST	153,053
LOSSES	Business Operations	07/03/2009	GS	14	LEAD MGMT AND PROGRAM ANALYST	135,029
LOSSES	CFO	07/03/2009	GS	14	ACCOUNTANT	130,118
LOSSES	Admin Services	07/03/2009	GS	13	MANAGEMENT AND PROGRAM ANALYST	113,007
LOSSES	Business Operations	07/04/2009	GS	12	MANAGEMENT & PROG ANALYST	73,236
LOSSES	EPMS	07/04/2009	GS	12	MANAGEMENT/PROGRAM ANALYST	82,845
LOSSES	EPMS	07/17/2009	AD	00	MANAGEMENT AND PROGRAM ANALYST	122,069
LOSSES	CIO	07/18/2009	GS	15	SUPVY INFORMATION TECHNOLOGY SPEC.	140,969
LOSSES	CIO	07/18/2009	GS	14	MANAGEMENT & PROG ANALYST	133,543
LOSSES	EPMS	07/18/2009	GS	14	OPERATIONS RESEARCH ANALYST	102,721
LOSSES	Business Operations	07/20/2009	GS	11	MANAGEMENT & PROG ANALYST	60,989
LOSSES	EPMS	07/24/2009	AD	00	EXECUTIVE BUSINESS ADVISOR	135,182
LOSSES	Business Operations	07/31/2009	GS	13	MANAGEMENT & PROG ANALYST	109,152
LOSSES	Business Operations	07/31/2009	AD	00	SERVICE DIRECTOR	164,654
Aug-09						
NEW HIRES	Program Compliance	08/03/2009	GS	12	INSTITUTIONAL REVIEW SPECIALIST	\$72,002

Action	Org Name	Date Effective	Pay Plan	Grade	Position Title Opm	Salary
NEW HIRES	Business Operations	08/17/2009	AD	00	MANAGEMENT & PROG ANALYST	\$90,300
NEW HIRES	Students	08/17/2009	GS	09	MANAGEMENT & PROG ANALYST	50,408
LOSSES	Business Operations	08/01/2009	GS	14	MANAGEMENT & PROG ANALYST	133,543
LOSSES	Business Operations	08/02/2009	GS	13	MANAGEMENT & PROG ANALYST	104,314
LOSSES	CFO	08/03/2009	GS	07	OFFICE AUTOMATION ASSISTANT	46,705
LOSSES	Admin Services	08/07/2009	GS	03	PROGRAM SUPPORT CLERK	26,487
LOSSES	Admin Services	08/07/2009	GS	04	PROGRAM SUPPORT CLERK	29,736
LOSSES	Admin Services	08/14/2009	GS	04	PROGRAM SUPPORT CLERK	29,736
LOSSES	Admin Services	08/14/2009	GS	05	PROGRAM SUPPORT ASSISTANT	33,269
LOSSES	Admin Services	08/14/2009	GS	04	PROGRAM SUPPORT CLERK	29,736
LOSSES	Admin Services	08/14/2009	GS	04	PROGRAM SUPPPORT CLERK	29,736
LOSSES	Program Compliance	08/15/2009	GS	13	MANAGEMENT & PROG ANALYST	86,927
LOSSES	Admin Services	08/21/2009	GS	04	PROGRAM SUPPORT CLERK	29,736
LOSSES	Admin Services	08/29/2009	GS	14	SUPVY HUMAN RESOURCES SPECIALIST	106,145
LOSSES	Business Operations	08/31/2009	GS	13	MANAGEMENT & PROG ANALYST	104,468
Sep-09						
NEW HIRES	Business Operations	09/13/2009	GS	09	MANAGEMENT & PROG ANALYST	\$52,089
NEW HIRES	Business Operations	09/14/2009	GS	13	MANAGEMENT & PROG ANALYST	104,314
NEW HIRES	Students	09/14/2009	GS	09	MANAGEMENT & PROG ANALYST	50,408
NEW HIRES	Admin Services	09/27/2009	GS	06	PROGRAM SUPPORT ASSISTANT	38,320
NEW HIRES	Admin Services	09/27/2009	GS	08	PROGRAM SUPPORT ASSISTANT	45,639
NEW HIRES	COO	09/28/2009	AD	00	SENIOR ADVISOR FOR BUSINESS PRACTICES	176,500
NEW HIRES	COO	09/28/2009	AD	00	BUSINESS TRANSFORMATION OFFICER	170,000
NEW HIRES	EPMS	09/28/2009	GS	11	CONTRACT SPECIALIST	79,280

Action	Org Name	Date Effective	Pay Plan	Grade	Position Title Opm	Salary
NEW HIRES	EPMS	09/28/2009	GS	12	CONTRACT SPECIALIST	\$95,026
NEW HIRES	EPMS	09/28/2009	GS	11	CONTRACT SPECIALIST	79,280
NEW HIRES	EPMS	09/29/2009	AD	00	GENERAL MANAGER FOR EPMS	175,000
LOSSES	Business Operations	09/17/2009	GS	13	INFORMATION TECHNOLOGY SPECIALIST	107,211
LOSSES	Business Operations	09/26/2009	GS	13	MANAGEMENT & PROG ANALYST	92,723
LOSSES	Admin Services	09/26/2009	GS	07	MANAGEMENT & PROG ANALYST	41,210
LOSSES	Program Compliance	09/30/2009	GS	13	GUARANTOR & LENDER REVIEW SPEC	117,009
LOSSES	Admin Services	09/30/2009	GS	04	PROGRAM SUPPORT CLERK (STEP)	29,736
LOSSES	Admin Services	09/30/2009	GS	03	PROGRAM SUPPORT CLERK	26,487
Oct-09						
NEW HIRES	CFO	10/11/2009	GS	14	ACCOUNTANT	\$102,721
NEW HIRES	EPMS	10/11/2009	GS	09	CONTRACT SPECIALIST	52,089
NEW HIRES	Admin Services	10/11/2009	GS	13	HUMAN RESOURCES SPEC (CLASSIFICATION)	86,927
NEW HIRES	CFO	10/13/2009	GS	07	ACCOUNTANT (CAREER INTERN)	41,210
NEW HIRES	CFO	10/13/2009	GS	07	ACCOUNTANT (CAREER INTERN)	41,210
NEW HIRES	EPMS	10/13/2009	GS	11	CONTRACT SPECIALIST	79,280
NEW HIRES	COO	10/19/2009	EF	00	CONSULTANT	73
NEW HIRES	Admin Services	10/25/2009	GS	15	SUPVY HUMAN RESOURCES SPECIALIST	132,914
NEW HIRES	CFO	10/26/2009	GS	05	ACCOUNTANT (CAREER INTERN)	42,142
NEW HIRES	CFO	10/26/2009	GS	14	INFORMATION TECHNOLOGY SPECIALIST	116,419
NEW HIRES	Admin Services	10/26/2009	GS	04	PROGRAM SUPPORT CLERK	29,736
NEW HIRES	Admin Services	10/26/2009	GS	04	PROGRAM SUPPORT CLERK	29,736
LOSSES	Business Operations	10/03/2009	GS	11	LOAN ANALYST	76,052
LOSSES	CFO	10/05/2009	GS	13	ACCOUNTANT	92,723

