BUDGET VIEWS AND ESTIMATES FOR FISCAL YEAR 2015

COMMITTEE ON EDUCATION AND THE WORKFORCE

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At the beginning of the 113th Congress, the House Committee on Education and the Workforce pledged to "take concrete steps to reduce waste and duplication within federal programs and policy initiatives." As it considers the budget for Fiscal Year (FY) 2015, the committee recognizes the progress made over the last 12 months and the need to remain vigilant in our efforts to address the difficult challenges that remain:

- The national debt now stands at more than $17.4 trillion, more than $6 trillion of which has been added since President Obama took office in 2009.
- In FY 2014, the federal government is projected to run a deficit of more than $514 billion.
- Federal debt held by the public is expected to equal 74 percent of GDP by the end of 2014.
- Median household income has decreased by $3,661 under President Obama, falling from $55,958 in January 2009 to $52,297 in December 2013.
- More than 11 million adults have dropped out of the labor force since 2009, while total employment has grown by only 3.6 million.

President Obama has tried to convince the American people that our commitment to strengthening this nation and helping those in need should be judged by the number of programs we create and taxpayer dollars we spend. Yet, despite higher spending, tax hikes, and mountains of debt, millions of families remain trapped in poverty and are searching for work.

In critical areas such as early learning, workforce development, and higher education, the Obama administration's latest budget proposal aims to make an existing maze of programs even more costly and confusing. Spending more money on broken programs will not provide the support our most vulnerable children, workers, and families desperately need.

Education and workforce policies are vital to the success of our country and the future prosperity of our citizens. We all want to ensure students receive a quality education and workers acquire the skills necessary to compete in today's workforce. To achieve these goals, we must abandon the status quo and enact meaningful reforms that lay the groundwork for a stronger, more prosperous nation – without piling more debt on future generations.

Throughout the first session of the 113th Congress, the House Education and the Workforce Committee successfully advanced responsible proposals to revamp the nation's job training system, raise the bar on K-12 education, promote workplace flexibility, and strengthen higher education. In the year ahead, the committee will continue to do its part to work toward a balanced budget and promote fiscal discipline by curbing wasteful spending, holding the federal bureaucracy accountable, and cutting unnecessary red tape.

EDUCATION PRIORITIES

Along with the Department of Education's budget, the federal government's role in education has grown significantly over the last 35 years. In FY 2014, the department operated more than 100 programs with more than $67.3 billion in total discretionary funds. Federal education spending has more than quadrupled since 1980, yet student achievement levels largely remain flat. Clearly, more money is not the answer.

Instead of working with Congress to address the problems in our education system, the Obama administration continues to bypass the legislative process in favor of creating new programs and initiatives that coerce states, school districts, and higher education institutions to adopt the president's preferred reforms. This heavy-handed approach has expanded federal control and raised serious questions about what the future could hold for our schools. It is time to shrink the federal role in education; end wasteful, inefficient, and unauthorized spending to help balance the federal budget; and limit burdensome regulations imposed on states and schools.

The committee respectfully offers the following recommendations for consideration by the Committee on the Budget as it prepares its FY 2015 budget resolution:

Empowering State and Local Education Reform

Across the country, state and local leaders are promoting innovative solutions to raise achievement and foster school and teacher accountability to ensure students have the skills necessary to graduate high school. The committee believes the federal government should reduce its interference in the day-to-day operations of our elementary and secondary schools and grant education reformers the flexibility to succeed.

Despite the president's rhetoric, his actions perpetuate more of the same top-down approach to education reform that has proven unsuccessful for students and families. In his attempt to use executive fiat to rewrite the *No Child Left Behind Act* (NCLB) through conditional waivers, President Obama replaced one set of federal mandates with another that forces states to adopt the administration's preferred education reforms in exchange for uncertain and temporary relief. The committee wants to encourage innovation by freeing all states and school districts from the overly-prescriptive requirements under current federal K-12 law. To this end, the committee continues to work aggressively to reauthorize the *Elementary and Secondary Education Act* (ESEA) in a way that removes the barriers to critical state- and locally-led reform efforts. The committee calls on the president and Senate Democrats to work with us to empower parents and provide real flexibility to state and local leaders.

Reforming Elementary and Secondary Education

When signed into law 12 years ago, NCLB was heralded as a game changer for public education policy. While it was an important step toward providing student achievement data to parents, the law now desperately needs reform. Recognizing the shortfalls of current law, many states have taken matters into their own hands. At the behest of parents, teachers, and principals, reform-minded individuals are working to expand transparency, modify outdated teacher tenure practices, provide additional choice options to students trapped in low-performing schools, and enhance accountability for student achievement at the state and local level. The results have been impressive: states have narrowed student achievement gaps, engaged parents, and improved student learning without federal intervention.

The committee supports federal efforts that help state and local leaders reform our nation's broken education system. However, instead of continuing the administration's waiver scheme or supporting new programs that call for a more intrusive federal role in education, the committee passed legislation last July to reauthorize ESEA. H.R. 5, the *Student Success Act*, builds on the exceptional progress being made at the state and local levels, while also including responsible measures to help ensure all students have access to a quality education. The bill focuses on restoring local control, reducing the federal footprint, supporting effective teachers, and empowering parents.

Most importantly, the *Student Success Act* includes responsible funding authorizations for elementary and secondary education programs and rejects the administration's insistence on creating winners and losers in the federal budget. The bill focuses the federal role in education on supporting long-standing programs designed to improve student achievement and teacher effectiveness. The legislation consolidates dozens of programs currently authorized under ESEA into a single Local Academic Flexible Grant to provide states and school districts maximum flexibility in the use of federal aid. Most of the consolidated programs have been found to be duplicative, ineffective, or too small to have a meaningful impact. For example, the Ready-to-Learn program has demonstrated limited benefit for student achievement; the School Leadership program is duplicative of the main Teacher Quality Grants program; and the Physical Education program is duplicative of initiatives administered by the Centers for Disease Control as well as projects and school wellness policies created and funded under the *Child Nutrition Act*.

In addition, the *Student Success Act* does not authorize funds for Obama administration priorities like Race to the Top, Investing in Innovation, School Improvement Grants (SIG), or Promise Neighborhoods. The SIG program is a particularly egregious example of misplaced priorities. Recent data from the Department of Education show decidedly mixed results for the taxpayers' $5 billion investment in the program, with one-third of recipient schools actually performing worse than they did prior to receiving funds. For those schools that performed better, most of the improvements were modest. The committee believes Congress should fulfill its current commitments to federal education initiatives before creating new programs and mandates. The committee urges the Committee on the Budget to reject the administration's approach to public education and incorporate into the budget resolution our efforts to streamline federal K-12 education programs and provide funding flexibility to states and school districts.

Supporting Effective Teachers

The Obama administration's FY 2015 budget proposal continues to push for irresponsible and disconnected teacher effectiveness initiatives by again requesting a significant increase in funding for new and existing teacher quality programs. The request seeks new funding for professional development on the use of technology and data, and repeats the inclusion of a new $5 billion mandatory program to support efforts to improve the educator profession. These new initiatives are in addition to the 82 existing teacher quality programs identified by the Government Accountability Office (GAO) in its 2011 report entitled, "Teacher Quality: Proliferation of Programs Complicates Federal Efforts to Invest Dollars Effectively." The report found the federal government spent more than $4 billion to administer these programs across 10 federal agencies. Many of the programs shared similar goals and had limited benefit.

The *Student Success Act* rejects the administration's irresponsible teacher proposals. The bill consolidates many existing teacher quality programs into a single Teacher and School Leader Flexible Grant, allowing states and school districts to support a variety of innovative and proven teacher effectiveness strategies. The legislation encourages the private sector, including for- and non-profit entities, and colleges and universities to partner with school districts to drive improvements and innovation in the teaching profession.

The *Student Success Act* also eliminates the onerous Highly Qualified Teacher (HQT) requirement, which is an enormous burden on states and districts and tells superintendents, teachers, and parents very little about teacher effectiveness. Instead, the bill supports state and local official efforts to develop and implement teacher and school leader evaluation systems that provide parents the information necessary to make decisions about their children's education.

Parents know the best teachers are those who keep students motivated and challenged in the classroom. The committee urges the Committee on the Budget to reject the administration's approach to teacher quality and incorporate our efforts to promote effective teachers, innovation, and improved classroom instruction into the budget resolution. In addition, the committee believes additional savings can be realized through a more coordinated effort to consolidate teacher quality programs across congressional committees.

Supporting STEM Education Programs Responsibly

A January 2012 GAO report found that in FY 2010, 13 federal agencies invested more than $3 billion in 209 programs designed to increase knowledge of science, technology, engineering, and math (STEM) fields and encourage attainment of STEM degrees. Eighty-three percent of the programs overlapped to some degree with at least one other program, and fewer than half of the programs surveyed indicated they coordinated with other agencies. GAO also found opportunities to enhance coordination, align government-wide efforts, and improve efficient use of limited resources through program consolidation and reduced administrative costs.

A robust education system with a more coordinated focus on increasing the number of elementary and secondary students and college graduates interested and employed in the STEM fields is essential to the nation's economic competitiveness. Because of this, the committee urges the Committee on the Budget to examine ways to eliminate and consolidate STEM programs across congressional committees to better coordinate federal efforts to educate and train students for the jobs of the future.

Making Special Education a Priority

In 1975 Congress passed the *Individuals with Disabilities Education Act* (IDEA) and committed to pay states up to 40 percent of the average per-pupil expenditure to educate students with disabilities in the nation's public schools. To date, Congress has not come close to meeting this funding commitment. The Obama administration's FY 2015 budget proposal includes only $11.5 billion for the Grants to States (Part B) program, almost the same as the previous fiscal year. If this funding level is enacted, it will likely reduce the federal government's contribution to less than 15 percent of the national average per-pupil expenditure. The committee firmly believes the federal government must keep the commitment it made to states, school districts, parents, and students with disabilities to assist with special education costs.

The committee recognizes current budgetary constraints make it difficult to fully-fund IDEA. However, the administration's ongoing proposals to reduce the IDEA funding contribution in favor of advancing new, untested programs are extremely alarming. This failure to fulfill our most basic obligation to students only exacerbates ongoing budget challenges at the state and local level; funds that could support important upgrades to technology in classrooms, expanded early learning opportunities, or many other valuable state and local initiatives are instead used to fill the special education gap.

We must stop wasting taxpayer dollars on new and ineffective programs and instead work toward meeting our commitment to support students with disabilities and ensure these students are prepared for success after high school. The committee strongly urges the Committee on the Budget to redirect any savings generated from eliminating unnecessary and wasteful education spending to IDEA Part B in order to significantly increase the federal government's contribution toward special education costs.

Continuing the Successful D.C. Opportunity Scholarship Program

The committee continues to support expanded school choice options that allow parents to select the best school for their child. The D.C. Opportunity Scholarship program, created almost a decade ago, has allowed thousands of students in the District of Columbia to attend a high-performing private school of their choice. If not for this critical program, more than 85 percent of students who receive scholarships would otherwise be forced to attend some of the district's lowest-performing schools.

In 2011 Congress enacted the *Scholarships for Opportunity and Results Act* to reauthorize and improve the D.C. Opportunity Scholarship program. Among its provisions, the bill increased the limits on scholarships to ensure students could access additional schools, especially high schools. Unfortunately, even though the president chooses to exercise private school choice for his children, the Obama administration's FY 2015 budget proposal would deny the same opportunities for low-income families in the nation's capital. The committee strongly supports funding for the D.C. Opportunity Scholarship program to help families in the District of Columbia access quality education options for their children. The committee urges the Committee on the Budget to demonstrate in the budget support for this important educational choice for parents.

Supporting Impact Aid

The Obama administration's budget once again proposes to eliminate funding for the Impact Aid Payments for Federal Property program. This program provides funding to compensate school districts for the loss of property tax revenue due to the presence of federal lands that cannot be taxed. H.R. 5, the *Student Success Act*, recognizes the federal government's responsibility to compensate districts when federal land ownership restricts communities' ability to generate revenue to finance education. The legislation reauthorizes and strengthens all existing Impact Aid programs and improves the formula by which school district allotments are determined in the Payments for Federal Property program. It makes permanent language included in the FY 2013 *National Defense Authorization Act* to ensure these districts receive a fair share of funds for federal land within their boundaries. These funds are critical to enabling these districts to provide students with a quality education.

Expanding College Access and Promoting College Affordability

For almost 50 years, the federal government has supported students' ability to select the college or university that best suits their postsecondary education needs. The diversity of the more than 6,000 higher education institutions participating in federal student aid programs is vital to the strength of the nation's postsecondary system.

Colleges and universities now enroll a majority of non-traditional students (those beyond the traditional 18-to-22 year-old high school graduate), many of whom are workers eager to quickly gain the necessary knowledge and skills to excel in the workplace. Additionally, these students, along with their traditional college-aged counterparts, have become more cost-conscious as news stories continue to highlight the growing cost of college and the perils of excessive student loan debt.

In preparation for the reauthorization of the *Higher Education Act* (HEA), the committee held more than a dozen hearings examining a variety of higher education issues. The hearings will inform the committee's comprehensive reauthorization legislation, which will adhere to the following principles:

- Empowering students as consumers in higher education;
- Simplifying and improving student aid and loan programs;
- Increasing college accessibility, affordability, and completion;
- Encouraging institutions of higher education to reduce costs;
- Promoting innovation to improve access to and delivery of higher education; and
- Balancing the need for accountability with the burden of federal requirements.

Simplifying Federal Student Aid Programs

The committee supports efforts to simplify, streamline, and improve federal student aid programs. The committee championed H.R. 1911, the *Smarter Solutions for Students Act*, legislation to prevent Washington politicians from setting student loan interest rates and tie all federal student loans (except Perkins Loans) to a market-based rate. In its ongoing series of hearings, the committee has heard from numerous experts that additional efforts to streamline all federal loan and grant programs into one loan and one grant may help students and families more easily navigate the federal financial aid system. Many students, particularly first-generation and low-income, are bogged down with the complexity of the current system, which ultimately deters them from accessing the aid that will make college an affordable reality.

Simplifying and improving student loan repayment options will also help borrowers manage and repay their debt after graduation. Currently, there are nine repayment options for federal student loans, three of which are income-driven. The administration's FY 2015 budget request includes a number of reforms to dramatically expand the Pay As You Earn (PAYE) program, an income-driven repayment option for struggling borrowers. Though the committee remains concerned about loan forgiveness provisions in PAYE, the committee commends the administration for working to simplify repayment options for students and hopes that the proposal will lay the foundation for successful cooperation during reauthorization of the *Higher Education Act.*

While simplifying federal student aid seems to be a shared goal of federal, state, and local policymakers, the committee is concerned the administration's FY 2015 budget proposal may complicate the nation's financial assistance programs by creating new and unnecessary higher education programs, such as the new State Higher Education Performance Fund and the new College Opportunity and Graduation Bonus. Instead of taking a piecemeal approach to reforming student aid programs, the committee will continue its comprehensive examination of possible changes through the reauthorization of the *Higher Education Act*. The committee urges the Committee on the Budget to provide an adequate mandatory spending allocation that will support efforts to ensure the stability of student aid for future generations while streamlining multiple grant and loan programs and promoting simplification for students, families, and institutions.

Promoting College Accessibility and Affordability

The federal government plays an important role in ensuring students and families have access to the information necessary to choose the college or university that meets their unique needs. Unfortunately, the amount of information institutions of higher education are required to disclose to the public and report to the Department of Education has grown exponentially over the last decade, with limited evidence of its value. Additionally, current federal regulations require institutions of higher education to disclose information on a number of data points using different methodologies, creating a fractured and confusing display of information.

The committee believes the federal government should better coordinate efforts to streamline higher education data collection requirements, thereby reducing confusion for students and curbing compliance costs for institutions. Last year the House passed H.R. 1949, the *Improving*

Postsecondary Education Data for Students Act, which directs the Secretary of Education to convene an advisory committee to conduct a study on the information students and their families have, want, and need when researching their postsecondary education options. The committee intends to continue evaluating all available consumer information to highlight the most useful data points and eliminate data elements that are unnecessary, unhelpful, or overly burdensome.

The committee is deeply concerned about the college ratings system currently under development by the Department of Education. The rating system will attempt to compare colleges based access, affordability, and students outcomes. The administration will then push for legislation that will tie federal financial aid to these ratings by the 2018-2019 academic year. While the committee supports the goal of increased transparency, it does not believe it is the role of the federal government to impose a one-size-fits-all formula on our nation's higher education system. The rating system will unfairly judge our nation's diverse colleges and universities, restrict consumer choice, confuse families, and limit postsecondary options for low- and middle-income students.

The administration's FY 2015 budget proposes to expand the Perkins Loan program to reward colleges that keep tuition low and enroll high numbers of Pell-eligible students. Rising tuition and fees are a significant problem in the nation's higher education system; however, the committee believes tying student aid eligibility to federal cost controls will only limit choice and opportunity in postsecondary education. A different approach – centered on competition and transparency rather than using the heavy hand of the federal government – is needed to help reduce college costs. State and institutions also have a shared responsibility to help students access a quality education at an affordable price.

In recent years, the Department of Education has churned out several packages of so-called "program integrity" regulations with little regard for the true implications and costs for higher education institutions. Last year, the committee passed H.R. 2637, the *Supporting Academic Freedom through Regulatory Relief Act,* to repeal the three particularly troubling federal regulations: the credit hour, state authorization, and gainful employment regulations. Rather than continuing to push these burdensome and inflexible regulations, the committee urges the administration to work with Congress to promote state and institutional innovation, such as the use of competency-based education and performance-based funding.

Putting Pell Grants on a Path to Stability

The Pell Grant program is the foundation of our nation's commitment to help low-income students access higher education. However, the program remains on an unsustainable path. Even after enacting a number of short-term fixes through the *Budget Control Act* (BCA) and reducing student eligibility though the FY 2012 *Consolidated Appropriations Act,* the annual program costs for Pell Grants continue to grow. From FY 2006 to FY 2014, the Congressional Budget Office (CBO) noted discretionary program costs increased from $12.8 billion to $26.6 billion. From FY 2015 to FY 2024, the agency estimates discretionary program costs are expected to grow from $26.9 billion to $31.4 billion. When mandatory funding is included, expected program costs jump from $31.8 billion in FY 2014 to $40.2 billion in FY 2024.

Although a recent CBO estimate showed a temporary surplus in the program for FY 2015 because of revisions to previous estimates and one-time funding included in the BCA, the program is expected to experience a $1 billion funding gap in FY 2016. This funding gap is predicted to grow in the coming years, even if Congress continues to provide historically-high appropriations for the Pell Grant program. Instead of making tough choices about the future of Pell Grants, the Obama administration's FY 2015 budget continues to exacerbate the problem. The committee urges the Committee on the Budget to continue its work to put the Pell Grant program back on the path to long-term stability, helping millions of low-income students pursue the dream of a postsecondary education.

Assessing the True Taxpayer Costs for Student Loans

The committee believes budget gimmicks have masked the true cost of federal student loan programs for decades, and commends the Committee on the Budget for its recent passage of H.R. 1872, the *Budget and Accounting Transparency Act*. This important legislation requires the federal government to use fair value accounting and scoring to more clearly illustrate taxpayer costs associated with federal student loan programs. Congress has seen how CBO estimates are affected by taking market risk into account. Not only did the alleged "savings" from eliminating the Federal Family Education Loan (FFEL) program decrease dramatically, but the purported savings garnered from the administration's FY 2012 budget proposal to convert FFEL loans to Direct Loans shrank by approximately $550 million. In addition, the savings from the administration's budget proposals to expand the Perkins Loan program and bring it onto the government's books vanished entirely.

The committee agrees incorporating market risk, as was done in assessing the costs of the Troubled Asset Relief Program (TARP), is a more accurate and fiscally responsible way to account for the government's liabilities in programs such as the Federal Direct Loan program. The committee urges the Committee on the Budget to support language that will ensure market risk is incorporated into future budgetary estimates.

Improving Early Childhood Education Programs

The federal government currently administers 45 programs tied to early childhood care and development. In a January 2014 analysis, GAO noted these programs are housed in multiple agencies and amount to at least $14.2 billion in taxpayer funds.

One of the largest early childhood education programs is Head Start, which provides grants directly to organizations, school districts, and other community-based entities to promote school readiness in low-income children from birth to age five. Though the federal government dedicates $8 billion to the program annually, Head Start is not improving the kindergarten readiness of low-income children. The Department of Health and Human Services' (HHS) 2010 Head Start Impact Study showed the program had little to no benefit for improving cognitive, social-emotional, health, or parenting practices of its participants, and any benefits that may have accrued while a child is in the program had dissipated by the time he or she reached first grade. The Third Grade Follow-Up to the Head Start Impact Study released in December 2012 found similar results: the few benefits achieved by children enrolled in Head Start were no longer present by the end of third grade. The committee believes the proliferation of overlapping programs and lack of sustained program results in the early childhood sector are a disservice to hardworking taxpayers and, more importantly, vulnerable children.

In the administration's FY 2015 budget proposal, the president again calls for the creation of new early childhood programs and the expansion of existing services for low- and moderate-income children under the age of five. The key piece of the proposal is $75 billion in mandatory funds over 10 years for a universal preschool program that would provide funds to states to support access to high-quality preschool for all four-year-olds from low- and moderate-income families and encourage states to expand preschool services to families of all incomes. The proposal would also direct HHS to convert Head Start slots for four-year-olds into Early Head Start slots for children ages three and under. This would be a dramatic shift in the statutory purpose of Head Start, redirecting much of the program's focus to serving infants and toddlers.

The administration's budget proposal includes $500 million, double the amount received in FY 2014, for a second round of Preschool Development Grants in the base budget and an additional $250 million under the Opportunity, Growth, and Security Initiative. The Preschool Development Grants would go to states and local entities to help enhance existing programs to prepare for the adoption of the Preschool for All program. For the second year in a row, the budget proposal also includes additional early childhood proposals under HHS, including $1.5 billion in funding for a second round of Early Head Start-Child Care partnerships.

Instead of creating new, unproven initiatives that will promote further fragmentation of the nation's early childhood system, the committee will focus on strengthening existing early education and care programs, such as Head Start and the Child Care and Development Block Grants. The committee's priorities include promoting parental choice through access to high-quality care and transparent consumer information; streamlining and simplifying the fragmented federal role in early childhood education and care; maintaining program integrity while ensuring program efficiency; serving the most at-risk children first; and supporting states' efforts to coordinate early childhood programs. The committee urges the Committee on the Budget to reject the president's approach to early childhood education and support our efforts to streamline and strengthen existing programs to better serve low-income children.

Enhancing Career and Technical Education

The Bureau of Labor Statistics (BLS) recently reported more than 3.5 million Americans between the ages of 16 and 24 are looking for jobs. The committee believes strengthening career and technical education programs funded through the *Carl D. Perkins Career and Technical Education Act (Perkins Act*) can help more of these young people gain an edge in the workforce.

The Obama administration's FY 2015 budget proposes reforms to the *Perkins Act*, such as linking more programs of study to in-demand industries, that the committee will consider as part of its efforts to reauthorize the law. However, the budget proposal would also redirect $100 million from state grants to a new national competitive program and an additional $150 million for school districts that are redesigning high schools to focus on transitioning students to postsecondary education and careers. Given limited federal resources, the committee urges the

Committee on the Budget to reject the administration's request for these new programs, and instead to work with us to strengthen the *Perkins Act* and prepare students for the 21st century workforce.

Race to the Top

The administration's budget request again expands the Race to the Top program, a slush fund operated at the sole discretion of the Secretary of Education to coerce states and school districts into implementing its preferred policies. Previous iterations of Race to the Top have resulted in well-documented implementation struggles for states and school districts. For example, a recent audit of the original Race to the Top State Grants by the Department of Education's Inspector General found that every state missed original implementation deadlines for nearly half the projects funded by the grant, and two states experienced delays in nearly 80 percent of their projects.

Despite these struggles, the administration's FY 2015 budget proposal includes yet another iteration of the program to support initiatives meant to increase education equity. Education equity is a shared goal, but the administration's proposal is likely to negatively affect a wide array of state and local policies. In addition to improperly expanding the federal government's role in education, the proposal will undercut efforts underway at the state and local levels to address equity challenges. Given limited federal resources and the unproven track record of national competitions, the committee urges the Committee on the Budget to reject the administration's request for a new round of Race to the Top, and instead maintain its commitment to long-standing education and financial assistance programs.

Ensuring Quality Child Nutrition

Programs under the *Child Nutrition Act* are designed to combat hunger and poor nutrition among low-income children and families. According to the Congressional Research Service (CRS), federally-supported nutrition programs reach more than 40 million children and two million lower-income expectant and new mothers daily. In 2010, Congress passed the *Healthy, Hunger-Free Kids Act*, which updated and extended these programs. However, the legislation also opened the door to federal micromanagement of school lunches, breakfasts, suppers, snacks, and other food sold on school campuses. The committee believes the regulatory agenda coming from the Department of Agriculture through the new school nutrition standards and competitive foods rules is overly burdensome, costly, and difficult to implement.

Recently GAO released a report highlighting the challenges elementary and secondary schools face implementing the new regulations. The report found student participation in the program decreased and departmental guidance has been confusing and too voluminous for schools. While the department has acknowledged the need for additional flexibility on grain and protein portion sizes, more must be done. During the recent appropriations process, Congress directed the secretary of agriculture to develop a waiver process for school districts struggling with the costs of implementing the nutrition requirements. The committee will work to reduce the cost and burden of new federal requirements as it begins the reauthorization of the *Child Nutrition Act*. The committee encourages the Committee on the Budget to provide a mandatory spending allocation sufficient to properly reauthorize the federal school meal programs and reverse the costly regulations.

WORKFORCE PRIORITIES

Workers seeking job opportunities continue to face significant challenges. Though the overall unemployment rate has improved over the past year, the percentage of eligible people participating in the workforce has reached lows not seen since the Carter administration. More than 7 million Americans are confined to part-time work instead of full-time employment, and more than 10 million remain unemployed. It is clear the policies promoted by the Obama administration have failed America's families.

Instead of changing course, the Obama administration's FY 2015 budget proposal supports more of the same. The American people can no longer afford to invest in the president's failed agenda. The committee is promoting policies to help job seekers gain skills for a growing economy by streamlining job training programs. The committee is also continuing its work to maintain workplace democracy, protect retirement security, and ensure workers have safe and healthy working conditions. Finally, the committee will continue to closely examine the administration's regulatory proposals and conduct robust oversight on its implementation of federal programs.

The committee respectfully offers the following for consideration by the Committee on the Budget as it prepares its FY 2015 budget resolution:

Improving our Nation's Workforce Development System

Since 2011 the GAO has issued five reports highlighting challenges within the federal workforce investment system. The reports have focused on reviewing the large number of federally-administered job training programs that are duplicative and overlapping; difficulties the system has in matching workers with in-demand jobs; and poor data collection and reporting among federal, state, and local governments administering such programs.

These inefficiencies and lack of accountability within the federal workforce development system are not new. Since the *Workforce Investment Act* was last reauthorized in 1998, the committee has held numerous hearings and heard from dozens of witnesses echoing similar findings. But instead of reforming our nation's employment and training system, the administration's FY 2015 budget proposes adding new and duplicative programs, such as a $3.7 billion New Career Pathways program, a $4 billion Back to Work Partnerships program, a $2 billion Bridge to Work program, a $2.5 billion Summer Jobs Plus program, a $6 billion Community College Job-Driven Training fund, and a $15 million Sectors Strategies program.

While these new programs are well-intentioned, our nation is already investing billions of dollars through the *Workforce Investment Act* to do similar activities. In addition, when the government layers new programs on top of old, it creates administrative inefficiencies at the federal, state, and local levels, and creates confusion for job seekers struggling to access the services necessary to find and retain a job. In fact, President Obama acknowledged this directly during his 2014

State of the Union address when he called on Congress to "concentrate funding on proven programs that connect more ready-to-work Americans with ready-to-be-filled jobs."
Worse, the administration's budget proposal ignores the important work conducted by GAO and repeats the proposal included in the president's January 2014 State of the Union address that asks the vice president to conduct yet another study of our nation's workforce development system. The time for study is over; the time to act is now.

More than a year ago, the House passed H.R. 803, the *Supporting Knowledge and Investing in Lifelong Skills (SKILLS) Act,* to create a more dynamic, effective, and accountable workforce development system. The committee urges the Committee on the Budget to reject the administration's approach to job training and incorporate into its budget resolution the *SKILLS Act*. More money to pay for new workforce programs does not constitute reform; it merely doubles down on the failed policies of the past.

Protecting Workplace Democracy

The committee is deeply concerned the Obama administration continues to advance an activist agenda for its special interest supporters, while failing to recognize this agenda is detrimental to workers and employers. Since 2009 the administration's policies concerning the relationship between labor and management have not only encroached on the rights of workers to choose whether to join a union, but also on the ability of businesses of all sizes to grow and hire. The committee will continue to examine closely policies proposed by the administration that would deprive workers of the ability to decide whether they are best served being represented by a union.

National Labor Relations Board

The committee is concerned by the activist agenda undertaken by National Labor Relations Board (NLRB). Over the last five years, the NLRB has restricted workers' right to a secret ballot, expanded concerted activity, and made it more difficult for employees to challenge union representation. It also has changed the test for determining employee bargaining units to allow unions to gerrymander the workplace, reduced neutral employer protection from union attacks, and continued to pursue changes to representational election procedures that will significantly restrict employer free speech and employee free choice. Together, these actions have significantly altered labor-management relations in favor of unions. Undoubtedly, this trend will continue to the detriment of employees and employers. The committee will continue its work to protect employee and employer rights and will oppose the NLRB's extreme and unprecedented actions by engaging in robust oversight and considering potential legislative options.

Office of Labor-Management Standards

The Department of Labor's Office of Labor-Management Standards (OLMS) plays a critical role in holding union leadership accountable to those workers who choose to join a union. The committee is concerned that OLMS under the Obama administration has taken action to remove safeguards for workers that promote union transparency and accountability. OLMS has taken steps to redefine "advice" under the section 203 of the Labor-Management Reporting and

Disclosure Act. Since 1963, OLMS has continually exempted employer and labor consultant reporting if the consultant has no direct contact with employees and the employer is free to accept or reject the consultant's advice or materials. Now, OLMS's proposed changes could jeopardize the confidential client-lawyer relationship and employers' fundamental right to counsel. The committee will continue vigorously to promote union transparency and accountability on behalf of workers, conduct aggressive oversight of OLMS, and support measures that improve union transparency and accountability on behalf of workers.

Enhancing Retirement Security

The committee remains dedicated to ensuring American workers have access to voluntary, robust, portable, and secure retirement savings options. The committee believes the best way to achieve this goal is by reducing regulatory impediments for individual retirement savings and ensuring the defined benefit pension system is well-funded and sustainable. The committee will oppose policies that restrict access to financial advice or increase costs for workers and retirees participating in 401(k) plans. The committee will safeguard the defined benefit system by pursuing reforms that increase the ability of multiemployer pension plans to address plan underfunding and protect benefits without requiring taxpayer funds. In addition, the committee will continue to monitor the consequences of recent changes to the defined benefit pension funding rules and the finances of the Pension Benefit Guaranty Corporation (PBGC). Finally, the committee will examine questionable proposals included in the Obama administration's FY 2015 budget – specifically proposals mandating employers create new individual retirement accounts for their workers and providing the PBGC with the authority to determine insurance premiums assessed to defined benefit pension plans. The committee does not agree with these proposals and will consider other policies to safeguard retirement opportunities for workers.

Promoting Policies to Lower Health Care Costs

The committee strongly supports policies that make health care and insurance coverage more affordable for all Americans. However, the committee is alarmed the *Patient Protection and Affordable Care Act* (PPACA), President Obama's signature health care law, is leading to higher health care costs, reduced access, and serious consequences for the nation's economy and workforce.

Approximately 150 million Americans (56 percent of workers) are covered by an employer-provided health benefit plan. Originally, under PPACA's employer mandate, an employer with 50 or more employees would be required to offer government-approved health insurance coverage to its full-time employees or face new tax penalties starting in 2014. Through a series of unilateral actions by the Obama administration, the coverage requirements and implementation dates have been delayed. Now, beginning in 2016, employers with 50 or more full-time equivalent employees must offer affordable health insurance to 95 percent of their full-time employees or face the new tax penalties. Delaying the employer mandate further proves PPACA is a threat to our nation's workplaces. Whether the employer mandate is enforced now or in the future, it will destroy jobs and reduce the take-home pay of working families.

In addition, the committee understands the important role of self-insured health plans in our nation's health care system. In fact, approximately 61 percent of workers covered by an employer-provided benefit plan are in self-insured plans, representing an almost 10 percent increase over the past decade. In the wake of the PPACA, more employers are considering self-insurance as an option in order to maintain affordable, flexible health care coverage. The committee is concerned the Obama administration may be working on a regulatory proposal that would actually discourage participation in the self-insurance market. Workers and employers need more affordable health care options, not fewer.

Whether it is delaying the employer mandate or attempting to offer union health plans relief from the law, the administration is actively picking winners and losers through executive fiat. The committee will continue to hold the administration accountable for its failed policies and advocate commonsense, responsible health care solutions. All Americans deserve a permanent reprieve from this fatally flawed health care law. Ultimately, the committee believes PPACA should be scraped and replaced with responsible reforms the American people can support. The committee will continue to examine provisions of PPACA under the committee's jurisdiction and will consider other policies to lower the costs of health care and health insurance.

Ensuring Equal Employment Opportunity

The committee strongly supports policies that help ensure equal employment opportunity for all workers. To that end, the committee will continue its ongoing examination of the federal government's implementation and enforcement of the *Civil Rights Act of 1964*, the *Equal Pay Act*, and the many other civil rights laws designed to protect individuals from employment discrimination. The committee will continue to conduct oversight of new legally-questionable rules promulgated by the Department of Labor's Office of Federal Contract Compliance Programs (OFCCP) that cause federal contractors to spend more time and resources on new requirements.

The committee also will closely review OFCCP's attempts to expand its jurisdiction to include hospitals and health care providers it erroneously believes to be federal subcontractors. OFCCP has claimed jurisdiction over hospitals that have contractual arrangements with TRICARE and the Federal Employees' Health Benefit Program, and said it may have jurisdiction over Medicare providers. Now, in addition to the significant pressure health care providers already face to reduce costs and streamline administrative procedures, they must also comply with OFCCP requirements. The committee is reviewing current law and plans to consider steps to prevent OFCCP from expanding its jurisdiction to hospitals and health care providers that serve individuals in federal health plans.

The Equal Employment Opportunity Commission (EEOC) revised its guidance on employers' use of criminal background checks in employment decisions in April 2012. The guidance and EEOC's enforcement will likely continue interfering with employers' legitimate use of criminal background checks. EEOC may consider credit information guidance this year (now that the commission has full membership), which could affect certain industries that rely heavily on credit history checks prior to hiring individuals. The committee also is closely monitoring a trend of courts sanctioning EEOC and ordering it to pay defendants' attorneys' fees for filing frivolous lawsuits and for misconduct during litigation.

The committee plans to examine closely OFCCP's and EEOC's policies and proposals as it continues to support nondiscrimination policies that protect workers and promote private-sector job growth.

Monitoring and Assessing the *Family and Medical Leave Act*

The committee will continue to evaluate regulatory proposals advanced by the Obama administration that could result in increased burdens for job creators, specifically those proposals that would extend requirements under the *Family and Medical Leave Act* beyond those originally determined by Congress. In addition, the committee is aware of and will oppose the administration's plans to expand federal spending on a proposal to create a so-called "State Paid Leave Fund." As it has in years past, the Obama administration's FY 2015 budget proposal includes millions of dollars in new spending at the Department of Labor to create a State Paid Leave Fund to support competitive grants to states that establish paid leave programs. Beyond this proposal's additional expense to taxpayers, there is no clear evidence showing how this fund would result in improved opportunities for job creation and business growth.

Updating the *Fair Labor Standards Act*

The *Fair Labor Standards Act of 1938* (FLSA) is the primary law governing the wages and pay requirements, child labor standards, and recordkeeping requirements for full- and part-time workers employed by businesses and government entities of every shape and size. The committee recognizes that the enforcement of the *FLSA* is critically important to workers and employers and is, therefore, vigilant in its oversight of the Department of Labor's implementation of the law.

The committee believes the FLSA should be updated to reflect the demands of the 21st century workforce and stands ready to consider reforms to modernize the law. However, the Obama administration's FY 2015 budget proposal demonstrates a continued interest in promoting compliance through aggressive enforcement, with little or no focus on assisting employers in understanding and abiding by their obligations under the law. Instead, the committee anticipates the department's efforts will burden employers with more paperwork and the threat of litigation. The committee will evaluate the Wage and Hour Division's enforcement activities and regulatory proposals with respect to the employment of independent contractors. The committee also will closely examine efforts to implement the recently finalized regulation on so-called "companionship services" under the *FLSA* and its impact on providers and, importantly, those individuals who rely on these critical services.

Reforming the *Federal Employees' Compensation Act*

The need to modernize the workers' compensation program for federal employees who are injured or become ill on the job is long overdue. The committee will continue its consideration of proposals by the Obama administration to reform the *Federal Employees' Compensation Act*

(FECA). Enacting proposed updates to FECA's benefit structure would result in savings to the program over the next 10 years, while at the same time providing care for injured employees and their families and promoting the process of returning employees to work. During the 112th Congress, the committee led a bipartisan effort to reform FECA. Although this effort led to the bipartisan approval of the *Federal Workers' Compensation Modernization and Improvement Act* in the House, the Senate unfortunately did not consider this or similar legislation. The committee intends to continue its work with the Department of Labor and the Senate to enact legislation to modernize the FECA program.

Enhancing Workplace Health and Safety

The committee recognizes ensuring safe and healthy working conditions is amongst its most important duties. The committee will continue to advocate policies that promote workplace safety, provide workers and employers with assistance in complying with federal safety laws and regulations, encourage proactive workplace safety programs, and ensure proper enforcement of workplace safety laws and regulations. The committee also will continue to monitor closely actions taken by federal workplace safety agencies to ensure they are appropriately enforcing federal laws and regulations to protect workers without causing unnecessary burdens to employers.

Occupational Safety and Health Administration

The committee is concerned that under the auspices of "clarification," the Occupational Safety and Health Administration (OSHA) is seeking to rewrite many of its regulations and policies, thereby circumventing the statutorily-required rulemaking process. Through the use of non-regulatory guidance, letters of interpretation, and other administrative actions, OSHA has created a legal conundrum that endangers the integrity of its inspection and regulatory processes. In short, OSHA is changing long-standing policies and practices with little notice and without stakeholder input.

As such, the committee will continue to examine OSHA's use of administrative actions to change its policies and will ensure OSHA proactively seeks out and solicits all stakeholders before launching new programs and initiatives. In addition, the committee will scrutinize closely OSHA's regulatory actions concerning occupational exposure to crystalline silica.

Mine Safety and Health Administration

The committee will continue examining actions taken by the Mine Safety and Health Administration (MSHA) to help ensure the administration achieves the goal of zero mining fatalities in FY 2015. To that end, the committee intends to assess the extent to which MSHA is utilizing the tools Congress has provided the agency to improve and enhance miner safety. The committee also will scrutinize closely MSHA's efforts to address concerns that have surfaced regarding the use of refuge chambers, as well as the agency's efforts to complete rulemaking relating to respirable coal dust.

CONCLUSION

The Committee on Education and the Workforce remains concerned the Obama administration is continuing to advance proposals that will keep effective teachers out of classrooms, limit education innovation, hamper workforce development, and diminish job creation and economic growth. The committee is focused on promoting opportunities for students, workers, and retirees by reforming costly, outdated, and unnecessarily bureaucratic policies. The committee stands ready to work with the Committee on the Budget as it writes its budget for FY 2015.