BUDGET VIEWS AND ESTIMATES FOR FISCAL YEAR 2014

COMMITTEE ON EDUCATION AND THE WORKFORCE

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The House Committee on Education and the Workforce recognizes the nation's spending crisis and pledges to take concrete steps to reduce waste and duplication within federal programs and policy initiatives.

As the committee submits its Budget Views and Estimates for Fiscal Year (FY) 2014, several facts should be highlighted:

- The national debt now stands at more than $16.5 trillion, nearly $6 trillion of which has been added since President Obama took office in 2009.
- In FY 2013, the federal government is projected to run a deficit of more than $845 billion.
- The federal government spends an average of $2.3 billion more per day than it takes in.
- The FY 2013 budget deficit is currently estimated at 5.3 percent of the Gross Domestic Product (GDP). As of the end of FY 2012, outstanding federal debt was 103.2 percent of GDP.
- The average American's share of the national debt stands at $53,380 – an increase of $18,961 since 2009.
- More than 12 million Americans remain out of work as unemployment continues to hover around 8 percent.

In the face of such monumental challenges, there is one solution: responsible reductions in spending along with thoughtful planning to help put America back on the path to fiscal stability. However, for the fourth time in five years, President Obama has failed to submit a responsible budget proposal on deadline. In fact, the president's budget proposal for FY 2014 is still missing in action, nearly a month after deadline. Adding insult to injury, nearly four years have passed since the Democrat-led Senate last passed a budget.

The American people know the importance of setting a budget to ensure they live within their means. Washington should do no less.

In the 113th Congress, the House Education and the Workforce Committee will do our part to work toward a balanced budget by curbing wasteful spending and enacting fiscally responsible reforms. Education and workforce policies are vital to the success of our country and the future prosperity of our citizens. Advancing meaningful reforms in both areas without piling more debt on future generations will be key to re-energizing our economy and preparing Americans for 21st century challenges.

EDUCATION PRIORITIES

The U.S. Department of Education's budget –and the role of the federal government in education –has grown significantly over the last 45 years. For FY 2013, the department operated more than 150 programs totaling more than $68.7 billion. Over the past century, the federal government has spent more than $2 trillion on public education, yet student achievement remains flat. Clearly, money is not the answer.

Despite evident problems within our country's education system, the Obama Administration has decided the solution is to bypass Congress and create new programs and initiatives that coerce states, school districts, and institutions of higher education to adopt its top-down version of education reform. These flawed policies from Washington are adding to the burden on states, schools, communities, and students. The administration appears intent on continuing this trend as evidenced by the president's recent State of the Union address, in which he said, "If Congress won't, I will." Instead of adopting this "my-way-or-the-highway" approach, it is time to re-examine the federal role in education; end wasteful, inefficient, and unauthorized spending to help balance the federal budget; and limit the amount of 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 2014 budget resolution:

Empowering State and Local Education Reform

Across the country, state and local leaders are promoting innovative solutions to improve student achievement and fostering school and teacher accountability to ensure students have the skills they need 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 free these education reformers to succeed.

Despite the president's rhetoric that schools should have greater flexibility and teachers should be empowered to teach with creativity and passion, his actions perpetuate more of the same top-down approaches to education reform that have proven unsuccessful for students and families. By rewriting the *No Child Left Behind Act* (NCLB) by executive fiat under the guise of flexibility and waivers, President Obama has replaced one set of federal mandates with another that force states to adopt the administration's preferred education reforms for uncertain and temporary relief. The committee supports freeing all states and school districts from the prescriptive requirements of federal law so they can truly innovate. 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, and calls on the president to work with Congress to provide real flexibility to state and local leaders and empower parents.

Reforming Elementary and Secondary Education

When NCLB was signed into law 11 years ago, it 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 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, reform outdated teacher tenure practices, provide additional choice options to students trapped in low-performing schools, and enhance accountability for student achievement at the local level. The results have been nothing short of impressive: states have managed to shrink student achievement gaps, engage parents, and improve student learning without federal intervention. The committee supports federal efforts that help state and local leaders reform our nation's broken education system.

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 two bills to reauthorize ESEA in the 112th Congress. The *Student Success Act* and the *Encouraging Innovation and Effective Teachers Act* built on the exceptional progress being made at the state and local levels, while also including responsible measures to ensure all students continue to have access to a quality education. The bills focused on restoring local control, reducing the federal footprint, improving teacher effectiveness, and empowering parents.

Most importantly, the *Student Success Act* and the *Encouraging Innovation and Effective Teachers Act* authorized federal elementary and secondary education programs at the FY 2012 appropriated levels and rejected what has been the administration's irresponsible budgeting approach. The bills focused the federal role in education on supporting long-standing programs designed to improve student achievement and teacher effectiveness. The legislation consolidated most of the more than 80 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 are low-priority and have been found to be duplicative, ineffective, or too small to have a meaningful benefit for student achievement. For example, the Ready-to-Learn program has demonstrated limited benefit for student achievement; the School Leadership and Arts in Education programs are duplicative of the main Teacher Quality Grants program; and the Physical Education program is duplicative of initiatives administered by the Centers for Disease Control and projects and school wellness policies created and funded under the *Child Nutrition Act*.

In addition, the committee's bills did not authorize funds for administration priorities like Race to the Top, Investing in Innovation, School Improvement Grants, or Promise Neighborhoods. The committee believes Congress should fulfill its current commitments to federal education initiatives before creating new programs and mandates. The House version of the FY 2013 *Departments of Labor/Health and Human Services/Education Appropriations Act* would have protected Title I funding while eliminating administration priorities, most of which were created in the *American Recovery and Reinvestment Act* and supported in subsequent appropriations bills. The committee urges the Committee on the Budget to reject the administration's approach to public education and incorporate our effort to streamline federal K-12 education programs that provide funding flexibility into the budget resolution.

Supporting Effective Teachers

The Obama Administration continues to request an overall increase in elementary and secondary education funding for new and current programs focused on teacher quality. These new initiatives come on top of the 82 existing teacher quality programs administered across 10 federal agencies that were identified by the Government Accountability Office (GAO) in its "Teacher Quality: Proliferation of Programs Complicates Federal Efforts to Invest Dollars Effectively" report. The report found the federal government spent more than $4 billion on teacher quality initiatives, many of the programs shared similar goals, a majority had limited benefit, and many had their own separate administrative processes.

The committee's ESEA reauthorization effort in the 112th Congress rejected the administration's irresponsible teacher proposals. The *Student Success Act* and the *Encouraging Innovation and Effective Teachers Act* consolidated many of the current 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 engaged the private sector, including the for- and non-profit communities, to partner with school districts to drive improvements and innovation in the teaching profession. The measures eliminated the onerous Highly Qualified Teacher (HQT) requirement that is an enormous burden on states and districts and tells superintendents, teachers, and parents very little about teacher effectiveness. Instead, the committee supported the development and implementation of district teacher evaluation systems around broad parameters to ensure parents have the information they need to make decisions about their children's education. Parents know the best teachers are the ones 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 effort to promote effective teachers and better 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 Science, Technology, Engineering, and Math 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 attainment of STEM degrees. In addition, 83 percent of the programs overlapped to some degree with at least one other program. Less than half of the programs surveyed indicated they coordinated with other agencies. GAO stated that opportunities exist to enhance coordination, align government-wide efforts, and improve efficient use of limited resources by identifying opportunities for program consolidation and reducing administrative costs. A robust education and training 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 future economic competitiveness and a necessary pipeline into high-demand fields. 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

The committee 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. In 1975, Congress passed the *Individuals with Disabilities Education Act* (IDEA) and committed to pay states 40 percent of the average per-pupil expenditure in the nation's public schools. To date, Congress has not come close to meeting this funding commitment. The president's FY 2013 budget proposal included only $11.6 billion for the Grants to States (Part B) program, the same as the previous fiscal year. Had this funding level been enacted, it would have reduced the federal government's contribution to less than 16 percent of the national average per-pupil expenditure. In contrast, the House version of the FY 2013 *Departments of Labor/Health and Human Services/Education Appropriations Act* would have increased Part B funding by $500 million. While the committee recognizes current budgetary constraints make it difficult to fully fund IDEA, ongoing administration proposals to reduce the IDEA funding contribution to advance its own unauthorized priorities are troubling. The committee 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 noticeably increase the federal government's contribution toward special education costs.

Continuing the Successful DC Opportunity Scholarship Program

The committee continues to support educational choices for parents, equipping them with the tools they need to send their children to higher-performing schools that provide a better opportunity for their child's future. The DC 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*, which reauthorized the DC Opportunity Scholarship program with important updates. Among its provisions, the bill increased the limits on scholarships to ensure students could have access to additional schools, especially high schools. Unfortunately, even though the president chooses to exercise private school choice for his children, his past budgets continue to deny the same opportunities for low-income families who live blocks from the White House. While continuing to request additional funding for District of Columbia public schools and public charter schools, the administration continues to oppose this important educational choice for parents. The committee strongly supports funding for the DC Opportunity Scholarship program to give District of Columbia parents access to quality education options for their children. The committee urges the Committee on the Budget to demonstrate support for this important educational choice for parents in the Department of Education's budget.

Expanding College Access and Promoting College Affordability

For almost 50 years, the federal government has provided students with the ability to select the college and university that best suits their postsecondary education needs. The diversity of the more than 6,000 institutions of higher education participating in federal student aid programs is vital to educating the current population of college students.

America's higher education system is changing. 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 these students are current workers looking to gain the necessary skills to excel in the workplace. These students are not looking for a four-year college degree, but instead want to update their skill sets while working full-time and/or raising a family. They tend to be more cost conscious, and want to obtain their degree or credential as fast as possible. As the committee begins the process of reauthorizing the *Higher Education Act*, it strongly supports policies that promote informed student choice, streamline complex federal student aid programs, and eliminate burdensome federal requirements or regulations that increase the overall cost of a postsecondary education.

Promoting Policies to Further College Affordability

Since it provides the overwhelming majority of student financial assistance (almost $142 billion through Title IV of the *Higher Education Act* alone), the federal government has an important role to play in ensuring students and families have access to necessary information so they can make informed choices about the colleges and universities that meet their unique needs. This includes providing information to students on institutional cost factors such as tuition and fees and student outcomes such as graduation rates. Unfortunately, the amount of information institutions of higher education are required to disclose to potential students and report to the Department of Education has grown exponentially over the last decade, with limited evidence of its value. As such, the committee supports proposals that refine data collection requirements to ensure the information being reported reflects the current student population and is useful to students and families. The committee also believes the federal government should coordinate efforts to streamline federal higher education data collection requirements and reduce confusion for students and compliance costs for institutions.

While it is pleased to see the Obama Administration experimenting with user-friendly ways to display institutional data through its College Scorecard, the committee believes there are significant problems that need to be resolved. The committee is concerned current federal law and regulations already require institutions of higher education to disclose information on a number of data points, using a different methodology than that used in the College Scorecard. For example, the cost information provided on the scorecard is calculated differently than the information required to be disclosed under the gainful employment regulation. The committee is interested in learning more about the administration's College Scorecard to ensure it provides accurate information that does not mislead students and families.

As Congress examines efforts to increase college access and affordability, the committee will keep in mind the significant costs imposed on colleges and universities through burdensome federal regulations. In recent years, the Department of Education has churned out regulation after regulation in the name of program quality with seemingly little regard for the true compliance costs for colleges and universities or how these regulatory actions have allowed the federal government to increase its footprint on college campuses. Last Congress, the House of Representatives passed H.R. 2117, the *Protecting Academic Freedom in Higher Education Act*, to strike down the credit hour regulation and state authorization regulation by a bipartisan vote of 303 to 114. These two regulations promulgated in 2010 by the Obama Administration put the federal government in the heart of academic issues that were historically the responsibility of colleges and universities or states. The committee continues to oppose the credit hour and state authorization regulations, as well as the gainful employment regulation. These burdensome and inflexible regulations will destroy jobs and stifle local economic development and innovation.

The committee supports federal efforts to simplify, streamline, and improve federal student aid programs and plans to examine these issues during the reauthorization of the *Higher Education Act*. The committee intends to begin this effort by addressing the student loan interest rate cliff. In 2006, congressional Democrats made a series of campaign promises to the American people that included a pledge to cut all student loan interest rates in half. After gaining control of Congress, Democrats realized that cutting interest rates in half was too costly and instead championed legislation that temporarily phased down subsidized Stafford loan interest rates for undergraduates for four years. After four years, the rate was set to return to the previous, higher level. Last year, Congress chose to delay for one year the scheduled interest rate increase under the premise that the time would be used to develop a permanent solution to the problem. The committee supports resolving the interest rate cliff by moving toward a market-based interest rate for all Stafford loans in a fiscally responsible manner.

The committee is concerned, however, that the administration's FY 2014 budget proposal may complicate the nation's student aid programs by creating new and unnecessary higher education programs; ignoring long-term challenges facing a number of federal programs, including Pell Grants; and dramatically expanding the reach of the federal government into college and university budgetary decisions. In particular, the committee opposes any changes to the Perkins Loan program or any other initiative that serves as a back-door effort to impose price controls on college campuses. While it agrees with the administration that rising tuition and fees continue to make college unaffordable for low-income and middle class families, the committee favors competition and transparency rather than using the heavy hand of the federal government to lower tuition. Institutions also have a shared responsibility, along with federal and state governments, to do everything they can to provide a quality education at an affordable price. Instead of taking a piecemeal approach to reforming student aid programs, the committee will begin a comprehensive examination of possible changes through the reauthorization of the *Higher Education Act*. The committee urges the Committee on the Budget to support our efforts to ensure the stability of student aid for future generations, including streamlining multiple grant, loan, and institutional programs, and eliminating low-priority higher education programs.

Putting Pell Grants on a Path to Stability

The committee supports Pell Grants as the foundation of our nation's commitment to help low-income students access higher education, but believes the program is 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 the Pell Grants program continue to grow. From FY 2006 to FY 2012, discretionary program costs increased from $12.8 billion to $28.0 billion, and from FY 2013 to FY 2023 discretionary program costs are expected to grow from $27.83 billion to $31.63 billion. When mandatory funding is included, expected program costs jump from $33.15 billion in FY 2013 to $41.28 billion in FY 2023.

Congress continues to struggle to provide enough funds to cover these costs. For example, for FY 2013, the House and Senate Appropriations Committees provided $22.96 billion for the discretionary portion of Pell Grants, though program costs are expected to total $27.83 billion.

Even though a recent estimate by the Congressional Budget Office (CBO) showed a temporary surplus in the program for FY 2014 because of revisions to previous estimates and one-time funding included in the BCA, the program is expected to experience a $946 million funding gap in FY 2015. The funding gap is expected to grow in the later 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 president's past budget proposals have ignored the problem by masking the true cost of the program through scoring gimmicks that create fictional mandatory "savings." 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, enabling millions of low-income students to pursue their dream of a postsecondary education.

Assessing the True Taxpayer Costs for Student Loans

The committee believes budget gimmicks that have masked the cost of federal student loan programs for decades should not be allowed to continue. The Committee on the Budget should be commended for its work last year to pass H.R. 3581, the *Budget and Accounting Transparency Act*, which includes reforms 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 president's FY 2012 budget proposal to convert FFEL loans to Direct Loans shrank by approximately $550 million. In addition, the savings from the budget proposal to expand the Perkins loan program and bring it onto the government's books vanished entirely.

The committee agrees that 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, once again, include language in its budget resolution and pass stand-alone legislation that will ensure market risk is incorporated into future budgetary estimates.

Improving Early Childhood Education Programs

The federal government currently supports 45 different programs with the explicit purpose of supporting or providing early childhood care and education programs for children under the age of five. In its 2012 report, the GAO noted these programs are housed in multiple agencies and amount to at least $13.3 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. While the federal government spends $7 billion annually (and more than $180 billion since its creation in 1965), the program is not fulfilling its obligation to improve the kindergarten readiness of low-income children. The Department of Health and Human Services' 2010 Head Start Impact Study showed the program had little to no benefit for 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 reached first grade.

Released in December 2012, the Third Grade Follow-up to the Head Start Impact Study 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 the lack of sustained program results in the early childhood sector do a disservice not only to vulnerable children who seek important services, but to the American taxpayer who is required to pay for duplicative and often inefficient programs.

In his recent State of the Union address, President Obama proposed a plan to create new early childhood programs and expand existing services for low- and moderate-income children ages 0-5. In particular, the president called for providing 4-year olds with high quality preschool through a "cost-sharing partnership" with states based on federal benchmarks. He also called for a program to incentivize states to provide full day kindergarten. In addition, he proposed investing in an Early Head Start-Child Care partnership, expanding home visiting services, and increasing funding for Head Start. Unfortunately, the president's proposal lacks specific details. For example, will the new programs be effective, considering the lack of results for our national preschool program (e.g., Head Start)? Will the new programs be duplicative? How will they differ from the dozens of early childhood programs already in place? Will the new programs be affordable?

Although the White House has not provided any cost estimates for the president's proposal, the Center for American Progress, a think tank with close ties to the administration, recently released a similar proposal estimated to cost taxpayers almost $100 billion over 10 years. At a time when our country faces more than $16.5 trillion in debt, it is irresponsible to create new early childhood programs rather than improving its current programs to improve kindergarten readiness.

By adding other initiatives to the mix, the president's proposal would expand the fragmentation of the government's early childhood education programs, perpetuating the duplication of services and encouraging inconsistent standards for program quality. Instead, the committee will work to reform and refocus our nation's early childhood education and care programs by 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, not hindering, states' efforts to coordinate early childhood education and child care programs. The committee urges the Committee on the Budget to support our efforts to streamline and strengthen existing programs to better serve low-income children.

Race to the Top

The administration's budget request for the Department of Education will likely expand its 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 preferred and narrow policies. The president's FY 2013 budget requested nearly $2 billion for three different iterations of Race to the Top to influence state and local education policies from birth through postsecondary education.

Based on the State of the Union address, the committee expects the FY 2014 request to include yet another iteration, despite state struggles to implement earlier rounds of the program. For example, the Department of Education recently released a report detailing Race to the Top activities for the 12 states that received funding in the first two phases of the program. The reports show ongoing problems with implementation in two areas: implementing teacher and principal evaluations and building and upgrading sophisticated data systems for monitoring student progress and tailoring curriculum and assessment. Second year performance was particularly poor for three of the 12 states, which struggled with implementing teacher evaluations and working with persistently low-performing schools. A fourth state remains on "high risk" status for its struggles to implement different elements of its grant. 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 expected request for additional rounds of Race to the Top, and instead maintain its commitment to long-standing elementary and secondary education, special education, early childhood education, and student financial assistance programs that are producing results.

Ensuring Quality Child Nutrition

The National School Lunch program and the other initiatives that make up 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 child 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 U.S. Department of Agriculture (USDA) through the new school nutrition standards and competitive foods rules are overly burdensome and costly to our nation's schools. To this end, the committee asked the GAO to investigate whether the new school nutrition standards result in higher costs and more food waste in school cafeterias. Recently, the committee urged USDA to provide additional flexibility to school food service agencies struggling to meet the new nutrition standards. The department responded by allowing school districts to raise the maximize size of servings as long as they meet minimum requirements for meat and grain services. Unfortunately, the change is for only one-year. The committee will continue to monitor USDA's actions and work to reduce the cost and burden of new federal requirements. The committee encourages the Committee on the Budget to provide adequate funding for the program and explore whether changes need to be made to the *Child Nutrition Act* to reverse the costly nature of the new regulations.

WORKFORCE PRIORITIES

The American economy remains in peril. During the fourth quarter of 2012, GDP shrank for the first time since early 2009. Though the unemployment rate is lower than it was this time last year, workers continue to face significant challenges. Only 64 percent of eligible people are participating in the workforce today. More than 12 million Americans remain unemployed and searching for work. Roughly 8 million workers have been forced to accept part-time work, a record 47 million people are eligible for food stamps, and the median family income is dropping to 1995 levels. It is clear the policies promoted by the Obama administration have failed America's workers and their families. Despite this failure, the administration continues to advocate spending priorities, mandates, and costly regulations that have significantly weakened job creation by adding new burdens and creating uncertainty.

The committee is focused on finding solutions to the nation's economic crisis. The committee is advancing policies to streamline job training programs while providing job seekers with better access to programs that can teach them the skills needed for a growing economy. The committee also remains committed to ensuring workplace democracy, protecting retirement security, and promoting workplace safety. Finally, the committee will continue to evaluate government programs and scrutinize regulatory proposals.

The committee respectfully offers the following for consideration by the Committee on the Budget as it prepares its FY 2014 budget resolution:

Streamlining Workforce Development Programs

The nation's primary assistance for unemployed and underemployed workers is authorized through the *Workforce Investment Act* (WIA), which provides states and localities with federal resources to support worker training through a network of 3,000 One-Stop Career Centers. In January 2011, the GAO released a report entitled "Multiple Employment and Training Programs: Providing Information on Collocating Services and Consolidating Administrative Structures

Could Promote Efficiencies," that identified 47 separate employment and training programs across nine different federal agencies. GAO's analysis noted that almost all of the job training programs identified overlap with at least one other program, with most of the programs targeting similar populations and providing similar services. The report found only five of the programs had been evaluated for effectiveness and success in finding employment opportunities for unemployed and underemployed workers.

Instead of providing necessary skills and training for workers, the current workforce development system is wasting taxpayer dollars on bureaucracy, employers are unable to hire adequately trained workers, and workers lack the skills necessary for success. Federal requirements also have left state and local workforce boards – which are responsible for policy and oversight of area employment services – mired in bureaucracy with little flexibility to target resources to meet the workforce needs of workers and employers. Especially at a time of high unemployment and record federal deficits, Congress must do more than maintain the status quo. President Obama during his 2012 State of the Union address recognized the need to consolidate federal workforce development programs declaring, "... I want to cut through the maze of confusing training programs, so that from now on, people...have one program...one place to go for all the information and help that they need. It is time to turn our unemployment system into a reemployment system that puts people to work." Unfortunately, the administration's past budgets lack any comprehensive proposal to modernize WIA. Instead of working with Congress to streamline federal workforce development programs, the president has proposed new programs aimed at unemployed and underemployed workers (in addition to the 47 GAO-identified programs). Most notably, the president has proposed an $8 billion Community College to Career Fund, which would provide federally administered incentive grants to community colleges and states to partner with employers to train workers for in-demand industries. Though the committee recognizes the importance of community colleges to workforce preparation, this new program is duplicative of the Strengthening Institutions program and the Fund for the Improvement of Postsecondary Education (FIPSE) run by the Department of Education, and the main funding streams under the *Workforce Investment Act* (WIA) administered by the Department of Labor, further fragmenting our nation's job training system. While the committee commends the administration for proposing the elimination of the Women in Apprenticeship and Non-Traditional Occupations and the Veterans Workforce Investment Programs, and committing to closing down chronically low-performing Job Corps Centers, this is simply not enough.

Recently, the committee introduced its proposal to reauthorize WIA, the *Supporting Knowledge and Investing in Lifelong Skills (SKILLS) Act*. The bill will help deliver a more dynamic, effective, and accountable workforce development system. It consolidates and eliminates dozens of ineffective and redundant job training programs; establishes a single, flexible Workforce Investment Fund to help workers find the support they need; rolls back the red tape and bureaucracy that has crippled local workforce investment boards' ability to serve area workers; provides job creators additional opportunities to play a stronger role in workforce development decisions; and ensures real accountability without burying state and local leaders under a mountain of paperwork. The committee urges the Committee on the Budget to reject the administration's approach to job training and incorporate into its budget resolution our efforts to reform the nation's workforce development system. Instead of adding to the maze of federal programs, this effort will provide workers, employers, and taxpayers with a more effective, flexible, and accountable workforce investment system that will foster the long-term growth and prosperity our nation needs and deserves.

Protecting Workplace Democracy

The committee will scrutinize actions taken by the Obama administration in favor of its special interest supporters. Specifically, the committee is concerned by the administration's promotion of an activist agenda that diminishes opportunities for workers and employers. The administration's misguided approach to labor-management relations threatens not only the rights of workers to choose whether to join a union, but also the ability of employers to maintain and create jobs. The committee will continue its strong oversight of the activist policies and priorities advocated by this administration.

National Labor Relations Board

The committee continues to oppose the National Labor Relations Board's (NLRB) activist agenda and will continue its work to protect employee and employer rights. Over the last four years, the NLRB restricted workers' right to a secret ballot, made it more difficult for employees to challenge union representation, issued a rule that would require employers to post vague, union-biased posters on employee rights under the *National Labor Relations Act* (NLRA), changed the test for determining employee bargaining units to allow unions to gerrymander the workplace, reduced neutral employer protection from union attacks, and issued the first part of a final rule that will significantly restrict employer free speech and employee free choice. Taken together, the NLRB's actions have destabilized labor-management relations.

To ensure a continuation of this agenda, on January 4, 2012 – relying on a new legal opinion by the U.S. Department of Justice – President Obama appointed three individuals to the NLRB while the Senate was regularly meeting in *pro forma* session. On January 25, 2013, in *Noel Canning v. NLRB*, the U.S. Court of Appeals for the District of Columbia held unanimously that President Obama's January 2012 recess appointments to the NLRB were unconstitutional.

It is clear the NLRB will continue its aggressive union agenda in 2013. In response to the holding in *Noel Canning v. NLRB*, the NLRB Chairman stated "the Board respectfully disagrees with the Court's decision and believes the President's position in the matter will ultimately be upheld. …[T]he Board…will continue to perform our statutory duties and issue decisions." The committee will continue its oversight of the NLRB and oppose actions that impair the rights of workers and employers. In addition, the committee will consider making reforms to the NLRA that promote job growth, while ensuring employees have the right to choose whether to join a union.

Office of Labor-Management Standards

For those employees who choose to join a union, the Department of Labor's Office of Labor-Management Standards (OLMS) plays a critical role in holding union leadership accountable to rank-and-file members. However, during the Obama administration, policies at OLMS have been redirected in ways that concern the committee. The committee is concerned by OLMS's efforts to make changes to the longstanding interpretation of the *Labor-Management Reporting and Disclosure Act's* "advice" exception, which could jeopardize the confidential client-lawyer relationship and employers' fundamental right to counsel. The committee is troubled by the elimination of the international union compliance audit program and cuts in the number of compliance audit programs. Union compliance audits are an important tool for uncovering embezzlement and other criminal and civil violations. The committee will continue to conduct aggressive oversight of OLMS and support measures that improve union transparency and accountability on behalf of workers.

Promoting Retirement Security

The committee remains committed to promoting the retirement security of American workers by safeguarding existing pensions, eliminating onerous regulations, and providing greater opportunities to save for retirement. The committee continues to support policies that help workers access private sector pensions that are strong, voluntary, and portable. In so doing, the committee will scrutinize proposals curtailing or eliminating workers' ability to utilize 401(k) retirement accounts or increasing costs to participants and plan service providers through burdensome new regulations. To ensure the viability of the defined benefit pension system, the committee will continue to investigate reforms of the funding rules governing multiemployer pension plans, and will provide close oversight of the Pension Benefit Guaranty Corporation's (PBGC) finances and management of terminated plans.

The committee remains skeptical of vague budget proposals from the Obama administration, including a mandate for employers to 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. Instead, the committee will continue to promote and safeguard future retirement opportunities for American workers.

Promoting Policies to Lower Health Care Costs

The committee supports policies that make health care and insurance coverage more affordable for all Americans and is concerned the *Patient Protection and Affordable Care Act* (PPACA), President Obama's signature health care law, has already begun to accelerate the rising cost of health insurance and jeopardize Americans' ability to receive quality, affordable health care services. Worse, new mandates, taxes, and regulatory uncertainty are burdening the more than 160 million Americans who receive employer-sponsored insurance.

With PPACA's most significant and onerous mandates becoming effective in 2014, the committee will conduct a close examination of PPACA and efforts by the Obama administration to implement the law. The committee will continue to scrutinize PPACA's insurance coverage mandates that increase the costs of providing employer-sponsored coverage, including so-called "essential health benefits." In addition, the committee will examine repealing certain provisions of PPACA under the committee's jurisdiction and will consider other policies to lower the costs of health care and health insurance. These efforts will be conducted with a view toward promoting policies that strengthen the ability of employers to grow their businesses and create jobs.

Safeguarding Against Employment Discrimination

The committee stands strong in its support for equal employment opportunity and will continue its oversight of the federal government's enforcement of the *Civil Rights Act of 1964, the Equal Pay Act*, and the numerous other civil rights statutes that protect individuals from employment discrimination. Specifically, the committee will continue oversight of new regulations proposed by the Department of Labor's Office of Federal Contract Compliance Programs (OFCCP) that would impose significant and excessive burdens on federal contractors.

Most notably, the committee is concerned by OFCCP's proposal under Section 503 of the *Rehabilitation Act*, which would, for the first time, impose a hiring goal for individuals with disabilities and sweeping new paperwork and compliance obligations related to tracking the identification, recruitment, and advancement of such individuals. The committee is concerned that these new requirements divert employer resources away from economic growth and job creation, and OFCCP has failed to provide credible evidence that the new burdens would increase employment opportunities for minorities, women, qualified veterans, or individuals with disabilities.

In addition, the committee plans to examine the Equal Employment Opportunity Commission's guidance on employers' use of criminal background checks in employment decisions, among other 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 scrutinize policies advanced by the Obama administration that could result in additional mandates and costs to employers, particularly those that would institute requirements beyond those intended by the *Family and Medical Leave Act* (FMLA). In January 2013, the Department of Labor finalized a regulatory package to implement amendments made to the FMLA under the *Fiscal Year 2010 National Defense Authorization Act* and the *Airline Flight Crew Technical Corrections Act of 2009*. The committee will continue to monitor these new regulations and their consequences for economic growth.

In previous Obama administration budget requests, the Department of Labor has requested millions of dollars in new spending to create a so-called "State Paid Leave Fund" to support competitive grants to states that establish paid leave programs. In addition to creating new costs for taxpayers, it is unclear how such a fund would help businesses seeking to expand and create new jobs. The committee opposes policies and proposals that result in more difficulty in hiring workers, and it will continue to reject costly proposals like the State Paid Leave Fund.

Updating the *Fair Labor Standards Act*

The *Fair Labor Standards Act of 1938* (FLSA) is our country's primary law concerning wages and pay requirements, standards for child labor, and employer recordkeeping requirements for more than 100 million full and part-time workers in the private sector and in federal, state and local governments. Therefore, it has been and continues to be a high priority for the committee to monitor the Department of Labor's administration and enforcement of the FLSA.

The committee's hearings have highlighted the need to update the regulatory construct of the FLSA and to ensure its regulations reflect the realities of the 21st century work environment. However, budget requests submitted by the Department of Labor have reflected an approach that is more reliant on increasing regulations and exposing employers to more litigation. The committee will continue its examination of the Department of Labor's proposals and initiatives, including its regulation relating to the FLSA's exemption for so-called "companionship services" and its enforcement activities concerning the employment of independent contractors. In every instance, the committee will seek to evaluate the implications of the Department of Labor's efforts for workers and employers' ability to manage and grow their businesses.

Reforming the *Federal Employees' Compensation Act*

Reform of the *Federal Employees' Compensation Act* (FECA) is long overdue to modernize the workers' compensation program for federal employees who are injured or become ill on the job. Modernizing FECA's benefit structure could achieve savings in the program over the next 10 years, while ensuring injured employees can care for themselves and their families and promoting the return to work process. During the 112th Congress, the committee led a bipartisan effort to reform FECA, resulting in the passage of the *Federal Workers' Compensation Modernization and Improvement Act* by the House of Representatives in November 2011. In December 2012, GAO issued a report requested by the committee highlighting issues surrounding the reform of FECA's benefit structure. The committee intends to examine GAO's findings in depth and continue its work with the Obama administration and the Senate to enact legislation updating the FECA program.

Enhancing Workplace Health and Safety

The committee is committed to ensuring workplace safety for American workers. The best way to achieve this is by promoting policies that combine proactive safety programs, compliance assistance, and enforcement of workplace safety laws. The committee will maintain its oversight of the workplace safety agencies' enforcement policies and regulatory proposals to ensure they support health and safety for workers without stifling job creation.

Occupational Safety and Health Administration

The committee is concerned that during the past four years the Occupational Safety and Health Administration (OSHA) has relied on an enforcement-only approach to worker protection, while stepping back from policies that promote workplace safety by educating employers and workers.

This strategy has not been effective, as demonstrated by the Department of Labor's own statistics, which show that while occupational injury and illness rates have declined since 2003 they have plateaued in recent years.

In addition, the committee takes exception to OSHA's use of time and resources to create its Injury and Illness Prevention Program (I2P2). While OSHA plans to implement I2P2 in American workplaces by December 2013, it has failed to provide evidence that such a program will decrease injuries and illnesses in the workplace. Indeed, an independent study released by Rand Corporation in 2011 concluded that a similar state program resulted in no improvement of fatality rates. The committee is concerned that OSHA has not heeded the conclusion of this study and is continuing to create a program that will impose undue costs and burden job creators with no discernible benefit. The committee will evaluate this and other regulations proposed by OSHA.

Mine Safety and Health Administration

The committee continues to conduct strict oversight of the Mine Safety and Health Administration (MSHA) to ensure it takes the steps necessary to achieve the goal of zero mining fatalities and encourages MSHA to use all of the tools available under federal mine safety law. In addition, the committee will examine MSHA's effectiveness in protecting miners as it conducts its additional impact inspections, continues its reinstated conference process, and implements its recently finalized pattern of violations regulations.

CONCLUSION

The Committee on Education and the Workforce believes the federal budget is a statement of priorities. The fiscal challenges we face as we prepare the FY 2014 budget are daunting, but those challenges must not deter our commitment to reform. The committee stands ready to work with the Committee on the Budget and the administration to enact fiscally responsible reforms on behalf of students, workers, and retirees.