

Views and Estimates for FY 2007
Committee on Education and the Workforce
109th Congress, 2nd Session
February 23, 2006

Members of the Committee on Education and the Workforce are committed to ensuring that every child in America is afforded the highest quality education possible and that every worker in our country is free to pursue the American dream. Members of the Committee also remain committed to the principle of a balanced budget yet recognize the difficult challenge of allocating resources during a time of war.

With an agenda focused on strengthening American competitiveness both at home and abroad, the second session of the 109th Congress will see the Committee on Education and the Workforce strive to prepare America's workers for the challenges of a 21st century economy. By promoting education and job training for high-demand fields, cutting red tape, breaking down barriers between business and education, and helping build a workforce for the future, the American workforce will become more competitive and more productive here at home. Working with colleagues in Congress, as well as the Bush Administration and other key stakeholders, the Committee aims to lead in the effort to turn the concept of a more competitive workforce into a reality.

Education Priorities

In the area of education, the Committee on Education and the Workforce will collaborate with local communities, teachers, and parents to put in place real school improvement programs. Specifically, we will continue to work with President Bush to implement a series of education initiatives aimed at creating a culture of achievement by holding federally-funded State level programs and schools accountable for increasing student academic performance, restoring local control, and empowering parents and students with choices before schooling begins, through college, and beyond.

Postsecondary Education

Improving quality and accountability in higher education and enhancing vocational and technical education programs highlight the Committee's commitment to a wide range of postsecondary education opportunities for students. The Committee also remains committed to assisting job seekers, including dislocated workers and disadvantaged Americans, by streamlining federal workforce development programs and making them more responsive to job seekers' and employers' needs. Workers must be given the necessary tools to respond quickly and effectively to the changing needs of employers and the business world.

The Deficit Reduction Act

During the first session of the 109th Congress, the Committee on Education and the Workforce took the first step in completing the reauthorization process of the Higher Education Act (HEA). Several mandatory spending proposals from the Committee's HEA reauthorization bill, H.R. 609, the College Access and Opportunity Act of 2005, were used to develop reforms that were included in the Deficit Reduction Act of 2005 (DRA). Through the reforms of the student loan programs, the Committee was able to contribute \$11.9 billion from FY 2006-2010 towards reducing the federal deficit.

The Committee made changes to the student loan programs that eliminated wasteful federal subsidies and reduced the potential for fraud and abuse in the programs. A bulk of the savings produced in the bill are from eliminating excess lender subsidies known as "floor income" or any rate of return higher than the guaranteed minimum.

Through the Deficit Reduction Act, the Committee also permanently prohibited the creation of new loans through certain tax-exempt bonds issued from 1980-1993 that guarantee a 9.5 percent yield to lenders. However, small non-profit student aid providers are afforded a limited time to phase out the practice known as "recycling." The Act defines a small non-profit student aid provider as an entity that held, directly or indirectly, an unpaid principal balance of no more than \$100 million in loans that receive the 9.5% subsidy as of June 30, 2005. The process of slowing the growth of these loans began in the 108th Congress with the passage of the Taxpayer-Teacher Protection Act (P.L. 108-409).

The Committee also increased risk sharing on the part of private lenders in the Federal Family Education Loan (FFEL) program by decreasing the percentage by one percent that a lender will receive when a borrower defaults on a student loan. In addition, the Deficit Reduction Act reduced the percentage a lender can be given if that lender is awarded the "exceptional performer" designation by the Department of Education.

Finally, the Committee supported a provision in the DRA that moves the administrative portion of the section 458 account from a mandatory spending program to a discretionary program. The portion of section 458 that provides administrative fees to the guaranty agencies will remain mandatory; however, the funding caps set in the law will be removed so that guaranty agencies will receive account maintenance fees not to exceed 0.10 percent of their loan volume. Section 458 authorizes funds for the administrative functions of all student aid programs, including the FFEL program, the DL program, the Pell Grant program, and the administration (origination and servicing of loans) for the DL program and the account maintenance fees for the guaranty agencies that participate in the FFEL program. The 458 account is the source of funds for the account maintenance fee (AMF) that the federal government pays to the 35 guaranty agencies in support of their administration of the federal guarantee on loans in the FFEL program. The 458 account is the only mandatory administrative account that funds solely administrative functions under the Committee on Education and the Workforce's jurisdiction. The Committee supports the President's budget request for an increase of 2.1 percent over the comparable FY 2006 funding level for a unified discretionary Student Aid Administration account.

The billions in savings to the American taxpayer were achieved at the same time the Committee expanded benefits for students and borrowers. Building upon the President's FY 2006 budget request, the Committee expanded loan limits for first and second year students and graduate students. For the first time ever, graduate students will be able to access federal PLUS loans, which permit borrowers to borrow up to the cost of attendance. In addition, the Committee reduces fees paid by students from up to four percent to just one percent over the five year period.

While making clear that decisions over school curricula are best made by State and local authorities, the Committee also included a program that would provide additional grant funds to Pell-eligible, high achieving college students. The program has two components. Through the first component, otherwise known as the Academic Competitiveness Grant program, first year college students that completed a rigorous high school curriculum at a public or private high school would be eligible to receive \$750 in additional grant aid; second year college students that completed a rigorous high school curriculum at a public or private high school would be eligible to receive \$1,300 in additional grant aid. In order to receive this aid during the second year, a student must have demonstrated merit and obtained a 3.0 grade point average in the first year of college. The program also includes a second component, otherwise known as National Science and Mathematics Access to Retain Talent (SMART) Grants, for third and fourth year students that are majoring in math, science or certain foreign languages. If these students are Pell-eligible and demonstrate merit by retaining a 3.0 grade point average in their major classes, then they are eligible to receive additional grant aid of \$4,000. During a time when there are limited federal resources available, the Committee believes strongly that it should adopt policies that are targeted to students who have demonstrated academic achievements that prove these students will benefit from the resources.

In addition, the Committee strongly supported the Deficit Reduction Act's establishment of an Academic Competitiveness Council designed to identify all of the more than 200 federal programs within 13 separate federal agencies with a math or science focus. The Council will also evaluate the effectiveness of the programs, determine areas of duplication among the various programs, and recommend ways in which to integrate and coordinate the programs so that federal dollars are not being wasted. The Committee supports the President's \$5 million FY 2007 budget request for the Academic Competitiveness Council.

Finally, the Deficit Reduction Act included a provision that would make permanent provisions included in the Taxpayer-Teacher Protection Act of 2004 that would more than triple the amount of student loan forgiveness available to highly qualified math, science and special education teachers. The increase from \$5,000 to \$17,500 in loan forgiveness for these qualified educators was based on a proposal from President Bush's FY 2005 budget request, which provided up to \$17,500 in student loan forgiveness to math, science, and special education teachers who work in high-poverty schools for at least five years.

The Committee applauds President Bush for his continued commitment to expanding the availability of loan forgiveness for the nation's teachers. The country faces an increasing need

for committed and qualified teachers, especially in math, science, and special education. There is a great need for these teachers in schools educating high percentages of low-income students.

The Higher Education Act

During the second session of the 109th Congress, the Committee on Education and the Workforce's top education priority will be the completion of the reauthorization of the Higher Education Act. The Committee believes its bill to reauthorize the Higher Education Act, H.R. 609, achieves the goals of increasing access for all students to postsecondary education and increasing the accountability of the programs. The increasing cost of obtaining a postsecondary education remains a serious concern of the Committee. Therefore, we will work to address rising college costs and hold institutions of higher education accountable to students, parents, and taxpayers, while reducing financial burdens on students and calling for fairness in the higher education system. The Committee believes that if the college cost crisis is to be resolved, a good faith effort must be made by institutions of higher education and the greater higher education community must acknowledge the problem and work toward solutions. The Committee continues to support comprehensive solutions to help address college costs included in H.R. 609. For example, the College Affordability Index infuses some accountability and an understanding of cost increases. Additionally, the bill seeks to proactively assist institutions of higher education to find innovative solutions that will keep college affordable. For example, the bill creates a College Affordability Demonstration initiative, which provides 100 institutions of higher education with the opportunity to waive statutory or regulatory provisions that could lead the institution to lower costs and operating expenses.

In addition, the Committee will address the need to increase access to a high quality postsecondary education. We will continue to evaluate ways to enhance the quality of education provided to students. To achieve this goal, the Committee supported the inclusion of the repeal of the "50 percent rule" for telecommunications courses in the Deficit Reduction Act in order to ensure students of all types, whether they live in rural areas or attend school while working full time, are able to have access to postsecondary education. The Committee will also work to maintain its provisions included in H.R. 609 as it relates to transfer of credit, strengthening programs such as TRIO and GEAR UP, and the single definition. The Committee will also work to encourage students to excel in their pursuit of higher education and provide necessary information to needy families in a timely fashion in order to provide them a better opportunity to plan and prepare for higher education.

The Committee will also re-evaluate how federal subsidies within the student financial aid programs are allocated and work diligently to ensure the fairness of those allocations, rededicating the HEA to its intended purpose. And, we will continue our efforts to simplify the federal student aid programs, reduce unnecessary administrative burdens, increase efficiency and transparency, and simplify the application process to increase access to higher education, while maintaining fiscal integrity.

Finally, the Committee remains committed to including some provisions that were a part of the student loan programs, but that did not survive the vetting process for the Senate's "Byrd Rule" in the DRA. One set of proposals that were victim to the Byrd Rule were the Committee's

proposals for simplification of the financial aid process and application form. The Committee developed proposals after viewing the recommendations of the Advisory Committee on Student Financial Assistance. The provisions help break down barriers for students and their families that want to pursue the dream of a higher education by directing the Secretary to develop a streamlined application and re-application form and encourage the Secretary to reduce the number of data elements required on the Free Application for Federal Student Aid (FAFSA). Excessive data elements make the FAFSA confusing and time-consuming, especially for low- and middle-income families and first-generation college students. The Committee strongly supports maintaining these provisions in H.R. 609 as the bill moves through the legislative process.

The Committee supports the President's continued effort to increase financial assistance to the Pell Grant program, which serves as the financial foundation for needy students in their pursuit of higher education. Under the Bush Administration, funding for Pell Grants has risen from \$8.8 billion in FY 2001 to \$13 billion for FY 2006. In FY 2007, it is estimated that more than 5.3 million undergraduate students will receive Pell Grants.

Last year, thanks in large measure to the work of the House and Senate Committees on Budget, Congress adopted a scoring rule change which re-establishes the Pell Grant program's solvency. The rule change insists that the appropriation level in any given year fully fund the maximum award which is also traditionally set in the annual appropriations bill. In the past, Pell Grant appropriations had not kept pace with the program's costs when the number of participating students dramatically increased. Under this new rule, any surplus funding is automatically carried over from the previous year. In FY 2007, the President's Pell Grant budget request assumes that \$273.2 million will be available from the FY 2006 appropriation, thus the need for only \$12.7 billion in order to maintain the \$4,050 maximum award level.

In his FY 2007 budget request, the President also proposes a number of reforms to the Pell Grant programs that ensure those students that are most in need of the grants are able to obtain them. Specifically, the Committee supports the President's efforts to provide for a year-round Pell Grant, limit Pell Grant eligibility to the equivalent of 18 semesters, and eliminate the tuition sensitivity rule in the Pell Grant program. The Committee adopted similar provisions in its reauthorization bill, H.R. 609, and believes that each of these provisions will ensure that students who are most in need of the aid will receive it while encouraging students to complete their programs of study in an efficient manner.

In addition, the Committee continues its efforts to ensure better management of the Pell Grant program and encourages the reduction of waste, fraud and abuse. The Committee has worked with the Ways and Means and Joint Tax Committees to provide for a data match between income data reported to the Internal Revenue Service and data submitted on the Free Application for Federal Student Aid (FAFSA). All funds saved as a result of the data match will be invested back into the Pell Grant program, thereby providing additional funds for needy students.

Additional Math & Science Initiatives

In addition to the expansion of math and science loan forgiveness and the creation of the National Science and Mathematics Access to Retain Talent (SMART) Grants under the Deficit Reduction Act of 2005, the Committee on Education and the Workforce agrees with the President's call for greater academic competitiveness through improved math and science education.

Specifically, the President's FY 2007 budget request contains a new multi-agency American Competitiveness Initiative, which includes a request for a \$380 million increase for the Department of Education. These funds would be used primarily to improve teaching and learning in math and science. It would include funding for new programs such as \$125 million each for the Math Now for Elementary School Students and Math Now for Middle School Students initiatives that would implement proven practices in math instruction.

Finally, the Committee supports funding for the Robert C. Byrd Mathematics and Science Honors Scholarship Program. Under H.R. 609, the College Access and Opportunity Act of 2005, the Robert C. Byrd Honors Scholarship is updated to authorize grants for mathematics and science scholarships, student loan interest repayment, and state education coordinating councils.

Vocational and Technical Education

The Committee on Education and the Workforce will work this year to reauthorize the Carl D. Perkins Vocational and Technical Education Act, which provides federal assistance for secondary and postsecondary vocational and technical education programs at the high school level and at technical and community colleges. Vocational and technical programs must develop the academic, vocational, and technical skills of students in high schools and community and technical colleges alike. When vocational and technical education is provided simultaneously with a rigorous academic curriculum, students become fully prepared for college without remediation and workers become prepared for high-skilled employment.

In January 2005, Subcommittee Chairman Michael N. Castle (R-DE) introduced the Vocational and Technical Education for the Future Act (H.R. 366). The bill was reported out of Committee by voice vote and was later passed on the House Floor by a recorded vote of 416-9 in May 2005. The Perkins program received \$1.3 billion in FY 2006. The Committee believes that high quality vocational and technical education is an important option for students and worthy of federal investment. The Committee will continue to emphasize increased accountability and student achievement as well as seek innovative initiatives that promote seamless transitions from secondary to postsecondary education as the reauthorization process moves forward.

The Workforce Investment Act

Reauthorization of the Workforce Investment Act (WIA), and the job training that the one-stop delivery system provides, is critical at this time of economic growth. The economy has produced more than 4.5 million new jobs since May 2003 and unemployment has dropped to 4.9 percent, the lowest level in three years. As consumer confidence increases and the job market continues

to improve, enhancing employment and training assistance will ensure that dislocated workers and other job seekers are prepared for new employment.

In 1998, Congress passed the Workforce Investment Act to reform the nation's job training system, which formerly was fragmented, contained overlapping programs, and did not serve either job seekers or employers well. WIA consolidated and integrated employment and training services at the local level into a more unified workforce development system. The Act created three funding streams to provide for adult employment and training services, dislocated workers' employment and training services, and youth development services. These services are directed by local workforce investment boards, which are required to have a majority of their members representing business.

One of the hallmarks of the new system is that, to encourage the development of comprehensive systems that improve services to both employers and job seekers, local services are provided through a one-stop delivery system. At the one-stop career centers, assistance includes core services such as job search and placement assistance, access to job listings, and an initial assessment of needs. It also includes intensive services such as career counseling, comprehensive assessments and case management, and, if needed, occupational skills training. To further promote a seamless system of services for job seekers and employers, numerous other federal programs also must make their services available through the one-stop system.

The WIA system contains the federal government's primary programs for investment in our nation's workforce preparation. States and local areas have created comprehensive services and effective one-stop delivery systems. In addition, the training services provided through WIA are invaluable in assisting adult workers in areas of the country facing skill shortages.

In January 2005, then Subcommittee Chairman Howard "Buck" McKeon (R-CA) introduced H.R. 27, the Job Training Improvement Act of 2005, to reauthorize WIA. The legislation is substantially the same as the reauthorization bill that passed this Committee and the House last Congress, H.R. 1261, the Workforce Reinvestment and Adult Education Act of 2003. Through the reauthorization, the Committee, consistent with priorities the President outlined in 2003, seeks to build upon the foundation laid in 1998 by making the workforce investment system more demand-driven by matching job seekers with available jobs, particularly in high-growth fields. The House passed H.R. 27 on March 2, 2005 by a vote of 220-200.

H.R. 27 reduces overlap among employment and training programs so as to increase efficiency, reduce program duplication, and simplify governance structures at the State and local levels. The House bill, per the President's proposal, merges the funding streams for the adult program, the dislocated worker program, and the employment services State grants. Further, H.R. 27 reflects the Administration's proposals to target the youth development funds on out-of-school youth, improve the participation of mandatory partners in the one-stop system, ensure that workforce investment boards are effective, and engage high quality training providers.

The President has called on his Administration and Congress to remove barriers that limit the participation of faith- and community-based organizations. The Committee supports the President's call to remove barriers, and accordingly H.R. 27 includes provisions to protect the

civil liberties of religious organizations. Any federal legislation governing federal social service funds should continue to protect the rights of religious organizations to hire staff on a religious basis when they take part in federal social service efforts. To do otherwise would deny religious organizations rights they have enjoyed for decades under the Civil Rights Act of 1964, and would compromise the ability of faith-based organizations to sustain their faith and religious mission that motivates them to serve their neighbors in need.

Personal Reemployment Accounts

In FY 2005, the President proposed allowing States and local areas to offer Personal Reemployment Accounts (PRAs) as an innovative new approach for assisting unemployed workers. The program aims to accelerate reemployment and increase job retention for individuals struggling to return to work, while providing such individuals with enhanced flexibility, choice, and control in obtaining reemployment services and training. The Secretary of Labor already has used her discretionary authority to begin a limited demonstration project, funded at approximately \$7.9 million, to test the PRA concept in seven States. The seven States are Florida, Idaho, Minnesota, Mississippi, Montana, Texas, and West Virginia.

In January 2005, the Worker Reemployment Accounts Act, H.R. 26, was introduced by Representative Jon Porter (R-NV). This legislation also has been included in H.R. 27. As proposed by President Bush, both bills allow demonstration and pilot project funding under WIA to be used to support PRAs. States or local workforce investment areas may apply to the Secretary for competitive grants to offer PRAs of up to \$3,000 to help unemployed workers return to work quickly. Workers will access the PRAs through the easily accessible one-stop career center system, where they already seek assistance in obtaining employment. A key component of the plan is that if workers become reemployed within 13 weeks, recipients may keep the balance of the account as a cash reemployment bonus.

Finally, while the reforms contained in H.R. 27 will help to ensure that limited federal funds are used in an efficient and appropriate manner, the Committee believes that funding for our nation's job training system remains an essential priority to ensure America's competitiveness throughout the 21st Century.

Welfare and Child Care

Welfare reform will be a top priority for the Committee this session. This Committee played a central role in crafting the mandatory work requirements that make up the heart of the current system, and the Committee seeks to enhance the historic welfare reform legislation enacted in 1996. Welfare reform has been a dramatic success. Millions of Americans have moved from welfare to work, caseloads are down more than 50 percent, incomes are up, and child poverty has decreased.

Despite these successes, a majority of Temporary Assistance for Needy Families (TANF) recipients today still are not working for their benefits. According to the Health and Human Services Department's Sixth Annual Report to Congress (November 2004), 58 percent of TANF adult recipients are not participating in any work activities as defined by federal law. In addition,

the rate of families meeting the required hours of work fell from 33.4 percent in October 2002 to 31.3 percent in September 2003. The Committee seeks to strengthen the work participation requirements and enhance opportunities for success in employment.

The first steps in this reform were taken in the Deficit Reduction Act of 2005 (DRA). DRA would extend the TANF block grant at the current funding level - \$16.5 billion – through FY 2010. Just as importantly, the Deficit Reduction Act would renew the intent of the 1996 statute by reinforcing work as the central requirement of the program.

The Deficit Reduction Act adjusts the base year for the “caseload reduction credit,” changing it from FY 1995 to FY 2005. The current “caseload reduction credit,” which aims to reward States for reducing their caseloads or diverting individuals from TANF cash assistance, reduces a State’s work participation rate by a percentage point for each percentage point reduction in caseload since 1995. As a result of this base year not having been updated in almost a decade, many States have seen their work participation rate fall to at or near zero. By updating the base year for the caseload reduction credit to FY 2005, only recent caseload declines will count for purposes of calculating the credit. The adjusted credit would provide States with further incentives to move families off welfare into work, while ensuring States are engaging families in work activities that will move them toward self-sufficiency.

The Deficit Reduction Act also makes additional changes to the work calculation. The bill requires families receiving assistance under separate State programs to be included in the calculation of work participation rates. These programs generally are funded through State maintenance-of-effort dollars and are not subject to federal TANF requirements. Finally, the bill requires the Secretary of Health and Human Services to give additional direction to States about which activities may be counted as work activities, how to count and verify reported hours of work, and how to determine who is a work-eligible individual. The bill also includes a new penalty for States that fail to establish and maintain improved work participation verification procedures that are consistent with the Secretary’s guidance. Such guidance will ensure some consistency and comparability among States.

However, more improvements can be made. In January 2005, H.R. 240, the Personal Responsibility, Work, and Family Promotion Act, was reintroduced. The legislation would reauthorize TANF and is substantially the same as H.R. 4, which passed the House in the 108th Congress. It also incorporates provisions of H.R. 4092, the Working Toward Independence Act, which this Committee approved in the 107th Congress. H.R. 240, based on President Bush’s welfare reform blueprint, strengthens work components of the law in order to continue to move people toward self-sufficiency. The Committee passed H.R. 240 in October 2005. Under the bill, recipients must engage in work activities for 40 hours a week, including 24 hours spent in actual work. H.R. 240 also creates a policy of universal engagement so that all families are working toward independence. In addition, the bill requires TANF recipients to visit the schools of their children. The Committee hopes to move these provisions, which were not included in the Deficit Reduction Act.

H.R. 240, as reported by the Committee, reauthorizes and reforms the Child Care and Development Block Grant (CCDBG). CCDBG provides funding to States to subsidize the cost of child care for low-income families. H.R. 240 makes significant improvements to the CCDBG

program. The bill emphasizes improving the quality of child care that low-income families receive while maximizing flexibility for States. States set eligibility within federal parameters, reimbursement rates, and quality standards, in addition to administering the program. Consistent with President Bush's early childhood education initiative, *Good Start, Grow Smart*, the bill encourages States to address the cognitive needs of young children so that they are developmentally prepared to enter school. The bill also encourages States to create partnerships with public and private entities to increase the supply and quality of child care services and improve coordination with other federal and State programs focused on child development.

The CCDBG provides child care assistance to about 1.7 million children per month. The Committee recognizes that child care assistance is critical to allow parents to obtain and retain employment and often serves to prepare low income children for school. Largely as a result of welfare reform, there are unprecedented numbers of women with children who are in the workforce. For many low-income families, finding adequate, quality care can be difficult.

To address these needs, funding for the CCDBG has more than doubled in the last five years to \$4.8 billion in FY 2005. Child care funding is provided through discretionary funds authorized by this Committee and mandatory dollars authorized by the Ways and Means Committee. States also may spend funds provided by the TANF block grant for child care assistance. The Deficit Reduction Act provides \$2.917 billion in mandatory child care funds each FY 2006 through 2010. This represents an increase of \$1 billion in mandatory funds over 5 years.

In addition, H.R. 240 as reported increases the authorized amount for the discretionary portion of the CCDBG by \$200 million annually, beginning in FY 2005 (\$2.3 billion), reaching \$3.1 billion in FY 2010. These funds will ensure critical work support is available to those transitioning from welfare rolls into the workforce. The President's budget proposes \$2.9 billion in mandatory funding and \$2.1 billion in discretionary funding for FY 2007.

Head Start

Quality early care and education is critical for children, parents, the business community, and for the success of welfare reform. Since 1965, the Head Start program has served nearly 20 million low-income children and their families with the goal of supporting the health and early development of at-risk children. The No Child Left Behind Act emphasizes the importance of academic achievement in reading and math and sets forth a goal that all children become skilled readers by the end of third grade. Head Start and other early childhood education programs are often the first line of defense in ensuring that children attain the fundamental skills necessary for optimal reading development and overall school readiness.

Today, Head Start serves over 900,000 children every day and has nearly 1,600 grantees across the United States. Head Start is a key component of *Good Start, Grow Smart*, the President's plan to support quality early childhood education. Taxpayer funding for the federal Head Start early childhood program has nearly doubled in the past ten years since Republicans assumed control of the U.S. House of Representatives, increasing from \$3.6 billion annually in FY 1996 to \$6.8 billion in fiscal year 2006. The President has proposed \$6.8 billion for FY 2007.

Enactment of legislation to reauthorize the Head Start Act is a Committee priority for 2006. In September 2005, the House passed H.R. 2123, the School Readiness Act, which contains significant program reforms. The Committee is committed to the passage of legislation that will improve the academic preparedness of Head Start children, facilitate coordination among Head Start and other public and privately-funded early education programs, and increase grantee accountability in the areas of fiscal management and overall program performance. Further, a key priority for Head Start legislation is to ensure that religious organizations are not forced to surrender their constitutionally-protected right to take religion into account in their hiring practices as allowed under the Civil Rights Act.

Elementary and Secondary Education

The Committee agrees with President Bush that although the federal government properly plays a partnership role in the education of our children, education remains primarily a State and local government responsibility. As reflected in the No Child Left Behind Act (NCLB), the federal government should use the comparatively small amount of its investment in elementary and secondary education to encourage systemic education reform in the States that focuses on narrowing the academic achievement gap between disadvantaged students and their peers. In addition, the Committee recognizes its obligation to ensure that children with special education needs have access to the same public education that every other young American enjoys.

The No Child Left Behind Act

Following the enactment of the No Child Left Behind Act in January 2002, the Committee has focused on the effective and timely implementation of the Act.

NCLB is a comprehensive overhaul of the federal Elementary and Secondary Education Act (ESEA), which was enacted in 1965 and is the principal federal law affecting K-12 education today. Aimed at addressing the achievement gap that exists between poor and minority students and their more affluent peers, NCLB includes each of President Bush's four education reform pillars: (1) accountability and assessment; (2) flexibility and local control; (3) funding for what works; and (4) expanded parental choices.

NCLB provides reforms – and resources – to help States put a highly qualified teacher in every public classroom and ensure every child is able to read by the end of third grade. It gives parents annual report cards on school achievement, and new choices when schools consistently under perform. It transforms federal bilingual education programs into a single program with a new emphasis on helping students learn English as quickly as possible. It expands local control over federal education funds and provides new flexibility for every local school district in America.

Recent data indicates that NCLB is working. The National Assessment of Education Progress' (NAEP) 2004 long-term trend data (released in July 2005) reveals significant improvements in overall student achievement, with noteworthy gains among minority students. Gains in student achievement are particularly striking over the last five years, and student achievement is up overall within the three decade comparison.

The 2005 Trial Urban District Assessment, a special project of the NAEP that examines results in 4th and 8th grades in ten large urban areas, indicated test scores in both reading and math had improved between 2003 and 2005. This assessment, which includes major urban areas such as Atlanta, Boston, Chicago, the District of Columbia, Houston, Los Angeles, and New York City, indicated that average math scores increased in eight out of ten participating urban districts for 4th graders. Seven cities posted 4th-grade reading gains that outpaced the national average and their respective state gains.

Data presented to the Committee on Education and the Workforce by the Council of the Great City Schools also indicates urban students have posted higher math and reading scores on State tests since No Child Left Behind was signed into law. The Education Commission of the States, in its *Report to the Nation: State Implementation of the No Child Left Behind Act*, has also shown that States are well on their way to making the law work in our public schools.

Title I (Improving Basic Programs Operated by Local Educational Agencies)

Title I (Part A), the largest ESEA program, provides additional resources for local educational agencies to assist in educating children from economically disadvantaged backgrounds. Title I funds are intended to improve academic achievement for the most disadvantaged students and should, at a minimum, be used to close academic achievement gaps, while still promoting gains for higher achieving students. From the time it was first enacted until the present, taxpayers have provided nearly \$195 billion in funding for Title I, with the initial investment in FY 1966 of \$969 million having risen to \$12.7 billion in FY 2006.

In order to address the academic achievement gap that persists between economically disadvantaged students and their more affluent peers, NCLB made significant improvements to Title I by placing a priority on academic accountability and granting schools and teachers the flexibility to make decisions about how to best meet the needs of disadvantaged students.

The centerpiece of NCLB is improving academic accountability and holding States, districts, and schools accountable for ensuring that all students, especially disadvantaged students, meet high academic standards. Title I of NCLB requires States to implement annual reading and math assessments for grades 3 through 8, and once during high school. Individual States are given the flexibility to determine a variety of factors, including the definition of proficiency, the starting point for progress measurement, and the amount of progress that must be made from year to year. States have until the end of the 2005-2006 school year to develop and implement these assessments. The Committee recognizes this will be a challenging goal for States and therefore supports the President's FY 2007 request of \$407.6 million for the Grants for State Assessments account in order to ensure the successful implementation of annual assessments.

The landmark reforms of Title I also provide additional educational options for parents with children in underachieving schools. Low-income parents in disadvantaged communities with students in underachieving schools should have the same educational choices as more affluent parents. Giving all parents a greater say in their children's education will greatly help them attain the best educational opportunities for students by enabling them to choose the best school

possible. It will also energize the public education system and spur struggling schools to improve so that all low-income students have the opportunity to succeed academically.

The Committee believes that Title I resources will assist States, local educational agencies, and schools in fully implementing the promise and potential of NCLB. However, without accountability and choice, additional funding will do little to improve the academic future for the most disadvantaged students. With that in mind, the Committee supports President Bush's FY 2007 budget request of \$12.7 billion for Title I. If enacted, the request would result in an overall increase of nearly \$4 billion or 45 percent in Title I funding since the passage of the No Child Left Behind Act.

Reading Improvement

During President Bush's first term there was a focus on improving reading ability for early elementary school students. Two new programs that were part of NCLB tripled the funding for research based reading instruction.

In his FY 2007 budget request, the President allocates \$103.1 million for Early Reading First for competitive grants to school districts and non-profit organizations. These grants support activities in pre-school programs designed to enhance the verbal skills, phonological awareness, letter knowledge, and pre-reading skills of children from birth through age five. In addition, the President includes \$1.029 billion for implementing high-quality research-based reading instruction to ensure that every child can read at grade level or above by the end of third grade. These State grants are used to help school districts and schools provide professional development, diagnostic assessments, and instructional materials in research based reading instruction.

The 2005 National Assessment of Educational Progress indicates that both Early Reading First and Reading First are making a difference. Results released in October 2005 show that average 4th grade reading scores increased and the gap between white and African-American students narrowed in reading. Overall 4th grade reading scores also matched the all-time high, while African-American 4th graders posted the highest reading scores in the history of the assessments.

In addition to these programs, the President is requesting additional funding for a program to help middle and high school students who have still not learned to read at grade level reach their full potential. The Striving Readers program was funded at \$29.7 million in FY 2006. In his FY 2007 budget request, the President proposes to expand the Striving Readers program to \$100 million.

This program will build on the solid foundation of Reading First and Early Reading First by providing States with funds to develop and implement research-based interventions to help improve the skills of secondary school students who are reading below grade level. Many of these students are at risk of dropping out of school because of their poor reading skills, which affect their performance in all of the other core subject areas.

The Committee supports the President's request for this comprehensive approach to improving reading skills for all school age children by making sure that all students graduating from high school can read proficiently.

Teacher Quality

NCLB has also sparked an unprecedented effort by States and local school districts nationwide to ensure every child has the chance to learn from a highly qualified teacher. As the public demands improved schools and increased student academic achievement, teachers' knowledge and skills are more important than ever before.

During the second session of the 109th Congress, the Committee will continue to place a priority on provisions in the No Child Left Behind Act that will help to make it easier for local schools to recruit and retain excellent teachers, and require States to ensure their students are being taught by highly qualified teachers. Under the Act, all teachers in core academic subjects must be highly qualified in each subject they teach by the end of the 2005-2006 school year.

The law defines highly qualified teachers as those who: (1) are fully licensed by the State through traditional or alternative routes; (2) have completed a bachelor's degree; and (3) have demonstrated competency in the subjects they teach, generally by having an academic major or by passing a State-designed, subject-matter test.

In FY 2002, the first year of the No Child Left Behind Act, President Bush signed into law a 38 percent increase in federal funding for teacher quality, an increase of \$787 million over President Clinton's last budget to a record \$2.85 billion. The final FY 2006 spending measure provided \$2.89 billion to improve teacher quality. President Bush's budget request for FY 2007 maintains these historic funding levels helping to ensure that each school has a highly qualified teacher in every public classroom by the end of the 2005-2006 school year.

Teacher Incentive Fund

The Committee supports the President's request for \$99 million in funding for the Teacher Incentive Fund. This program, which was first funded at \$99 million in fiscal year 2006, will provide grants to encourage States and school districts to develop and implement innovative ways to provide financial incentives for teachers and principals who raise student achievement and close the achievement gap in our nation's high need schools. These compensation systems must be based primarily on measures related to student achievement.

The Committee believes the Teacher Incentive Fund will help break down the status quo and make it clear that Americans value teachers and principals who are working to improve student achievement. Our nation is demanding a lot from our nation's educators, and we should reward them for their hard work.

Title V (State Grants for Innovative Programs)

The Committee on Education and the Workforce supports the restoration of funding for the Innovative Programs Block Grant (Title V, Part A, of NCLB). In FY 2006, the program received \$99 million, which was \$99 million less than the FY 2005 level. The Title V Block Grant supports education reform and innovative school improvement programs which provide, among many other things, professional development, library materials, and educational equipment. In addition, the Title V Block Grant includes a provision ensuring that students, teachers, and other education personnel in private schools also receive access to such services.

Overall NCLB Funding

Finally, the Committee applauds the President's commitment to funding the No Child Left Behind Act. Since its enactment, funding for NCLB programs has increased 40 percent, from \$17.4 billion in FY 2001 to a proposed \$24.4 billion in FY 2007.

The Individuals with Disabilities Education Act (IDEA)

The Committee on Education and the Workforce supports the commitment the federal government made to States and school districts thirty years ago. When Congress passed IDEA in 1975, many believe it committed to pay up to 40 percent of the national average per pupil expenditure to offset the excess cost of educating a child with a disability.

Since taking control of Congress, Republicans have more than tripled spending for IDEA Part B (Grants to States), which funds direct services to students. President Bush's FY 2007 budget request increases funding for IDEA by \$42.6 million, for a total of \$11.7 billion, the highest level of federal support ever provided for children with disabilities. The Grants to States program would receive \$10.7 billion, an increase of \$100 million from FY 2006. This represents 17 percent of the average per pupil expenditure for all children.

By meeting our federal commitment, local schools will have greater discretion over how to spend local education funds, including how to fund school construction, teacher hiring, professional development, and the many other needs facing most local school districts. The Committee on Education and the Workforce supports a significant increase to IDEA Part B (Grants to States) beyond even the additional \$100 million that the President requested in his FY 2007 budget request.

Educational Choice

The Committee on Education and the Workforce also remains committed to giving families more educational choices. Specifically, we support the President's FY 2007 budget request for charter schools, charter schools facility financing, magnet schools, and the Voluntary Public School Choice program.

Parents should be able to choose to send their children to higher performing public or private schools if their child's school fails to provide a quality education. Therefore, the Committee

supports the President's \$100 million budget request for the new America's Opportunity Scholarships for Kids proposal. This proposal extends the choice provisions for students from low-income households who attend schools identified for restructuring under Title I of No Child Left Behind to include private schools or to receive intensive tutoring assistance. It will extend grants to States, local education agencies, and public or private nonprofit organizations, including community and faith-based organizations, to provide these services.

Finally, this new proposal builds on the successful Opportunity Scholarships program first implemented in the District of Columbia in FY 2005 and the Committee remains committed to funding that successful program at the President's FY 2007 budget request of \$15 million as well.

Older Americans Act

The Older Americans Act (OAA) is the major federal statute governing the organization and delivery of social and nutrition services for elderly Americans. Since its inception in 1965, the Act provides a wide range of support including transportation, information, and referral to home care, health, and social services. Nutrition services include the popular "Meals on Wheels" home delivery meal program and congregate meal programs. The OAA also funds research activities, elder rights protection activities, and the Senior Community Service Employment Program. The program authorization expired in FY 2005.

The OAA authorizes the Administration on Aging (AoA) within the Department of Health and Human Services. The AoA is the primary federal entity charged with serving the needs of older Americans and coordinating related Federal programs and activities. The President's AoA budget request for FY 2007 is \$1.3 billion. Title V of the OAA authorizes the Senior Community Service Employment Program (SCSEP), a subsidized jobs program exclusively for older Americans. The President has proposed \$388.3 million for FY 2007.

This year, the Committee is slated to reauthorize the OAA. Because the number of older Americans is growing rapidly, the legislation will address the greater demands that systems to support aging Americans must accommodate. It is estimated that 78 million baby boomers began to turn 60 in January 2006, and over 20 percent of the U.S. population will be over age 65 by the year 2030. In preparation for this demographic shift, legislation to reauthorize the Act will seek to modernize programs authorized under the Older Americans Act by enhancing its focus on consumer choice and empowerment, and the promotion of wellness through injury and disease prevention. The Committee also will seek to increase program accountability and flexibility while improving services designed to enhance the quality of life for aging Americans.

Community Services Block Grant

The Community Services Block Grant (CSBG) provides funding to a State-administered local network composed of over 1,000 local eligible entities – mostly local nonprofit community action agencies (CAAs) – that create, coordinate, and deliver a broad array of programs and services to low-income Americans. CSBG received \$630 million for FY 2006. The President did not request funding for FY 2007.

During the 108th Congress, the House passed H.R. 3030, the Improving the Community Services Block Grant Act of 2004, but the bill was not considered in conference. The Committee on Education and the Workforce will again work to reauthorize CSBG based upon the same priorities of increased quality and accountability. However, the Committee has learned of management problems of some CAAs and will be reviewing current provisions in the law that govern monitoring activities and corrective action taken by States to ensure that CAAs are performing efficiently. Finally, the Committee supports the President's call to continue the participation of faith- and community-based organizations.

Assistive Technology Act

The Assistive Technology Act of 1998 authorizes funding to support State efforts to provide individuals with disabilities assistive technology devices such as wheelchairs, communication devices, and computer hardware and software. Funding under the Act also supports assistive technology services such as training in the use of technology, evaluations, acquisitions, professional development, and advocacy. The Committee supports the elimination of the separate funding stream for alternative financing as proposed in the President's FY 2007 budget request.

Under the Assistive Technology Act of 2004 (P.L. 108-364), Congress consolidated the existing programs into three separate programs (State Grants for Assistive Technology, State Grants for Protection and Advocacy Services, and National Technical Assistance Activities). In authorizing these programs, Congress chose to eliminate Title III grants for alternative financing. Under the new structure, States will incorporate their promising alternative financing systems into the more comprehensive system of services established under the State Grants for Assistive Technology program.

Gulf Coast Hurricane Relief

Hurricanes Katrina and Rita inflicted unprecedented destruction on countless homes, businesses, and livelihoods throughout the Gulf Coast region. Their impact on displaced students and workers was particularly staggering. Nearly 700 schools were damaged or destroyed, affecting more than 372,000 elementary and high school students. More than four dozen institutions of higher education were damaged, leaving some 89,000 postsecondary students and 200,000 student loan borrowers in a state of substantial uncertainty. And as businesses were destroyed, so too were the jobs they provided to thousands of working men and women who called the Gulf Coast home. The hurricanes' true impact reached even further, however, with 49 States accepting displaced students, with scores of job seekers looking for work wherever they ended up, and with families who depended on federal benefits asking questions about what would happen next. Just days after the hurricanes made landfall, the Committee began working with members of the Gulf Coast delegation to introduce legislation to grant immediate relief to those affected by the hurricanes.

In the wake of these two devastating hurricanes, Congress recognized that public, charter and private elementary and secondary schools across the nation opened their doors to students who

were forced to leave their homes and their schools due to the storms. Through the Emergency Supplemental Appropriations for Hurricane Katrina bill (attached to the FY 2006 Department of Defense Appropriations bill, P.L. 109-148), Congress decided to assist impacted families and schools by authorizing and funding grants for the 2005-2006 school year to cover the cost of educating the displaced students at the receiving public and private schools at which the students' parents choose to enroll them. The public, private, and charter schools that have enrolled displaced students were reimbursed, up to \$6,000 per student (\$7,500 per student in special education). This program was funded at \$645 million and the Committee supports that funding.

Additionally Congress authorized and funded grants to help public, private, and charter schools in Louisiana, Mississippi, Alabama, and Texas damaged by the hurricanes get the supplies and equipment necessary to reopen their doors, including funds to access services, equipment and supplies. This program was funded at \$750 million in FY 06 and the Committee supports that funding. Congress eased funding requirements for states, local school districts and schools by allowing them greater flexibility in spending Federal and State education funds. Congress also extended, but did not waive, deadlines for special education program requirements.

Congress expanded opportunities for quality teachers to serve displaced students by allowing, for one year, states hiring highly qualified teachers or paraprofessionals from a hurricane impacted state to consider those educators to be highly qualified for No Child Left Behind requirement purposes. In addition, the Supplemental relief bill eased funding requirements for schools and extended, but did not waive, deadlines for special education program requirements.

Congress acted to meet the needs of the youngest that were impacted by the hurricanes. The Supplemental relief bill included funds for the Head Start early childhood program to assist with the costs not covered by Federal Emergency Management Agency (FEMA) and insurance to renovate Head Start facilities affected by the hurricanes. The bill also eased federal requirements for state administration of the Child Care and Development Block Grant (CCDBG) to give displaced families easier access to child care services.

In addressing postsecondary concerns, H.R. 3668, the Pell Grant Hurricane and Natural Disaster Relief Act (P.L. 109-66), introduced by Representative Ric Keller (R-FL), permitted the Secretary of Education to waive the return of funds provision as it relates to Pell Grants for those affected by natural disasters. Second, H.R. 3863, the Natural Disaster Student Aid Fairness Act (P.L. 109-79), introduced by Representative Bobby Jindal (R-LA), permitted the Secretary of Education to reallocate unused or returned campus-based aid funds to institutions of higher education that were affected by the hurricanes either because the schools were severely damaged or because the schools took in displaced students.

On October 6, 2005, the Committee worked with Representative Bobby Jindal (R-LA) to introduce a bill, H.R. 3975, the Hurricane Regulatory Relief Act of 2005, which would take one further step to address the long term needs of the institutions and students affected by these storms. Several of the provisions included in H.R. 3975 were later incorporated into the relief bill. Through this relief, the Committee granted the Secretary of Education waiver authority to ensure that financial aid administrators adjust a student's expected family contribution (EFC) to

reflect any changes in a student's financial condition due to the hurricanes. The Secretary of Education was also provided authority to waive administrative requirements placed on affected students, borrowers, institutions and lending partners. Provisions included in the relief package also permitted the Secretary to modify the requirements and uses of funds for several programs, including the Teacher Quality Enhancement Grants for States and Partnerships, TRIO grants, GEAR Up Grants or grants found in Parts A or B of Title III.

Last year, the Committee also applauded the quick enactment of legislation to provide temporary jobs and training for workers displaced by Hurricane Katrina. Representative Charles Boustany (R-LA) introduced H.R. 3761, the Flexibility for Displaced Workers Act, to add significant flexibility to the U.S. Department of Labor's National Emergency Grant (NEG) program. The NEG program provides temporary disaster relief employment and training of up to six months to individuals who participate in projects that provide assistance for victims of that particular disaster. Since Hurricane Katrina, the Labor Department has awarded \$191.1 million in NEG's to help provide more than 40,000 temporary jobs and training for workers displaced from their homes and places of employment.

Among other things, H.R. 3761 empowered the Secretary of Labor to extend the duration of the NEG projects from six months to 12 months. The bill also made NEG funds available to displaced workers for employment projects outside the designated Hurricane Katrina disaster area, and authorized NEG payments to Gulf Coast residents not eligible for unemployment compensation or whose unemployment compensation had expired.

Conclusion

The Committee will continue to pursue an ambitious education agenda during the second session of the 109th Congress that improves academic accountability and results for students of all ages. Specifically, the Committee will focus on enhancing opportunities in postsecondary education, strengthening the academic focus of early childhood education, helping public schools recruit and retain highly qualified teachers, ensuring results for children with special needs, and increasing education choices for low-income families.

Workforce Priorities

During the second session of the 109th Congress, the Committee will continue to develop new strategies and identify innovative ways to meet the needs of our evolving economy. Many of our labor laws were written in a different time for a different workforce. We will re-examine and re-think them in the context of the 21st century work environment.

Specifically, we will aggressively endeavor to create security for families, build flexibility into the workplace, bring fairness to all workers, remove obstacles to private sector innovation, and implement common sense solutions to everyday problems in the workplace. We will work to improve the retirement security of American workers by encouraging workers to save more, making pensions more secure, and cutting red tape prohibiting employers from establishing pension plans. We will continue to support making health insurance more accessible and affordable for all working Americans and provide patient protections to ensure that patients

receive the care they are entitled to without creating new bureaucracy or litigation. We will pursue policies that improve worker health and safety by encouraging a more realistic mix of proven enforcement strategies and cooperative efforts that encourage compliance rather than confrontation. Finally, we will endeavor to promote the vitality of union democracy through policies that empower union members to more effectively exercise oversight and control over their labor organizations.

Retirement Security for Workers and Their Families

The Committee on Education and the Workforce remains dedicated to the goal of enhancing retirement security, with a particular emphasis on comprehensive reforms to employer-sponsored defined benefit pension plans, in order to ensure the viability of that system under the Employee Retirement Income Security Act (ERISA). The Committee will make every effort to ensure pension security for all Americans, including expanding coverage for a greater number of workers, creating flexibility in the voluntary private pension system, and implementing common sense solutions to ensure that all defined benefit pension plans are adequately and consistently funded.

Building upon the foundation of the last three Congresses, the Committee will continue to work toward the enactment of comprehensive pension reform, which was outlined in the President's FY 2006 budget request.

The alarming trend of under funded defined benefit pension plans is increasing the financial burden of the Pension Benefit Guaranty Corporation (PBGC). PBGC is the quasi-federal government agency that insures the retirement benefits of workers in certain defined benefit pension plans. This systematic pension under funding problem has resulted in a PBGC deficit of approximately \$23 billion dollars, which directly threatens its ability to protect and ensure worker pension benefits, and potentially places taxpayers' interests in jeopardy. The Committee intends to continue its commitment toward enactment of H.R. 2830, the Pension Protection Act, in order to provide comprehensive reforms to the nation's pension funding and disclosure rules. Doing so will improve the overall pension design of all types of defined benefit plans, including single employer, multiemployer, and hybrid plans, and provide new rules for defined contribution plans.

On December 15, 2005, the House passed by an overwhelming bipartisan margin (294-132), H.R. 2830, to protect the interests of workers, retirees, and taxpayers by shoring up the health of the traditional defined benefit pension system, and to modernize defined contribution plans to encourage greater personal and retirement savings. In general, the legislation provides a permanent replacement for the 30-year Treasury bond interest rate that is used by employers to calculate the amount of liabilities that are required to be paid to pension plans and other comprehensive, long-term solutions to address the overall structural problems in the defined benefit pension system (in 2004, Congress passed a temporary replacement for the 30-Year Treasury rate, which included a mix of corporate bond rates, to calculate pension plan liabilities; however, the temporary rate expired at the end of 2005). The legislation also includes provisions that encourage savings in defined contribution plans, including a new automatic enrollment

feature in 401(k) plans to encourage greater participation in employer-sponsored retirement plans.

The Senate passed a companion bill, S. 1783, the Pension Security and Transparency Act, by a vote of 97-2 on November 16, 2005. S. 1783 includes similar comprehensive pension reform provisions for both defined benefit and defined contribution plans. The House and Senate expect to conference the bill in the second session of the 109th Congress.

In addition to defined benefit pension plan reforms included in H.R. 2830, the Committee will continue to promote reforms of the defined contribution pension system. These reforms include many of the protections included in H.R. 1000, the Pension Security Act, which was passed by the House in the 108th Congress, as well as several new provisions contained in H.R. 2830. The key components of these reforms include increasing participation in defined contribution plans, allowing for annuity features in 401(k) plans, expanding worker access to investment advice to help workers manage and grow their retirement savings, and providing workers with better information about their pension plans and new freedoms to diversify their retirement savings.

Finally, the Committee will continue to monitor and support the efforts of the Department of Labor to protect workers' pensions and health benefits. In his FY 2007 budget request, the President has proposed a \$10 million increase for the Employee Benefits Security Administration (EBSA) to provide additional enforcement resources to safeguard workers' retirement savings and other benefits, and to provide expanded compliance assistance to educate employers, unions, and pension plan administrators on their legal responsibilities. Notably, the FY 2007 budget request also includes \$12 million to allow EBSA to launch a new pension reporting system to increase the accuracy and timeliness of pension plan information for participants and retirees. The Committee supports these proposals and the budgetary increases for these initiatives.

Access to Affordable, Quality Health Care

Both the Committee and President Bush remain dedicated to the goal of making health insurance more affordable for our nation's 45 million uninsured individuals. The Committee is also deeply concerned with the rising costs of health care premiums for the approximately 128 million workers and their families – by far the largest segment of Americans who are covered by a health insurance plan – who receive their health insurance through their employer. Such coverage is regulated through the Employee Retirement Income Security Act (ERISA). The Committee will continue to support the creation of Association Health Plans, which will provide more individuals with access to quality low cost health care.

Health Care Costs

Over the past five years, there has been an annual average double-digit rise in premiums for employer-sponsored health care coverage. These rising costs have forced both employers and employees to shoulder more of the financial burden of paying increased premiums. Given these increases, the Committee will continue to evaluate changes in health care policy with rising costs in mind.

On July 26, 2005, the House passed, with the support of 36 Democrats, H.R. 525, the Small Business Health Fairness Act. The measure authorizes the creation of Association Health Plans (AHPs), which allow small businesses to band together through associations and purchase quality health care at a lower cost. The bipartisan bill would increase small businesses' bargaining power with health care providers, give them freedom from costly State-mandated benefit packages, and lower their overhead costs by as much as 30 percent. These are benefits that large corporations and unions already enjoy because of their larger economies of scale. In short, the bill has the potential for significantly reducing the number of uninsured Americans and their families by enabling *bona fide* trade associations the ability to offer health plan coverage to their members and their employees. The Committee will continue to work with the President to ensure that legislation authorizing AHPs is signed into law.

The President has also put forth a number of proposals to help reduce the number of uninsured Americans. These recommendations include greater transparency in the healthcare market place, expansion of Health Savings Accounts, and other tax incentives, such as enhanced deductibility of health insurance premiums. The Committee continues to support the President's tax credit for uninsured individuals, and believes that funds should be available for individuals to purchase employer-sponsored coverage. Many individuals receive an offer of insurance from their employer but are simply unable to afford the premium. Allowing employees to use a new tax credit to complement their employer's contribution will ensure that employees have access to high quality, affordable health plans in the employer-based market and other options in the individual market.

Finally, the Committee endorses the landmark updating of the Medicare program for seniors. In the last Congress, Medicare coverage was expanded to include a prescription drug benefit for senior citizens, which has only recently started enrolling seniors. This new statute recognizes the importance of the employer-sponsored retiree health care system that delivers meaningful and needed care to a significant portion of America's retiree population. The Committee intends to continue its examination of the many aspects of employer-provided retiree health care coverage, with primary emphasis on possible ways in which the employer-sponsored system could be expanded under the new Medicare law to provide for more extensive, cost efficient health coverage for retirees.

The Mental Health Parity Act

During the 109th Congress, the President signed into law H.R. 4579, the Employee Retirement Preservation Act of 2005 (P.L. 109-151). The new law extends the authorization of the Mental Health Parity Act through December 31, 2006. During the 109th Congress, the Committee will continue its examination of the various issues surrounding this subject as it considers legislation to extend the scope of this Act beyond its 2006 expiration date.

Genetic Non-Discrimination

The Committee recognizes the potential of the Human Genome Project, research which makes possible a wide universe of genetic research and discovery. The advanced progress of human genome research has fostered a public policy discussion about who should have access to our

unique genetic information and what role this information will play in health care treatment, research, health insurance coverage, and employment. In response to this discussion, the Committee held hearings in both the 107th and 108th Congresses on this subject.

Legislation to prevent genetic discrimination offers a promise and a challenge. In the second session of the 109th Congress, the Committee will continue its efforts to address the issue of genetic nondiscrimination and to examine legislation to protect individuals from discrimination without unduly burdening employers and health plans.

Patient Safety

The Committee continues to share the Administration's goal of addressing patient safety and improving health care quality. Many employer-sponsored health plans are leading the way by offering innovative health care options to maximize employee and patient choice, and utilizing large-group buying power to motivate quality. The Committee will continue to include an examination of different approaches to health care quality and safety in its health care agenda.

Workplace Health and Safety

The Committee recognizes that businesses have no greater asset than their employees. To that end, the Committee will continue to promote cooperative programs between employers and the federal government in order to enhance workplace health and safety.

Mine Safety and Health Administration

In light of the recent tragic events in mines in West Virginia, Kentucky, and Utah, the Committee is particularly concerned about the adequacy and efficacy of our nation's mine safety and health regulatory scheme, and in particular the use of available technology in the nation's mines and the enforcement of mine safety laws. The President's budget proposes \$288 million in funding for the Mine Safety and Health Administration (MSHA) for FY 2007, a \$10 million increase from FY 2006. In addition to funding inspections and cooperative programs, this allocation could be invested in technology transfer, research, and other avenues to address the lack of technological advancements in mine rescue equipment, protective devices, communications technology, and other areas to ensure safer mining. The Committee supports the allocation of this funding.

The President's budget also proposes changes to the civil penalties structure of the Mine Safety and Health Act. Over the past five years MSHA has imposed the maximum penalty assessment (\$60,000) on 68 occasions. The Administration's proposal would increase maximum fines from \$60,000 to \$220,000 and for the first time define a "flagrant" violation. The Committee is prepared to give thoughtful consideration to this concept. Regardless of the size of the fine assessed by MSHA, however, the Committee recognizes that final civil penalty determinations are often decreased when an appeal reaches the court system, and will continue its oversight of mine safety and health programs with this fact in mind.

Occupational Safety and Health Administration

The Committee will continue to work with the Administration to improve the performance of the Occupational Safety and Health Administration (OSHA) by promoting health and safety in the workplace through increased compliance assistance for employers, in addition to enforcement initiatives.

During this Congress, the House passed four bills, introduced by Workforce Protections Subcommittee Chairman Charlie Norwood (R-GA), amending the Occupational Safety and Health Act (OSH Act), each intended to promote efficiency in the review of safety and health cases, to provide appropriate flexibility in the consideration of these cases, and to level the playing field for employers challenging OSHA in court. On July 13, 2005, the House considered and passed the following:

- H.R. 739, the Occupational Safety and Health Small Business Day in Court Act, which would give the Occupational Safety and Health Review Commission (OSHRC) authority to make exceptions to the arbitrary 15-day deadline for employers to file responses to OSHA citations when a business missed the deadline by mistake or for good reason, thus ensuring that disputes can be resolved based on merit rather than legal technicalities;
- H.R. 740, the Occupational Safety and Health Review Commission Efficiency Act, which would promote government efficiency and ensure that important workplace safety and health cases are reviewed in a more timely fashion by increasing the membership of OSHRC from three to five members;
- H.R. 741, the Occupational Safety and Health Independent Review of OSHA Citations Act, which would restore the original system of checks and balances intended by Congress when it enacted the OSH Act and ensure that OSHRC (“the court”), and not OSHA (“the prosecutor”), would be the party who interprets the law and provides an independent review of OSHA citations; and
- H.R. 742, the Occupational Safety and Health Small Employer Access to Justice Act, which would level the playing field for small businesses in OSH Act litigation by allowing such businesses which prevailed against OSHA to recover attorney fees and costs.

Companion legislation has been introduced in the Senate as part of a broader OSHA reform package. In addition to these measures, the Committee will look at ways to improve the regulatory process at OSHA, particularly as related to updating outdated standards without sacrificing the transparency, notice, comment, and due process requirements necessary for responsible rulemaking. The Committee looks forward to reviewing the innovative approaches designed by OSHA to encourage voluntary programs and assistance that will maximize efforts to improve safety and health for all working Americans.

Ensuring Accountability to Workers

The Labor-Management Reporting and Disclosure Act (LMRDA), also referred to as the Landrum-Griffin Act, ensures that rank-and-file union members have the democratic rights necessary to ensure a role in the decision-making process of their union. The law guarantees certain rights to union members in an effort to combat racketeering, corruption, and abuse of power by union officials, and requires that labor organizations file annual financial disclosure forms with the Department of Labor (DOL).

During the 108th Congress, the Employer-Employee Relations Subcommittee held a series of hearings highlighting the failure of unions, large and small, to file required financial disclosure forms in a timely manner (if at all). The failure of unions to file these reports gives union members an unclear or nonexistent picture of how union dues are being spent.

In the 109th Congress, Employer-Employee Relations Subcommittee Chairman Sam Johnson (R-TX) introduced the following three measures designed to enhance union democracy:

- H.R. 1073, the Union Members' Right-to-Know Act, which clarifies that unions must disclose to union members information about their rights in a timely fashion. These rights include member union dues, membership rights, disciplinary procedures, the election and removal of union officers, and the calling of regular and special meetings;
- H.R. 1074, the Union Member Information Enforcement Act, which authorizes the Secretary of Labor to investigate union member complaints of a union's failure to meet the disclosure requirements contained in the LMRDA, and to bring suit on behalf of union members to enforce the law; and
- H.R. 1075, the Labor-Management Accountability Act, which for the first time authorizes DOL to assess a civil penalty when unions or employers covered by the LMRDA fail to obey the law.

The Committee expects to consider this legislation in the second session of the 109th Congress.

Additionally, during the 108th Congress, DOL finalized and implemented regulations updating and modernizing the LMRDA's financial disclosure reporting requirements for large unions (known as "LM-2 forms"). DOL modernized the reporting requirements by creating a software program to allow unions to electronically file their LM-2 forms. To ensure better financial disclosure, DOL reorganized filing categories to allow more transparent accountability of spending for union members.

Transparency and disclosure continue to be a Committee priority for reforming the LMRDA. Given the modernization of the financial disclosure requirements, the Committee supports the request of \$52.4 million for the Office of Labor-Management Standards contained in the Administration's FY 2007 budget request to ensure that the new requirements are adequately monitored and stakeholders are able to access union spending information to understand how members' dues are being spent.

Protecting Employee Choice and Freedom from Intimidation Under the National Labor Relations Act

The Committee remains concerned with renewed efforts by organized labor to forsake the sanctity of the secret ballot organizing election under the National Labor Relations Act (NLRA) in favor of recognition schemes susceptible to employee coercion and intimidation and harassment of employers. Hearings in the 108th Congress demonstrated the flaws inherent in these schemes, while at the same time highlighting organized labor's increased use of high-profile, high-pressure organizing tactics in the face of dwindling membership and influence. The Committee will continue to explore legislative proposals to ensure that the right of employees to choose union representation or not to choose such representation, free from coercion or intimidation, is protected to the fullest extent of the law.

In the 109th Congress, Workforce Protections Subcommittee Chairman Charlie Norwood (R-GA) has introduced H.R. 847, the Secret Ballot Protection Act of 2005, which would prohibit an employer from recognizing a union that was not selected to represent workers by a majority of workers in a secret-ballot election. A legislative hearing on identical legislation was held near the end of the 108th Congress. The Committee expects to consider H.R. 847 in the second session of the 109th Congress.

The Committee will also continue its oversight of the interpretation of the NLRA by courts and the National Labor Relations Board to ensure that the Act is administered fairly and neutrally, and reflects the intent of Congress and the realities of the 21st century workplace.

Fair Labor Standards Act

The Committee on Education and the Workforce will continue to explore legislative proposals to update the Fair Labor Standards Act of 1938 (FLSA) and will continue the exercise of its oversight jurisdiction to ensure that regulatory proposals updating the FLSA reflect the intent of Congress and the realities of today's 21st century workforce. Numerous hearings held over the past several years have demonstrated the need for the current regulatory scheme of the FLSA to be updated. Much-needed changes to the FLSA will make it possible for workers to know whether they are entitled to overtime, for employers to know how to pay their employees, and for the Department of Labor to enforce these workplace protections.

In March 2003, the Bush Administration proposed regulations to comprehensively overhaul the white collar exemptions, and to expand overtime eligibility for millions of workers. Final regulations were issued in April 2004 and became effective in August 2004. The final regulations issued by the Administration expanded overtime eligibility for millions of workers, clarified overtime rights for employees and employers, and included historic new protection of overtime rights for workers. The Committee will continue to monitor the implementation and effectiveness of this historic initiative, and supports the Administration's request of \$177.6 million for enforcement of wage and hour laws as contained in the FY 2007 budget request.

In addition, the Committee will continue to look at ways to eliminate impediments within current law which prevent employers and employees from working out mutually beneficial and innovative arrangements regarding compensation and workplace flexibility. The Committee expects to focus on common-sense proposals that allow working families to achieve a greater balance between their work and family obligations. For example, “compensatory” or “comp time” proposals would provide private-sector employees the same rights enjoyed by those in the public sector – the option to choose paid time off in lieu of cash wages for working overtime. These and other such family-friendly proposals will continue to be of great interest to the Committee.

Monitoring and Assessing the Family and Medical Leave Act

This year marks the thirteenth anniversary of the enactment of the Family and Medical Leave Act (FMLA). With more than a decade of experience with the law, the Committee will continue to review the requirements of FMLA, examining both legislative and regulatory proposals that address where the Act has worked as intended, and where it may have failed to do so. The Committee understands that the Department of Labor may put forth proposed revisions of FMLA regulations that will address and clarify certain issues that have arisen under the Act, its regulations, and its interpretation by various courts over the past thirteen years. The Committee will closely scrutinize any proposed regulatory changes to ensure that they reflect the intent of Congress and the realities of the 21st century workplace, and will continue to work with the Department of Labor in its oversight and enforcement of the Act.

Reforming the Federal Employees’ Compensation Act

As part of the President’s FY 2007 budget, the Administration has proposed a number of reforms aimed at improving the operation of the federal employees’ compensation program, which has not been substantially updated in over 30 years. The reforms would incorporate the best practices of many State workers’ compensation programs, improve return to work procedures, streamline claims processing, and update benefit levels. The Committee continues to share the Administration’s interest in updating and improving the workers’ compensation program for federal employees and intends to work toward achieving balanced reform of the program. As part of its oversight of the Federal Employees’ Compensation Act (FECA), the Committee intends to review various recommendations to improve the program, including those put forth previously by the Department of Labor’s Office of the Inspector General and the Government Accountability Office. The Committee can also be expected to consider legislative proposals to improve access to the program for injured federal workers, including H.R. 2561, a bipartisan bill introduced by Subcommittee on Workforce Protections Chairman Charlie Norwood and Representative Robert E. Andrews (D-NJ). The bill was the focus of a Subcommittee on Workforce Protections hearing in May 2005.

Updating the Longshore and Harbor Workers’ Compensation Act

In the first session of the 109th Congress, the Committee examined the implications of the Longshore and Harbor Workers’ Compensation Act and its impact on jobs in the U.S. boating industry. Representative Ric Keller (R-FL) introduced H.R. 940, the Recreational Marine

Employment Act, which would help restore U.S. jobs in the recreational boating industry that have been lost to foreign competition overseas. The bill was approved by the Workforce Protections Subcommittee on March 10, 2005. It was reported favorably out of the full Committee on April 3, 2005 by a vote of 27-18.

In 1984, Congress exempted employees in the recreational boating industry, specifically boats 65 feet and under, from the Longshore Act, which provides workers' compensation benefits to maritime workers who are injured in the course of their employment on navigable waters of the U.S. Over the past 20 years, however, there has been tremendous growth in the number of recreational boats that measure 65 feet or longer (more than 400,000 currently in the U.S.). Current law is outdated and arbitrarily requires that some U.S. employers provide two sets of insurance – both Longshore and state workers' compensation coverage. H.R. 940 clarifies that workers in the recreational marine industry are exempt from the Longshore Act, thus ensuring that employers will not be required to maintain duplicative insurance coverage. The legislation would maintain all existing state remedies and workers' compensation protections. The Committee will work to ensure swift passage of H.R. 940 and continue to review the Longshore Act to identify other areas that should be modernized and updated.

Energy Employees Occupational Illness Compensation Program Act

During the 108th Congress, the Committee led efforts to ensure the timely delivery of workers' compensation benefits under the Energy Employees Occupational Illness Compensation Program Act (EEOICPA) to energy employees for illnesses resulting from exposure to toxic substances at Department of Energy facilities. Reforms to EEOICPA were included in H.R. 4200, the FY 2005 Department of Defense Authorization, which was signed into law on October 28, 2004. As a result of this law, the Department of Labor administers a new portion of the benefit program, which is intended to provide a simple, fair, and uniform workers' compensation system for energy workers. The Committee will continue to exercise oversight of DOL's program to ensure that the goals of timely payments are carried out.

The Migrant and Seasonal Agricultural Worker Protection Act

The Committee expects to undertake a review of the Migrant and Seasonal Agricultural Worker Protection Act, the primary federal statute affecting agricultural employers and their employees. The Committee will focus on identifying issues under the law that have a negative impact on both employers and employees. The Committee will examine proposals to aid agricultural employers in providing safe and healthy working conditions for farm workers, while not imposing unrealistic and costly burdens on businesses.

Bureau of Labor Statistics

The Committee has oversight of the Bureau of Labor Statistics (BLS). The Committee is concerned about numerical discrepancies in the data collected by BLS in its payroll and household surveys. The Committee is interested in ensuring that BLS is collecting and analyzing correct data for all its activities, as this information is utilized by the private and academic

sectors for a variety of planning actions. As such, the Committee supports the President's proposal to fund BLS at \$563 million and plans to continue its oversight activity in this regard.

Conclusion

The Committee on Education and the Workforce will work toward providing a safe and secure workplace for all Americans by improving retirement security, expanding access to quality health care, increasing opportunities for greater flexibility in the workplace, enhancing the accountability of unions to their members, ensuring existing laws reflect the realities of the 21st century workplace, and supporting an agenda of common sense reform rather than new federal programs and regulations.