BUDGET VIEWS AND ESTIMATES FOR FISCAL YEAR 2018
COMMITTEE ON EDUCATION AND THE WORKFORCE
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INTRODUCTION

Across the country, the American people have a renewed sense of hope and optimism about the future. Last year, they rejected the flawed top-down policies that led to an anemic economy, sluggish job growth, and fewer opportunities for hardworking Americans to achieve success. They are expecting Congress to turn the page of the failed status quo and move the country in a new direction. Throughout the 115th Congress, the Committee on Education and the Workforce will do its part to deliver the positive change the American people deserve.

Drawing on the reforms outlined in the House Republican “A Better Way” agenda, the Committee will advance bold solutions that address the challenges facing students, workers, and employers. As part of this effort, the Committee will promote policies that reduce the regulatory burden on small businesses, improve career and technical education, strengthen retirement security, and deliver more affordable, patient-centered health care. The Committee will also continue to conduct robust oversight of the programs and bureaucracies under its jurisdiction to ensure greater accountability and efficiency across the federal government.

These and other important priorities will help us keep our promises to the American people and improve the lives of students, employers, and working families across the country.

EDUCATION PRIORITIES

A high-quality education has never been more important for individuals to compete in the workforce and achieve of lifetime of success. Unfortunately, for too long, the nation’s education system has failed to meet the needs of our students. In recent decades, Washington has taken a flawed, one-size-fits-all approach to education, with heavy-handed regulations and prescriptive mandates. This has limited the ability of teachers, parents, faculty, and education leaders to do what’s best for students and local communities.

Fortunately, under the Committee’s leadership, Congress is taking responsible action to move the country in a better direction. Just last Congress, the Committee led a successful effort to reduce the federal role in K-12 education and empower parents and state and local education leaders. The Committee also advanced reforms to strengthen career and technical education and continued working on reforms that will help make higher education more accessible and affordable. Working closely with members of Congress and the new administration, the Committee looks forward to building upon these important efforts in the years ahead.

The Committee respectfully offers the following recommendations for consideration by the Committee on the Budget as it prepares its FY 2018 budget resolution:

Promoting State and Local Education Reform

Implementing the Every Student Succeeds Act

Across the country, state and local leaders are promoting innovative solutions to raise achievement and foster school and teacher accountability to ensure students have the knowledge and skills they need to graduate high school and succeed in life. That is why House Republicans led the effort to replace the *No Child Left Behind Act*. The *Every Student Succeeds Act*, signed into law in December 2015, reforms K-12 education policy to reduce the federal role, restore local control, and empower parents. The law is already reducing the federal government's interference in elementary and secondary schools and granting school leaders the flexibility they need to succeed.

Most importantly, the law includes responsible funding authorizations for elementary and secondary education programs. The law focuses the federal role in education on supporting long-standing efforts designed to improve student achievement and teacher effectiveness. The law consolidated dozens of programs previously authorized under the *Elementary and Secondary Education Act* into the Student Support and Academic Enrichment Grants program. This flexible grant program provides states and school districts more authority in how taxpayer dollars are spent. The Committee urges the Budget Committee to incorporate into the budget resolution the important reforms made by the *Every Student Succeeds Act* and fund the law through the same structure as it was written.

Making Special Education a Priority

In 1975, Congress passed the *Individuals with Disabilities Education Act* (IDEA) in part to help states with the cost to educate students with disabilities. Congress has covered up to 18 percent of the national average per-pupil expenditure in the past. However, the percentage has decreased since then.

The Committee recognizes current budgetary constraints require tough choices in the funding of education programs. However, the failure to appropriately fund IDEA only exacerbates ongoing budget challenges at the state and local levels. Funds that could support important upgrades to technology in classrooms, expand early learning opportunities, or other valuable state and local initiatives are instead used to fill the gap in special education funding. In addition, the existing maintenance of effort provision exacerbates these problems by preventing school districts from more efficiently providing students special education and related services.

Some argue converting IDEA funding into yet another mandatory spending program is the answer. However, with the nation's debt being driven by explosive growth in entitlement spending, now is not the time to add to the burden facing future generations. Additionally, entitlements are difficult to reform, so converting IDEA into an entitlement would make it nearly impossible for parents, educators, and policymakers to update the law to ensure it is continually meeting the needs of students, families, and communities.

The Committee requests language in function 500 of the budget resolution to appropriately fund IDEA.

Supporting Parental Choice, Including the Successful D.C. Opportunity Scholarship Program

The Committee continues to support expanded school choice options that allow parents to select the best school for their children. The D.C. Opportunity Scholarship program, created a decade ago, has allowed thousands of students in the District of Columbia to attend private schools of their choice. If not for this critical program, almost all of the students who receive these scholarships (1,244 students this academic year) would otherwise be forced to attend some of the District of Columbia's lowest-performing schools. The Committee urges the Budget Committee to support funding for the D.C. Opportunity Scholarship program to help families in the District of Columbia access high-quality education options for their children.

In addition, the Committee is eager to work with the Trump administration to give parents more freedom to make the right educational choice for their children. School choice programs around the country take multiple forms and the Committee will work with the administration and other committees to explore ways to give states opportunities to create or expand choice programs. We urge the Budget Committee to work with the relevant authorizing committees in determining to what extent the budget resolution can support these efforts.

Expanding College Access and Promoting College Affordability

Reauthorizing the Higher Education Act

For over 50 years, the federal government has supported students' abilities to select the colleges or universities that best suit their postsecondary education needs. The diversity of educational programs offered by the more than 6,000 higher education institutions participating in federal student aid programs is vital to the strength of the nation's economy.

According to the National Center for Education Statistics, contemporary students (those beyond the traditional 18- to 21- year-old high school graduate) now make up the majority of students enrolled in our nation's colleges and universities. Additionally, these students, along with their traditional college-aged counterparts, are more aware of the growing cost of college and the consequences of excessive student loan debt.

The Committee plans to reform the *Higher Education Act* to ensure the law provides institutions the flexibility necessary to adapt to changing student demographics and assist students and families as they make their postsecondary education decisions. The reauthorization of the *Higher Education Act* will simplify and improve student aid; empower students and families to make informed decisions; promote innovation, access, and completion; ensure strong accountability over the use of taxpayer dollars; and limit the federal role in higher education. The Committee seeks to accomplish these reforms in a budget neutral manner and believes any potential savings arising from changes to the law should be used to support other reforms in higher education.

Simplifying Federal Student Aid Programs

The Committee will work to simplify, streamline, and improve federal student aid programs to better assist students and families in navigating their options for financing postsecondary education. Many students, particularly first-generation and low-income students, are bogged down by the complexity of the current system, which ultimately deters them from accessing aid that will make college an affordable reality. The Committee will advance reforms to address the overwhelming number of repayment plans, a complicated maze the previous administration contributed to by adding new repayment plans through regulation. The Committee is also dedicated to enhancing student financial aid counseling, so students and families better understand the financial commitments they are making and their options for repayment. The Committee urges the Budget Committee to support these efforts.

Promoting College Accessibility and Affordability

- Providing Better Information to Students and Families

  The federal government plays an important role in ensuring students and families have access to the information necessary to choose the college or university that meets their unique needs. Unfortunately, the amount of information institutions of higher education are required to disclose to the public and report to the Department of Education has grown exponentially over the last decade, with limited evidence of its value. Additionally, current federal regulations require institutions of higher education to disclose information using different methodologies, creating fractured and confusing data. Rather than simplify and streamline information for students, the previous administration made it more complicated and confusing for students to get the information they need to make smart decisions about their college education.

  The Committee believes the federal government should streamline higher education data collection requirements to reduce confusion for students and curb compliance costs for institutions. The Committee intends to continue evaluating all available consumer information to highlight the most useful, while eliminating data requirements that are unnecessary, unhelpful, or overly burdensome for institutions to collect. The Committee also supports increased transparency but does not believe the federal government should layer on more information requirements without removing other pieces that may not be as useful.

- Eliminating Burdensome Red Tape

  The Obama administration churned out several packages of regulations, including state authorization, gainful employment, and borrower defense to repayment, with little regard for the true implications and costs for students and higher education institutions. Rather than continuing to push these burdensome and inflexible regulations, the Committee urges the Budget Committee to reject these efforts. The Committee hopes the new administration will roll back these harmful regulations and work with Congress to strengthen higher education through the upcoming reauthorization of the *Higher Education Act*.

Putting Pell Grants on a Path to Stability

The Pell Grant program is the foundation of our nation's commitment to help low-income students access higher education. However, the program needs reform. Currently, students wishing to advance quickly through their college career cannot do so because they are unable to receive Pell Grant assistance to take summer semester classes. The Committee looks forward to working with the Budget Committee as we reform the *Higher Education Act* to infuse additional flexibility into the Pell Grant program.

Additionally, the program is on an unsustainable funding path. Even after Congress took bipartisan action to enact a number of short-term fixes through the *Budget Control Act* (BCA) and change eligibility requirements though the FY 2012 *Consolidated Appropriations Act*, annual program costs for Pell Grants are projected to grow over the next decade. From FY 2006 to FY 2016, the Congressional Budget Office (CBO) noted discretionary program costs increased from $12.8 billion to $22.2 billion. CBO estimates those costs will grow from $22.0 billion in FY 2017 to $26.7 billion in FY 2027. When mandatory funding is included, expected program costs jump from $27.77 billion in FY 2017 to $33.17 billion in FY 2027.

Although CBO projects a temporary surplus in the program due to revisions to previous estimates and one-time funding included in the BCA, the program is expected to experience annual funding gaps beginning in FY 2021(assuming the program is funded at the FY 2016 level). These funding gaps are likely to continue to grow, even if Congress continues to provide consistent appropriations for the Pell Grant program.

Streamlining funding is one reform to put the Pell Grant program on a more sustainable path. Maintaining the maximum grant award and returning all funding for the program to the annual discretionary appropriations process also would make the funding for the program more transparent to taxpayers and more dynamic over the long term to meet the changing needs of students. The Committee looks forward to working with the Budget Committee to pursue reforms that will balance the needs of college students with the desire to put the Pell Grant program back on the path to long-term fiscal stability and help millions of low-income students pursue the dream of a postsecondary education.

Assessing the True Taxpayer Costs for Student Loans

The Committee believes budget gimmicks have masked the true cost of federal student loan programs for decades. CBO recommends moving from budgetary estimate constructs under the *Federal Credit Reform Act of 1990* (FCRA) to fair-value scoring to more accurately account for the cost of federal credit programs.[1] The Committee commends the Budget Committee for House passage of H.R. 1872, *Budget and Accounting Transparency Act*, in the 113th Congress, and encourages the Budget Committee to consider similar legislation in the 115th Congress. Consistent with CBO's previous recommendation, this important legislation would require the federal government to use fair-value accounting and scoring to more clearly illustrate taxpayer costs associated with federal student loan programs. Congress has seen how CBO estimates are affected by taking market risk into account. Not only did the alleged "savings" from eliminating the Federal Family Education Loan (FFEL) program decrease dramatically (by $22 billion) when it was scored under fair value scoring, but the purported savings garnered from the Obama administration's FY 2012 budget proposal to convert FFEL loans to Direct Loans were approximately $550 million lower under fair-value scoring than they were under credit reform scoring. In addition, the savings from the Obama administration's previous budget proposals to expand the Perkins Loan program and bring it onto the government's books vanished entirely under fair-value scoring.

The CBO's January 2017 baseline for the student loan program also compares the estimated budgetary costs of all of the student loan programs under the FCRA to fair-value scoring. On a FCRA basis, four out of the five Direct Loan programs would yield *savings*; subsidized Stafford loans to undergraduates are a cost to the government. Yet, on a fair-value basis, four out of the five Direct Loan programs would be a *cost*; parent PLUS loans still produce savings under fair-value scoring.

The Committee agrees with the Budget Committee and CBO that scoring for the student loan programs should incorporate market risk, as it is a more accurate and fiscally responsible way to account for liabilities hardworking taxpayers face through programs like the Federal Direct Loan program. Enabling the Committee to utilize a more accurate estimate of the federal government's costs associated with the student loan programs will ensure reforms of the law make sense for students, families, and taxpayers.

Improving Early Childhood Care and Education Programs

The first five years of a child's life are critical to developing the foundation for success later in school and throughout life. Whether at home or in an outside care arrangement, early childhood environments play an important role in the healthy growth of children. Research shows early education can better prepare children to succeed academically and develop key interpersonal skills that will serve them well later in life. This is why the federal government has long provided early education and childhood care support to low-income working families and parents. However, , the number of federal programs providing support services to young children has exploded to 45 separate programs at a cost of more than $14 billion annually, some of which overlap or are duplicative and result in fragmentation.[2] Unfortunately, rather than improve existing services and offer better options for low-income children and families, the Obama

[1] Should Fair-Value Accounting Be Used to Measure the Cost of Federal Credit Programs?, Congressional Budget Office, March 25, 2012.

[2] Opportunities to Reduce Duplication, Overlap and Fragmentation, Achieve Savings, and Enhance Revenue, GAO-12-342SP, U.S. Government Accountability Office, February 28, 2012.

administration focused on creating new early education programs with strict federal requirements. This approach is a disservice not only to American taxpayers who are required to pay for duplicative and often inefficient programs, but to children and families who have unique needs and must have the ability to easily find important services. Recognizing the very real fiscal challenges facing the country and the very real needs of low-income families, policymakers have a responsibility to examine and reform or eliminate existing programs before creating new ones.

Head Start

Federal taxpayers spend $9 billion a year on Head Start. The Department of Health and Human Services (HHS) 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. Unfortunately, not all Head Start programs provide lasting gains. A 2010 Head Start Impact Study conducted by HHS showed the program had little to no success improving children's cognitive, social-emotional, or health measures, as well as little to no success improving parenting practices, and any benefits that may have accrued while a child participated in the program had dissipated by the time he or she reached first grade. The third grade follow-up to the Impact Study released in December 2012 found similar results: the few gains were seldom present by the end of third grade.

Committed to meeting the needs of vulnerable children and families, while also balancing the interests of taxpayers, the Committee has outlined principles for reforming Head Start. This will include reducing unnecessary regulatory burdens, encouraging local innovation, and strengthening coordination between Head Start and similar programs at the state and local levels.

In the same vein, the Committee is concerned with HHS's 2016 regulations updating Head Start Performance Standards. Collectively, the regulations are an all-encompassing overhaul that significantly increases cost, limits program design and flexibility, and challenges the ability of programs to meet needs in diverse communities. Perhaps most concerning, these provisions could lead to a significant reduction in children served and teacher jobs as programs are forced to absorb over $1 billion in costs.[3] Congress should reject this flawed approach and work toward bipartisan reforms that improve this important program for vulnerable families and hardworking taxpayers. The Committee plans to work with HHS to pursue lasting reforms to the Head Start program, including reinstating flexibility for local programs.

Preschool Development Grants

In 2014, the Obama administration created a new, unauthorized preschool development grant program. In FY 2016, the Obama administration requested $750 million for the preschool development grant program, as well as $75 billion (over 10 years) for the Preschool for All initiative. The preschool development grant program was provided $250 million annually for FY 2014-FY 2016, which was disbursed through the Department of Education.

[3] The estimated cost borne to Head Start to extend the duration is over $1.1 billion when fully implemented. Federal Register, Vol. 81. No 172. September 6, 2016. Page 61381. Accessed At: https://www.gpo.gov/fdsys/pkg/FR-2016-09-06/pdf/2016-19748.pdf

The *Every Student Succeeds Act* included a stand-alone authorization for a revamped preschool development grant program that differs in a number of important ways from its predecessor. Foremost, Congress tasked HHS with implementation, in consultation with the Department of Education, rather than continuing the Department of Education's lead role. The program now addresses existing duplication and fragmentation; promotes an integrated mixed delivery system among local agencies, private and public organizations, and faith-based providers; and provides governors discretion to determine grant recipients in their states rather than the federal government steering funds only to state departments of education. With the reformed PDG program, Congress recognizes the leading role of state and local leaders in delivering high-quality early childhood education. To further this goal, we urge the Budget Committee to fund the program through HHS as authorized in *Every Student Succeeds Act*.

Enhancing Career and Technical Education

The Bureau of Labor Statistics recently reported more than 2.2 million Americans between the ages of 16 and 24 are looking for jobs. Meanwhile, industries critical to our economy have jobs to fill and not enough qualified applicants to fill them. The Committee believes improving the *Carl D. Perkins Career and Technical Education Act* can better prepare high school and community college students to compete in a global economy.

Last Congress, the Committee led a bipartisan effort to reform this important law and unanimously approved the *Strengthening Career and Technical Education for the 21st Century Act* (H.R. 5587) introduced by Rep. Glenn Thompson (R-PA). The bill would have empowered state and local community leaders, improved program alignment with in-demand jobs, increased transparency and accountability, and ensured a limited federal role. Unfortunately, despite the overwhelming bipartisan support the bill received when it passed the House with a vote of 405 to 5, the bill was not considered in the Senate. The Committee remains committed to continue working toward these much needed reforms in the 115th Congress. To achieve this goal, the Committee urges the Budget Committee to support our efforts to provide states with the flexibility needed to implement innovative programs and ensure students and employer needs are met through the reauthorization of the *Carl D. Perkins Career and Technical Education Act*.

Ensuring High-Quality Child Nutrition

Programs under the *Child Nutrition Act* and the *Richard B. Russell National School Lunch Act* are designed to combat hunger and poor nutrition among low-income children and families. According to the Congressional Research Service, federally-supported nutrition programs reach more than 40 million children and 2 million lower-income expectant and new mothers daily. In 2010, Congress passed the *Healthy, Hunger-Free Kids Act*, which empowered the federal government to micromanage school lunches, breakfasts, suppers, snacks, and other food sold on school campuses.

The Committee believes the Department of Agriculture's (USDA) regulatory policies implementing the law enacted during the last administration are overly burdensome and costly for states and schools to implement. GAO released a report highlighting the challenges elementary and secondary schools face implementing the new regulations. The report found student participation in the programs decreased and departmental guidance was confusing and too voluminous for schools to follow. While the USDA has acknowledged the need for additional flexibility in certain areas, more must be done. The Committee will work with the administration to reduce the cost and burden of new federal requirements as it reauthorizes the *Child Nutrition Act* and the *Richard B. Russell National School Lunch Act*. In particular, the Community Eligibility Provision (CEP) allows schools to provide free school meals to all students within the school regardless of the individual student's financial circumstances if the school meets certain criteria. The Committee recommends USDA examine the CEP to ensure thresholds and other requirements ensure limited taxpayer resources are used more effectively, while providing support to children most in need. Finally, the Committee urges the Budget Committee to help ensure child nutrition laws are reauthorized in a budget neutral manner.

WORKFORCE PRIORITIES

In 2016, the American economy grew at a tepid rate of 1.6 percent — as a measure of the real gross domestic product — making it amongst the slowest rates of growth seen in five years. Too many working families were left behind by this anemic economy. According to the Bureau of Labor Statistics, there were 7.6 million unemployed people in January 2017. The number of long-term unemployed included 1.9 million individuals and more than 5.8 million employed on a part-time basis when they would rather have full-time employment. Finally, the workforce participation rate remains at historic lows, which stood at 62.9 percent in January 2017.

There is little wonder why the economy grew so slowly under the previous administration. President Obama consistently pursued an agenda skewed toward expanding government and the influence of organized labor and trial lawyers, instead of focusing on growing the economy and creating high-quality private-sector jobs. The Obama administration advanced new regulations that limited opportunities for lower-skilled workers to climb the economic ladder and empowered union leaders at the expense of workers and employers.

After eight years of lost opportunity, the Committee is optimistic about working with the new administration to roll back the regulatory onslaught that has been crushing families and small businesses. However, the Committee will not only work to undo the damage done during the previous administration, it also will advance positive legislative solutions to spur job creation and expand opportunities for working families. Specifically, the Committee will focus on advancing opportunities for students and workers, strengthening workplace democracy, ensuring safe and healthy workplaces, enhancing retirement security, and providing workers and employers with more affordable health care options. The Committee respectfully offers the following areas for consideration by the Committee on the Budget as it prepares its FY 2018 budget resolution.

Improving our Nation's Workforce Development System

Providing opportunities for Americans to develop the skills needed to succeed in the modern economy increases economic competitiveness and empowers workers. The Committee is committed to improving the effectiveness and efficiency of the nation's workforce development system by streamlining less effective programs and dedicating limited resources to strategies that work. House Republicans have led reform efforts that culminated in the passage of the *Workforce Innovation and Opportunity Act* (WIOA) in the 113th Congress. Signed into law in 2014, WIOA integrates employment services at the local level under a unified workforce development system. WIOA focused on streamlining the numerous federal workforce development programs and improving assistance for job seekers to strengthen their skills for the 21st century. Even with the recent passage of WIOA, more work remains. The Committee looks forward to working with the new administration to ensure that taxpayer dollars are well spent and job seekers and at-risk youth served by the workforce development system receive high-quality services.

Strengthening Workplace Democracy

For eight years, the Obama administration advanced one-sided labor policies benefitting its political allies, including special-interest union supporters. Unfortunately, these policies have hindered many workers' success in finding full-time employment, compromised workers' rights in choosing whether to engage in union activity, and made it more difficult for employers to expand their businesses and create new job opportunities. The Committee will work to address these failed policies and to help improve workplace conditions so that both workers and their employers can succeed.

National Labor Relations Board

The Committee believes that balance and fairness must be restored to the National Labor Relations Board (NLRB or Board). The Democrat appointees — who made up the Board's majority during the Obama administration — have consistently promoted a culture of union favoritism and imposed radical changes on America's workplaces, including the following:

- An "ambush election" rule that chills employer free speech, rushes the important decisions present in a union election, cripples worker free choice, and jeopardizes the privacy of workers and their families;

- A "joint employer" decision that redefines what it means to be an employer, and as a result, undermines the ability of many small business owners to run their businesses and makes it harder for entrepreneurs to pursue the American dream; and,

- A "micro-union" scheme that empowers unions to gerrymander the workplace, tying up employers in union red tape and stifling the ability of workers to advance their careers.

The Committee is optimistic that new Board members appointed by the new administration will help roll back the failed labor agenda of the previous administration. However, the Committee does not intend to sit by idly while the Board addresses these matters. The Committee also will hold hearings, conduct oversight, and consider proposals to ensure fair union elections and preserve protections workers and employers have long enjoyed.

Office of Labor-Management Standards

Rank-and-file union workers should have access to transparent information and accountability concerning how union leaders manage dues and provide representation. The Committee recognizes the critical duty the Department of Labor's (DOL) Office of Labor-Management Standards (OLMS) has in protecting union members. But under the Obama administration, OLMS's mission was undermined in a number of ways. It began when the administration immediately rescinded important union reporting requirements and reduced union compliance audits. Additionally, the Committee notes that since the beginning of the previous administration the number of OLMS personnel has dropped by 29 percent, making it the only DOL agency to lose personnel over the last eight years.

Not only did the Obama administration weaken OLMS's enforcement efforts, it also used OLMS's resources to undermine employers' abilities to provide information to workers about joining a union. Specifically, OLMS attempted, through regulation, to redefine "advice" under the *Labor-Management Reporting and Disclosure Act*. This rewrite of the so-called "persuader rule" would have ended long-established policy — dating back more than 50 years — that allowed employers to work confidentially with counsel to efficiently communicate with their employees about union issues. Had this misguided policy remained in place, workers would be deprived of important information needed to make informed decisions regarding union participation. Given the detrimental impact of this rulemaking, the Committee is pleased that the rule was permanently enjoined by a federal court in November 2016 and it stands behind the new administration's decision not to seek an appeal. Additionally, the Committee will continue to engage in oversight and communications with DOL to ensure OLMS has the resources it needs to rebuild its capacity to provide workers with transparent and easily accessible information about their membership in a union.

Safeguarding Retirement Savings

The Committee supports policies that provide workers and retirees voluntary, portable, and secure retirement savings options. For the past several years, the Committee has worked to protect against Obama administration regulations that would make it harder for low- and middle-income families to save for retirement. One example of these regulations is DOL's flawed "fiduciary" regulation, which imposed a host of costly new mandates and burdensome requirements on financial advisors that provide retirement advice. Recognizing this regulation's negative impact on individuals' ability to receive basic financial advice, in the 114th Congress the Committee sought to use the *Congressional Review Act* to prevent DOL's rule from going into effect. The Committee also approved a substantive alternative to the administration's flawed fiduciary rule. Additionally, in the 115th Congress the House has already passed *Congressional Review Act* resolutions disapproving two Obama administration regulations that undermine long-standing bipartisan protections for retirement savers.

The Committee remains dedicated to ensuring a well-funded defined benefit system and will continue to review the finances of the Pension Benefit Guaranty Corporation (PBGC) as well as closely scrutinize any changes the new administration may propose with respect to the defined benefit pension funding rules and the PBGC.

Addressing the Healthcare Needs of Workers and Their Families

The *Affordable Care Act* attempted to expand access to health insurance through a complicated structure of federal subsidies, Medicaid expansion, and new rules governing health insurance markets. It also placed additional mandates and administrative burdens on employers, increasing the cost of insurance coverage and making it more difficult to hire workers and grow businesses. According to a recent study by the American Action Forum, roughly 300,000 small business jobs were lost and 10,000 small businesses closed as a result of Obamacare's costs and regulations.

At Speaker Paul D. Ryan's direction in 2016, House Republicans developed "A Better Way," a consensus plan for how ACA should be repealed and replaced. The Committee has jurisdiction over three policies in this plan: allowing small businesses to band together to increase their purchasing power and negotiate better prices; eliminating roadblocks to encouraging employers to offer employee wellness programs that save health care dollars for both employers and workers; and preserving the option for employers of all sizes to self-insure. As Republicans move forward on their promise to repeal and replace the failed healthcare law the Committee will highlight the failures of the law, while advancing the positive solutions contained in "A Better Way" within our jurisdiction that give employers of all sizes options for offering affordable coverage to their employees and their families.

Access to Equal Employment Opportunity

The Committee strongly supports equal employment opportunity for all workers and rejects workplace discrimination. In order to ensure individuals are protected from employment discrimination, the Committee will remain vigilant in its oversight of the federal government's administration and enforcement of workplace non-discrimination laws, such as Title VII of the *Civil Rights Act of 1964* and the *Equal Pay Act*. Over the course of the Obama administration, the Committee noted the Equal Employment Opportunity Commission's (EEOC) reliance on punitive enforcement action rather than complying with its statutory duty to conciliate. Specifically, the Committee is concerned with the agency's heavy-handed investigations, prolific litigation, limits on employers' use of criminal background checks, and a new requirement that employers submit employee pay data to EEOC. The Committee welcomes the opportunity to work with the new administration to address these concerns, and to strengthen polices that help ensure equal employment opportunity. The Committee also plans continued examinations of EEOC's actions and will consider taking legislative action as appropriate.

The Committee will also continue to monitor EEOC's troubling intrusion into the use of employee "wellness programs." These programs have a proven track record of benefitting both workers and employers. Despite explicit statutory authorization for these programs, EEOC has argued some violate the *Americans with Disability Act* (ADA) and the *Genetic Information Nondiscrimination Act* (GINA). This flawed interpretation has caused considerable uncertainty for employers. In May 2016, EEOC issued final rules relating to wellness programs under the ADA and GINA. These restrictive new rules conflict with the statutory authorization of wellness programs that was provided in the Affordable Care Act. The Committee will continue its efforts to protect these wellness programs from regulatory attack, through aggressive oversight and, if necessary, legislation.

The Committee will also continue its review of actions taken by the Office of Federal Contract Compliance Programs (OFCCP). In 2014, the Committee requested GAO undertake a top-to-bottom review of OFCCP enforcement; the report was issued in September 2016. The report found only 2 percent of employer compliance evaluation conducted by OFCCP resulted in discrimination findings. In addition, GAO found compliance assistance activities were down 30 percent since 2012, and outreach activities were down 80 percent from 2012 to 2014. The Committee will use the findings of the GAO report to inform its oversight of the OFCCP, and to ensure the agency implements and administers policies that protect workers without impeding economic growth and job creation.

Updating the Fair Labor Standards Act

The Committee understands many aspects of federal wage and hour policy no longer adequately meet the needs of workers and employers in the 21st century workplace. The primary federal law concerning these issues, the *Fair Labor Standards Act* (FLSA), will soon be 80 years old. The law governs the wages, hours of work, child labor standards, and recordkeeping requirements for more than 135 million full- and part-time workers in the private and public sector. Unfortunately, the rules implementing the law have not been substantially updated in decades and no longer reflect the social and legal realities of today's work environment.

The Committee will conduct oversight of regulatory initiatives and enforcement guidelines implemented during the Obama administration. It will also assess the impact of those actions on workers and employers. In particular, the Committee will review the previous administration's regulatory efforts to change the FLSA's overtime standards. The Committee also plans to work with the new administration to ensure that any updates to the overtime standards reflect a responsible approach, taking into account its impact on workers at small businesses, nonprofit organizations, and schools. In addition, the Committee will encourage the new administration to amend or revoke sub-regulatory Administrator's Interpretations related to independent contractors and joint employment.

Updating Workers' Compensation Programs

Laws governing workers' compensation programs have also gone many years without important revision. The Committee will continue to continue to work with stakeholders and federal agencies to consider what updates should be considered to strengthen programs in order to ensure access to valuable workers' compensation benefits for injured employees and their families.

Ensuring the efficacy and integrity of programs administered under the *Federal Employees' Compensation Act* (FECA) remains an area of concern for the Committee. The Committee has engaged in frequent oversight of FECA programs and previously led a bipartisan effort to modernize the law. However, the program remains in need of reform. For example, in March 2016, the U.S. Postal Service's Inspector General (IG) released a report detailing the surge of pharmacy-compounding expenses and its impact on workers' compensation. In its report, the IG concluded DOL's Office of Workers' Compensation Programs failed to properly investigate fraudulent claims or rein in growing costs. The Committee will continue its investigation of this matter and will explore policy recommendations — both legislative and regulatory — to strengthen FECA programs.

The Committee is also aware benefits under the Black Lung Disability Trust Fund are at risk because of increasing claims and inadequate revenue. The Black Lung Disability Trust Fund is responsible for paying benefits to coal miners diagnosed with black lung disease when no coal mine operator can be held liable for payments. A combination of factors — including expanded benefits under the ACA, inadequate revenues derived from the excise tax on coal production, and high interest loans needed to cover compensation payments — have resulted in billions of debt for the Trust Fund. In 2017, the Committee will work with DOL, the Department of the Treasury, GAO, and stakeholders to improve the Trust Fund's finances for injured miners and their families.

Protecting Workers' Safety and Health

Occupational Safety and Health Administration

The Committee believes hardworking men and women should be able to earn a paycheck without risking serious injury or exposure to deadly disease. Sensible enforcement of workplace safety laws and straightforward compliance assistance are critical to meeting these goals. Unfortunately, for the past eight years, workers and employers have faced policies that took the opposite approach. Under the Obama administration, the Occupational Safety and Health Administration (OSHA) pursued an agenda relying on severe enforcement and new regulations with little demonstrated safety value, while downplaying compliance assistance programs. Further, the Committee has been concerned with the previous administration's penchant for rewriting regulations and policies with little consideration of stakeholder comments or the legislative process. The issuance of sub-regulatory guidance, including letters of interpretation and enforcement guidance have been, on occasion, soundly rejected by the courts. The Committee will work with the new administration to strengthen worker safety protections. Further, the Committee will continue to pursue oversight of OSHA through hearings and other activities to ensure preventing injuries and illnesses through responsible, proactive safety enforcement is the goal.

Mine Safety and Health Administration

President Trump has voiced his strong support for economic policies that benefit America's miners. As his administration advances these policies, the Committee will continue its work to ensure miners have safe and healthy working conditions. Key to this effort is the Committee's oversight of the Mine Safety and Health Administration's enforcement programs and implementation of federal mine safety laws. Further, the Committee will continue to communicate with stakeholders, hold hearings, and examine proposals — both legislative and regulatory — to improve mine safety.

Examining the "Sharing Economy"

In 2016, the Committee began considering how existing federal policies relate to an exciting and growing segment of the American economy, known as the "sharing economy," which broadly describes transactions involving internet application-based “platforms” that connect individuals seeking a good or service with a supplier.

Many of the laws in the Committee’s jurisdiction touch upon the sharing economy. The growth of this sector has broad implications for job opportunity and therefore the Committee will continue to engage with stakeholders and examine relevant legislative proposals. Such reforms may include expanding workplace flexibility, clarifying the employment status of sharing economy workers, and expanding access to portable health care and retirement benefits.

CONCLUSION

The Committee recognizes many challenges remain for students, workers, job creators, and retirees. The Committee is committed to advancing a positive, bold agenda that will improve access to high-quality education, boost employment, provide safe and productive workplaces, and bolster health and retirement security. The Committee looks forward to working with the Budget Committee as it prepares its budget for FY 2018.