

# DEPARTMENT OF EDUCATION FISCAL YEAR 2011 BUDGET

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## HEARING BEFORE THE COMMITTEE ON THE BUDGET HOUSE OF REPRESENTATIVES ONE HUNDRED ELEVENTH CONGRESS SECOND SESSION

HEARING HELD IN WASHINGTON, DC, FEBRUARY 25, 2010

### **Serial No. 111-23**

Printed for the use of the Committee on the Budget



Available on the Internet:  
<http://www.gpoaccess.gov/congress/house/budget/index.html>

U.S. GOVERNMENT PRINTING OFFICE  
WASHINGTON : 2010

55-098 PDF

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THURSDAY, FEBRUARY 25, 2010

HOUSE OF REPRESENTATIVES,  
COMMITTEE ON THE BUDGET,  
*Washington, DC.*

The committee met, pursuant to call, at 10:08 a.m., in room 210, Cannon House Office Building, Hon. John Spratt [chairman of the committee] presiding.

Present: Representatives Spratt, Schwartz, Doggett, Boyd, Etheridge, McCollum, Yarmuth, DeLauro, Scott, Larsen, Moore, Connolly, Schrader, Hensarling, Garrett, Diaz-Balart, Jordan, Lummis, and Latta.

Chairman SPRATT. Let me call the hearing to order and welcome Secretary of Education Arne Duncan back to the Budget Committee.

Mr. Secretary, last year you arrived in Washington with the new administration, and you hit the ground running. The Department of Education received a huge amount of funding through the American Recovery and Reinvestment Act used to bolster State education efforts and college affordability.

We were pleased to hear from you last March when you testified about the President's budget, and we look forward today to hearing more about this year's budget, as well as how the Recovery Act funds are working throughout the country and making a difference.

We have seen that President Obama's 2011 budget continues to focus on what works in Federal education policy: what works to ensure that American children graduate from high school ready for a career and ready for college, and what works in terms of what they can afford to pay to go to college, if that is what they want.

The administration's budget proposes to increase Federal aid to education funding by \$3.5 billion, primarily for a variety of new elementary and secondary education initiatives that focus on innovative strategies to improve teaching and learning. The budget proposes several new competitive grants and also proposes to consolidate a number of existing programs in line with the administration's reauthorization proposal for the Elementary and Secondary Education Act, which we understand you will send to Congress sometime this year.

The President's education budget also contains higher education reform proposals similar to those in his last budget, many of which are reflected in the Student Aid and Fiscal Responsibility Act, a bill that the House passed last fall.

Even though we passed that bill and even though we have passed other things that you will be presenting today, I think you will be fielding questions from many of us about exactly how these particular programs will play out because we still have questions and concerns about, for example, the consolidation of numerous grant programs into one particular block grant. All of those who have the least popular, the least compelling interest stakes in the education budget are calling us to say, "If this happens, we will get wiped out." And we are hearing from those who administer the Perkins program, who are saying to us, "Why fix it if it ain't broke?" We would like to discuss that with you later today after you have delivered your testimony.

As I was saying, we may agree or not agree on every proposal or provision, but I believe everyone in this room shares the same goals of ensuring that students graduate from high school with the skills they need to go on to college or enter the workforce and that college, if they choose, is accessible and affordable for all.

I look forward to hearing from you today about the administration's proposals to improve teaching and learning. And I am pleased that we have the opportunity to ask you questions about those broad subject areas.

But, first, before turning to you and your statement, let me turn to Mr. Hensarling, who is substituting for Mr. Ryan this morning, the committee's ranking member, for any statement Mr. Hensarling may make. And then we will hear from Secretary Duncan, who is our only witness today.

Mr. Hensarling?

Mr. HENSARLING. Thank you, Mr. Chairman.

Welcome, Mr. Secretary. It is good to see you again. And, frankly, there are a number of initiatives that I believe under your leadership have been started that certainly are meritorious. I applaud your attempts to try to consolidate certain programs to try to make them more efficient. I am interested in learning more about some of your initiatives to ensure that we focus on the outcomes of education and not simply on the inputs of education.

Having said all of that, I am somewhat fearful that all your efforts may be to no avail unless this President and this Congress do something about the spending crisis and immediately do something about the lack of jobs.

Recently I was in my district. I have the honor of representing the Fifth Congressional District of Texas. Visited one of my community colleges, Trinity Valley Community College in Athens, Texas. Spoke to the president. I was interested to find out that enrollment is up mainly because a lot of kids can't find work.

It is a reminder that the number-one job ought to be jobs. People still can't find jobs. And so, most Americans are still concerned and they are still asking the question, "Where are the jobs?"

And so, here we are, a year later, a year after the stimulus program, where unemployment was not supposed to exceed 8 percent, where theoretically we were told by the President 3.5 million jobs would be either created or saved, and instead we are still mired in almost double-digit unemployment, the highest in a generation. With one exception, we have lost jobs each and every month.

And my guess is most people who go to college eventually expect to have a job. And we are not seeing the policies out of this administration or this Congress that are doing anything for this generation, much less the next generation, of students to ultimately have jobs.

And one of the major factors that is inhibiting job creation—and Chairman Bernanke yesterday, under testimony in the Financial Services Committee, said this—that people are concerned about, how is this debt, how is this deficit going to be paid for? I don't have his exact quote in front of me, but he said not only is it critical for the long-term fiscal health and survival of our republic, but that it would have a beneficial impact on job creation to have Congress and the President lay out a plan to deal with this debt and this deficit.

Do we have the debt slide, please?

And so this was testimony by the chairman of the Federal Reserve. I mean, we can't and we shouldn't keep this secret from the American people. This is, indeed, a spending crisis that is taking place. We have had our own CBO director testify, quote, "In sum, the outlook for the Federal budget is bleak." Quote, "U.S. fiscal policy is on an unsustainable path to an extent that cannot be solved by minor tinkering."

People in our economy—small businesses, entrepreneurs, investors—are not creating jobs because they know that, without spending discipline, without a plan from the Congress and the President, this is going to have a very unhappy ending, with either massive tax increases that absolutely crush job creation, monetization of the debt, hyper inflation to where, as a society, we will longingly and nostalgically upon the Carter era. And because of that, they are not starting jobs, they are not creating new jobs.

There is a famous quote from our former Comptroller General Walker, who talks about how the rising cost of government entitlements are, quote, "a fiscal cancer that threatens catastrophic consequences for our country and could bankrupt America." Which then begs the question, then why is the President creating four new mandatory education programs in his budget and the expansion of two existing ones?

The President continues to talk about, you know, "I have inherited a mess." Well, you know, as far as that goes, he is right, he did inherit a mess. We can question who he inherited it from, since the previous 2 years a Democratic Congress was in control, and he was part of that Congress. But a more salient question is, is he making it worse?

His own OMB director, Dr. Orszag, has admitted that the budget that they have proposed is unsustainable, that you cannot have a deficit-to-GDP ratio exceeding 3 percent, that that is unsustainable. Yet, every year, they present an unsustainable budget.

You know, at some point, you have to ask, how does this mountain of debt on future generations not only impact job creation, or, more accurately, the lack of it today, but how is it going to impact educational opportunities in the future? That is the crisis that we have to be speaking about.

I mean, the President, from fiscal year 2010 levels, is proposing to add \$9.275 trillion to the debt held by the public—\$9.27 trillion.

Now, I am a graduate of Texas A&M University in College Station, Texas. Today, the average tuition is \$20,531. We have 45,000 students. I tried to do a back-of-the-envelope calculation. And with the debt that the President is proposing, we could fund every student at Texas A&M for 9,851 years.

Clearly, clearly, this mountain of debt is going to come out of the educational opportunities of the next generation. If we don't deal with that chart right there, with all due respect, Mr. Secretary, a lot of this policy is merely rearranging the deck chairs on the fiscal Titanic.

And so I am interested to find out what you are doing today, but I am more interested in finding out, as a representative of this administration, what is this administration going to do to stem this tide of red ink?

And I must admit, I know the President is sincere when he says he wants to do something about it, but he hasn't. There is no plan. By his own admission, by the admission of his Secretary of Treasury, by the admission of his director of Office of Management and Budget, they have not put forth a plan, ultimately, that takes care of this.

What have we been presented? We have been presented with a, quote/unquote, "nondefense discretionary freeze." Well, one of the reasons they achieve that freeze is because they take some educational discretionary programs and turn them into mandatory. I mean, that is the kind of sleight of hand that the American people have been outraged about.

And even using the President's own math—can we have that chart on the discretionary freeze?

One, he delays the freeze for a year, he turns on the freeze for 3 years, and then he turns it off. And if I recall right, in doing the math, ultimately what the President is proposing is that spending increase over the next 10 years, 49.01 percent as opposed to 49.27. With all due respect to the administration, that achieves next to nothing.

And I know that the President has articulated a commitment to PAYGO. But then why do we have these new mandatory programs? What is offsetting the new mandatory programs if the President is committed to PAYGO? I don't understand it.

So, again, Mr. Secretary, I am interested in the work that you are doing, some of which I have come to admire. But, at the end of the day, unless the administration is ready to deal with that sea of red ink, you are condemning future generations to a future without educational opportunities.

I yield back the balance of my time.

Chairman SPRATT. The gentleman yields back.

Before proceeding, let me ask unanimous consent that any Members who care to submit an opening statement may do so at this point in the record.

In addition, let me say to the witness, Secretary Duncan, that we have received your full statement and will make it part of the record so that you can summarize it as you see fit. But you are the only witness today, and so we also would also invite you to be thorough and complete in your presentation.



We are glad to have you. We look forward to your testimony, and we appreciate you coming.

**STATEMENT OF THE HON. ARNE DUNCAN, SECRETARY, U.S. DEPARTMENT OF EDUCATION; ACCOMPANIED BY THOMAS P. SKELLY, DIRECTOR OF THE BUDGET SERVICE, U.S. DEPARTMENT OF EDUCATION**

Secretary DUNCAN. Thank you so much, Mr. Chairman, for the opportunity to speak with you today, and thanks for your leadership. Thanks for your extraordinary commitment to education.

Over the past year, the Obama administration has worked closely with Congress and stakeholders across America to shape an education agenda built on a few core concepts.

First of all, we want high State standards that truly prepare our children for college and careers in a competitive global economy. As you know, 48 States, 48 Governors, and 48 State school chief officers are all working together now towards that goal, not because of a Federal mandate, but because of their shared belief that high expectations lead to high student achievement.

Second, we want to reward excellence, to encourage State and local educators to challenge themselves and hold themselves accountable. To compete in the global economy, we must be willing to compete with our own ideas and initiatives, funding what works, challenging conventional wisdom, and moving outside of our comfort zones. As the Race to the Top program shows, States are already rising to the challenge.

Finally, we want to narrowly define the Federal role, to give local educators maximum flexibility where it makes the most sense and give parents and taxpayers maximum accountability where that is most needed. We need to strike the right balance between flexibility and accountability, offering support but not prescriptions.

These three concepts—high standards; rewarding excellence; and a smarter, targeted Federal role in driving education reform—define our agenda.

However, all of our work has been framed by the unique challenges school systems face due to our economic circumstances. A year ago, a report was released by the University of Washington indicating that 600,000 education jobs around the country were at risk due to State and local budget shortfalls resulting from the recession. Thanks to the leadership, courage, and foresight of Congress and the President, the Recovery Act rescued the American educational system from a near catastrophe.

Your commitment of nearly \$100 billion helped protect approximately 400,000 jobs at the State and local level, three quarters of which were in education. Today, because of you, hundreds of thousands of teachers are teaching, millions of children are learning, and tens of thousands of school personnel are working in schools and classrooms in every State in America.

I am deeply concerned, however, that the crisis we avoided last year will arrive this year. I spoke with many Governors over this past weekend from both parties, and they are very concerned about pending education cuts. I hope we can help to alleviate those concerns.

I would now like to talk about our proposed 2011 education budget.

As you know, while most Federal spending is frozen, President Obama is proposing a historic increase in education funding. He understands that education is the key to our economic security, and, even in these challenging times, he remains deeply committed to this issue. The President is requesting a 7.5 percent increase in discretionary spending, from \$46.2 billion to \$49.7 billion.

A share of our budget depends upon passage of the Student Aid and Fiscal Responsibility Act, SAFRA, which shifts billions in bank subsidies to early learning and to higher education. It has passed the House and awaits consideration by the Senate.

It supports our cradle-to-career agenda, which includes a \$9.3 billion commitment to early learning over the next decade to boost the quality of pre-K programs. We will also continue supporting the IDEA Preschool and Infants and Families Grants. The administration has also made early learning a priority in several competitive grant programs. And we are working closely with the Department of Health and Human Services to coordinate with Head Start and other programs serving preschool children.

Moving to elementary and high school, our budget and our reauthorization proposal will be focused on six core areas of reform. We begin with students. “College- and Career-Ready Students” is our new proposed name for the Title I formula grant program, which we will continue to strongly support. The Title I program will also receive substantial Recovery Act dollars next year.

We also propose increasing funding for school turnarounds from \$546 million to \$900 million so we can continue to help the students who are the furthest behind and increase our Nation’s focus on the bottom 5 percent of America’s schools.

Second, because students need a well-rounded education—this is something I heard in State after State as I traveled the country this past year—we have proposed a \$100 million increase for learning programs beyond the tested subjects like reading, writing, math, and science—such as technology, the arts, languages, history, physical education, and other subjects. All told, we will invest \$1 billion next year to promote a well-rounded education.

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

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

The fourth area of reform we are calling “diverse learners.” This includes students with disabilities, who will benefit from a requested \$250 million boost to the IDEA formula grant program.

Like Title I, IDEA will also continue to receive substantial Recovery Act dollars this upcoming school year.

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

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

We are also requesting a large investment in teacher and principal leadership programs so States and districts can recruit and train the very best people possible that they can find. One of the things I think we have historically dramatically underinvested in is principal leadership. Leadership matters tremendously in education, as it does in every other field, and we are asking for a five-fold increase in funding for principals.

We will also further support nontraditional pathways into teaching so people from all walks of life can bring their experience and knowledge into the classroom. And our budget invests in programs to reward educators for raising achievement and working in hard-to-staff schools and subjects. We encourage performance pay that rewards entire schools for progress—not just teachers, but all adults, from cafeteria workers to school clerks. However, under our regulations, States, districts, and schools will have the flexibility to design compensation programs that work best for them.

And we are interested not so much in absolute test scores but in growth and gain: How much are students improving each year? And what are we doing to dramatically reduce dropout rates that continue to plague us around the country?

The final area of reform falls under the category of innovation. We are proposing almost \$2.5 billion to increase high quality charter and magnet schools and to continue the Race to the Top and the Investing in Innovation programs.

With so many children at risk of failure, America cannot accept the status quo. More than one in four students drops out of high school. Many of those who do actually graduate and go on to college need remedial education; they are actually not prepared for college-level work. And too many of them drop out because of that lack of preparation.

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

I know there have been some concerns about the administration’s embrace of competitive funding, so let me address this issue head-on. Major formula programs like Title I and IDEA are absolutely untouched. They will remain formula-driven as long as we are here. Programs serving special populations such as English language learners, migrants, homeless, and rural students are also untouched.

But our theory of action is clear: States and school districts must prepare young people for an increasingly competitive world. We

can't afford to keep doing things the same way. We must get better, faster; and competition will help make that happen. That is why, if ESEA is reauthorized, we are prepared to ask for up to \$1 billion more to reward high-performing high-poverty schools and to fund other key strategies like more after-school programming.

Now, I also understand there are concerns that small rural districts cannot compete with large urban districts for grants, so this is what we will do: first of all, we will continue funding the Rural Education Achievement Program, also known as REAP. It has not been consolidated with any other programs or funding streams. Secondly, we will look at competitive priorities for rural districts where it makes sense and is needed, and we welcome that discussion with you. Finally, we are also identifying foundations and non-profit organizations to partner with rural districts and increase their investment there.

I have traveled to many rural areas in the past year and seen firsthand both the challenges they face as well as their tremendous capacity and willingness to address them. I am confident that our department can support rural school districts as they work to improve and compete.

Now let me move to higher education. As you know, much of our higher-education agenda depends on passage of SAFRA, which shifts billions of dollars away from bank subsidies and into direct loans and other investments, including community colleges, which, Congressman, you mentioned earlier. The community colleges system is a lifeline to bring a bright future for so many low-income and working-class individuals. Dollar for dollar, it is one of the best bargains in education, and we want to make it available to every single student who qualifies.

All told, our proposed budget will invest \$156 billion in loans and grants to help young people and adults pay for college. That money will directly help some 15 million college students, which is three out of every five college students in the country.

Pell Grants will increase by \$160 next year and will rise annually by the rate of inflation plus a point to keep up with rising tuition. Our budget also includes more money for colleges serving large minority populations, including the HBCUs.

I want to assure you that the Department of Education is fully prepared to switch to direct lending. In fact, many banks have dropped out of this business due to the recession, so we have already assumed much of the lending workload. And more than 2,300 colleges and universities have also shifted, with little or no disruption.

I also want to emphasize that the private sector will retain a major role in the student lending business, because we will use only private loan-servicing companies. So this legislation is a win-win for everyone: for taxpayers, for students, and the private-sector jobs associated with servicing those loans.

I thank the House for its leadership on SAFRA, and I promise to work very closely with the Senate to get the bill passed.

One more important part of our agenda involves educating those adults with basic or below-basic literacy skills. They are increasingly out of step with the new economy. This is an enormous economic and social challenge, and we want to work with you and

with the Department of Labor to expand investments in adult education and to reauthorize the Workforce Investment Act to lift all of America's workers into the new economy.

Finally, I want to speak to the issue of efficiency. American taxpayers rightfully expect us to stretch every single dollar that we have been given. To that end, we conducted a line-by-line review of our budget and eliminated six programs that duplicated others or have not demonstrated their effectiveness. That alone saved us about \$123 million.

We saved another \$217 million by eliminating 571 earmarks. We also took 38 separate programs and consolidated them into 11 funding streams to cut red tape for States and for school districts.

So we present to you a budget that is smarter and more focused and reflects a rigorous review of every single program. It puts America on a path toward educational excellence. It also seeks to strike the balance between more flexibility for States and local school districts and more accountability to meet our obligation to parents and taxpayers.

The budget clearly signals our intent to move forward with reauthorization of ESEA. We are working closely with a bipartisan group of Members of Congress to build upon the strengths of this important law while fixing some of its flaws.

As the President has said so many times, countries that out-educate us today will out-compete us tomorrow. By one estimate, closing the achievement gap with better performing nations would increase gross domestic product by \$2.3 trillion annually.

But it is not just about economics. It is about our national commitment to equality of opportunity. Education is the civil-rights issue of our generation. No other work is more challenging or more urgent, and also no other work is more promising.

So I thank you so much for your commitment, your leadership, and your hard work on behalf of our children. I look forward to answering your questions now. Thank you.

[The prepared statement of Arne Duncan follows:]

PREPARED STATEMENT OF HON. ARNE DUNCAN, SECRETARY,  
U.S. DEPARTMENT OF EDUCATION

Chairman Spratt, Ranking Member Ryan and Members of the Committee: Thank you for this opportunity to come before this Committee and talk about improving education in America. I want to begin by thanking all of you for your commitment to our children's education.

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

I believe, however, that the Recovery Act did much more than just provide short-term financial assistance to States and school districts. Indeed, I think the Recovery Act will be seen as a watershed for American education because it also laid the

groundwork for needed reforms that will help improve our education system and ensure America's prosperity for decades to come. Thanks to the Recovery Act, all States now are working to strengthen their standards and assessments; improve teacher and leader effectiveness; improve data systems and increase the use of data to improve instruction; and turn around low-performing schools.

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

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

#### PRESIDENT OBAMA'S 2011 BUDGET REQUEST

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

As part of developing the 2011 budget request and performance plan, the Department of Education has identified a limited number of high-priority performance goals that will be a particular focus over the next two years. These goals, which will help measure the success of the Department's cradle-to-career education strategy, reflect the importance of teaching and learning at all levels in the education system. The Department's goals include supporting reform of struggling schools, improvements in the quality of teaching and learning, implementation of comprehensive statewide data systems, and simplifying student aid. These goals and key initiatives and other performance information are included in the President's Fiscal Year 2011 Budget materials and are on [www.ed.gov](http://www.ed.gov).

#### FISCAL YEAR 2011 BUDGET REQUEST AND ESEA REAUTHORIZATION

Our 2011 budget request incorporates an outline of our thoughts about ESEA reauthorization. We have thought a great deal about the appropriate Federal role in elementary and secondary education, and want to move from a simple focus on rules, compliance, and labeling of insufficient achievement, toward a focus on flexibility for States and local educational agencies (LEAs) that demonstrate how they will use program funds to achieve results, and on positive incentives and rewards for success. That is why, for example, our 2011 budget request includes \$1.85 billion in new funding for the Race to the Top and Investing in Innovation (i3) programs. In addition, our reauthorization proposal for Title I, Part A of ESEA would reward

schools or LEAs that are making significant progress in improving student outcomes and closing achievement gaps. Our budget and reauthorization proposals also propose to increase the role of competition in awarding ESEA funds to support a greater emphasis on programs that are achieving successful results.

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

#### COLLEGE- AND CAREER-READINESS

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

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

#### EFFECTIVE TEACHERS AND SCHOOL LEADERS

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

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

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

#### IMPROVING STEM OUTCOMES

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

The 2011 request includes several activities that support this agenda and connect with President Obama's "Educate to Innovate" campaign, which is aimed at fostering public-private partnerships in support of STEM. Our goal is to move American students from the middle of the pack to the top of the world in STEM achievement over the next decade, by focusing on (1) enhancing the ability of teachers to deliver rigorous STEM content, and providing the supports they need to deliver that instruction; (2) increasing STEM literacy so that all students can master challenging content and think critically in STEM fields, and participate fully as citizens in an America changed by technology in ways we cannot envision; and (3) expanding STEM education and career opportunities for underrepresented groups, including women and girls and individuals with disabilities.

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

#### COMPREHENSIVE SOLUTIONS

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

#### COLLEGE ACCESS AND COMPLETION

The Administration has made college- and career-readiness for all students the goal of its ESEA reauthorization proposal, because most students will need at least some postsecondary education to compete for jobs in the 21st Century global economy. For this reason, we are proposing a College Pathways and Accelerated Learning program that would increase high school graduation rates and preparation for college by providing students in high-poverty schools with opportunities to take advanced coursework that puts them on a path toward college. This new program would help expand access to accelerated learning opportunities such as Advanced Placement and International Baccalaureate courses, dual-enrollment programs that allow students to take college-level courses and earn college credit while in high school, and "early college high schools" that allow students to earn a high school degree and an Associate's degree or two years of college credit simultaneously.

Just as essential to preparing students for college is ensuring that students and families have the financial support they need to pay for college. As I noted earlier, the Administration supports passage of SAFRA, which would make key changes in student financial aid and higher education programs that are consistent with President Obama's goal of restoring America's status as first in the world in the percentage of college graduates by 2020. In combination with SAFRA, the 2011 request would make available more than \$156 billion in new grants, loans, and work-study assistance—an increase of \$58 billion or 60 percent over the amount available in



2008—to help almost 15 million students and their families pay for college. And another achievement of the Recovery Act, the new American Opportunity Tax Credit, will provide an estimated \$12 billion in tax relief for 2009 filers. The budget proposes to make this refundable tax credit permanent, which will give families up to \$10,000 to help pay for four years of college.

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

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

#### IMPROVING OUTCOMES FOR ADULT LEARNERS

The 2011 budget request includes funding for a variety of programs that support adult learners, including career and technical education, and adult basic and literacy education. These programs provide essential support for State and local activities that help millions of Americans develop the knowledge and skills they need to reach their potential in a global economy. For example, our request would provide \$1.3 billion for Career and Technical Education (CTE) State Grants, to support continued improvement and to increase the capacity of programs to prepare high school students to meet state college and career-ready standards. One of our greatest challenges is to help the 90 million adults who would enhance their career prospects by increasing their basic literacy skills. For this reason, we also are asking for \$612.3 million for Adult Basic and Literacy Education State Grants, an increase of \$30 million over the comparable 2010 level, to help adults without a high school diploma or the equivalent to obtain the knowledge and skills necessary for postsecondary education, employment, and self-sufficiency.

#### IMPROVING OUTCOMES FOR PERSONS WITH DISABILITIES

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

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

## CONCLUSION

In conclusion, we have made extraordinary progress in meeting the needs of our schools and communities in the midst of financial crisis and recession, making long-needed reforms in our Federal postsecondary student aid programs, and reawakening the spirit of innovation in our education system from early learning through college. The next step to cement and build on this progress is to complete a fundamental restructuring of ESEA, and we believe strongly that our 2011 budget request is essential to that effort. I look forward to working with the Committee toward that goal and have every confidence that with your continuing leadership and strong support from President Obama and the American people, we will accomplish this important task.

Thank you. I would be happy to answer any questions you may have.

Chairman SPRATT. Mr. Secretary, thank you very much, sir.

One of the key features of the bill this year, coupled with other legislation we are passing, is that we will be moving the student loan program from indirectly made guaranteed loans to direct loans from the Department of Education.

Could you take just a second or two to explain the policy here and also the savings that will be generated over a 5- or 10-year period of time?

Secretary DUNCAN. The estimates in terms of savings are as high as \$87 billion over the next decade. It is a staggering amount of money. This is simply by removing subsidies to banks and putting those savings into education. And, again, this will fund two thirds of our education agenda: the higher-education piece and the early childhood piece.

Let me take a moment to talk about both. I think there is no better investment we can make than in early childhood education. If we are serious about closing the achievement gap in this country, we have to make sure that children enter kindergarten ready to learn and ready to read.

And so these resources, through an Early Learning Challenge Fund, would enable us to do two things: dramatically expand access to early childhood programs and, secondly, dramatically improve quality. If this is glorified babysitting it is not going to change students' lives, but these are high quality programs. If students can enter kindergarten ready to learn, they can do very, very well.

The second piece is a huge one on the higher-education side. And the chance to put billions of dollars into increased Pell Grants, Perkins loans, tuition tax credits I think is just absolutely critical at a time when going to college has never been for important, has never been more expensive, and our Nation's families have never been under more financial duress.

There are no good jobs out there for high school dropouts, as all of you know. There are almost no good jobs out there for someone who just has a high school diploma. Some form of higher education—4-year universities, 2-year community colleges, trade, technical, vocational training—has to be the goal for every single student who graduates from high school.

And so the chance to make this much more affordable at a time when America's families have never been under more financial duress is a huge step in the right direction.

You may have seen last week a recent survey that came out that demonstrated that so many American families feel disconnected from higher education. They feel they can't afford it; they feel it is

for rich people. And that's a real challenge when we know getting that higher education and training is just so critically important for strengthening our economy.

And so we want to invest huge amounts of money to make college more accessible and affordable. We want to make sure more students aren't just going to college, but graduating.

In terms of the shift to direct lending, over the past 3 years, before we did anything, we saw a movement from a thousand colleges and universities using direct lending to 2,300. That migration is already happening, and we are absolutely prepared and ready to work as more universities come in.

Finally, it is very important for me to say that the private sector will do all of the servicing of these loans. This is not our core competency. We don't think we are good at it. The private, free marketplace will play. So companies that do a great job of servicing the loans and keeping default rates low will get more and more business; those that don't do a good job will lose business. It is great for taxpayers, it is great for students. And, again, that is the great place for the private sector to play.

So, at multiple levels, we think this movement is hugely important. And, again, I want to thank all of the leadership here for giving us an opportunity, and we are going to work hard with the leadership of the Senate to pass this bill.

Chairman SPRATT. In particular with respect to the Perkins loan program, do you have any information available to indicate what the likely savings will be from the changes you are proposing?

Secretary DUNCAN. Well, it enables us to increase our investment from \$1 billion dollars to \$6 billion. So it is a dramatic increase in resources for students that are working hard and want to have a chance to stay in school.

Chairman SPRATT. Well, as I understand that, you are going to use some of the savings to expand the program to the colleges that don't now have it?

Secretary DUNCAN. That is exactly right, make it accessible to everybody.

Chairman SPRATT. Is the Perkins program working, the principle of it—college administration, college loan review? Is this not a concept with a human touch to it and a human face to it that is a feature you would like to have in your higher-education student loan program?

Secretary DUNCAN. I think it is working. I think the Perkins loan program is working. We think the Pell Grant program is working. We just want to make sure more students have access. And, again, there is just so much need out there, so we can put tens of billions of dollars to make college more accessible and affordable.

The other thing which I should have touched on is on the back end of this. When students graduate from college, we have worked very hard to reduce the amount that they have to pay back in terms of loans. And so, if this bill passes—it is called income-based repayment, IBR—that number would go down to 10 percent of your salary. So it would mean significantly reductions in loan repayments. And after 10 years of public service work—becoming a teacher; if you graduate from law school and want to set up a legal clinic in a disadvantaged community, or a medical clinic some-

place—after 10 years, those loans would be erased. And so it really removes the financial impediments. There are many great people who want to go in the public sector, want to contribute, but because they had \$60,000, \$80,000, \$100,000 in loans, they simply couldn't afford to do that work.

And so we are trying to make it more accessible and affordable at the front end. And in the back end removing those golden handcuffs and getting talent into the public sector, we think would be a huge step in the right direction.

Chairman SPRATT. Just a couple more questions about the Perkins program. You indicated that if a college was doing well, they could get more business; if they weren't doing well, they would lose business. Nobody can argue with that. But how do they get more business particularly on the collection side and the loan administration side?

Secretary DUNCAN. What we want to look at is, what are folks doing to graduate students? And, you know, what are we doing not just to get students in the front end but out the back end, as well? And so this is not just about college access; it is about completion and attainment. And we want to shine a spotlight there.

We also want to reward those places that are helping to contain costs. One of the real challenges we are facing is runaway, escalating higher-education costs. And when those costs are contained, we want to reward that, as well.

Chairman SPRATT. Just a couple of final questions.

I am sure Members here, like me, are receiving lots of mail from people who are supporters of the arts in education. And they are very much concerned that, as you consolidate different programs into one big block grant, the arts will be squeezed off the back burner and won't receive the emphasis and attention and funding they have enjoyed over the last several years.

Is that a concern? And how do we protect against it?

Secretary DUNCAN. Absolutely. I will tell you, it has been a fascinating year of learning for me as I travel, again, to about 37 States, in rural, urban, and suburban districts and really try to talk to hundreds and hundreds of teachers and parents and students.

I will tell you, Mr. Chairman, that maybe the most common refrain I heard was a real concern that, under No Child Left Behind, historically we have had a narrowing of the curriculum and that, sort of, what gets tested gets taught, leading to a loss of the arts, a loss of history, a loss of social studies.

And so one of the biggest things that we want to emphasize is, yes, those basics of reading and math are hugely important, but we think every child deserves a well-rounded education. And so that is absolutely the arts, it is absolutely history, it is absolutely social studies, it is absolutely physical education.

And so what we have actually done is we have created a pot of money, what we are calling "The Well-Rounded Education," a billion-dollar pot. It is a \$100 million increase, a 10 percent increase, to support all those things. We want to do everything we can to make sure that all of our students—I want to be clear on this—particularly children at the elementary grades—we can't wait until high school to expose students to the arts. We need our young stu-

dents, you know, to start to develop their passions and develop their interests.

And so, while I understand the concern, the fact is that there is a billion-dollar pot, and that represents a \$100 million increase, to support a well-rounded education.

Chairman SPRATT. There is also concern that Work-Study monies are either not being increased or allowed to be eroded away due to inflation. And a number of the colleges that I represent in South Carolina are seeing their allotments for Work-Study dwindle. This is what they look upon as a middle-income program. It is not like Pell Grants for lower income students, but it is a middle-income program for deserving students who are willing to work if they have the opportunity and also if it is complementary to their education.

What is happening to Work-Study? Because I am hearing from the college presidents and tech school presidents and community college people that Work-Study is taking a hit and they are feeling the consequences.

Mr. SKELLY. Work-Study is continuing in the budget, Mr. Chairman. And the Recovery Act included a separate appropriation of \$200 million for Work-Study. We think that money is still going to be there through the next academic year.

Chairman SPRATT. Okay.

Secretary DUNCAN. Like Title I, like IDEA, there is pretty significant carryover in those programs, and Work-Study is similar to those.

Chairman SPRATT. So there will be no cuts in Work-Study this year?

Mr. SKELLY. Compared to the budget for 2010, the 2011 budget is the same. So there wouldn't be any cuts.

Chairman SPRATT. How much do you anticipate getting this year and next as part of what remains available under the Recovery Act?

Secretary DUNCAN. On Title I and IDEA, we anticipate about half that money—about \$22 billion total. We anticipate about half that money, about \$11 billion, being available for fall 2010, this upcoming school year.

Chairman SPRATT. Thank you very much.

Mr. Hensarling?

Mr. HENSARLING. Thank you, Mr. Chairman.

Mr. Secretary, I believe I heard you say in your testimony that most government spending is frozen. Did I hear you correctly?

Secretary DUNCAN. Domestic spending, yes.

Mr. HENSARLING. Domestic spending. Okay. There were, if I have my figures correct, \$3.59 trillion total outlays in 2010. The President is requesting \$3.834 trillion in his latest budget request, which, back of the envelope, is about a 6.8 percentage request with roughly 60 percent mandatory, 40 percent discretionary. I am still finding it a little difficult to believe that most government spending is frozen—most discretionary spending is frozen.

In addition, and if we look at the total government, isn't it true that 86 percent of Federal spending is exempt from the President's freeze?

Secretary DUNCAN. What is your question on our budget.

Mr. HENSARLING. My question is, is it not true—if you don't know the answer, you can say that. The question is, is it not true that 86 percent of the President's budget request, that the freeze does not apply to?

Mr. SKELLY. The freeze does not apply to mandatory programs nor to Department of Defense or homeland security programs.

Mr. HENSARLING. So is the answer yes, no, you don't know?

Mr. SKELLY. That looks about right.

Mr. HENSARLING. Okay. Thank you. Thank you.

Mr. Secretary, you have asked for a number of funding increases in your testimony for certain programs, a number of which I am familiar with, a number of which I know do very good work. But my question—I don't believe I heard you ask for any funding decreases in your testimony.

Can we have that debt chart again, please?

My question is, Mr. Secretary, how do you propose paying for this? Should we try to continue to borrow from the Chinese, who, up until recently, were the largest holder of our debt? But we know that, at least publicly, they are beginning to divest of their holdings. We have been lectured by the Chinese on our spendthrift ways.

Now, all of a sudden, we wake up and the Japanese are the largest holder of our foreign debt. And yet we look at Japan, and we see that they have attempted eight stimulus programs over 10 years; for all intents and purposes, have had flat GDP for almost 15 years; and their own demographic fiscal time bomb is even greater than ours.

So if we are not going to borrow from the Chinese, if we are not going to borrow from the Japanese, just exactly how are we going to pay for all this?

Secretary DUNCAN. We didn't just ask for increases, sir; we actually made some pretty tough cuts. As I talked about earlier, we did program eliminations that resulted in \$123 million in savings. When we eliminated earmarks—and that is tough and controversial; not everyone supports that—that eliminated \$217 million.

Mr. HENSARLING. But, Mr. Secretary, a combination of the mandatory and the discretionary that you are requesting, are you not, on net, asking for a budget increase?

Secretary DUNCAN. Yes.

Mr. HENSARLING. Okay. Thank you.

Secretary DUNCAN. And the vast majority of the money for early childhood and higher ed, that is simply stopping subsidizing banks and investing in education. It is not going back to taxpayers for money.

Mr. HENSARLING. So the question still remains. Net, you are asking for a funding increase. You know that the President has submitted a budget that will double the national debt in 5 years from fiscal year 2008 when he was elected to office, triples it in 10.

The question remains, how do you pay for it?

Secretary DUNCAN. Let me explain my thoughts on this.

I think we have to educate our way to a better economy. I think it is the only way we get there. We have a dropout rate that is 27 percent in this country. We have 1.2 million young people every

year leaving our schools and going to the streets. That is morally unacceptable, and it is economically unsustainable.

The only way we get a strong economy in this country is we have to out-educate other countries. And so I would argue this is the best investment system we can make. I expect you to hold me and my Department accountable for results, just as we are holding States and districts, we want to hold them accountable for results. But we have to get there.

The dropout rate, the huge achievement gap is hundreds of trillions of dollars in money that we are leaving on the table.

Mr. HENSARLING. Mr. Secretary, I am not prepared to debate the proposition, because my guess is I agree with much of what you say. I mean, anything that I have achieved in life has a lot to do with, number one, being blessed to be born an American citizen; number two, being born into a great family; but, number three, the educational opportunities I had, first at a public school education system in College Station, Texas, and later at Texas A&M University. I believe in educational opportunity. What I fear is that chart there is going to take away educational opportunity.

And so the question remains, where is the plan from this administration to deal with this mountain of debt? I believe, indeed, that part of economic growth is going to be increased educational opportunities. But you are still not answering the question, how are you going to pay for it? Where is the entitlement reform plan of this administration? Why aren't they proposing flat discretionary spending in other areas? Again, what we don't see is any payment of this.

Now, in your testimony, you said many families can't afford college education today. That is correct. I meet these families every day in the Fifth Congressional District of Texas. But to pay for the mountain of red ink, the sea of red ink that this administration is proposing, today taxes would have to be raised 60 percent on these very same families that can't afford college education today. Interest alone on the national debt under the President's proposal by 2020 is going to be roughly \$7,000 per family, \$840 billion.

So if they can't afford college education today, how are they going to afford it tomorrow? It seems like, as you increase the Department of Education budget, you are going to significantly decrease the family education budget. It is just decimated.

So, again, I don't debate that these are good programs, although, you know, I would debate some, and particularly whether we have sufficient local control. But, again, I ask the question, how are you going to pay for it?

Secretary DUNCAN. I think this is an absolute investment. I think this is an investment that our country desperately needs. Through better education, we will create jobs, we will reduce unemployment, we will bring companies into our districts, into our States, into the country. And this is the only way we are going to strengthen our economy, long term. Education is the answer.

Chairman SPRATT. Mr. Hensarling, he has answered your question about five times. Let's move on to another subject area.

Mr. HENSARLING. Well, Mr. Chairman, I would respectfully say the question was unanswered five times, but I will respect your leadership.

Chairman SPRATT. What he is saying is we believe education, of all things in the budget, will pay for itself, given the dividends it yields in the out-years of the person who is the beneficiary of it.

Mr. HENSARLING. Well, I understand your point of view, Mr. Chairman. I still don't think it answers the question.

I will go ahead. I will end with two more questions here, and then I will yield back the time.

The D.C. Opportunity Scholarship Program, I know that you are well acquainted with it—9,000 applications, provided scholarships to more than 3,000 children. The mayor favors it; the school chancellor favors it. Independent studies show that parents are very, very satisfied. It has resulted in an increase in test scores.

And so I hear all of these different budget requests to increase funding for all these education programs, yet the President's budget, as I read it, phases out this very successful education program.

Recently, George Parker, the head of the Washington, D.C. teachers' union, was quoted in opposing the scholarship by saying, quote, "Parents are voting with their feet. As kids continue leaving the system, we will lose teachers. Our very survival depends on having kids in D.C. schools so we will have teachers to represent."

So it kind of begs the question, every other education program—most other education programs in your budget seem to be getting an increase. One that is working, one that is very popular seems to be zeroed out. And is it about saving teachers' unions, or is it about saving kids? Or why is this being zeroed out?

Secretary DUNCAN. A couple thoughts on that.

First of all, as you know, Congressman, we fought hard to keep the kids currently in the program in those schools and make sure they weren't moved in the middle of their education career. We didn't want that to be disrupted.

Going forward, a couple thoughts. The data was actually pretty mixed on it. If you look at the studies—I am not sure if I will get it right—reading and math, over 3 years, in one the results are basically flat, wasn't much movement. The other one, over 3 years, there is about a 3-month gain in increase. So it is about a month a year of improvement. That is not fantastic results, quite frankly. A good tutoring program will get you a month's benefit for a year's progress there. So the numbers weren't wildly positive.

Secondly, the big thing—and this is a really important one—I think, as a local government or a Federal Government, we need to be more ambitious. I don't want to save two children from a failing school and leave the other 498 to drown. I think we need to be looking to save every single child. And if, you know, the local community—

Mr. HENSARLING. But the converse of that, Mr. Secretary, is you are letting them all drown.

Secretary DUNCAN. No. Could I please finish?

Mr. HENSARLING. Please.

Secretary DUNCAN. Let me explain why I am not. So if local philanthropy—you know, foundations, individuals—want to help give students scholarships, I absolutely welcome that and respect that.

What we want to do—and I don't think the public has quite understood this—is we want to turn around chronically failing schools. We have \$3.5 billion in school improvement grants, not to



pull one or two children out of a failing school, but to help that entire school and to do it with a real sense of urgency. I think we need to be much more ambitious than helping a handful and leaving the rest to drown.

The District of Columbia, in school improvement grants, the District will receive approximately \$11 million to fundamentally turn around low-performing schools. The District is making significant progress, has a long way to go. And we want to invest in whole-school change, turnaround, doing the right thing for the entire community, not just for a handful of students.

Mr. HENSARLING. Thank you, Mr. Chairman. I will yield back.

Chairman SPRATT. Thank you, Mr. Hensarling.

Mrs. Schwartz?

Ms. SCHWARTZ. Okay, thank you. Whenever I am called "Mrs. Schwartz," I always think that is my mother-in-law. But anyway—

Chairman SPRATT. Is that good or bad?

Ms. SCHWARTZ. I like my mother-in-law. It is okay.

But thank you, Mr. Secretary. And I really appreciate your testimony and the broad attention that you bring to, well, how important education is.

I did want to say that I very much appreciate your understanding and the administration's understanding of the importance of investing in education. Certainly, we heard from the other side that, while they kind of like education, they are not sure the investment should be made this year. And that is unfortunate, because, in a lot of ways, there has been bipartisan support for investments in education. In fact, I think under the previous administration, George Bush, at least for the first couple years, really paid some attention to improving the accountability and performance of our lowest-performing schools in particular. And we have some changes we have made in those efforts, but, in fact, there was agreement on that, because if we don't invest in education, we are not going to be—we won't have the workforce of the future, we won't be able to compete internationally. So I think we have to be very clear about where we started and where we are trying to take the budget over all.

I do want to say that, while the criticism from the other side that you have not made enough cuts in education is kind of what the inherent question was there, the fact is I actually very much appreciate that, while there is a cap—it is called a freeze, but a cap essentially—on nondefense discretionary spending, that the administration, instead of just saying we are doing across-the-board cuts in everything, really did the harder thing, which is to focus on what works, let's build on what works, and let's eliminate programs that are not working, and, third, let's consolidate programs that can be consolidated so they are more effective and more efficient.

That was a smart way to do it. It is harder because there is always somebody who likes some of those programs. But it is clear that is what you have done. So you have made real investments, and I appreciate that.

And you mention, as well—and I want to just reiterate that the dollars in the Recovery Act that went for jobs, I believe at the State

and local level, really resulted in 400,000 jobs at the State and local level; three quarters of those were in education. And, in my district, in both the city of Philadelphia and the suburbs, we simply would not have been able—those local school districts would not have been able to maintain the level and quality of teaching and investment there.

So you really talked very eloquently about the investment in basic education; pre-K, which I care deeply about; and the ability to go on to access college.

The one piece that you didn't mention and I wanted you to talk about, if you would, is the interest in and importance of educating our young people to be prepared in science and technology, in engineering and in mathematics. That is an area that we know is a growth industry. When we are talking about growing jobs, we know that we need to prepare our young people for the jobs of the future, and that does take attention to, particularly, science, engineering, technology. And in my area, where we have a great deal of life sciences, biotech, pharma, medical education training, it is really very important. We do some of that, obviously, we do it very well at the post-secondary level. But we really need to prepare young people starting early in doing that.

I understand that there is greater investment in STEM programs. Could you speak to how important that is and how you are going to make sure that there is investment, specifically in basic education, towards these kinds of programs that are going to lead to the leaders and workers of the future in not just health care but energy alternatives, energy efficiency, the places we can grow this economy, which, of course, is very important to us, not only creating jobs but really building that GDP, change that chart for 100 years that was on the board?

Secretary DUNCAN. The STEM fields are ones that we think we have to invest in. We think we have a long way to go as a country. We see a huge opportunity here, Again, as you said, if students can excel here—and I keep going back—at the earliest age and really if we can spark their interest and imagination, they are going to be productive citizens, they are going to do a great job. They are the next generation of engineers and entrepreneurs and inventors who are going to have the breakthroughs.

So when I talked about this billion-dollar pot for well-rounded education, \$300 million of that is set aside for STEM education. We are making STEM a competitive priority in the Race to the Top grants. We are emphasizing STEM in the Invest in Innovation fund, "i3." So, both through its own money and through all these other competitive pots, we are trying to put a huge push there.

The other thing I would tell you that we want to be more creative on going forward is, how do we get more scientists, more engineers, more mathematicians to teach in K-12? How do we think about alternative certification? And I think that we want to be more creative there. It is hard to instill a love in something to a child in something you don't fully understand yourself. So how do we make sure that we have more AP physics and more AP chemistry at the high school level?

So we want to invest very significantly here, and I want us to be much more creative going forward about thinking how we get

maybe mid-career changers. Maybe due to the tough economy, unfortunately maybe engineers are getting laid off. They might do a great job in a classroom. And so I am challenging ourselves to push the envelope there in how we get that great talent into communities where you don't have enough physics or biology or chemistry teachers.

Ms. SCHWARTZ. Thank you. Much more to talk about, but my time is up. Thank you, Mr. Secretary.

Chairman SPRATT. Mr. Garrett?

Mr. GARRETT. Thank you, Mr. Chairman.

And thank you, Secretary. I appreciate you being here today. Also, I appreciate what I see as sincere efforts, both before and now, as far as trying to provide us with educational reform.

Many have complimented this administration on their goals of the Race to the Top program, and I agree with a lot of the initiatives or the goals that are trying to get there. But I do want to exercise a few words of caution, though.

As you are, I am sure, aware, you are not the first Secretary to come before this committee to say that we have a whole lofty list of goals that you would like to achieve in our current public school system, which has, as you would agree, serious problems. You are not the first to set out an ambitious agenda.

I have been here for 7 years now, and over the time when we were reauthorizing NCLB I went back and looked over the record just to see, decades before, going all the way back to 1983, there was a report I am sure you are familiar with, it is called "A Nation at Risk," that said that Americans had fallen dangerously behind the rest of the world in education. But new studies today say essentially the same thing, 20-some-odd years later, regardless of administration.

Despite that, though, the percentage of GDP—money— we spend; we spend more money on education now than at any time in our Nation's history. In particular, we have increased the Federal share of money in education to an unprecedented degree. The total Department of Education spending has increased from \$38 billion in 2000 to \$68 billion in 2008, an increase of 43 percent, adjusted for inflation. And with this increased spending has come a massive list of new Federal regulations.

Therefore, it appears to me that one thing that hasn't been tried is to dramatically increase the degree of State and local control. To that end, I have drafted and put in a bill. It is called the LEARN Act, Local Education Authority Returns Now. And, very simply, it simply says this: that if a State legislature so decides, they could opt out entirely of the Federal education programs—NCLB or whatever we are going to call it—all the Federal education programs and also allow the money essentially to remain in the pockets of that State.

Now, I know in your previous life, you were leading—a number of the same reforms that you are talking about right now you were championing as chancellor of the public school systems back in your home State.

And I always like to ask folks when they come here, when they had a good track record before they came here, do you honestly

think that you are smarter now that you are here than when you were back running your own school systems?

And, if not, would you support an idea to allow those other great smart people who just haven't made it up here to Washington yet to be able to decide for themselves that they can run the school systems without all of our help?

Secretary DUNCAN. Pretty provocative question. I will tell you that what I have learned. I don't know if I am smarter. I will tell you that before I came here, I didn't think Washington had all the answers, and now that I am here, I know Washington doesn't have all the answers. The great answers are always going to come from local educators, great teachers, great principals, great superintendents, who are making a difference.

I will tell you, Congressman, the opportunity I think we have, and I don't think I am overly naive or idealistic on this, the opportunity that we have been given, is unprecedented resources to invest, not in our ideas, not in Washington's ideas, but in great work at the local level.

Mr. GARRETT. But if we allow those resources to stay back in those States, can't they come up with those great ideas and do it themselves?

Secretary DUNCAN. Let me finish. The whole point, the whole premise behind Race to the Top, the whole premise about Investing in Innovation Fund (i3), is to say the good ideas are always going to be at the local level. For all the huge challenges we talked about, the dropout rate, I am very optimistic. Let me tell you why. We have never as a country had more high-performing schools in disadvantaged communities; we have never had more world class schools.

Mr. GARRETT. But the Race to the Top still sets certain parameters, restrictions and so on. Why can't we just let those folks make those decisions by themselves? You mentioned in your remarks you want schools to be a neighborhood anchor. Why can't we just let those people in the neighborhood do it by themselves? Why do we have to be the ones telling them? Should we have run for school board instead of running for Congress?

Secretary DUNCAN. We don't have to tell them. All we tell them in Race to the Top, a couple things matter. You need to be transparent around data.

Mr. GARRETT. You have to what?

Secretary DUNCAN. You have to be transparent around data. You need to have high standards. You need to invest in teachers and put the best teachers and best principals in communities that are underserved.

Mr. GARRETT. Do the people back in your local school boards not have those desires? Can't they do that? Do we have to tell them that?

Secretary DUNCAN. I don't think we have to tell them that. I will tell you that there have been very few incentives anywhere locally to get the hardest working, the most committed teachers and principals to the communities that need the most help.

Mr. GARRETT. Do you know who the greatest incentives are? The moms and dads of the kids, because they care more about their kids than anyone in this room and anyone in the bureaucracy that

is over there. They are the greatest incentives that we have to make sure that these school boards are the best. Can't we rely on those parents to do the job, or do we have to do it for them?

Secretary DUNCAN. Well, let me just say this. We don't have to do it for them. And I absolutely agree, every parent, every parent, wants the best option.

What I will tell you, unfortunately, sir, is in far too many communities, those hardworking parents don't have a good school to send their child to, not through their lack of will and not through their lack of commitment. They don't have a good option for their child. We have 2,000 high schools, sir, in this country that produce half the Nation's dropouts, half. Those 2,000 high schools produce 75 percent of the dropouts from the minority community. Our African American, Latino, our young boys and girls. Those parents care desperately, but nothing has changed for them. How do we empower those parents to give their child a chance to be successful?

Mr. GARRETT. I would accept then—I agree with you, there are those problems. If you could supply this committee when you are done—if not the parents, then it must be the local school boards that are doing the job. If you could supply the names of those school board members that are failing on their responsibilities to this committee from your State, then we would know exactly who is failing down on the job, because if not the parents—you and I agree with that—then it must be the school board members. Let us know who those people are because we would want to provide accountability for them to.

Secretary DUNCAN. And let me just take it one step further. To me, honestly, it is not about just pointing fingers and laying blame. This is where all of us have to step up. We need political leaders to step up. We need parents to be more vocal. We need the business community to engage. We need the philanthropic sector to be there. We have to rally local communities. We have to rally the country behind this.

As I will tell you, sir, in some places, maybe the local school boards are dysfunctional; other places, they might be working very, very hard and have very difficult constraints and inequitable resources.

So it is a complicated—I don't ever want to just point—this is a very complicated complex issue. The opportunity we have and what we are trying to do is to get folks to talk, get folks to move outside their comfort zones and move outside of their silos and work together.

So school boards are a piece of it. Parents, teachers, ultimately students themselves, have to take their own education very seriously, but everyone has to come together behind this.

Mr. GARRETT. Thank you, Mr. Secretary.

Ms. SCHWARTZ. And if I may, Mr. Garrett certainly should be well aware of all this. New Jersey has gone through years and years of lawsuits over just the kinds of issues that have been raised here, about how you get State and local communities to really step up across the State, not just in particular areas. I am sure he has lots of data already in his office on what has gone on in New Jersey for many, many years.

Mr. GARRETT. And New Jersey has raised the standards before the Federal Government stepped in, and I was involved in that. But we did it before the Federal Government had to step in, so thank you.

Chairman SPRATT. Mr. Doggett.

Mr. DOGGETT. Thank you, Mr. Chairman.

Thank you Mr. Secretary.

My concerns are the same two on which I sought answers last year and one new one. I will state the three and then ask you if you would to respond separately to each one.

The first is the way that the administration permitted

State bureaucracies to obstruct Federal resources from making a real difference in our local public school districts. In Texas, as you are well aware, the largest potential source of Recovery Act public education funding, the State Fiscal Stabilization Fund, has been really outstanding in protecting one job; the job of the Governor of the State of Texas.

But as my Austin schools and many others are preparing to lay off employees, they are not one penny better off than if we never provided the \$3.25 billion in stabilization moneys to the State of Texas. Through a shell game, these moneys were used to divert funds that could have gone to invest in students and in teachers; they never made it there.

And this wasn't just spare change. If you look at what you are requesting in this budget for Race to the Top moneys, and of course, this is the same Governor who will not apply for any Race to the Top moneys for the State of Texas, the amount that was diverted last year in Texas is about two and a half times as much money in one State as you propose in Race to the Top for the entire country.

I have real doubts as to whether this budget will make any more difference in the lives of my school children than the State Fiscal Stabilization Fund did.

And my first question is, can you assure me that any future Federal education assistance done later this year in the name of job creation, will not simply repeat the costly mistakes of last year and will instead send these new Federal funds directly to local school districts instead of through in different State bureaucracies?

The second concern that I asked you about last year is early education. The President's eloquence about the importance of early learning and your comments about it today and its importance are not reflected in the budget for the Education Department. While the budget has increases for child care, which is necessary, but in many States entrusting our youngest students to someone whose preparation consists of a GED, a criminal background check and a few hours of training; Head Start, there is no money for pre-K, which I think is critical to the early learning system and which you have affirmed is. There is no recognition of the importance of incentivizing public schools to apply their own resources to expand the quality and availability of pre-K. Public schools just seem to be absent from the conversation.

I don't believe there is any place in the country where there has been a successful pre-K program for 3- and 4-year-olds that has been built without the schools playing a leading role. And indeed,

New Jersey, we were just talking about, and Oklahoma are great examples. But so far, the administration has not really brought public schools into the Federal policy discussion.

Last year you told me, don't worry about it; we have proposed the Early Learning Challenge Fund. But that uncertain legislation has no incentives, no requirements for public schools to be a part of building a State's early learning system and improving its quality. You also referred me to the Title I Recovery funds guidance, but that permissive language has in the past year produced little change. And the Department refused to support the 15 percent requirement in the Recovery Act proposed by the Senate for quality early childhood education.

The budget, the Elementary and Secondary Education Act and the Challenge Fund need to recognize and support public schools as a critical part of our early learning system. My question is, what incentives will you provide to encourage schools to invest in more Title I funds in pre-K? What are you going to do to make sure that pre-K is every bit as important to our public education system as third grade and eighth grade? I support SAFRA, but whether the Senate can do any better job on it than it has on healthcare, I am not confident that passing it will answer that question.

Third, and this is the only new question I have for you, concerns Teach for America. The administration has proposed no dedicated funding for Teach for America for the coming year, and you have left it to compete for funding under a newly proposed and not-yet-authorized program. When Teach for America could double its size, you allow Teach for America not really to grow in 2011 or 2012. In fact, they would have to reduce the number of people in their incoming corps.

How do you propose to bridge the funding gap so that Teach for America, which I think is an outstanding program, can continue to grow and place effective students in our schools where they are needed the most in the upcoming school year?

Thank you.

Secretary DUNCAN. Three great questions. Let me start on the first one.

As we go forward with a proposed Race to the Top III, which is \$1.35 billion, we specifically requested that districts be able to apply directly. And as we talked about the Investing in Innovation Fund, districts can apply directly, so I share—

Mr. DOGGETT. That is a good idea. As you know, our Governor may be trying to restrict that also.

Secretary DUNCAN. I understand. But we are trying to make sure that folks who want to innovate have access to those sources.

In terms of the—

Mr. DOGGETT. The jobs bill.

Secretary DUNCAN [continuing]. Jobs bill, again, I am very, very concerned about this upcoming school year. Again, we saved conservatively, quite frankly, Congressman, conservatively, 300,000—325,000 jobs this past year.

Mr. DOGGETT. Not in Texas.

Secretary DUNCAN. Right. I understand.

Mr. DOGGETT. And I am concerned about that State. Are you going to be sure in these jobs bills that we are not just sending the

money to the State when you talk about more flexibility for the State and it never gets to the school district?

Secretary DUNCAN. I absolutely share that concern and hear you.

My concern now is there isn't anything in there for teachers today, and so that is a challenge. And again, if we see massive lay-offs of teachers and counselors and librarians this upcoming school year, and I think the public doesn't understand, superintendents are in a position now that they are setting their budgets now for the fall. So March/April is when pink slips start to go out. And so I am very concerned about that.

I am absolutely convinced we have literally staved off an education catastrophe this past school year, and I am worried about this upcoming school year. So I share your concern. I am working on that, but right now, we have got to figure out how we help to move this.

On early learning, again, as you said, the House has provided real leadership. We are hoping the Senate will follow suit. I am confident they will. Just to be clear, that will provide \$9.3 billion for early childhood education.

Mr. DOGGETT. But no specific incentives for the States to use their resources through the school system, you have declined to do that in this legislation under Title I just as you didn't support a 15 percent requirement in the Recovery Act, correct?

Secretary DUNCAN. Yes. So let me finish. On the \$9.3 billion, that is close to \$1 billion a year that we want to invest directly in quality early childhood programs. I think for us to continue to do a series of directives and mandates is not sort of the direction we want to go. Is early childhood education probably the best investment we can make? Absolutely. In school districts, where we are seeing real progress in closing of the gaps and raising the bar for everybody, we are seeing them invest in early childhood education. You mentioned Oklahoma. Their system is phenomenal.

Mr. DOGGETT. That was in fact the State effort. There has really been no change in the Federal commitment since last year.

Secretary DUNCAN. Right. Again, with your colleagues in the Senate, we would like to invest \$9.3 billion there.

Finally, on Teach for America, and again, they are great, great programs, but to be clear, we made some tough calls. And what we did is we simply eliminated all earmarks, and we increased the chance for competition.

Mr. DOGGETT. Teach for America is an earmark?

Secretary DUNCAN. It was a set-aside. It was a set-aside, yes.

Mr. DOGGETT. And so you don't support Teach for America in your budget at all, do you?

Secretary DUNCAN. What we did for them, just like we did for everything else, is we increased the total amount of money available there, and Teach for America has every opportunity to compete and get frankly significantly more money, whether it is through that or whether it is through the Investing in Innovation Fund, than they had before.

Mr. DOGGETT. The practical effect this year is it will have to cut the size of its corps, isn't it?

Secretary DUNCAN. I don't know the answer to that question. That is a fair question.



Mr. DOGGETT. It is an uncertainty that is really unfortunate in this budget.

Chairman SPRATT. Mrs. Lummis.

Mrs. LUMMIS. Thank you, Mr. Chairman.

And I want to thank Mr. Jordan for allowing me to jump between my competing hearings this morning.

Mr. Duncan, thank you so much for being here, and thank you for coming to Wyoming in September. You met, of course, with students and parents and teachers in Glenrock, Wyoming, and then with our community college presidents in Casper. And I was really delighted that you would take time on your listening and learning tour to really have a very productive dialogue. And you did it without self-importance, it just really went over well in Wyoming. Very much appreciated, so thank you for that.

But you are a local educator. You know that over 90 percent of the dollars for education comes from the States. And so my line of questioning is a little bit the same as Mr. Garrett's, except I want to make some suggestions that I hope you will be receptive to for schools in States like we have in Wyoming where we have really exemplary commitments to education.

You mentioned that there are 2,000 schools that are producing half the dropouts in this country. I want to talk about the schools that don't. And with regard to those that really are doing an exemplary job at the local level, we could really use some flexibility with regard to Federal funds. There are important Federal dollars being sent to the States, but the strings that are attached to those dollars frustrate our local educators in ways that are disproportional to the relatively small portion of Federal funds that we receive. So I know you will be getting a letter from the State superintendent of public instruction in the next few days. The Wyoming Department of Education has suggested that in reauthorizing the Elementary and Secondary Education Act Congress should consider using a block grant model similar to the provisions of the current Ed-Flex Program.

As I understand it, Ed-Flex is a process available to States in which they can waive certain Federal program requirements to make their use of Federal dollars more effective. So, one, I would ask is, if you would support that approach for certain schools, the exemplary schools, in reauthorizing No Child Left Behind?

Further, what about a pilot project or a State-based demonstration project in a State that has kind of an exemplary performance and financial commitment standard to education, like Wyoming or other mountain States that are really well-positioned to make a transition to see if it contributes to more efficient use of Federal dollars? And it would be easy to monitor in a State like Wyoming that has fewer students than a lot of urban school districts.

And if not any of those ideas, how does the administration plan to facilitate flexibility and innovation at the State and local level? So those are certain questions with regard to flexibility.

Then I am going to ask a fourth question and then just let you carry on. My next question is about the Federal Family Education Loan Program. Now, as you know, that bill that takes over student loans is hung up in the Senate, and there is only one 4-year university in the entire State of Wyoming, the University of Wyoming. It is one of those schools that is caught in the crossfire because that

bill sitting over there, they know it is coming, so they assume it is going to pass. So the programs we do have are ramping down, not issuing new loans, and yet the program in the Senate hasn't passed. Are you aware that this is occurring, and do you have a plan to prevent a disruption of vital loan services for students if there is continuing legislative ambiguity?

And once again, thanks for being here.

Secretary DUNCAN. I really, really got a lot out of that visit. It was very, very interesting for me.

Let me start on the last question first. If you can give me the name of that university or any universities you are concerned with, I am happy to have my staff reach out directly. And our staff is doing training around the country. And again, before we did anything, before any legislation, we have seen this huge increase in schools going to direct lending. Community colleges, 4-year universities—we will work very hard to help in any way we can. And the earlier we start to work on putting in place what we need to do for that transition, the better off we will be.

So if you would give me the names of those universities, my staff will literally reach out to them today and sit down and walk them through what direct lending is like. And again, we have gone from 1,000 universities participating in direct lending to 2,300 over the past 3 years, before the new legislation even got here. And the vast majority have done this. You know, you haven't heard a peep. Very easy transition. So we will work—we will do training. We will do whatever it takes to help folks think this thing through.

Mrs. LUMMIS. Thank you.

Secretary DUNCAN. The larger issue is a huge one, and I actually agree with a lot of what you said that, you know, how do we provide flexibility? How do we make things less bureaucratic, less red tape?

I would tell you, when we talk about going from 38 programs to 11, we are trying to make it easier for folks to apply to us and not apply to 50 different pots of money but have it much more consolidated. We did that. We think it is the right thing to do from our standpoint, spend less on administration, but to make it much easier to interact with us.

Having lived on the other side of Federal Government for a long time, I lived those challenges. I know that. And so we want to try and do less things. The things that we think are important, we want to do impeccably well, and so we are trying to narrow the focus and, again, make it much less bureaucratic, much less red tape, much easier and simpler for folks to interact with us.

Two more points. In terms of innovation and great local ideas, that is what Race to the Top is all about. That is what the Investing in Innovation Fund is all about. We just want to put lots of money behind States and districts that can demonstrate—we are interested in two things: raising the bar for all children and closing the achievement gap.

And where folks have innovative ideas and want to pilot something to push the envelope, there has never been this kind of opportunity. And I just repeat, the good ideas are never going to come from us; they are going to come from great educators at the local level. The extraordinary opportunity we have, and I think folks

don't understand what a big deal it is yet, is we can put lots of money to take to scale what works, to scale up those best practices and invest in them.

So we are just going to keep coming back: Race to the Top; Investing in Innovation; school improvement grants; the Promise Neighborhoods. It is going to be opportunity after opportunity for folks to put their best foot forward.

The final thing I will say, and we haven't sort of gone into this, but as we think about reauthorizing ESEA, I think high-performing schools, high-performing school districts, high-performing States, we need to give them more flexibility. We need to reward them. We need to get out of their way. We need to share and learn those best practices.

One of my challenges with the previous NCLB law is there seems to be about 50 ways to fail but very few rewards for success. And I think there are phenomenal schools out there. We haven't done enough to learn from them, to give them the room to innovate and create, to reward that success. And so I want to think about that, not just at the school level, but the district level and the State level. So if you took the top 10 percent of schools in any State that are probably world class, how do we give them the room to move? If we took that top 10 percent of districts, how do we give them the room to move? Those top 10 percent of States, say those five States where, again, we are seeing rapid progress in growth and achievement, reductions in dropout rates, more students going to college.

There is just a wealth of knowledge and information that we are not capturing, and frankly, we are getting in the way sometimes. And we want to fundamentally change that. And we are really challenging folks to challenge us to think about, what are those set of incentives for a State or a district or a school that would help them go that extra mile because they want to get in that category?

Mrs. LUMMIS. Thanks so much.

Mr. Chairman, thank you.

Chairman SPRATT. Mr. Etheridge.

Mr. ETHERIDGE. Thank you, Mr. Chairman.

Thank you, Secretary Duncan, for being here this morning.

Let me go a little bit different. I served as a State superintendent of schools in North Carolina for 8 years, and I have really been intensely interested in some of the questions this morning and testimony. I first ran for this office because people in this town wanted to abolish the Department of Education. Today they don't use those words, but they use a different tone, and they are talking about the same thing.

You know, on the farm, we call that eating your seed corn, because if you do away with foundations, you are likely not going to succeed. And I happen to believe that improving opportunities for our children in our educational system is probably the best investment we can make. And you can't raise the bar unless you put the opportunity under the bar. And we get that backwards sometimes up here.

Now, unbelievably, there are some of the same people who are talking about that again, but I am going to oppose that every step of the way.

But I like your budget in some aspects, including the increase in elementary and secondary education, things we want to do, assuming we get the legislation at higher ed, because you need to have the vision where you want to get to if you are going to get there, as well as increased funding for improving school nutrition. I think one of the missed opportunities—we have got to not only work there, but we have got to work in physical education for children that we pushed out because of a rigid curriculum in places we don't have room for children to have physical education. And we have got the fattest generation we have ever had, and that is going to pay prices down the road.

The restructuring, though, of Federal education programs proposals in the fiscal year 2011 budget may have some unintended consequences. Let me talk very specifically about the operation of the National Board for Professional Teacher Standards, because I think, if I am correct in this, we are talking about pooling things together and working for grants. That sounds good.

However, the certification takes place in 50 States in isolated schools and rural areas and over 700 districts across this country. Under the new proposals, NBPTS will need to partner with States or districts to secure funding through separate competitive grants in order to receive Federal funding. And you and I know, it may take several years for those organizations to retool their infrastructure, some of them don't have good grant writers, and compete for grant money instead of the current direct funding system.

I was interested in your definition of earmarks, because now we are talking about the Department of Education, in a competitive grant situation, having earmarks.

Mr. Secretary, I would be careful how you use that word, because I think that is assuming, when committees have hearings and hear from practitioners, and they don't earmark but it goes through the Department for the Department to allocate, I think that is kind of hard to do.

Let me encourage you to look at one area I think the Department needs to spend some time, some energy and resources on, and that is in best practices research. Every school system can't do that, but the Department of Education has the resources today with all the technology we have, that ought to be there.

So my question to you, with time left, how will school districts that don't apply for or receive grants be able to fund teacher certification initiatives, the very thing that we really want to improve in the classroom?

And I applaud you for your principal training program. I think that is critical. But at the same time, if we don't have the resources there, that doesn't get done either if we are doing it on a categorical grant. Because you and I know, having been there, the difference between a categorical problem and a grant problem. Grant programs go away real quickly when somebody changes and don't like the idea.

Secretary DUNCAN. Great questions. And obviously, the leadership you provided there was pretty extraordinary, and I learned a lot from what you did. The most important investment we can make is in teachers and leaders, teachers and principals. And so the pool of money, this is important, we talk about consolidations,

often folks frankly have used this before, like to put in cuts. Every place that we have consolidated, we have increased funding significantly. Let me just, on teachers and leaders—

Mr. ETHERIDGE. I am not arguing that point, Mr. Secretary. That is not my point.

My point is, it is going to take a while to make the transition. What do we do for those folks that want to be funded? Because if I am a teacher sitting out in X high school in rural America, wherever it may be, and I have got to put together a pool of money to get a grant to do it, you know what is going to happen. They aren't going to do it, and we lose the initiative of what we want to get to. I think that is what I am trying to get to.

Secretary DUNCAN. Well, I don't have easy answers to that. Let me sit down and talk with you and work that through.

Mr. ETHERIDGE. Please.

Secretary DUNCAN. I am very, very cognizant of some of the unique challenges in rural communities. I talked about some of the things we want to put in place, whether it is a competitive advantage or a set-aside. We have been talking—very significant conversations—with national philanthropic communities to try and increase investments there. But we want to make sure that the good work that is happening has a chance to continue, so I am happy to further that conversation.

Mr. ETHERIDGE. Mr. Secretary, I would appreciate meeting with someone on your staff because I think that is a critical area. If we are going to improve teaching, we can't have it on an ad hoc basis. I think we have to have the funding level to do it. Because you know teachers, they don't get paid much. They are doing it on their time, and if we don't get the money to do that, I think it doesn't get done.

Secretary DUNCAN. I absolutely agree.

Mr. ETHERIDGE. Thank you. I yield back.

Chairman SPRATT. Mr. Jordan.

Mr. JORDAN. Thank you, Mr. Chairman.

I have said many times, Mr. Secretary, that if you think back to the folks that impacted your life in a positive way, for most people, next to your parents, it is probably a teacher or a coach you had along the way. Would you agree with that statement?

Secretary DUNCAN. Absolutely.

Mr. JORDAN. And would you agree that next to parents, the individual probably most responsible for helping a child learn is that teacher in the classroom?

Secretary DUNCAN. No question.

Mr. JORDAN. With that in mind, I mean, I have a wife who teaches. I have a brother who coaches at our local school, the same school my wife and I grew up in, our kids go to. I have a sister-in-law who teaches. And what I hear from them, and frankly some of the same teachers I had who are now teaching our kids, is they don't particularly care much for the State Department of Education, let alone the Federal Department of Education.

They don't think that you guys do much to—a whole lot to help them in their role as being that key person helping that kid learn.

So I want to just get a few numbers out here. And I appreciate your passion. You have called me up to answer questions that we

had in this committee before. I appreciate that; appreciate your background. I know you have a genuine concern. And I assume you believe the folks that work for you have that same passion and concern for kids learning.

How many employees does the Department of Education have?  
Secretary DUNCAN. About 4,000, sir.

Mr. JORDAN. And what is the average pay for those 4,000 folks if you broke it down.

Secretary DUNCAN. I think it's just over \$100,000. We are by far the smallest Department, Cabinet Agency, by a pretty significant factor, and we have one of the largest portfolios in terms of responsibility.

Mr. JORDAN. Do you anticipate that 4,000—the number we have is 4,198—do you anticipate that number going up, down or staying the same over the next year?

Secretary DUNCAN. It went down this past year. It may go up slightly this next year.

Mr. JORDAN. So you think there is going to be an increase in the number of employees at the Department of Education, yes or no?

Secretary DUNCAN. Possibly.

Mr. JORDAN. And do you know what the average teacher's salary is across the country.

Secretary DUNCAN. Yes, I do.

Mr. JORDAN. And what is that number? Do you know that number?

Secretary DUNCAN. Somewhere between \$45 and \$55,000.

Mr. JORDAN. And so, you know, you would look at it from the teacher's perspective, and this is I think real; this is—you know, they see the huge increase that the Department has gotten over the last decade, our numbers show a 43 percent increase in the Department's budget; they see the \$3.5 billion increase this year. They have this general kind of feeling about, as I said, not only the State Department of Education, but the national, the Federal Department of Education. So you got the teacher in the classroom that has the greatest impact on the kid making half of what the folks here in Washington are making who are telling the folks back home how to do it. That is the perception.

And I think that is a real concern when you think about particularly the idea that the number of employees may increase, they are making twice as much as the teachers that are out there, and some of the numbers in the graphs that my colleague, Congressman Hensarling, put up for us all to see earlier. How do you respond to all that?

Secretary DUNCAN. Let me give you sort of the history of this again.

Mr. JORDAN. Again, going back to what you said earlier. I think everyone in this room, everyone in the audience would agree; the teacher in the classroom has the biggest impact on the kid.

Secretary DUNCAN. So our Department is down 16 percent since 2001, down 800 employees. Our Department, in terms of managing grants, each employee, if you average this out, is responsible for about \$17 million in getting money out the door. We have by far the smallest Cabinet Agency by a significant factor. And so I would argue we are lean. Our staff is working in many cases literally

staying up all night. You have not seen us drop the ball once on getting resources out the door.

Mr. JORDAN. Mr. Secretary, I gave you that earlier, again, you are passionate for what you are doing and the folks who work for you are professional.

But here is—look at it from the perspective of the teacher and the fact that they don't think they get anything that helps them with the kid in the classroom. That is what I hear from them.

Secretary DUNCAN. I understand that. I will just say that I think our staff has managed the opportunity we have extraordinarily well. We have made some mistakes. We will never be perfect. You have not seen us miss a beat. You have not seen a scandal. Our guys are working 24/7. The entire reason why—let me finish.

Mr. JORDAN. I have got 40 seconds, and I want to ask you a couple more questions.

Secretary DUNCAN. Just quickly, the reason folks are working so hard is because we want to get scarce resources out to teachers and out to schools. So if our staff hadn't got that ARRA money out, we would have seen 300,000 great teachers lose their jobs. If we don't get these competitive grants out, we are not going to empower those teachers who take their good ideas to scale.

Mr. JORDAN. I have got 20 seconds. Let me ask you this. Different subject, or somewhat different. What is the salary of Mr. Jennings, who works at the Department, Kevin Jennings?

Secretary DUNCAN. I don't have an exact figure.

Mr. JORDAN. Can you give me an estimate? How many folks work in his Department?

Mr. SKELLY. Approximately \$160,000.

Mr. JORDAN. How many folks work for him?

Mr. SKELLY. Approximately 44.

Mr. JORDAN. And what is their average pay?

Mr. SKELLY. The average pay for the Department is \$105,000.

Mr. JORDAN. They are included in that 4,000 number, 4,198 number?

Secretary DUNCAN. That number includes everybody, yes, sir.

Mr. JORDAN. And the last question, if I could, Mr. Chairman.

Who does Mr. Jennings answer to and who hired him? Does he answer to you, or does he answer to the President? And did the President hire him, or did Secretary Duncan hire him?

Secretary DUNCAN. He is part of our team.

Mr. JORDAN. Who—

Secretary DUNCAN. We hired him.

Mr. JORDAN. You hired him, and he answers to you.

Secretary DUNCAN. He answers to our team. He doesn't report directly to me, but he is part of our management team, yes, sir.

Mr. JORDAN. Thank you, Mr. Chairman.

Chairman SPRATT. Ms. McCollum.

Ms. MCCOLLUM. Thank you, Mr. Chair.

Part of the challenge here is 5 minutes. And so I am going to kind of go through with what I have. I want to give you a chance to respond and not interrupt you. But if you don't get a chance to go through everything, please submit it to me in writing, and the Chairman and I will share it with the entire committee. Thank you.

The first thing I want to talk about is competitive grants. Part of the philosophy behind a public education is to give every American a chance to succeed. And a lot of schools failed in that. We had segregation. We have—part of the reason why No Child Left Behind came forward is that we were failing children, failing children as a nation, as a community. And when we fail children, we fail our country, our workforce and our democracy.

So I am concerned, however, about this big shift about going to competitive grants, because now that means school districts are going to be competing against each other for limited resources. States and local school districts are facing massive budget cuts, and there is a huge crisis out there looming in public education.

Race to the Top grant competition: Minnesota received \$250,000 from the Gates Foundation to be able to compete in even getting the grants filled out. In order for them to feel like they could compete effectively, they applied for Gates Foundation money, money that could have gone into the classroom. We have targeted needs and assessment values and tools which have been recognized nationally, but instead, we are out now spending money on grants. Now, that is the Gates Foundation; that is not even what the school districts put into it.

And a lot of people back home in Minnesota think if Minnesota, quote-unquote, gets a Race to the Top grant, that all Minnesota students are going to be competing in the access to these dollars when in fact that is not true. It is different school districts, and it is one-time money, and when they might not even receive the grant. And I am on to the grant letter because those are the rules we have right now.

But I am very concerned, Mr. Secretary, when I see more and more grant process going out the door about one-time money, and districts having now to hire grant money and scramble around finding dollars for grants.

As a member of this committee, part of my job is oversight. Now, I didn't vote for No Child Left Behind because I want to leave children behind—I am a former classroom teacher—because I just didn't see how it was going to work. And you and I had a good discussion about that. And I realize here, again, you have inherited this apparatus. But I would like to know where you are with pushing for national standards so that we can compare apples to apples, especially now that you are going to this competitive grant process; you really don't have, in my opinion, a lot to compare.

And then the final topic I would like to touch on very briefly is charter schools. I am a supporter of charter schools. Minnesota has charter schools. We audit our charter schools. We find fraud and abuse in our charter schools. And now we have our charter schools, which are supposed to be leased property, competing for rehab money for our antiquated and sometimes sick public schools. So I touched on a lot, I apologize, but I will be silent for the few minutes you have left.

Secretary DUNCAN. I will try to be efficient in my answers.

To be clear, the large formulaic grants we are never going to touch. Those will continue to be formulaic. So Title I money always is going to be formula-based. IDEA money, always going to formula-based, so that is never going to change.



What we are saying is, where we have additional resources, we want folks working hard to put in place the reforms to get there. But I think folks that are concerned that, Title I, we are going to change something, IDEA, we are going to change something; I give you my word we would never consider that, never thought about doing that.

Just that as we have new resources, additional resources, we really reward folks who are closing the achievement gap and raising the bar. To be clear, I think there has been a perception—I am not interested in fancy PowerPoint presentations. That is not going to win anybody any grant. We are interested in is folks who have had the courage and the commitment to get dramatically better results with children. That is all we care about.

School improvement grants are going to go directly to States. Minnesota, I am just looking here, is going to get almost \$29 million to turn around schools that are struggling. That is going to go directly to the State. And so we are trying to be creative here, trying to have a hybrid. But the large formula programs are always going to stay formula-based.

On national standards, I think if they are Federal standards, if it is us driving this, this thing fails, it dies, because of the real and legitimate concern and interest in local control. What you are seeing, however, is you are seeing 48 Governors and 48 school chiefs work together around college and career-rated standards and raise the bar. You see the heads of both unions supporting this actively. The business community has been crying out for this.

So this is an idea whose time has come. And the leadership is not being provided by me or by Washington; it is being provided at the local level, which I think is a very, very good step in the right direction. What we are going to do as these folks come up with college-ready standards, to your point is you want to be able to measure apples to apples. That means you need good assessments behind those standards. Part of Race to the Top, we are going to put out \$350 million to develop more thoughtful, more comprehensive assessments—not our assessments; we are going to leave it to the States to work together and drive this at the local level. So I think we can get where you want to go, but it has to be driven where it is now by State school chiefs, by Governors who are working very hard. And that coalition, collaboration, folks understand, the past hasn't worked. Dummied down standards due to political pressure hasn't worked. Lying to children hasn't worked. Seeing some of these students who actually graduate being unprepared and needing remedial classes in higher ed hasn't worked. And there is a huge amount of interest in pushing this thing going forward.

Chairman SPRATT. Mr. Yarmuth.

Mr. YARMUTH. Thank you, Mr. Chairman.

Secretary Duncan, welcome, and thank you for your presentation.

I had the privilege of serving on the Education and Labor Committee in the last Congress, and I want to take this opportunity to respond a little bit just briefly to the demagoguery. We heard from Mr. Hensarling, who unfortunately has chosen to take his shots and then leave. And I think that whole historical and projection

presentation he gave is interesting in light of the fact that the Bush administration passed NCLB and took great pleasure in it and pride in it and touted it all over the country and then proceeded to underfund it by tens of billions of dollars, in the process probably retarding the educational progress of half a generation of students throughout the country.

So I applaud you for your concern, and I wish we got more interest from the other side in actually figuring out how this budget can best serve our Nation and our young people.

Mr. Garrett mentioned that he has a LEARN Act. I also introduced a bill with a LEARN Act title, and it is probably an inferior acronym because it stands for Literacy Education for All Results for the Nation Act, but it is—while the acronym may not be better, I think the legislation is better. And it would essentially, as I would characterize it, take an analogous approach to the Race to the Top in making available a pool of money to fund experiments in the States for comprehensive literacy programs. You are consolidating a number of literacy programs into one area. Can you expand a little bit on how your plans for this consolidation would help develop more and effective literacy education in the country?

Secretary DUNCAN. And obviously, those literacy skills are absolutely foundational. One of the things I found that was interesting when I was a superintendent was that many of the students who struggled on math assessments actually knew the math; they couldn't read the word problems. And so it is not just about literacy; it is about driving an entirely different ability level to function well in other curricular areas.

And so when we talked about a well rounded education, we talked about \$300 million for STEM. There is \$450 million there for literacy. So we are making a huge investment. And again, to me, it is foundational. We can instill in our children a love of learning, a love of reading at an early age and help them become lifelong learners. We have got a long way to helping them to be successful. And so a major commitment there, and that is a huge piece of what we are calling a well rounded education.

Mr. YARMUTH. Is your intent to kind of fund individual initiatives through this pool of money, or to essentially maintain some of these programs but from a more consolidated or coordinated effort?

Secretary DUNCAN. And again, this is a give and take here. There are great, great programs there that may have had a set-aside, or whatever the right word is, and now we are asking them to compete. So what we want is programs that can demonstrate to make a difference in students' lives. We want to take them through an entirely different level. So if you have a great literacy program that has been working with 1,000 students, why can't it go to 2,000? If Teach for America has done a great job of X number of students, let's have Teach for America work for a whole other set. We want folks to demonstrate the difference it is making in students' lives. So it is not just about good ideas or good intentions, it is really about results for students.

And we are looking for that in the curricular areas. We are looking for that when we talk about this next generation of great teachers. We looking for that—we haven't talked enough, again, this

idea of principal preparation and getting great principals in I think is huge. So in all these areas, whether it is a local collaboration or a national consortium or whatever it might be, where you can demonstrate to us that you are, again, raising the bar for all children, closing the achievement gaps, there is an unprecedented opportunity for folks to take to scale great work in all of these areas.

Mr. YARMUTH. A quick question on the accountability piece. And we dealt with this when we were working on NCLB in the last Congress. The question of performance and compensation based on performance and so forth. I think a lot of people may agree with it. I do with the concept. But one of the things that is characteristic of urban school districts, which I represent in Louisville, Kentucky, 100,000 strong—you come from that background—is a question of mobility. We have 50 percent of our students change schools at least once during the course of a school year, and a lot of teachers are basically teaching moving targets. How do you accommodate that within the context of an accountability system?

Secretary DUNCAN. That is a great question. And Carmel Martin is here—where is Carmel, can you just raise your hand—who is doing just I think an extraordinary job helping us think through how we reauthorize this thing. Again, build upon strengths and improve upon weaknesses. So let me give you a couple of concepts.

Again, this is stuff that every day we are meeting with lots and lots of people and trying to get this just right. First of all, I am not interested in absolute test scores as much as I am in growth and gain, how much you are improving. Let me just give you a quick example. If you were a fifth grade teacher, and I came to you reading at the second grade level, I came to you three grade levels behind; if after a year of you teaching me, I was one year behind, under the old system, you are labeled a failure because you are still behind. I think not only are you not a failure; I think you are a great teacher. I improved as a student two years of growth for a year's instruction. That is what I am interested in.

I am looking at how much are people improving. I think that levels the playing field. And every child—wealthy, poor, gifted, disadvantaged—every child should be improving every single year. That is what we are looking for. And so we want to focus on gain. We talk about incentives. I like incentives where every adult in the building is rewarded if you are reducing drop-out rates, if you are increasing graduation rates. If teachers are doing a phenomenal job, but so are the custodians, so are the lunch room attendants, so are the security guards. It is a culture of high expectations in that building, so really thinking about a team approach.

On the issue of mobility, again, these things are pretty sophisticated, we are looking at growth or gain; we look at those students who started with you in September and finish with you in June. And if students are coming to you in October and leaving in February, of course you can't be held accountable for that. So there are ways in sophisticated measurements of controlling for all these things. And so these growth models, none of them are perfect. I think as a country, we should keep getting more and more sophisticated.

The good ones measure like populations against like populations, so measuring English language learners against English language

learners. So where a teacher has a student for a year, yes, we can look at them and look at them relative to other students of similar backgrounds. Where a teacher has a child for 2 months, of course you can't hold them accountable.

I think the larger question then is for—it is a little bit off, but where you have children, we have this in every urban area, children that are in two and three and four schools every single year, how is that child ever going to be successful academically? So to me it is not, what is the teacher doing, but how does the district identify those families that are so transient? And how do we try and find a way to keep them stable? Often, in those types of families, they are just struggling to make it. School is the one source of stability. So how do we reduce those mobility rates? And that was something I struggled with and didn't always get right.

So, again, it is not just what the teacher is doing, what the school is doing, what is the school system doing? If that child needs some additional support, if they need money for transportation, if they need to be tutored at home, whatever it takes, how do we reduce those levels of mobility because that is not good for any child?

Mr. YARMUTH. Thank you.

Thank you, Mr. Chairman.

Chairman SPRATT. Mr. Scott.

Mr. SCOTT. Thank you. Thank you, Mr. Chairman.

Mr. Secretary, just to emphasize the point you were making, the teacher that did 2 years in 1 year getting from the second to the fourth would be obviously an excellent teacher. Under present scoring in No Child Left Behind, where would the score be for that child?

Secretary DUNCAN. That teacher would be labeled a failure, and that school would be labeled a failure.

Mr. SCOTT. Because they are below grade level, although they did 2 years in 1 year, and that is why we need to make that change.

Secretary DUNCAN. And the previous administration started to look more at growth models and started looking at improvement, and we want to take that into an entirely different level.

Mr. SCOTT. Thank you.

Just to start off, we have heard a lot about this budget deficit. I think one of the things in those charts that was left out was the fact that, when the previous administration started off, we were on target to paying off the entire national debt held by the public 2 years ago, 2008, zero debt held by the public.

With the policies that started in 2001, the budget was wrecked. We ended up, this administration ended up inheriting a huge, explosive debt. The way to get rid of the debt is to increase taxes or reduce spending. We also, unfortunately, inherited a recession where you could do neither. So we are stuck in a situation where you cannot do anything serious about the deficit, and they got to put up a chart and blame this administration for it.

We will have an opportunity because the recession is going to end, and we have got challenges. The long-term situation is complicated by the Baby Boomers retiring, Social Security and Medicare will be factors. States now are cutting back on short-term, so we have a lot to do.

We have made progress on higher education, as you have indicated. You talked about, we have a need, more need for college at a time when States are cutting back. We also have made progress with Pell Grants, Work-Study, improved student loans with reducing interest rates and income-based repayment for access.

One area that we need to focus on is the completion. Fewer students—a lot more students are going, but fewer are completing. Do we have your commitment to support the TRIO programs that help students once they get to college to actually complete college?

Secretary DUNCAN. Absolutely. And one thing we didn't talk about, if the SAFRA bill passes, is a \$2.5 billion Access to Completion fund. So the whole focus of those unprecedented resources is to drive up completion rates.

And your point is exactly right, Congressman. Our students can't just go to college; they have to graduate. If I can take one quick second. It is really interesting; many universities are not that dissimilar to high schools. You see students coming in of same ability levels and very different outcomes. Some universities do a great job of building a college completion culture; others sort of churn and burn, and those students don't ever get out. So we want to really make sure colleges are building a culture around completion.

Mr. SCOTT. Thank you.

And speaking of TRIO programs, we have talked earlier about the Upward Bound program several years ago and the reconciliation bill. We had funding that allowed 187 Upward Bound programs who are about to lose their funding to continue, they were given multi-year funding that ends. And there is a little complication because the fiscal year and the academic year do not strictly conform. And many believe that there is a need to deal with that this year. I think you have calculated that you can wait next year.

I think, technically, the 2011 to 2012 school year, some of that actually falls into this budget we are working on now. However you calculate it, do we have your commitment that the 187 programs will be continued and we will deal with the continued funding in the next year's budget, but they should not feel jeopardized at this point?

Secretary DUNCAN. Absolutely. And I will reconfirm, but I am 99.9 percent sure that they have nothing to worry about this year. Those 187 have been saved.

Mr. SCOTT. Thank you. You mentioned the dropouts and the achievement gap and dropout factories. Several of the dropout factories actually achieved adequate yearly progress, which is absurd to suggest that the half that are left in school actually achieved and ignore the fact that half of them dropped out. We have also—I think you have revisited the Achievable Dream program in my district that showed that we don't have to tolerate an achievement gap. Can you say a word about what the budget does for the dropouts and achievement gap, especially in the funding levels in Title I, but what the budget does to actually do something about dropouts and achievement gap?

Secretary DUNCAN. I hope our entire budget reflects our absolute commitment to fundamentally reducing dropout rates and increasing the number of high school graduates who are college- and career-ready. So everything we are doing from early childhood edu-

cation to K-12 reform, student supports, investing in creativity, all of those things are with a goal, the simple goal of raising the bar for all children and closing the achievement gap. So there are multiple, multiple programs. But the big picture strategy is that, as a country, we can't sustain a 27 percent dropout rate. Every single source of funding is towards that end.

Mr. SCOTT. And how is the Title I funding?

Secretary DUNCAN. Title I funding continues to be very, very significant. Again, we are going to maintain that as formula-based. About half that money from the Recovery Act is going to be available in the fall 2010, so there are very real resources there. And we are absolutely, as I said repeatedly, that is absolutely going to remain on a formula basis.

Mr. SCOTT. Thank you.

Chairman SPRATT. Thank you, Mr. Scott.

Mr. Schrader.

Mr. SCHRADER. I appreciate what you are doing, Mr. Duncan. Big supporter of your initiative. You are going to take a lot of heavy hits along the way, and I hope you stand like a rock in the middle of the raging river and stand your course here.

Competition in the grant stream I think is a great thing, I think it is a great thing, and let's get results.

A couple of quick questions if I may. One is you talk about the Title I money and IDEA money staying in place. Will there be an adjustment for inflation going forward for those budgets, is that anticipated?

Secretary DUNCAN. The IDEA is going up about \$250 million, and with the Recovery Act, there is about an additional \$11 billion between the two for this next year.

Mr. SCHRADER. And then as you have heard, there are some concerns about the rural areas being able to compete. Is there any consideration in setting aside a pot of money for rural, and somehow, and I don't know how to do this, but help the rural communities write grants?

Secretary DUNCAN. Absolutely. Jim Shelton, who is in charge of our Investing in Innovation Fund, is spending a ton of time on this. I would be happy to have him follow up.

So we are thinking about a couple of different ways to try and address this. One is a competitive advantage for our rural districts. Secondly is potentially a set-aside. Third is whether it is technical assistance. And then, fourth is we are working with national foundations to increase their investments in rural communities.

And I obviously came from an urban environment, and I have tried to spend a disproportionate amount of my time this past year in rural communities, so I can really start to understand those issues better. So it has been a huge part of my ongoing education. And there are real challenges there, but I think a huge opportunity. And the fact of the matter is that the vast majority of districts are not urban. And so if we are serious about scaling up what works and taking to scale best practices, we have to play, we have to invest in rural communities.

And so I give you my absolute commitment we are doing everything we can to give rural areas a chance to be successful here.

And if you also want to talk through some of the details, Jim Shelton on my staff is helping us really think this thing through.

Mr. SCHRADER. Thank you. With the ARRA money, there was a concern that in the school improvement fund concept that there were four set models you had to adhere to. Is that still going to be the case, or is there going to be a little more flexibility for other ways for schools to improve their situation?

Secretary DUNCAN. We are going to be a little bit tough-minded there. And what we are saying, this is the bottom 5 percent of schools in the country. So we are saying to the 95 percent, show us results, you get your maximum flexibility.

But I will tell you, Congressman, my biggest concern is that, in far too many of these communities, these schools have struggled, not just for a year or 2 years or 5 years, but for decades. And I think when we fail to educate despite our best intentions, despite our hard work, we perpetuate poverty, and we perpetuate social failure.

And so we are saying the one thing that we are not going to be okay with is the status quo. We are saying we need pretty fundamental and dramatic change. We are putting unprecedented resources behind this, \$3.5 billion. Every State will have access to the money.

Great teachers, we heard it repeatedly, great teachers, great principals make a difference in students' lives. How do we systematically get the best teachers and principals, the hardest working, most committed, to historically underserved communities, be that rural or inner-city urban?

I have argued, and I sometimes get booed by students when I talk about this, I think we need more time; longer days, longer weeks, longer years. We have got to work harder. And I think our students are smart, capable, committed, can do anything. But if students in India and China are going to school more days than us, we are putting our children at a competitive disadvantage. I don't need another study to tell me about summer reading loss for disadvantaged students. Our children get to a certain point in June, and they come back in September further behind than when they left. How is that good for the child? And so we want folks to think very differently, again, on those schools that simply—you know, with the of best intentions and hard work—students, children, are not getting what they need to be competitive in today's global economy.

Mr. SCHRADER. I am fine with that, Mr. Secretary. As long as you get good results, you would be open to other models that would get us where you want to be, it would seem.

The last question is regarding the misguided highly qualified teacher rule. I hope you are going to look at that and make some modifications there.

Secretary DUNCAN. Yes, short answer.

And I would say one of the many good lessons I have gotten from the rural communities where you have a teacher who is teaching math and reading and social studies and science, it is a little bit hard to be on paper highly qualified. I am much less interested in paper credentials. I am much more interested in what we call highly effective. So you can have all the degrees in the world, but if

your students aren't learning, I don't think you are effective. You could have relatively fewer degrees, but if your children, again, are making that 2 years of growth for a year's instruction, you are a phenomenal teacher. And so I am much more interested in looking at effectiveness.

It is complicated. It gets very intricate how you measure that, and we want to get more sophisticated. But moving from what I call highly qualified on paper to highly effective based upon student achievement is directionally exactly where we want to go.

Mr. SCHRADER. Thank you very much.

I yield back.

Chairman SPRATT. Ms. Moore.

Ms. MOORE. Thank you Secretary Duncan for appearing.

I just wanted to clarify something that you said to Mr. Schrader. Is it your testimony that Title I is not flat funded? It is my impression that it is flat funded.

Secretary DUNCAN. It is flat in the budget, but it has an additional carry-over from ARRA of \$5 billion, so there is an additional \$5 billion for this upcoming school year, fall 2010.

Ms. MOORE. You mentioned in your testimony that the Access and Completion fund, when Mr. Scott was talking about the TRIO program, is that, access and completion dollars, are they available for the TRIO program?

Secretary DUNCAN. Yes.

Ms. MOORE. So how does the TRIO program access those funds?

Secretary DUNCAN. Well, they don't exist yet. That is part of the SAFRA bill that you guys have passed and the Senate has to pass it. But once that money becomes available, TRIO and other programs can absolutely compete for those dollars.

Ms. MOORE. Compete for the dollars.

Secretary DUNCAN. Yes.

Ms. MOORE. As opposed to the regular funding stream.

Secretary DUNCAN. They would keep the regular funding stream. This is additional, this is new money. This is additional resources that don't exist today.

Ms. MOORE. Okay. I really wanted to talk with you about the core values that helped you establish this budget. The third one you said was that you wanted to narrow the role of the Federal Government and sort of devolve some sort of decision-making and responsibilities to the State.

And I want to associate myself with the testimony of Betty McCollum, who laid out very clearly that the States have had a tremendous challenge in terms of creating equality of educational opportunity, historically.

We talked, for example, about Title I, which is flat-funded. And this has been a real basic sort of a program in dollars so that schools could exist. We talk about the grant programs that are now going to be more competitive. And, of course, the definition of charter schools will absolutely prohibit the public from chartering their own schools, is reminiscent of those schools that sprung up, these private academies, publicly funded academies after *Brown v. Board of Education*.

So I was stunned to hear—how does that fit in with your notion that education is the civil rights issue of our time, when these are



all programs that were developed, the Federal Government became more involved, in order to ensure civil rights of students? And, you know, you are talking about devolving this stuff back to the States.

Secretary DUNCAN. What we are talking about is trying to make sure that every child has a chance to get a great education. And—

Ms. MOORE. How does every child have a great chance for an education when there are winners and losers in this? I mean, you could be in Chicago and be in a charter school that has won one of the Race to the Top grants that the Gates Foundation has funded or you could be in the gang school, a gang-infested school in Chicago and be a loser in a school that is flat-funded for Title I.

Secretary DUNCAN. Well, and this is important to understand, that our commitment to historically disadvantaged children, to poor children, has never been higher. So it is not just Title I money that those children in those gang-infested communities have access to. The school improvement grants are going to go to those historically underserved communities, \$3.5 billion—

Ms. MOORE. Are those grants or competitive grants?

Secretary DUNCAN. Money goes to the State. I will tell you, Wisconsin—

Ms. MOORE. To the State. It is not going to go, necessarily, to those school districts, because States are—

Secretary DUNCAN. It will go from the States to the districts. And the number for Wisconsin is \$43 million.

Ms. MOORE. And what if the State wants to withhold that money from the school district, as we have seen in my State and in other States? And I think Mr. Doggett attested to that.

Secretary DUNCAN. Right. Well, obviously—

Ms. MOORE. That is the very sort of problem that the Federal intervention during the civil rights era—and up until 2009, my favorite President was Lyndon Baines Johnson because the Federal Government saw education as a civil rights issue.

Secretary DUNCAN. And we will continue to intervene there—

Ms. MOORE. That doesn't seem to be the case.

Let me ask you one question about TRIO, again following up on some of the things that Mr. Scott said. You know, there are consequences for flat-funding programs. There are 46,000 students since 2006 that aren't going to be served because TRIO has been flat-funded.

You said the core value, your second one was accountability in funding programs that work. TRIO works. Why didn't you put 150 million more dollars into TRIO? It is a program—Pell Grants, there are 10 percent more students who are in TRIO programs who get Pell Grants that graduate than those with Pell Grants alone. Pell Grants alone will not help you reach your goal of graduating more students.

TRIO works. So why was it that you flat-funded TRIO?

Secretary DUNCAN. There are lots of programs that work that—again, with a \$2.5 billion Access and Completion fund, that is a huge opportunity for programs that are helping students complete high school successfully, not just go to college but graduate. It is a huge opportunity for them to step up.

Ms. MOORE. TRIO students graduate, and they graduate to—you made Pell a mandatory program. And the thing that really makes Pell work is when there is a nexus between it and the TRIO programs. And I am very disappointed that this administration doesn't see it.

Also, you talked about HBCUs, wanting to help them. HBCUs are dependent upon TRIO dollars in order to have their students matriculate through those universities. And so, it is not inconsequential that you flat-funded TRIO. It is going to be a direct hit on HBCUs.

Secretary DUNCAN. HBCUs have received an additional \$98 million in this budget. And over the next 10 years, there will be billions of dollars coming to those institutions through increased Pell Grants and Perkins loans. So we are going to work very, very hard—

Ms. MOORE. The Pell Grants will not help them unless they have the supportive services of the TRIO programs, which you flat-funded.

Thank you, and I yield back.

Chairman SPRATT. Ms. DeLauro?

Ms. DELAURO. Thank you, Mr. Chairman.

I think my colleagues have made the point, and I will reiterate it. The issue is—and I think, Mr. Secretary, you said this early on in your testimony, in your commentary—the issue is that municipalities across the Nation, and school boards, are devastated people. That is what is happening in my district. I met with all my mayors and selectmen in the last several weeks, and their budgets are being put together, so they are having to let people go.

How do municipalities across the country plan ahead with education budgets if they cannot rely on formula funding?

The fact is that Title I and IDEA are flat-funded, they are frozen. And it would appear that all increased funding, K through 12, is going to be through competitive grants.

The teacher quality State grants, there is a \$500 million decrease in that?

Secretary DUNCAN. Let me just correct you. On IDEA, they are actually up \$250 million.

Ms. DELAURO. But that is \$250 million—the American public is right, it is a lot of money, but it is budget dust, you know, to quote one of my colleagues, I mean, \$250 million nationwide.

Secretary DUNCAN. Again, just to—

Ms. DELAURO. Now you are going to mention ARRA to me probably.

Secretary DUNCAN. \$11 billion.

Ms. DELAURO. I know. But I am just going to say this to you—

Secretary DUNCAN. Half of that. It was about \$22 billion together for IDEA and Title I. About half that is available.

Ms. DELAURO. Without increases in Title I and IDEA in fiscal year 2011, this is the same time that ARRA ends, it's over. There is a cliff for our States. States, schools are already deep in a hole. They are going to be further in a hole. They cannot sustain that.

And all of the increases are in competitive grants. I understand competition, et cetera, but I think we are looking at a very precar-

ious economic time, and this direction doesn't seem to me to be the direction that we ought to be going in.

And I want to ask about after-school. First of all—

Secretary DUNCAN. Let me just—

Ms. DELAURO. Sure. Make a comment, and then I have—

Secretary DUNCAN. What we are trying to do here is, obviously, we want to drive reform. And these are very, very difficult economic times, and we are working as hard as we can. Again, I think we saved an extraordinary number of jobs this past year, and we are very, very proud of that.

Ms. DELAURO. Amen. And so are the States, and so are the municipalities.

Secretary DUNCAN. And I am very worried, I share your concern going forward on the jobs side. So that is a real concern.

At the same time, again, we want to try and drive real reform. We have to continue to get better through good economic times and bad.

Ms. DELAURO. Well, I would just say to you that, in so many other programs, what we are trying to do is to look at how we maintain something of a level going from ARRA to the next phase, because if you listen to any of the economists, the unemployment numbers are not going to drop very much. They may, in fact, increase some. My State is 8.9 percent unemployment.

Teach for America, in my view—and I will just make this comment—not, in fact, an earmark. A program which has succeeded in increasing the rolls, an effective corps of teachers.

Secretary DUNCAN. If I could—

Ms. DELAURO. Let me throw this out, and then you can go ahead. I have 50 seconds.

The after-school program—21st century learning centers—I understand it is to be transitioned to a competitive grant from formula-based, as well. Is that correct?

Secretary DUNCAN. We have what we call Successful, Safe, and Healthy Students, \$1.8 billion, a \$245 million increase. There is \$1.1 billion for after-school extended day. And, as you know, I am a big fan of after-school programming. An additional billion dollars that the President has talked about if we pass ESEA—a piece of that we want to go to increased after-school funding on top of that.

If I could just—on the Teach for America, obviously, I am a big fan of them. What they had was a noncompetitive grant, and we expect them to be part of—you know, apply for i3, apply for these different opportunities. And—

Ms. DELAURO. But that belies—and just a comment. If you have something that works—you may have a whole lot of things that don't work. So you want to deal in a competitive way so that you get performance. But if you have very good programs that are performing, high standards, et cetera, why do we want to put those in jeopardy? I don't understand.

Secretary DUNCAN. We don't though. And if I could just say, what they have is an opportunity to go to an entirely different scale. And there are many good programs out there that are making a real difference. And through this they have a chance to help many more students than they are currently helping today.

Ms. DELAURO. Thank you, Mr. Secretary.

Chairman SPRATT. Mr. Larsen?

Mr. LARSEN. Thank you, Mr. Chairman.

Secretary Duncan, I don't know what excited people more this weekend when I was home—it wasn't me—but whether they were more excited about taking subsidies, taxpayer-funded subsidies out of the pockets of banks, or if they were more excited that we are going to take that money and put it into the pockets of moms and dads and kids who can't afford the higher cost of education. In other words, at least where I come from, folks are very excited about moving forward on student loan reform.

And if you can outline for me just very quickly—because I talked Pell Grants, some other things—can you talk about, just quickly, what are the top five areas that these dollars are going to go to?

Secretary DUNCAN. I appreciate people's huge interest. There is a staggering opportunity here. It is like a once-in-a-generation opportunity, again, not going back to taxpayers, just putting a huge amount of resources into students.

Let me, sort of, walk through this. As much as \$87 billion in resources. Close to \$10 billion we would put into early childhood education; huge chance to get dramatically better there. Tens of billions of dollars into Pell Grants; huge play there.

We didn't talk enough today about community colleges. \$10 billion to strengthen community colleges. And as individuals go back to retrain and retool in health care jobs and green jobs, green energy jobs, tech jobs, we think community colleges have been this underutilized gem along the education continuum. So a massive investment there.

Very significant investment in what we talked about, income-based repayment, reducing those loan payments on the back end and, after 10 years of public service, erasing them. And then the College Access and Completion Fund is a very significant investment. The final one is about \$2.5 billion into HBCUs and other minority-serving institutions.

So those would be major categories of investment.

Mr. LARSEN. That is good to understand better. Obviously, the Pell Grants is something a lot of us focus on. It is the number-one source of Federal financial aid, so it is easier to focus on.

So, specifically on community and technical colleges, it is \$10 billion. Anything that you can break down within that category?

Secretary DUNCAN. Yes. Again, as you guys know, community colleges—there has never been so much interest. Most are seeing double-digit increases in students wanting to come back to retrain and retool.

We, as a Federal Government, I don't think we have invested enough in community colleges. And we think building their infrastructure, making sure they can be nimble and, at the local level, creating those courses that lead to real jobs in that local community, online courses—there is a huge play that we can make to strengthen these institutions that have unprecedented interest but often don't have quite the capacity yet to serve well all those students who want to come back.

And so we want to make a major play here. And I think as individuals go back and get back on their feet, the country is going to

get back on its feet. And I think community colleges can play a huge role there.

Mr. LARSEN. On that point, any thought about how that investment connects with WIA reauthorization?

Secretary DUNCAN. We have had great, great conversations with the Department of Labor, and we didn't talk enough about that. We didn't talk enough about the food piece with the Department of Agriculture. But we can't do any of this work in a silo.

And so, as we think about WIA reauthorization, as we think about the Child Nutrition Act, we are working very, very closely with our counterparts in Labor, in the Department of Agriculture, and in other areas to make sure we are thinking collectively, holistically, about how best to maximize all of our work. So that is a hugely important play.

Mr. LARSEN. Yes.

Just a note here. Harvard Business Review did an article last summer, talked about global competitiveness in the world. And it is really, you know—this is HBR, it is focused on, if you are business leader, here is what you need to be thinking about.

But in terms of government and business, we need to be thinking about reversing the slide in funding in basic and applied science, focusing resources on solving the big ideas, the big challenges; in business, making capabilities the main pillar of a strategy for developing the skills that you need to be flexible; reinvigorating basic and applied research within business.

And it just seems that all of these are really based on developing capabilities and skills and flexibility for people. And that means developing people, and that means giving people the opportunity to do the things that we are talking about, getting to higher ed, whether it is community or technical college or 4-year.

And it is something that, because we are focused on the "now" because of the job picture. But if we don't set that foundation for future economic growth, as well, we are going to lose an opportunity.

Secretary DUNCAN. The President has drawn a line in the sand. He said by 2020 we have to again lead the world in percent of college graduates. I think many folks think we still do. And, in fact, we used to lead the world 2½ decades ago. We have flat-lined, and other countries have passed us by. And I think we are really paying the price for that today.

And so every move, every strategy put in place is towards that end. We have to dramatically increase the percent of graduates from 4-year institutions, 2-year community colleges, trade, technical, vocational training. That has to be the goal for every single young person in this country.

Mr. LARSEN. Thanks.

And, Mr. Chairman, if I just might say, I have had an opportunity to play basketball with the Secretary. And if he is bringing the vision on the court, his patience on offense, and his tenacity on defense to the Department of Education the same that he brings to the basketball court, I think we will be all right.

Chairman SPRATT. Mr. Secretary, Mr. Jordan has one additional question, if you could indulge us.

Secretary DUNCAN. Absolutely.

Mr. JORDAN. Thank you, Mr. Chairman.  
And thank you, Mr. Secretary.

I just want to be clear. Earlier I asked you—4,198 employees the Department has; you said that number may go up this year. But I just want to be clear. Isn't it true in your request—oh, you also said that, over the last decade, that number of employees has come down. But as I look at the book, your budget book, you are requesting an additional—isn't it true that you are requesting an additional 404 employees, which would, in fact, take the number of employees at the Department back to a higher level than you were at the start of the decade?

Secretary DUNCAN. I think your numbers going forward are right. My numbers going back to 2001, it has been a reduction of 800. And so our numbers would still be below that from 2001.

Mr. JORDAN. In the book right here, it says, "2001, 4,566 employees." Based on your request for fiscal year 2011, you want 4,603 employees. 4,603 is actually more than 4,566.

Mr. SKELLY. And the big increase in 2011 is for the loan servicers. If we take—

Mr. JORDAN. I am not—I don't know where it is at. You know, you can say it is wherever you want.

Mr. SKELLY. It is important to have people to make sure we do a good job on collecting.

Mr. JORDAN. But put it in context. Again, Mr. Secretary, my point was, put it in context. The average salary at the Department of Education is \$100,000, twice what the average salary of teachers is across this country. And you are asking, at a time when there is red ink everywhere, you are asking for 404 additional employees at the Department of Education that most teachers don't think benefits them one single bit in the classroom.

Mr. SKELLY. The taxpayers would benefit because we would get additional funds back through the student loan program. That is the reason we have the big increase in staff, is largely because of student loans. If we are saving \$87 billion, it is worth spending a couple hundred thousand.

Chairman SPRATT. That is the context. You are saving, by those additional employees—

Mr. SKELLY. That is right.

Chairman SPRATT [continuing]. \$86 billion for 404 incremental employees.

Mr. SKELLY. It is a small investment with a big return.

Mr. JORDAN. I think people would disagree with that, Mr. Chairman.

Chairman SPRATT. I will stipulate that.

Anything further?

Mr. JORDAN. No. Thank you for your time.

Chairman SPRATT. Okay.

Mr. Secretary, I have a letter for you, if you don't mind, about the Perkins loan program. And if you could designate somebody in your department as a contact with us, I would very much appreciate it.

Secretary DUNCAN. Absolutely.

Chairman SPRATT. We would just like to go over some details with you.

Secretary DUNCAN. Sounds great. I will have Bob Shireman from my staff reach out to you directly.

Chairman SPRATT. Today you get an A for proficiency and an A for patience, too. Thank you for your diligence, your forthright answers. We look forward to working with you on this budget.

Secretary DUNCAN. Thanks for the thoughtful questions, and thanks for your collective leadership. It means a lot to me. Thanks for having me this morning.

Chairman SPRATT. Thank you. We are glad to have you there.

[Question submitted by Mr. Boyd and Secretary Duncan's response follows:]

#### TRANSITION TO 100 PERCENT DIRECT LOANS

Mr. BOYD: You and other senior Department officials have said that because private and non-profit lenders would be allowed to compete for loan servicing work under a 100 percent Direct Lending regime, you don't expect much job loss to result from your plan to eliminate their role as originators of Federal student loans. I see it differently. The private sector is already servicing Federal student loans, so even assuming that more loans will be made in the future, your proposal directly threatens the jobs of those delivering the many services associated with originating the loans. In fact, I have reports from Sallie Mae this week that they will have to lay off at least 700 people—many in my district—because of the pending transition.

Given the importance of undertaking this kind of job-threatening change, what kind of studies has the Department undertaken to show exactly how many jobs will be lost by this proposal?

Secretary DUNCAN: The Department, using a competitive process, has awarded contracts to four loan servicers—one of which is Sallie Mae—to assist the Department in servicing Direct Loans. Based on their performance, each servicer has the opportunity to increase the number of loans they are initially allocated to service. Additionally, the Student Aid and Fiscal Responsibility Act provides \$25 million in both fiscal years 2010 and 2011 to loan servicers as financial assistance to retain existing jobs.

[Questions submitted by Mr. McGovern and Secretary Duncan's responses follow:]

#### ARTS EDUCATION

Mr. MCGOVERN: One of the programs I care deeply about is VSA Arts. VSA Arts, founded in 1978 by Jean Kennedy Smith, sister to President John F. Kennedy, has been a highly successful program in bringing arts to school children with special needs. We all learn differently and having arts supplement learning has proven to be a highly effective method of teaching. While the President's FY 2011 budget proposal provides a generous overall increase in funding for the Department of Education, it combines funding for Arts in Education, where VSA receives its funding, with seven other small categorical programs into a State-based competitive block grant entitled "Effective Teaching and Learning for a Well-Rounded Education."

Currently, VSA is the strongest, systematic funding stream to get arts to children with special needs, with affiliates in all 50 States. Working with State and local school districts, VSA is able to leverage \$12 in private funds for every \$1 of Federal funds. Without VSA, there is no way to get arts programs to children with special needs. All of these vital services, and the expansion of these services through funding leveraged by State and local agencies, could be lost if funds specifically targeted for VSA are eliminated.

Is it correct that as the budget is currently written that the direct grant to VSA and to the Kennedy Center education programs would be eliminated if the President's FY 2011 proposal to consolidate these programs is adopted; and can you explain the reasoning behind consolidation?

Secretary DUNCAN: Under the fiscal year 2011 budget request, direct grants to VSA Arts and the Kennedy Center would be consolidated under the proposed Effective Teaching and Learning for a Well-Rounded Education program. The Administration believes that the creation of a broader program would not only help to strengthen instruction and increase student achievement across the content areas but also provide States and districts with the financial resources and flexibility to

identify how to best meet the needs of their students, including those with disabilities and English learners.

Under this new program, non-profit organizations, such as VSA Arts and the Kennedy Center, working in partnership with one or more high-need LEAs would be eligible to apply for competitive grants to support the development and expansion of new, promising instructional practices to improving teaching and learning in a range of subjects, including the arts. These grants could support such activities as providing high-quality professional development, developing high-quality assessments, developing and implementing instructional materials aligned with State standards, and using technology in innovative ways, as well as efforts, in the arts and in other areas, to ensure that individuals with disabilities have a full opportunity to succeed academically.

#### READY TO LEARN TELEVISION

Mr. MCGOVERN: Mr. Secretary, I am concerned that the Administration's budget eliminated dedicated funding, through consolidation, for a program that has shown vast successes in both national and local approaches to education and literacy, Ready To Learn.

Ready To Learn provides funding that assists in the scientific-research that goes into programming on public television that has been proven to assist children in literacy and vocabulary. Aired on public television stations across the country, these programs, including the Emmy award-winning series *Between the Lions*, co-produced by my Massachusetts station WGBH, are widely-accessible and available. Additionally, Ready To Learn has provided funding for literacy outreach that directly benefits the under-served populations in these communities. Through reading camps and other initiatives, public television stations like WGBH have shown a capability for measurable success in childhood literacy. It disturbs me to think that this program, which is widely supported by Members of Congress, could cease to exist due to the consolidations proposed in the Administration's budget.

I would appreciate it if you and your Department would carefully look at this program and its success before taking further action on eliminating its direct Federal funding.

Secretary DUNCAN: Under the Administration's proposed consolidation of the Ready to Learn Television program, public telecommunications entities—such as the Public Broadcasting Service, the Corporation for Public Broadcasting, and others (including “affiliate” public television stations such as WGBH)—would be encouraged to compete for national activities funding in the Effective Teaching and Learning programs to continue many of the activities currently authorized under the Ready to Learn program, such as producing and developing high quality, digital educational content for children.

[Questions submitted by Mr. Langevin and Secretary Duncan's responses follow:]

#### MENTAL HEALTH

Mr. LANGEVIN: I am very pleased to see an overall boost in our education budget. If we want a strong economy and the best workforce for the 21st Century, we need to make these much needed investments in our students. I also agree that reauthorization of the Elementary and Secondary Education Act is essential to these goals. However, I do have concerns regarding the Administration's plan to consolidate 38 existing K-12 programs into 11 new programs. For years, I have led a successful effort to increase funding for the Elementary and Secondary School Counseling Program, which provides grants on a competitive basis to school districts to hire school counseling professionals or build up existing programs. For the 2007-08 school year alone, this program provided support services in 97 school districts in 22 States. Each time the amount for this program increases, it still does not meet the demand in applications.

If this program is consolidated into the Successful, Safe, and Healthy Students Program, how will the funding be allocated?

Secretary DUNCAN: The Administration remains committed to addressing student mental health issues and believes that school-based counseling programs offer great promise for improving prevention, diagnosis, and access to treatment for children and adolescents with mental health problems. Under the proposed Successful, Safe, and Healthy Students program, State educational agencies as well as Title I-eligible local educational agencies, by themselves or in partnership with one or more community-based organizations or local governmental entities, would apply for competitive grants from the Department. The Administration believes that a broader, more



flexible approach, through which States and districts could address student mental health and related needs, including for school counselors, comprehensively (rather than through more narrowly targeted programs) will be more successful in building capacity and enabling States and districts to meet the educational needs of their students and improve student outcomes.

#### TEACH FOR AMERICA

Mr. LANGEVIN: Another program affected by the consolidation of funding streams is the successful Teach for America program. According to the President's Budget proposal, this program would be eligible to compete for funding under the Teacher and Leader Pathways Program. Teach for America's planning process includes hiring and allocating recruiters, selectors, teacher support and national staff and building the extensive infrastructure to support the corps. Teach for America needs sustained, reliable funding to grow to scale. The timing of the proposed grant competition would not allow Teach for America to grow in 2011 or 2012, and they would be forced to reduce the size of the incoming corps. How do you propose to bridge this funding gap so that Teach for America can continue to grow and place effective teachers in the schools where they are most needed during this upcoming school year?

Secretary DUNCAN: I appreciate the role that programs such as Teach for America play in helping districts recruit high-quality candidates to teach in high-need schools. Our budget request would consolidate several smaller, often overlapping, program authorities in order to leverage these funds to help States and districts create and expand high-quality pathways into the teaching profession, including alternative routes to certification such as Teach for America. Our request for Teacher and Leader Pathways would more than double our funding for teacher preparation to \$235 million in fiscal year 2011, with an additional \$170 million provided for the development of school leaders. Since 2001, the Department has awarded more than \$45 million in grants to Teach for America, and we will soon award an additional \$18 million in fiscal year 2010 funds to support the recruitment, selection, training, and placement of exceptional recent college graduates who commit to teach in high-need schools for 2 years. In addition to expanded funding for teacher preparation through the competitive Teacher and Leader Pathways program, Teach for America, in partnership with States and districts, is eligible to apply for other competitive grant programs such as Investing in Innovation and Race to the Top.

#### TRANSITION TO 100 PERCENT DIRECT LENDING AND CONTINUED FUNDING SOURCE FOR COLLEGE PREPARATION PROGRAMS

Mr. LANGEVIN: Last year, I was proud to support the Student Aid and Fiscal Responsibility Act (SAFRA), which will help our students afford the price of college and prepare them for successful careers. Like SAFRA, the Administration's budget calls for the elimination of the Federal Family Education Loan Program (FFELP). In my home State, the Rhode Island Student Loan Authority (RISLA), which is a not-for-profit FFELP provider, has run a successful one-on-one college access program called the College Planning Center of Rhode Island (CPC). In the past six months, the CPC has helped over 4,100 students, a 25 percent increase over the prior year. The CPC helps Rhode Island students prepare their financial aid forms, helps high school students search and apply for college, provides free SAT test preparation class work in high need public school districts, and is working with several community based groups that work with youth and unemployed individuals to help them access a college education. The CPC also helped develop and supports the Latino College Access Coalition whose mission is to increase the number of Hispanics and Latinos who apply to and attend college. The CPC has also taken the lead on financial literacy efforts for high school and college students in Rhode Island by counseling over 12,000 students. Knowing that RISLA's funding stream will change with the elimination of FFELP, how does the Administration's budget address funding for programs like the College Planning Center?

Secretary DUNCAN: Under SAFRA, Congress provided \$150 million for College Access Challenge Grants, up from \$66 million in 2009. The purpose of the College Access Challenge Grant Program (CACGP) is to foster partnerships among Federal, State, and local governments and philanthropic organizations through matching challenge grants that are aimed at increasing the number of low-income students who are prepared to enter and succeed in postsecondary education. Under this program, States will have discretion in how these funds are used and Rhode Island could continue to support CPC through this program.

[Questions submitted by Mr. Ryan and Secretary Duncan's responses follow:]

PELL GRANTS

Mr. RYAN: The President's budget spends \$307 billion over 10 years to reclassify Pell Grants as an entitlement; an additional \$118 billion to raise the maximum grant amount; and another \$69 billion to build in an automatic increase in the maximum award to 1 percent above inflation. If adopted, Pell Grants would become a nearly half-trillion-dollar entitlement, \$494 billion.

What is the basis for the 1-percent-above-inflation figure; and why higher than inflation?

Secretary DUNCAN: Since 1990 the purchasing power of the maximum Pell Grant has decreased from 44 percent of the cost of attendance at a 4-year public university to 35 percent in the current academic year. With the cost of attendance continually rising and the maximum Pell Grant often left stagnating for years at a time, Pell Grants do not go as far as they used to toward paying for college. To build the educated workforce needed for the twenty-first century, citizens of all economic strata need to have the option of pursuing higher education. The President proposes increasing the annual maximum Pell Grant by 1 percent over the Consumer Price Index (CPI). The final Student Aid and Fiscal Responsibility Act increased the maximum grant only by the CPI through academic year 2017-2018. This is a good start on rebuilding the buying power of Pell Grants.

PROPOSAL TO MAKE PELL GRANT FUNDING MANDATORY

Mr. RYAN: What is the rationale for requesting enormous increases to Pell Grants and converting them to an entitlement, while flat-lining other apparent Administration priorities such as Title I and IDEA funding and leaving them in the discretionary category?

Secretary DUNCAN: The Federal Pell Grant program already acts as an entitlement program by guaranteeing students the grant amount for which they are eligible. The Department does not—nor does it have the authority to—reduce awards if the appropriation does not include enough funding. This results in back-filling funding shortfalls. Converting the program to mandatory is an acknowledgement of its true nature and a resolution to decades-long funding issues.

Mr. RYAN: How are the Pell Grant increases paid for so that they will not increase deficits and debt?

Secretary DUNCAN: The FY 2011 Budget includes proposals which will produce billions of dollars in savings through reform of the student loan programs. Many of these are included in the Student Aid and Fiscal Responsibility Act. The Office of Management and Budget has assured us increased costs related to the Pell Grant proposal are fully offset in the Administration's budget submission.

Mr. RYAN: Without transferring Pell Grants into the mandatory category, would the President be able to do all of his proposed Pell Grant increases and still maintain his non-security discretionary spending "freeze?"

Secretary DUNCAN: The Student Aid and Fiscal Responsibility Act includes a mandatory appropriation of \$13 billion to ensure adequate Pell Grant funding and to support the FY 2011 Budget proposal. The President remains committed to the non-security discretionary spending freeze.

PROJECTED SAVINGS ASSOCIATED WITH PROPOSAL TO TRANSITION TO 100 PERCENT DIRECT LENDING

Mr. RYAN: The President's Budget estimates \$43.29 billion in savings over 10 years from transitioning from the Family Federal Education Loan Program (FFELP) to Direct Loans by July 1, 2010. However, the savings estimate you use publicly is \$87 billion over 10 years.

If transitioning exclusively to Direct Loans saves \$87 billion, why doesn't the President's Budget use that number, and what accounts for the difference in the savings estimates between the Office of Management and Budget and the Congressional Budget Office for the same student loan policy change?

Secretary DUNCAN: The total savings described in the FY 2011 President's Budget proposal is \$45.56 billion. This is \$2.3 billion more than mentioned in the question, and the result of including projected FY 2010 savings. CBO has their own methodology and calculates their own baseline to determine savings estimates. Differences can occur between projections among agencies due to various interest rate scenarios,

including interest rates paid by lenders or the borrowing interest rate from Treasury; or can even be a result of the timing of the estimate's release, which can create differences particularly related to subsidy or interest rate updates.

SAFRA (H.R. 3221)—USE OF THE CREDIT REFORM BASIS FOR ESTIMATING SAVINGS FROM DIRECT LENDING

Mr. RYAN: When scoring the savings from a complete transition to Direct Loans in SAFRA, the Student Aid and Fiscal Responsibility Act, CBO uses the 1990 Credit Reform Act, which calls for using a net present value calculation based on Treasury's discount rate. This law does not permit CBO to take into account market risk—the risk that the value of the loan will decrease due to changes in market factors. In this economic environment especially, it is critical to adjust for market risk to more accurately reflect how much a loan program will generate. That is why Congress has required that CBO apply it when estimating the cost of recent government loan programs such as the Troubled Asset Relief Program (TARP). Do you think we should apply the calculation that provides Congress with the most realistic savings estimate, and is applying market risk to the transition from FFELP to Direct Loans something the Administration has looked into?

Secretary DUNCAN: The Administration believes using the current credit reform process as a cost estimation basis produces a reasonable savings estimate. The Administration and CBO consider current and projected economic conditions when estimating future events such as loan defaults and recovery, loan cancellations, and lender subsidies. Even the most conservative estimate performed by CBO shows a savings to the Federal Government of \$40 billion when switching to 100 percent Direct Loans. The Administration has confidence in both its estimate and methodology.

Mr. RYAN: Do you believe that spending \$80 billion in the SAFRA bill is wise when the CBO Director has warned that \$33 billion of the \$87 billion in projected savings might not occur?

Secretary DUNCAN: The Administration believes this is a cost-effective measure which can achieve two important goals at once—eliminating unnecessary subsidies to private lenders, and reinvesting dollars where they can be put to better use by supplementing and strengthening our Pell Grant and school improvement programs.

OTHER FUNDING ISSUES: GRADUATION PROMISE GRANTS AND COLLEGE ACCESS AND COMPLETION FUND

Mr. RYAN: Two education programs in the President's budget are created in the mandatory category and then expire before the 10 year window ends: 1) the new Graduation Promise Grants, which abruptly ends after 5 years; and 2) the new College Access and Completion Fund that ends after 6 years.

Why not request discretionary funding for these new pilot programs where the Administration and Congress can review their funding annually?

Secretary DUNCAN: The Administration supported mandatory funding for Graduation Promise Grants and a new College Access and Completion Fund (CACF) because of the significant savings expected to be realized from the President's proposal to switch from the Federal Family Education Loan (FFEL) system to 100 percent Direct Lending.

The Administration had hoped to be able to invest \$3.5 billion over 5 years to the College Access and Completion Fund to develop, implement, and evaluate new approaches to improving college success and completion, particularly for students from disadvantaged backgrounds, and another \$1.2 billion to the Graduation Promise Grants program to strengthen high schools.

The Administration supported both of these investments as part of a broader strategy to meet the President's goal of leading the world in the proportion of college graduates by 2020. We are pleased that most of the savings that were ultimately realized as a result of the enactment of the Student Aid and Fiscal Responsibility Act and the shift to Direct Lending have been allocated to programs that will enhance opportunities for disadvantaged students in higher education such as \$35 billion over 10 years for Pell Grants.

CONGRESSIONAL OVERSIGHT OF MANDATORY PROGRAMS

Mr. RYAN: By proposing them as mandatory programs, won't they be largely immune from congressional oversight?

Secretary DUNCAN: Although it is certainly true that, as mandatory programs, the CACF and Graduation Promise Grants would not be subject to the review achieved

through the disposition of an annual budget request, the Department does provide the Congress with the same kind of information on program results for mandatory programs as it does for discretionary programs by including impact data and performance information in its Budget Justifications. Moreover, Congress has and uses other mechanisms such as hearings and external reviews by entities like the Government Accountability Office to exercise oversight over mandatory programs. The Congress also has the ability to address any problems through the enactment of additional legislation.

Mr. RYAN: Do you intend to terminate these programs at the scheduled time?

Secretary DUNCAN: Unfortunately, Congress has not funded either of these programs.

[Questions submitted by Mr. Mack and Secretary Duncan's responses follow:]

#### IMPROVING LITERACY THROUGH SCHOOL LIBRARIES EVALUATION FINDINGS

Mr. MACK: In January 2009, the Department of Education released the Second Evaluation of the Improving Literacy through School Libraries Program, which indicated that students attending schools participating in this program are performing higher on State reading tests than students in schools that do not take part in the program. Additionally, the evaluation stated that in schools that participated in the program in 2003-04, the percentage of students who met or exceeded the proficiency requirements on State reading assessments increased by an extra 2.7 percentage points over the increase observed among non-participating schools during the same time period.

Why has the Administration chosen to ignore its own evaluations and consolidate Improving Literacy through School Libraries with other literacy programs instead of increasing your investments in this effective program?

Secretary DUNCAN: The Administration takes the findings of each evaluation seriously. The evaluation report you mention also stated that some or all of the score increase may be associated with other school reform efforts. Consequently, the report concluded that no definitive statement could be made about the effect of participation in the program on reading assessment scores.

The Administration is proposing to consolidate the Improving Literacy through School Libraries and other programs so that States and local educational agencies can make more effective use of Federal literacy funding. Federal programs aimed at increasing literacy achievement have historically taken a fragmented approach, and the Administration believes State and local efforts will be more coherent and more likely to drive dramatic improvements in student achievement if they have a comprehensive pre-K-12 focus. Efforts to improve school libraries such as increasing library collections, opening facilities for longer hours, or providing professional development for school librarians could be part of these comprehensive plans.

I should also note that the budget would increase the Federal investment in literacy programs, from \$413.3 million in fiscal year 2010 to \$450 million in 2011.

#### ROLE OF SCHOOL LIBRARIES IN WORLD-CLASS EDUCATION

Mr. MACK: In President Obama's State of the Union address he mentioned that a world-class education is the best anti-poverty program. What role do you see school libraries playing in a world-class education, and what is the Administration doing to promote school libraries?

Secretary DUNCAN: The Administration values the presence of libraries in schools and recognizes their strategic role in making information available to all students, training students and teachers about how to obtain and make use of information, and increasing access for low-income students to technology and information. The President's FY 2011 budget proposes that a new Effective Teaching and Learning: Literacy program provide a means for States and districts to develop and implement comprehensive literacy efforts, including efforts that improve school libraries and library services. The budget would increase funding for literacy efforts from \$413.3 million in FY 2010 to \$450 million in FY 2011.

The proposed program would provide competitive State literacy grants to State educational agencies (SEAs) in order to support State and local efforts aimed at implementing and supporting a comprehensive literacy strategy that provides high-quality literacy instruction and support to students from pre-kindergarten through grade 12. Improvement of school libraries and library services could be a component of the grant activities carried out in the States.

## SUPPORT FOR THE INFORMATION AGE

Mr. MACK: In the President's FY 2010 budget outline, he stated "To give our children a fair shot to thrive in a global information-age economy, we will equip thousands of schools, community colleges and universities with 21st century classrooms, labs and libraries." What has the Administration done to back up that statement that was made a year ago?

Secretary DUNCAN: The Administration recognizes the importance of an advanced learning environment for every student. Instructional materials, equipment, and technology are central to meeting that need. The President's FY 2011 budget request for the Department of Education includes nearly half a billion dollars for the improvement of science, technology, engineering, and mathematics (STEM) education. The majority of this funding would flow through the proposed Effective Teaching and Learning: STEM program, under which State educational agencies and local educational agencies could use program funds for efforts aimed at improving STEM instruction. In addition, the proposed Investing in Innovation program would have a cross-cutting and cross-curricular emphasis on educational technology. Other programs included in the budget would also fund the purchase of 21st century instructional materials and equipment.

In the case of community colleges and other institutions of higher education, the Administration has sought increased funding for institutions with large percentages of minority and disadvantaged students. In both the FY 2010 and FY 2011 budgets, the President has sought increased funding for programs authorized under titles III and V of the HEA, including historically black colleges and universities, tribal colleges and universities, Alaska Native and Native Hawaiian-serving institutions, Hispanic-serving institutions, Native American-serving nontribal institutions, Asian American and Native American Pacific Islander-serving institutions, and predominantly black institutions. This funding can be used to support the renovation of and improvement in classrooms, libraries, and laboratories, and other instructional facilities, including the integration of computer technology into instructional facilities.

## RECRUITING AND RETAINING STATE-CERTIFIED SCHOOL LIBRARIANS

Mr. MACK: The school librarian performs the instructional role of identifying materials to be used with teacher-planned instructional units or by collaborating with teachers in planning instructional units. Research has shown that students in schools with State-certified school librarians tend to achieve higher average test scores. How will the Administration encourage schools to recruit and retain State-certified school librarians?

Secretary DUNCAN: The Administration's budget request and Elementary and Secondary Education Act reauthorization proposal would support States and local efforts to promote and enhance the education profession and improve the effectiveness of teachers, principals, and other educators (including, as appropriate, school librarians). Under the proposed Effective Teachers and Leaders State Grants program, States and school districts could use funds to recruit, develop, reward, and retain school librarians who help lead school efforts to improve student outcomes.

The proposed Teacher and Leader Innovation Fund would also help support States and LEAs in improving the effectiveness of the education workforce, including school librarians, by creating the conditions needed to identify, recruit, prepare, retain, and advance effective school leadership teams in high-need schools.

The Effective Teaching and Learning: Literacy program would provide competitive State literacy grants to State educational agencies (SEAs), or SEAs in partnership with appropriate outside entities, in order to support State and local efforts aimed at implementing and supporting a comprehensive literacy strategy that provides high-quality literacy instruction and support to students. Local education agencies could use their grant funds to expand their library collections, open their school libraries for longer hours, or provide professional development to school librarians.

## FUNDING FOR SCHOOL LIBRARIES

Mr. MACK: In elementary schools that have a certified school librarian, students have significantly higher achievement scores on the fourth grade ELA test. What is this Administration doing to ensure that school libraries are fully funded and there is a school librarian in every school in American?

Secretary DUNCAN: The proposed Effective Teaching and Learning: Literacy program could support the expansion of school or classroom libraries, increases in library collections, the opening of library facilities for longer hours, and the provision of professional development to school librarians.

## PUBLIC LIBRARIES IN EARLY CHILDHOOD EDUCATION PROGRAMS

Mr. MACK: Research studies show that reading for pleasure is one of the building blocks for young people to grow into healthy, productive adults. Public libraries can play a major role in helping children develop a habit of reading for pleasure. What will you do to include public libraries in your early childhood education programs?

Secretary DUNCAN: The Administration recognizes the importance of public libraries and the opportunities they provide for the provision of educational services, including for young children and their families. Under the proposed Effective Teaching and Learning: Literacy program, local grantees could partner with public libraries to further the implementation of an LEA's comprehensive preK-12 State literacy plan, which could include providing services and programs targeted to preschool-aged children.

[Questions submitted by Mr. Aderholt and Secretary Duncan's responses follow:]

## CHARTER SCHOOLS

Mr. ADERHOLT: Not all States currently allow charter schools within their education system. It is my understanding that States which allow charter schools will be more competitive in qualifying for Federal education funds through the Race to the Top program. If a State decides to allow charter schools, would it make them more competitive after one year of such approval or is more time needed?

Secretary DUNCAN: The Department is judging applications for Race to the Top based in part on the extent to which the State has a charter school law that does not prohibit or effectively inhibit increasing the number of high-performing charter schools, as well as the extent to which the State enables LEAs to operate innovative, autonomous public schools other than charter schools. States are also required to demonstrate whether their charter schools receive equitable funding and equitable access to facilities, and whether they have closed or not renewed ineffective charter schools; to gain maximum points against this last criterion, a State would need to have had a charter school law in place for enough time to have made such accountability possible. In short, we do not expect that States that have had laws in place for longer periods of time will be at a significant advantage as compared to States with newer laws, assuming that the laws are similar in nature.

## PERFORMANCE-BASED COMPENSATION

Mr. ADERHOLT: In your testimony, you stress the need for accountability in our education system. Do you believe that performance-based pay can play a role in creating accountability in our schools; and do you believe performance-based pay should be encouraged in school districts around the country?

Secretary DUNCAN: As States and LEAs seek to increase educator effectiveness by aligning their approaches to recruitment and placement, preparation and certification, induction and development, and retention and advancement of effective teachers and leaders, compensation systems that reward teacher contribution can reinforce these efforts.

For example, compensation reform can be an important tool in efforts to attract effective teachers and leaders and build strong instructional teams in high-need schools, to create robust career advancement systems for teachers and other school leaders, and to create more effective professional development systems. Because of the interconnectedness across each of these areas, it is important to think of them in a coherent, integrated way, with emphasis consistently placed on approaches that measure, support, and reward teachers and school leaders based on their effectiveness in delivering improved student outcomes and that support educators' efforts to improve throughout the course of their careers.

## TEACHER AND LEADER INNOVATION FUND

The proposed Teacher and Leader Innovation Fund would build on the strengths of the Teacher Incentive Fund and support compensation reforms and complementary reforms of teacher and principal development and evaluation, teacher placement, and other practices.

The Administration has requested \$950 million for the Teacher and Leader Innovation Fund for fiscal year 2011. This program would help support States and school districts in improving the effectiveness of the education workforce in high-need schools by creating the conditions to identify, recruit, prepare, retain, and advance effective teachers, principals, and school leadership teams in those schools. Grantees, selected competitively, would use funds to reform teacher and school leader

compensation and career advancement systems, improve the use of evaluation results for retention and compensation decisions, and implement other innovations to strengthen the workforce.

[Whereupon, at 12:25 p.m., the committee was adjourned.]

