

MEMORANDUM**TO: ASAHP Members****FROM: Kristen Truong****DATE: March 27, 2019****RE: House Committee on Appropriations, Labor, Health and Human Services, Education, and Related Agencies Subcommittee Hearing on “Department of Education Budget Request for FY 2020”**

March 26, 2019, 10:15 AM, 2359 Rayburn

[\[HEARING LINK\]](#)**Overview:**

The House Committee on Appropriations, Labor, Health and Human Services, Education, and Related Agencies Subcommittee held a hearing on “Department of Education Budget Request for FY 2020” in which Education Secretary DeVos testified on behalf of the Department’s budget request.

Among the issues that received bipartisan support were funding for CTE and the expansion of Pell grants for short-term programs.

Democrats emphasized the importance of guardrails with short term Pell and DeVos supported working with Congress for this expansion of Pell.

Public charter schools were a hot button issue throughout the hearing, with Republicans supporting charter schools as a mechanism to find the best type of education for students, while Democrats were concerned about a recent report showing up to \$1 billion in misuse of charter school funding and they also reiterated their belief that charter schools are largely a means to privatize education. Subcommittee Chairwoman Rosa DeLauro (D-CT) stated their focus is on the 90% of students who are in public schools, not charters.

There was bipartisan support to continue funding TRIO and GEAR UP, rejecting the Department’s proposal to eliminate these programs.

Democrats continued to raise concerns about the lack of transparency and oversight of loan servicers along with concerns about potential equity issues for low-income individuals if the Department implemented an institutional risk-sharing program.

DeLauro emphasized in her closing statement, “I look forward to working with my colleague across the aisle to reject the cuts...and we won’t be reviewing what has been proposed.”

Opening Statements:**Subcommittee Chairwoman Rosa DeLauro (D-CT) [\[Full Statement\]](#)**

I believe this budget will hurt the middle class and low-income families that most need our help. The proposed budget cuts nearly \$9 billion from the Department of Education – including the proposed \$2 billion Pell Grants rescission. Meanwhile, it proposes a new \$5 billion annual tax scheme – which is unregulated and unaccountable – to fund a private school voucher program that will undermine our public schools and it allows the unaccounted use of tax dollars.

First, we scrutinized the \$1.7 billion the subcommittee provides for loan servicing. Sixty-one percent of all monitoring reports showed evidence of servicer failures. FSA has said it has or will implement all of the IG’s recommendations. Second, we held an oversight hearing on predatory for-profit colleges, which enroll 9% of postsecondary education yet account for 34% of all student loan defaults. Meanwhile, the Department is working to roll back critical protections for students and taxpayers (specifically, the Gainful Employment and Borrower Defense rules, and the Department is currently working on efforts that could roll back even more). An Institute of Education Sciences (IES) gold standard evaluation of Washington, D.C.— the only federally funded voucher program—found that vouchers negatively impacted student achievement.

You have eliminated 30 programs totaling \$7 billion and cut another \$1 billion.

- Eliminating the Impact Aid Payment for Federal Properties, Special Olympics, Afterschool and grants that help people with disabilities find jobs;
- Eliminating literacy programs that build the foundation for a lifetime of learning, and the main program – Title II – that helps attract and retain high-quality and diverse teachers, while directing scarce education resources to unproven, unaccountable private entities through a new “teacher voucher” proposal;
- Eliminating a temporary fix for rejected borrowers who thought they qualified for Public Service Loan Forgiveness;
- And, slashing Adult Education, Federal Work Study, TRIO and GEAR UP.

On the mandatory side – outside of this committee’ jurisdiction – the budget again proposes to eliminate subsidized student loans and Public Service Loan Forgiveness (PSLF); the Trump Administration’s own Department of Defense opposed the House Republican’s Higher Education Act reauthorization bill last Congress because it too eliminated PSLF. The proposal seeks to make up for the proposed elimination of the \$1.2 billion Student Support and Academic Enrichment (SSAE) grants. This budget underfunds education at every turn—from early childhood education, K-12 education, postsecondary education through workforce training. Title I and IDEA, core programs, are level funded.

Subcommittee Ranking Member Tom Cole (R-OK) [\[Video of Statement\]](#)

I understand how important it is for our children to have access to quality education. I commend you for your efforts in this arena. I was pleased to see your budget request prioritizes resources to certain populations of children who need additional support. I appreciate the continued investment in these programs, such as for children with special needs and disabilities, Indian and rural education, and to support English learners. I was pleased to see your emphasis on charter schools, school safety, and other initiatives that support innovation, best practices, and school choice. I continue to be a strong supporter of CTE, and proud of OK in leading the way to innovate for delivering cutting edge skills that can lead to good paying, rewarding careers for students who do not wish to pursue a 4-year degree.

Your budget again proposes to eliminate, consolidate, or change over 2 dozen programs – many of those make sense but I do believe others are short sighted. I am concerned about the proposal to move TRIO from a competitive grant model to a formula grant to states and about the proposal to consolidate several minority serving institutions funding into a single stream. These institutions serve distinct populations, and I’m not certain a change makes sense. Finally, it may be time for children to gain more understanding of civics. I was disappointed to see American History and Civics education line proposed for termination. My goal is to produce a bipartisan bill and that the President can sign. It will call for compromise.

Full Committee Chairwoman Nita Lowey (D-NY) [\[Full Statement\]](#)

Secretary DeVos, your budget request does not reflect the reality in classrooms across the country, and if enacted, would cause irreparable, structural damage to communities across the nation. You propose complete elimination of 21st Century Community Learning Centers, which would leave more than 87,000 New York students without safe, high quality afterschool enrichment, and significant cuts to K-12 funding and even the Helen Keller National Center for Deaf-Blind Youths and Adults.

The Administration’s budget calls for a new tax credit to support private school vouchers, even though many of these schools are unequipped to accommodate students with disabilities and English Language Learners. By cutting Minority Science and Engineering Improvement by \$1.5 million and the Child Care Access Means Parents In School program by 70 percent, your budget would actually decrease the diversity of STEM fields and exclude parents with financial need from access to a higher education. You propose an increase of \$105 million for School Safety National Activities with the hopes of implementing safety practices that are proven to make schools less safe.

Witness Testimony

The Honorable Betsy DeVos, Secretary, U.S. Department of Education [\[Full Testimony\]](#)

Q&A

Subcommittee Chairwoman Rosa DeLauro (D-CT): It baffles me that you found a \$60 million increase for the charter school program (CSP), especially when you consider recent reports of waste and abuse in that program. It seems charter schools have enormous flexibility, and there seems to be no one overseeing how that flexibility translates into accountable use of federal dollars. You're taking money from public schools, where 90% of our children go. Do you believe it's your responsibility to help states implement ESSA?

Sec. DeVos: We are looking for more flexibility from this body for charter schools, and we need more charter schools as more options for children.

Subcommittee Ranking Member Tom Cole (R-OK): I'm a supporter of charter schools, and that parents should be able to choose the best path for their students. Can you discuss your successes in this?

Sec. DeVos: Charter schools have grown in 46 out of 50 states. It's been a wonderful alternative for students, and charter schools provide that alternative. Every state has high accountability provisions for their charter schools.

Subcommittee Ranking Member Tom Cole (R-OK): I'm pleased with your CTE proposals. 2 areas to elaborate: \$20 million STEM competition proposal and how it builds and incentivizes into CTE and second, Pell for short-term credentials – how would that work? I'm always been supportive of short-term Pell.

Sec. DeVos: CTE is a very important piece and an expanding area. A major hurdle is parents' perspective of CTE as an alternative pathway from a 4-year degree. With the \$20 million STEM proposal, there are huge career opportunities in math, science, and computer science, and that couples with short-term Pell. I suspect there are many Pell grant eligible students who would opt to take short-term Pell in lieu of a longer-term, more traditional route, and we'd see a tradeoff.

Full Committee Chairwoman Nita Lowey (D-NY): Your agency conducted a report on 21st Century Community Learning Centers that concluded ½ of students who participated in these afterschool activities improved their math and reading grades; more than 68% improved homework and class participation; and 3/5 improved their classroom behavior. Congress rejected the Administration's cuts last year and increased by \$10 million. Why does your budget prioritize cutting this program?

Sec. DeVos: Funds coming from federal level don't show a significant impact on the students who they're meant to serve. There aren't good participation rates. Data from 2017 suggests that only 25% of elementary students improved in their reading; 19% in middle and high school students improved in math. The proposal speaks to priorities, and the results don't show. Possibly state, local, or philanthropic funding show different results.

Full Committee Chairwoman Nita Lowey (D-NY): Has the Department of Education studied the impact the cuts would have on the 5,000 parents who would lose access to on campus child care through the CCAMPUS Program ([Child Care Access Means Parents in School Program](#))? (Question submitted for the record)

Rep. John Moolenaar (R-MI): You've done a great service clarifying that charter schools are public schools. Could you speak more about your proposals for expanding school choice? Who benefits?

Sec. DeVos: The Administration is advancing the [Education Freedom Scholarships](#) program that would create federal tax credit, capped at \$5 billion annually that allows states to participate. They can create or augment school choice programs in their state. Most students benefitting from education freedom programs are vulnerable students whose schools are not working for them. FL recently enacted the [Hope Scholarship](#) Program for students who were bullied and can find a school that works for them.

Rep. John Moolenaar (R-MI): Businesses and manufacturing owners want to hire but need people with the right skills. They'd love to have a certificate training program. There's a chemical company with a fast-start program with a community college, an intensive short-term program that leads to good paying jobs. Is this what you're looking at for short-term Pell?

Sec. DeVos: Yes, it is.

Rep. Mark Pocan (D-WI): \$7.5 million cut to the NTID, \$13 million cut for Gallaudet University, and \$5 million cut for American Printing House for the Blind. Why are we cutting these programs?

Sec. DeVos: We have retained IDEA levels and continue to level fund.

Rep. Andy Harris (R-MD): I think charter schools embody the principle of freedom, and I really like the [State Facilities Incentive Grants](#). Can you explain the new approach to encourage states to fund alternatives for education?

Sec. DeVos: The Administration continues to support alternative pathways as all students aren't traditional. We have to support lifelong learning which is shown through our support for short-term Pell, expanding CTE, and the \$60 million in the budget request for pre-apprenticeship opportunities.

Rep. Cheri Bustos (D-IL): Your guidance stresses that schools could continue to use mandatory arbitration as long as a dispute did not involve a federal student loan. Why would you continue to encourage schools to take away these rights?

Sec. DeVos: We did not agree with the Obama Administration's approach to this. There is no student that should be able to make a claim for borrower's defense if they have not been defrauded or are gainfully employed. We're working to rewrite the rule.

Rep. Bonnie Watson Coleman (D-NJ): I very much support expanding access to Pell grants for apprenticeships and CTE. What are guidelines will you have in place to ensure quality?

Sec. DeVos: This proposal is one we want to work with Congress to ensure there are appropriate guidelines.

Rep. Lucille Roybal Allard (D-CA): I agree with your proposal to support CTE but disagree on how you're going about it. Your budget level funds Pell grants without taking inflation into consideration. You propose to expand the pool of eligible applicants by opening it to short-term applicants. I hope we will put more money into Pell; if not, how do you plan to finance this?

Sec. DeVos: Congress may decide to expand Pell funding.

Rep. Lucille Roybal Allard (D-CA): Why are you eliminating Title IV-A (Student Support and Academic Enrichment Grants), which for many districts is the only flexible funding source?

Sec. DeVos: It's been thinly spread and not effective in one particular thing.

Rep. Tom Graves (R-GA): I think Education Freedom Scholarships really gets to the heart of what you do to make sure students have access to the best education for them. I know Georgia has their [Tax Credit Program](#).

Subcommittee Chairwoman Rosa DeLauro (D-CT): There was a \$2 million giveback to the Art Institute of Pittsburgh – why did the Department allow this and where is the money? Testimony from the Department's Assistant Inspector General for Audit includes federal student aid mismanagement of student loan servicers. You believe state and localities should have jurisdictions to take on education, except for protecting our kids and borrowers, then we don't look at state and loan servicers. We've heard evidence how the Department fails to consider a servicers non-compliance with federal law and past performance. Were not these ideas included in the Mitchell and King memos which you rescinded? Loan servicers are getting away with putting our students in grave risk.

Sec. DeVos: I'll get back to you on that. We have embarked on Next Gen.

Subcommittee Ranking Member Tom Cole (R-OK): I want to thank you for the Freedom Scholarship Initiative to meet individual needs. I disagree on the elimination of TRIO and GEAR UP. TRIO has produced about 5 million college graduates, who come from disadvantaged backgrounds. These are 2 very important programs in Oklahoma. You have a pre-apprenticeship program with \$60 million new dollars for that. What is difference between pre-apprenticeship and the apprenticeship program?

Sec. DeVos: We have proposed TRIO and GEAR UP into one program with a state formula grant. 95% of competitive grants go to the same places. Pre-apprenticeship program is to start establishing apprenticeship programs outside registered, traditional apprenticeship programs, like building and trade. This will allow employers and educators to work together on apprenticeship tracks for more relevance to today's market.

Full Committee Chairwoman Nita Lowey (D-NY): Total cut is \$8.8 billion (12.5%). Did you have any input in this budget?

Sec. DeVos: Yes, this was an ongoing discussion. Proposed cut is \$7.1 billion. I think you're including Pell surplus rescission.

Full Committee Chairwoman Nita Lowey (D-NY): Your budget requests increase in school safety and national activities. It proposes elimination for \$1.7 billion SSAE program. In my judgment, you need programs like SSAE. How is Education Department responding to the Parkland student suicides and the Sandy Hook father suicide?

Sec. DeVos: The proposal includes funds to onboard social, emotional, and mental health programs.

Rep. John Moolenaar (R-MI): On your federal work-study proposal, last year you proposed reforms and same this year to better target low-income recipients. Why does the federal work-study need the reforms and how does it assist low-income students better? How can we accomplish the reforms?

Sec. DeVos: The formula today most often has funds go to elite institutions, not really serving students with the most need. Second, work-study often involves students working in college bookstore/cafeteria and we've proposed to expand options to have students work in an internship/apprenticeship type opportunity with employers for whom they could have a career. Congress can take this up.

Rep. Barbara Lee (D-CA): From the proposal, risk sharing can incentivize institutions to only enroll students of certain means to not have to share in risk if student is unable to pay loans. How will this not create a perverse incentive?

Sec. DeVos: It's a broad proposal and not yet defined. I share your concern about how this could affect students who most need access.

Rep. Tom Graves (R-GA): What is the Department doing to help educate students, who are going to college and may end up with a \$250,000 loan that may be difficult to pay that off? Will this new online tool indicate interest, income growth, or payment options?

Sec. DeVos: The Next Gen Initiative is taking an antiquated framework and updating it. Today you can complete your federal student aid form on your phone; very soon, we'll be adding info through the college scorecard with program level data by institution. Students can use this info before taking on student debt. We've proposed simplification of loan repayment, such as income-driven repayment program capped at 12.5%. Another idea is income sharing agreements.

Closing Statements

Subcommittee Ranking Member Tom Cole (R-OK)

I want to note that while there are differences, there are areas we can work together. I think there's universal support for short-term Pell grants and strong support for CTE and vocational education. You share a lot of priorities. **Rep. Tom Graves (R-GA)** pointed out that you live with a constrained budget and write your budget to the law. We think there'll probably be an agreement. You made sure there were no cuts to English Learners, IDEA, and Title I. Those are our most vulnerable students. You've put dollars to reach people who are at greatest risk of falling through the cracks of our educational system.

Subcommittee Chairwoman Rosa DeLauro (D-CT)

I get a sense of frustration that stems from the inability to get answers. This budget is cruel and reckless with the 12% cut. It hurts middle class, working class, and low-income families. It's of concern to me, and I hope it concerns you. Why do you want to be complicit in shutting off public education opportunities? My colleague talked about criticisms that have to do with a budget but so far, no. We're all used to working with a budget framework but it's where you place your resources. What about your values and priorities? That's what defines a budget. With charters being public, it's hard to compare charters to public education as we know it because too often what we see are charters siphoning away dollars from public schools. They are operated privately and do lack transparency. We expect transparency from our public institutions, but not with charters. Find the billion dollars that was there.

Other countries blow us out of the water with investments in early childhood, wraparound services, which we know pay off in serious dividends. We have one of the lowest enrollment rates in early childhood education. The HHS budget proposes to eliminate preschool development grants. We have level funded Head Start. Other countries take the highest achievers. The National Assessment of Educational Progress has shown large gains, which we should be proud of for children of color over the past three decades. We have made

gains. We continue to denigrate the public education system which leads me to the view that that's because of the decision to privatize it.

With short-term Pell, which everyone is extolling, there are pieces around it. You failed to define high-quality. We need guardrails so we don't end up with a Pell grant program that's open to fraud, waste, and abuse. We need to have programs that look at whether they are a good return on our investment for students and for the federal government. With Next Gen, you did rescind the requirement that servicing contractors should comply with federal and state law, taking any necessary steps to support oversight by federal or state agencies, regulators, or law enforcement officials. You rescinded the requirement around strengthening transparency through expanded publication of aggregate data on student loan and servicer performances. That would have required the Department of Education to publish servicer level data on default. None of these rescinded provisions are currently part of the Department's Next Gen effort.

You discussed these are just proposals and I'm relieved because the damage that your budget would inflict on children and families. I look forward to working with my colleague across the aisle to reject the cuts and enact a forward-looking agenda to improve the lives of American families. We have strived to do that over the last several years on this Committee, so we won't be reviewing what has been proposed. You can be assured that we are going to reject much of what is here, as we have in the past. The center of the Department of Education is that 90% of our kids in public education are going to be focused like a laser on their opportunities and their future. Yes, look at innovation, test it, and be prepared to say no when it's not working.