Views and Estimates for FY 2006
Committee on Education and the Workforce
109th Congress, 1st Session
February 23, 2005

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

Education Priorities

During the first session of the 109th Congress, the Committee on Education and the Workforce will continue to work with President Bush to implement a series of education initiatives aimed at creating a culture of achievement by holding federally-funded States and schools accountable for improving student academic performance, restoring local control, and empowering parents and students with choices before schooling begins, through college, and beyond.

Postsecondary Education

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

The Higher Education Act

During the 109th Congress, the Committee on Education and the Workforce's top education priority will be to reauthorize the Higher Education Act (HEA). The increasing cost of obtaining a postsecondary education remains a serious concern of the Committee. Therefore, we will work to address rising college costs and hold institutions of higher education accountable to students, parents, and taxpayers, while reducing financial burdens on students and calling for fairness in the higher education system.

In addition, the Committee will address the need to increase access to a high quality postsecondary education and realign student aid programs to ensure fairness for low- and middle-income students who are currently striving to attend college. We will continue to evaluate ways to enhance the quality of education provided to students. The Committee will work to encourage students to excel in their pursuit of higher education and provide necessary information to needy families in a timely fashion in order to provide them a better opportunity to plan and prepare for higher education.

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

Finally, the Committee remains committed to developing a comprehensive, budget-neutral package of higher education reforms.

- Pell Grants

The Committee supports the President's continued effort to increase financial assistance to the Pell Grant program, which serves as the financial foundation for needy students in their pursuit of higher education. Under the Bush Administration, funding for Pell Grants has risen from $8.8 billion in FY 2001 to $12.4 billion in FY 2005.

In his FY 2006 budget request, the President proposes to increase the maximum Pell award by $100 annually over the next five years, from $4,050 to $4,550. The budget request includes $13.7 billion for the Pell Grant program in FY 2006, and $4.3 billion in funding to retire the Pell Grant shortfall accumulated from 2002 to 2005. The proposal includes a mixture of mandatory and discretionary funding and is part of a comprehensive package of changes to the Higher Education Act which affect the Pell Grant program, as well as other student loan programs. The Committee welcomes the opportunity to discuss this proposal with the Administration and the Committee on Appropriations, and shares the President's goal of raising the Pell Grant maximum award and restoring fiscal integrity to the program by retiring the Pell Grant shortfall.

Specifically, the Committee supports the President's call to adopt a Pell Grant scoring rule change, which will ensure that the Pell Grant shortfall does not continue to grow. The Committee also remains committed to working with the Committees on Appropriations and Budget to increase funding for the Pell Grant program, but does not support the Administration's proposal to create a new Pell Grant hybrid mandatory program.

To further enhance the Pell Grant program, encourage States to demand excellence in K-12 education, and reward and support needy students committed to participating in rigorous high school curricula, the President has also asked Congress to increase aid by supplementing Pell Grants for those needy students completing high school within the State Scholars program.

This initiative will provide much needed additional grant funds to students in their first two years of undergraduate education to assist them in meeting the ever-rising costs of postsecondary education. By providing these additional funds in the first two years, this program will help students stay focused and committed to the pursuit of their higher education. It will also help reduce the anxiety and burden that consume families who worry about meeting the excessive tuition costs imposed by many institutions of higher education. This program will assist in reducing the debt burden of students by requiring less borrowing early in their education. The program will also allow for an in-depth review of the effect of additional grant funds on retention and completion rates for those students who excel academically.

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

Finally, the Committee supports the Bush Administration's recent update of the State tax allowance tables as part of the need analysis formula. The Internal Revenue Service has published new State tax data from 2001 and this data will replace the outdated data from 1988 currently being used in the formula. This update is required by law and ensures that federal financial aid (including Pell Grants) go to the students with the greatest financial need.

- Student Loan Programs

The Committee is proud of its work to ensure the lowest interest rates on student loans in the program's history. In light of the unprecedented low interest rates now available, the Committee intends to reevaluate the necessity of switching borrowers to a fixed interest rate in 2006. Current law requires that all Federal Family Education Loans Program (FFELP) and Direct Loans made on or after July 1, 2006, hold a fixed rate of 6.8 percent for students and 7.9 percent for parents. Today, a student in repayment enjoys an interest rate of 3.37 percent and parents enjoy a rate of 4.17 percent. The Committee will review interest rate projections and current rates and make a determination that is in the best interest of students, parents, taxpayers, and the program overall. With that goal in mind, the Committee will also work to eliminate wasteful spending of taxpayer dollars that currently subsidize borrowers after they have already received the benefit of generous subsidies provided to students while they are in school.

The Committee commends the Administration for proposing a switch to a variable rate on consolidation loans, which will better align the Consolidation Loan program with the Stafford Loan program and ensure that federal dollars are being spent in a manner that helps those borrowers who truly need the additional assistance. The Committee applauds the President for his desire to "extend the favorable interest rate framework currently available to students."

Within the scope of ensuring access for low- and middle-income students, along with supporting the President's call for increasing funding for the Pell Grant program, the Committee will evaluate the status of several critical issues that affect students' access to higher education. The Committee applauds the President for following its lead and asking Congress to increase loan limits for students, noting the current limits have not been raised in many years. Along with the loan limits issue, the Committee will examine current repayment plans to ensure fairness across all loan programs for all students. The Committee will look carefully at these issues, which are addressed in the President's FY 2006 budget request, as well as the current fee structure on student loans to determine how best to assist students in meeting their financial and payment obligations.

Finally, the Committee reiterates its request that the Budget Committee examine the current inequities that exist when comparing budgetary costs associated with the FFELP and Direct Loan programs. For example, the Government Accountability Office's (GAO) January 2001 report entitled "Department of Education: Key Aspects of the Federal Direct Loan Program's Cost Estimates" describes the complex task of developing reasonable estimates of subsidy costs for loan programs. The report makes numerous recommendations on how to develop "meaningful cost estimation." These recommendations range from "formalizing the sensitivity analysis of assumptions included in the Direct Loan program" to "implementing a method of routinely comparing the Direct Loan program's estimated and actual cash flows."

In order to assure that Members have the most accurate information regarding the costs of the FFELP and Direct Loan programs during the reauthorization process, the Committee requested from the GAO a study of the budgetary costs of the two programs and is awaiting the results. Specifically, the study will address the Committee's growing concern that the Direct Loan program's subsidy estimates do not reflect the program's true cost to the federal government and that there are additional types of hidden costs associated with Direct Lending that current Congressional Budget Office scoring modeling fails to capture.

- Teacher Retention and Recruitment

In 2004, the President signed the Taxpayer-Teacher Protection Act of 2004, which applies certain savings to more than triple the amount of student loan forgiveness available to highly-qualified math, science, and special education teachers. The increase from $5,000 to $17,500 in loan forgiveness for these qualified educators was achieved through the elimination of a provision in the law that permitted certain student loan lenders to receive additional subsidies on certain loans.

The teacher loan forgiveness provisions of the bill were based on a proposal from President Bush's FY 2005 budget request, which provided up to $17,500 in student loan forgiveness to math, science, and special education teachers who work in high-poverty schools for at least five years. The Committee applauds President Bush for his continued commitment to expanding the availability of loan forgiveness for the nation's teachers and supports his FY 2006 budget request to make the loan forgiveness provided for in last year's law permanent through the reauthorization of the Higher Education Act.

The country faces an increasing need for committed and qualified teachers, especially in math, science, and special education. There is a great need for these teachers in schools educating high percentages of low-income students. The Committee will work diligently toward the enactment of this proposal.

- Minority Serving Institutions

Historically Black Colleges and Universities (HBCUs), Historically Black Graduate Institutions (HBGIs), Hispanic Serving Institutions (HSIs), Tribally Controlled Colleges and Universities (TCCUs), and other minority serving institutions play a vital role in recruiting and educating some of our nation's most disadvantaged students. Unfortunately, these institutions often lack necessary resources and infrastructure.

Therefore, the Committee applauds the President's FY 2006 budget request for increased funding for HBCUs, HBGIs, and HSIs, and supports his continued commitment to these institutions. From FY 2001 to FY 2005, funding for HBCUs has risen from $185 million to $238.6 million, funding for HBGIs has risen from $45 million to $58 million, and funding for HSIs has risen from $68.5 million to $95.1 million. Under the President's FY 2006 budget request, HBCUs receive $240.5 million, HBGIs receive $58.5 million, and HSIs receive $95.9 million.

Vocational and Technical Education

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

During the second session of the 108th Congress, a Perkins reauthorization bill was reported out of Committee by voice vote. This bill, H.R. 4496, the Vocational and Technical Education for the Future Act, would have helped States and local communities strengthen vocational and technical education and improve educational opportunities for students. The bill sought to help States better utilize federal funds for secondary and postsecondary vocational education programs. It also sought to increase accountability, emphasize student achievement, and strengthen coordination between secondary and postsecondary vocational and technical education.

In January 2005, Subcommittee Chairman Michael N. Castle (R-DE) re-introduced the Vocational and Technical Education for the Future Act (H.R. 366). The Perkins program received $1.3 billion in FY 2005. The Committee believes that high quality vocational and technical education is an important option for students and worthy of federal investment. The Committee will also continue to seek innovative initiatives that promote seamless transitions from secondary to postsecondary education.

The Workforce Investment Act

Reauthorization of the Workforce Investment Act (WIA), and the job training the one-stop delivery system provides, is critical at this time of economic growth. The economy has added 2.3 million jobs since August 2003 and unemployment has dropped to 5.2 percent, the lowest level in three years. As the job market continues to improve, enhancing employment and training assistance will ensure that dislocated workers and other job seekers are prepared for new employment.

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

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

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

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

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

The Administration also has proposed to reallocate funding where needed among States based on States' expenditure levels, instead of obligation levels as under current law. The GAO has reported that the Department of Labor (DOL) lacks accurate information for determining States' available funds, mainly because States report expenditures and obligations inconsistently. The GAO suggests that States are on track to expend all of their funding in the statutorily authorized three-year time frame and that additional technical assistance from DOL is needed. In H.R. 27, the Committee has revised the methodology for calculating funds available for reallocation. This new methodology, based on accrued expenditures, should improve the accuracy of information on States' spending and available funds.

The President has called on his Administration and Congress to remove barriers that limit the participation of faith-and community-based organizations. The Committee supports the President's call to remove barriers and accordingly, H.R. 27 includes provisions to protect the civil liberties of religious organizations. Any federal legislation governing federal social service funds should continue to protect the rights of religious organizations to hire staff on a religious basis when they take part in federal social service efforts. To do otherwise would deny religious organizations rights they have enjoyed for decades under the Civil Rights Act of 1964, and would compromise the ability of faith-based organizations to sustain their faith and religious mission that motivates them to serve their neighbors in need.

In addition, President Bush proposed in his 2005 budget request a plan to strengthen the role of community colleges and other high quality postsecondary training providers in workforce development. The President proposed $250 million for Community-Based Job Training Grants to provide competitive grants to fund job training partnerships between community colleges, local high-growth industries, and the workforce investment system. In the FY 2005 Omnibus Appropriations bill, the Department received $125 million in new funding and authority to use $125 million of WIA national reserve funds to provide these grants. In FY 2006, the President has again asked for $250 million for his Community College initiative. H.R. 27 authorizes this new initiative and the Committee strongly supports it.

The Committee also seeks to ensure that the most effective training providers are participating in the one-stop delivery system, that training provided through these grants reflects industry needs and industry commitments to hire trained individuals, and that the grants are coordinated with local workforce boards and the one-stop delivery system. The Committee intends to incorporate authorization for these grants into H.R. 27.

Personal Reemployment Accounts

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

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

Welfare and Child Care

Welfare reauthorization will be a top priority for the Committee this session. This Committee played a central role in crafting the mandatory work requirements that make up the heart of the current system and seeks to enhance the historic welfare reform legislation enacted in 1996.

Welfare reform has been a dramatic success. The welfare rolls have dropped 60.7 percent for individuals and 54.7 percent for families since the passage of the Temporary Assistance for Needy Families (TANF) block grant. States have made significant investments in work programs and child care to support working families. Employment among single mothers rose significantly, resulting in higher earnings for families and declines in child poverty. The child poverty rate has dropped from 20.5 percent to 17.6 percent since the passage of TANF.

In January 2005, H.R. 240, the Personal Responsibility, Work, and Family Promotion Act, was reintroduced to reauthorize TANF. The legislation is substantially the same as H.R. 4, which passed the House in the 108th Congress. It also incorporates provisions of H.R. 4092, the Working Toward Independence Act, which this Committee approved in the 107th Congress. H.R. 240, based on President Bush's welfare reform blueprint, strengthens work components of the law in order to continue to move people toward self-sufficiency.

While the 1996 reforms reduced welfare caseloads, a majority of TANF recipients today still are not working for their benefits. According to the Health and Human Services Department's Sixth Annual Report to Congress (November 2004), 58 percent of TANF adult recipients are not participating in any work activities as defined by federal law. In addition, the rate of families meeting the required hours of work fell from 33.4 percent in October 2002 to 31.3 percent in September 2003. The Committee seeks to strengthen the work participation requirements and enhance opportunities for success in employment. Accordingly, the House bill requires recipients to engage in work activities for 40 hours a week, including 24 hours spent in actual work. H.R. 4 also creates a policy of universal engagement so that all families are working toward independence.

Child Care

As part of H.R. 240, the Committee will reauthorize the Child Care and Development Block Grant (CCDBG), which provides dollars to States to subsidize the cost of child care for low-income families. H.R. 240 makes significant improvements to the CCDBG program. The bill emphasizes improving the quality of child care that low-income families receive while maximizing flexibility for States. States set eligibility within federal parameters, reimbursement rates, and quality standards, in addition to administering the program. Consistent with President Bush's early childhood education initiative released in 2002, the bill encourages States to address the cognitive needs of young children so that they are developmentally prepared to enter school. The bill also encourages States to create partnerships with public and private entities to increase the supply and quality of child care services and improve coordination with other federal and State programs focused on child development.

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

To address these needs, funding for the CCDBG has more than doubled in the last five years to $2.1 billion. H.R. 240 increases the authorization for discretionary funding by $1 billion over five years, which will ensure critical work support is available to those transitioning from welfare rolls into the workforce. Additional available child care funding includes mandatory dollars authorized by the Ways and Means Committee and the TANF block grant. H.R. 240 also increases mandatory child care funding by $1 billion over five years.

Head Start

Quality early care and education is critical for children, parents, the business community, and the success of welfare reform. Since 1965, the Head Start program has served nearly 20 million low-income children and their families. Today, Head Start serves over 900,000 children every day and has nearly 1,600 grantees across the United States. The Head Start program is the centerpiece of the federal government's efforts to support quality early childhood education for our nation's most disadvantaged youth. The goal of the program is to provide at-risk students with a solid foundation that will prepare them for success in the public school system and later in life.

Taxpayer funding for the federal Head Start early childhood program has nearly doubled since Republicans assumed control of the U.S. House of Representatives in 1995, increasing from $3.6 billion annually in FY 1996 to $6.9 billion in FY 2005. In his FY 2006 budget request, the President proposes an additional increase of $45 million. While the resources spent have been significant, results have been mixed. States report that 20 percent to nearly half of all children entering school are not prepared to succeed in school. Studies also indicate that the typical Head Start student still enters kindergarten far below the national norm.

Head Start reforms are needed to target a greater proportion of the total program dollars directly to serving children. A growing number of reports have surfaced documenting the apparent mismanagement or abuse of millions of dollars in federal Head Start funds by local Head Start grantees. Between January 2003 and January 2005, media accounts in numerous U.S. cities and communities alleged serious financial abuses by local individuals and/or entities entrusted with the responsibility of managing federal Head Start funds meant to serve poor and at-risk children. Other reports involving financial mismanagement suggest that many Head Start grantees have good intentions, yet lack strong fiscal controls and the skills needed to effectively manage complex, multi-million dollar, non-profit organizations.

Strengthening the academic focus of Head Start is another important goal for this Committee. Head Start and other early childhood education programs are often the first line of defense in ensuring that children attain the fundamental skills necessary for optimal reading development and overall school readiness.

Last Congress, the House passed H.R. 2210, the School Readiness Act, legislation based on the President's Head Start reform proposal. The Committee's top priorities for the reauthorization this year include:

- Improving the academic preparedness of Head Start children.

- Strengthening the coordination of Head Start with State pre-kindergarten and other publicly funded early childhood education programs.

- Holding local grantees accountable while strengthening HHS oversight and improving financial and program management.

- Continuing research efforts to evaluate and improve Head Start, and ensuring that a greater number of Head Start teachers are adequately trained and educated in early childhood development, including instruction in the fundamental skills of language, literacy, and numeracy.

As in WIA, the Committee supports the President's call to remove barriers to the participation of faith- and community-based organizations and will work to ensure that any legislation reauthorizing the Head Start program include provisions to protect the civil liberties of religious organizations.

Nutrition

A healthful diet is necessary for children to achieve full physical development and long-term health and is critical for academic success in school. The Committee is committed to ensuring that all children have access to nutritious school meals and that income-eligible children receive these meals at low or no cost. The Committee believes that schools and other institutions should receive funding sufficient to provide children with safe meals that meet federal dietary guidelines.

Child Nutrition

The federal child nutrition programs were conceived to offer wholesome meals and snacks to children in need, and to support the health of lower-income pregnant women, breastfeeding mothers, and their young children. These programs, including the National School Lunch and Breakfast Programs, Summer Food Service Program, Child and Adult Care Food Program, and the After School Snack Program represent a huge national investment totaling more than $11 billion per year. This investment provides assurance that millions of needy children will have access to meals and snacks that are needed for their healthy growth and development and academic success in school.

In June 2004, Congress approved the Child Nutrition and WIC Reauthorization Act (P.L. 108-265), which authorized the continuation of child nutrition programs and made programmatic improvements to achieve three principle goals outlined by the Administration. These goals are ensuring access, promoting nutrition and health, and strengthening program operations and accountability. This year, the Committee will continue its work to ensure that implementation of programs reauthorized by the Act reflects Congressional intent. Most important, the Committee will carefully monitor local implementation of Local Wellness Policies and new administrative requirements to ensure that the accuracy of school meal certifications are improved without impeding program access for eligible children.

Special Supplemental Nutrition Program for Women, Infants, and Children

The Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) provides an important nutrition safety net to over 7.5 million pregnant and lactating women and their children up to age five. The Committee supports funding levels adequate to support the anticipated caseload for FY 2006, and the maintenance of a WIC contingency fund to ensure that the program can provide services to additional eligible persons should the demand for services increase. The Committee will monitor implementation of provisions in the Act pertaining to WIC, with a focus on ensuring that vendor cost containment measures will promote the cost-effective use of federal funds for WIC.

Elementary and Secondary Education

The Committee agrees with President Bush that although the federal government properly plays a partnership role in the education of our children, education remains primarily a State and local government responsibility. As reflected in the No Child Left Behind Act of 2001 (NCLB), the federal government should use the comparatively small amount of its investment in elementary and secondary education to encourage systemic education reform in the States that focuses on narrowing the academic achievement gap between disadvantaged students and non-disadvantaged students. In addition, the Committee recognizes its obligation to ensure that children with special education needs have access to the same public education that every other young American enjoys.

The No Child Left Behind Act

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

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

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

According to a survey conducted October 11-12, 2004, by the non-partisan organization Americans for Better Education, nearly 60 percent of Americans nationwide have a favorable opinion of the No Child Left Behind Act. The survey also indicates 61 percent of respondents believe the $25 billion increase in education spending provided under the Bush Administration represents a clear effort to fully fund education reform, and that Americans overwhelmingly believe raising standards and accountability will do more to improve schools than further spending hikes.

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

- NCLB Funding

The Committee recognizes the President's commitment to funding the No Child Left Behind Act. Since its enactment, funding for NCLB programs has increased 45.7 percent, from $17.4 billion in FY 2001 to a proposed $25.3 billion in FY 2006.

Furthermore, last year, the Committee issued a report highlighting the fact that States were retaining more than $5.75 billion in federal education funding from fiscal years 2000 through 2002. The staff report, entitled *No Child Left Behind Funding: Pumping Gas into a Flooded Engine?* noted that States were holding onto more than $2 billion in federal Title I funding. However, the $5.75 billion did not include the record levels of education funding provided to States in FY 2003.

U.S. Department of Education data released in June 2004 confirmed that the percentage of federal funds unspent by States was increasing, not decreasing, as more and more money was pumped into the system. The Department's report showed States were retaining more than a half a billion dollars from President Clinton's Administration (FY 2000 and FY 2001), with 92 percent of the unspent funds designated for school improvement, special education, Title I, and other programs for economically disadvantaged students. The report also showed States collectively had $16.8 billion in unspent federal education funds available to them for at least a year and $2.7 billion available for two or more years.

In addition, States collectively returned more than $66 million in unused federal education funds to the U.S. Treasury at the end of the last fiscal year (September 30, 2004). Non-competitive "formula" funds for initiatives such as Title I aid to disadvantaged students and IDEA accounted for approximately $42 million of the returned funds. "Discretionary" funds awarded to States, local school districts, and schools on a competitive basis accounted for $24 million.

The Committee also notes that two recent reports indicate current congressional appropriations are more than adequate to cover the State costs for implementing NCLB. The National Accountability Works Study, *NCLB Under A Microscope*, estimates States will collectively receive a surplus of $787 million in federal No Child Left Behind funding for the 2004-2005 school year. The second study, *Exploring the Costs of Accountability*, by Massachusetts State officials James Peyser and Robert Costrell, contends that "many critics greatly exaggerate the shortfall of federal resources." This report also concludes that the cost for currently administered NCLB assessments has been fully funded by the federal government and that federal education spending may have outpaced the current need.

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

Title I (Part A), the largest ESEA program, provides additional resources for local educational agencies to assist in educating children from economically disadvantaged backgrounds. Title I funds are intended to improve academic achievement for the most disadvantaged students and should, at a minimum, be used to close academic achievement gaps, while still promoting gains for higher achieving students. From the time it was first enacted until the present, taxpayers have provided more than $182 billion in funding for Title I, with the initial investment in fiscal year 1966 of $969 million having risen to $12.7 billion in fiscal year 2005.

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

The centerpiece of NCLB is improving academic accountability and holding States, districts, and schools accountable for ensuring that all students, especially disadvantaged students, meet high academic standards. Title I of NCLB requires States to implement annual reading and math assessments for grades 3 through 8, and once during high school. Individual States are given the flexibility to determine a variety of factors, including the definition of proficiency, the starting point for progress measurement, and the amount of progress that must be made from year to year. States have until the 2005-2006 school year to develop and implement these assessments. The Committee recognizes this will be a challenging goal for States and therefore supports the President's FY 2006 request of $412 million for the Grants for State Assessments account in order to ensure the successful implementation of annual assessments.

The landmark reforms of Title I also provide additional educational options for parents with children in underachieving schools. Low-income parents in disadvantaged communities with students in underachieving schools should have the same educational choices as more affluent parents. Giving all parents a greater say in their children's education will greatly help them attain the best educational opportunities for students by enabling them to choose the best school possible. It will also energize the public education system and spur struggling schools to improve so that all low-income students have the opportunity to succeed academically.

The Committee believes that Title I resources will assist States, local educational agencies, and schools in fully implementing the promise and potential of NCLB. However, without accountability and choice, additional funding will do little to improve the academic future for the most disadvantaged students. With that in mind, the Committee supports President Bush's FY 2006 budget request to increase Title I by $603 million for a total of $13.3 billion. If enacted, the request would result in an overall increase of $4.6 billion or 52 percent in Title I funding since the passage of the No Child Left Behind Act.

In light of these huge increases and the fact that States still had $2.2 billion in unexpended FY 2000-03 Title I funds on hand in January 2005 (based on U.S. Department of Education Budget Service data), the Committee disagrees strongly with the National Education Association (NEA) and other education reform opponents that much larger increases are essential.

- Reading Improvement

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

In his FY 2006 budget request, the President allocates $104.2 million for Early Reading First for competitive grants to school districts and non-profit organizations. These grants support activities in pre-school programs designed to enhance the verbal skills, phonological awareness, letter knowledge, and pre-reading skills of children from birth through age five. In addition, the President includes $1.042 billion for implementing high-quality research-based reading instruction to ensure that every child can read at grade level or above by the end of third grade. These State grants are used to help school districts and schools provide professional development, diagnostic assessments, and instructional materials in research based reading instruction.

Results are already coming in as a result of the implementation of these two programs. According to the National Assessment of Education Progress, *the Nation's Report Card*, reading scores for 4th graders have significantly increased in most States between 2001 and 2003.

In addition to these programs, the President is requesting additional funding for a program to help middle and high school students who have still not learned to read at grade level reach their full potential. The Striving Readers program was funded at $24.8 million in FY 2005. In his FY 2006 budget request, the President proposes to expand the Striving Readers program to $200 million.

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

The National Adult Literacy Survey, done every ten years, will be released in 2005, and preliminary findings indicate that as many as 50,000 adults have limited reading skills.

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

- Teacher Quality

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

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

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

In FY 2002, the first year of the No Child Left Behind Act, President Bush signed into law a 38 percent increase in federal funding for teacher quality, an increase of $787 million over President Clinton's last budget to a record $2.85 billion. The final FY 2005 spending measure provided $2.92 billion to improve teacher quality. President Bush's budget request for FY 2006 maintains these historic funding levels helping to ensure that each school has a highly qualified teacher in every public classroom by the end of the 2005-2006 school year.

- Title V (State Grants for Innovative Programs)

The Committee on Education and the Workforce supports the restoration of funding for the Innovative Programs Block Grant (Title V, Part A, of NCLB). In FY 2005, the program received $200 million, $96.5 million less than the FY 2004 level.

The Title V Block Grant supports education reform and innovative school improvement programs which provide, among many other things, professional development, library materials, and educational equipment. In addition, the Title V Block Grant includes a provision ensuring that students, teachers, and other education personnel in private schools also receive access to such services.

The Individuals with Disabilities Education Act (IDEA)

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

Since taking control of Congress, Republicans have more than tripled spending for IDEA Part B (Grants to States), which funds direct services to students, and have increased the federal government contribution of funding from 7.3 percent of the average per pupil expenditure in FY 1996 to almost 19 percent in FY 2005.

President Bush's FY 2006 budget request increases funding for IDEA by $452.5 million, for a total of $12.1 billion, the highest level of federal support ever provided for children with disabilities. The Grants to States program would receive $11.1 billion, a 4.5 percent increase over the FY 2005 level. This represents approximately 19 percent of the average per pupil expenditure for all children.

By meeting our federal commitment, local schools will have greater discretion over how to spend local education funds, including how to fund school construction, teacher hiring, professional development, and the many other needs facing most local school districts. The Committee supports significant increases to IDEA Part B (Grants to States) as part of the fundamental reforms signed into law by President Bush on December 3, 2004. However, the Committee strongly opposes making IDEA Part B (Grants to States) a mandatory funding program, as doing so does not guarantee improved services for students with special needs and virtually removes the ability to provide necessary oversight of the program.

In the 109th Congress, following the enactment of H.R. 1350, the Individuals with Disabilities Education Improvement Act (P.L. 108-446), the Committee will focus intently on the effective implementation of the new law to ensure that the important reforms better serve students with disabilities by improving services to students with disabilities, aligning IDEA with NCLB, and providing the opportunity for all students with disabilities to learn in the regular education environment.

Specifically, these reforms make special education stronger for students and parents by improving parental involvement in the development of the child's individual education program (IEP), closely aligning IDEA to the historic accountability reforms of the No Child Left Behind Act, and focusing IDEA on the academic achievement of students with disabilities. The new law also will help ensure school safety by simplifying the discipline provisions and allowing teachers to maintain control of the classroom, while respecting the unique needs students with disabilities bring to the classroom. Finally, by improving communication between parents and school officials, as well as limiting frivolous lawsuits, the law will significantly reduce litigation and restore trust between parents and their children's schools.

D.C. School Choice Initiative

In January 2004, the Congress passed the first-of-its-kind school choice initiative backed by President Bush, District of Columbia Mayor Anthony Williams, and a broad coalition of local parents, children, and educators. This initiative, originally part of the President's broader Choice Incentive Fund, was funded at $14 million for FY 2005. The Committee supports the President's budget request to continue this funding in FY 2006.

High School Reform

During the 109th Congress, the Committee also intends to examine the viability of new strategies designed to hold high schools accountable for providing high quality education to their students. The President's FY 2006 budget request includes $1.2 billion for just such an initiative. His High School Intervention initiative focuses on strengthening high school education by improving "the academic achievement of students at greatest risk of not meeting challenging State academic standards and not completing high school."

Conclusion

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

Workforce Priorities

During the first session of the 109th Congress, the Committee will continue to focus on enhancing security, freedom, and prosperity for American families to reflect today's changing economy. We will aggressively endeavor to create security for families, build flexibility into the workplace, bring fairness to all workers, remove obstacles to private sector innovation, and implement common sense solutions to everyday problems in the workplace.

We will work to improve the retirement security of American workers by encouraging workers to save more, making pensions more secure, and cutting red tape prohibiting employers from establishing pension plans. We will continue to support making health insurance more accessible and affordable for all working Americans and provide patient protections to ensure patients receive the care they are entitled to without creating new bureaucracy or litigation. We will pursue policies that improve worker health and safety by encouraging a more realistic mix of proven enforcement strategies and cooperative efforts that encourage compliance rather than confrontation. Finally, we will endeavor to promote the vitality of union democracy through policies that empower union members to more effectively exercise oversight and control over their labor organizations.

Retirement Security for Workers and Their Families

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

On October 8, 2003, the House passed by an overwhelming margin (397-2), H.R. 3108, the bipartisan Pension Funding Equity Act, which protects the retirement benefits of millions of American workers who rely on traditional defined benefit pension plans. The bill provides a short term replacement for the 30-year Treasury bond interest rate that is used by employers to calculate the amount of money they must set aside in their employee pension plans. It also commits Congress to immediately proceed with efforts to identify permanent, long-term solutions to the overall structural problems in the defined benefit pension system.

The Senate passed the Pension Funding Equity Act by a vote of 86-9 on January 28, 2004. On April 10, 2004, President Bush signed the bill into law (P.L. 108-218). The law included the temporary rate replacement, as well as a limited reprieve from specific payments for certain pension plans that experienced significant losses as a result of low interest rates, sizable market investment losses, and an expanding number of retirees.

Building upon the foundation of the last three Congresses, the Committee will continue to develop and examine proposals, including the single-employer defined benefit pension reform proposal that is contained in the President's FY 2006 budget request, to create comprehensive and efficient new pension rules to reform and strengthen the defined benefit pension system.

The alarming trend of under-funded defined benefit pension plans is increasing the potential financial burden of the Pension Benefit Guaranty Corporation (PBGC). PBGC is the quasi-federal government agency that insures the retirement benefits of workers in certain defined benefit pension plans. This systematic pension under-funding problem has produced a PBGC deficit of approximately $23 billion dollars, which directly threatens its ability to protect and ensure worker pension benefits, and potentially places taxpayers' interests in jeopardy. The Committee intends to develop new rules for pension funding and disclosure and improve the overall pension design of all types of defined benefit plans, including single employer, multiemployer, and hybrid plans in an effort to promote and expand the voluntary defined benefit pension system overall.

In addition to defined benefit pension plan reforms, the Committee will continue to promote reforms of the defined contribution pension system. These reforms include many of the protections included in H.R.1000, the Pension Security Act, which was passed by the House in the 108th Congress. The key components of these reforms include expanding worker access to investment advice to help them manage and grow their retirement savings, and providing workers with better information about their pension plans and new freedoms to diversify their retirement savings.

Finally, the Committee will continue to monitor and support the efforts of the Department of Labor to protect workers' pensions and health benefits. In his FY 2006 budget request, the President has proposed a $5.8 million increase for the Employee Benefits Security Administration (EBSA) to provide additional enforcement resources to safeguard workers' retirement savings and other benefits, and provide expanded compliance assistance to educate employers, unions, and pension plan administrators on their legal responsibilities. In addition, EBSA will continue to develop outcome-oriented performance measures to quantify its impact on protecting workers' benefits. The Committee supports this increase.

Access to Quality Health Care

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

Health Care Costs

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

On June 19, 2003, the House passed H.R. 660, the Small Business Health Fairness Act, with the support of 36 Democrats. To reiterate its commitment to helping the uninsured, the House passed nearly identical legislation again on May 13, 2004 (H.R. 4281). The measures authorize the creation of Association Health Plans (AHPs), which allow small businesses to band together through associations and purchase quality health care at a lower cost. The bipartisan bill would increase small businesses' bargaining power with health care providers, give them freedom from costly State-mandated benefit packages, and lower their overhead costs by as much as 30 percent. These are benefits that large corporations and unions already enjoy because of their larger economies of scale. In short, the bill has the potential for significantly reducing the number of uninsured Americans and their families by enabling *bona fide* trade associations the ability to offer health plan coverage to their members and their employees. The Committee will continue to work with the President to ensure that legislation authorizing AHPs is signed into law.

The President has also put forth a number of proposals to help reduce the number of uninsured Americans. These recommendations included the expansion of Health Savings Accounts, which was contained in the recently enacted H.R. 1, the Medicare Prescription Drug and Modernization Act of 2003, and other tax incentives, such as enhanced deductions of health insurance premiums.

The Committee continues to support the President's tax credit for uninsured individuals, and believes that funds should be available for individuals to purchase employer-sponsored coverage. Many individuals receive an offer of insurance from their employer but are simply unable to afford the premium. Allowing employees to use the new tax credit to complement their employer's contribution will ensure that employees have access to high quality, affordable plans in the employer-based market and other options in the individual market.

Finally, the Committee endorses the landmark updating of the Medicare program for seniors completed in the 108th Congress. With this legislation, Medicare coverage was expanded to include a prescription drug benefit for senior citizens. Included in this new statute was the recognition of the importance of the employer-sponsored retiree health care system which delivers meaningful and needed care to a significant portion of America's retiree population. The Committee intends to continue its examination of the many aspects of employer-provided retiree health care coverage, with primary emphasis on possible ways in which the employer-sponsored system could be expanded under the new Medicare law to provide for more extensive, cost efficient health coverage for retirees.

The Mental Health Parity Act

During the 108th Congress, the President signed into law H.R. 1308, the Working Families Tax Relief Act of 2004 (P.L. 108-311). The new law extends the authorization of the Mental Health Parity Act through December 31, 2005. During the 109th Congress, the Committee will continue its examination of the various issues surrounding this subject as it considers legislation to extend the scope of this Act beyond its 2005 expiration date.

The Human Genome Project

The Committee recognizes the potential of the Human Genome Project, research which makes possible a wide universe of genetic research and discovery. The advanced progress of human genome research has fostered a public policy discussion about who should have access to our unique genetic information and what role this information will play in health care treatment, research, health insurance coverage, and employment. In response to this discussion, the Committee held hearings in both the 107th and 108th Congresses on this subject.

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

Patient Safety

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

Workplace Health and Safety

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

During the 108th Congress, the House passed four bills amending the Occupational Safety and Health Act (OSH Act), each intended to promote efficiency in the review of safety and health cases, to provide appropriate flexibility in the consideration of these cases, and to level the playing field for employers challenging OSHA in court. On May 18, 2004, the House passed each of the following:

- H.R. 2728, the Occupational Safety and Health Small Business Day in Court Act, which would have given the Occupational Safety and Health Review Commission (OSHRC) authority to make exceptions to an arbitrary 15-day deadline for employers to file responses to OSHA citations when a business missed the deadline by mistake or for good reason, thus ensuring that disputes would have been resolved based on merit rather than legal technicalities.

- H.R. 2729, the Occupational Safety and Health Review Commission Efficiency Act, which would have promoted government efficiency and ensured that important workplace safety and health cases were reviewed in a more timely fashion by increasing the membership of OSHRC from three to five members.

- H.R. 2730, the Occupational Safety and Health Independent Review of OSHA Citations Act, which would have restored the original system of checks and balances intended by Congress when it enacted the OSH Act and ensure that OSHRC ("the court"), and not OSHA ("the prosecutor"), would be the party who interprets the law and provides an independent review of OSHA citations.

- H.R. 2731, the Occupational Safety and Health Small Employer Access to Justice Act, which would have leveled the playing field for small businesses in OSH Act litigation by allowing such businesses which prevailed against OSHA to recover attorney fees and costs.

Subcommittee Chairman Charlie Norwood (R-GA) has reintroduced these measures for Committee consideration in the 109th Congress.

In addition, the Committee will look at ways to improve the regulatory process at OSHA, particularly as related to updating outdated standards without sacrificing the transparency, notice, comment, and due process requirements necessary for responsible rulemaking. The Committee looks forward to reviewing the innovative approaches designed by OSHA to encourage voluntary programs and assistance that will maximize efforts to improve safety and health for all working Americans.

Finally, the Committee expects to continue its oversight of the Mine Safety and Health Administration (MSHA). Following procedures essentially unchanged since the 1970s, MSHA conducts pre-set inspections of underground and surface mines (including mineral, stone, and sand quarries), regardless of the relative safety or compliance record of the particular mine site. The Committee will consider whether worker safety and health might be better served if some modifications are made to the federal law that are more in line with the reality of today's mining industry.

Ensuring Accountability to Workers

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

During the 108th Congress, the Employer-Employee Relations Subcommittee held a series of hearings highlighting the failure of unions, large and small, to file required financial disclosure forms in a timely manner (if at all). In 2003, 35 percent of unions filed late or did not file disclosure forms at all. The failure of unions to file these reports gives union members an unclear or nonexistent picture of how union dues are being spent.

In the last Congress, Subcommittee Chairman Sam Johnson (R-TX) introduced the following three measures designed to enhance union democracy:

- H.R. 992, the Union Members' Right-to-Know Act, which would have clarified that unions must disclose to union members information about their rights in a timely fashion. These rights include member union dues, membership rights, disciplinary procedures, the election and removal of union officers, and the calling of regular and special meetings.

- H.R. 993, the Labor-Management Accountability Act, which would have for the first time authorized DOL to assess a civil penalty when unions or employers covered by the LMRDA failed to obey the law.

- H.R. 994, the Union Member Information Enforcement Act, which would have authorized the Secretary of Labor to investigate union member complaints of a union's failure to meet the disclosure requirements contained in the LMRDA, and to bring suit on behalf of union members to enforce the law.

Subcommittee Chairman Johnson intends to reintroduce these measures for Committee consideration in the 109th Congress.

During the 108th Congress, DOL finalized and implemented regulations updating and modernizing the LMRDA's financial disclosure reporting requirements for large unions (known as "LM-2 forms"). DOL modernized the reporting requirements by creating a software program to allow unions to electronically file their LM-2 forms. To ensure better financial disclosure, DOL reorganized filing categories to allow more transparent accountability of spending for union members. In addition, President Bush called for providing a civil penalty authority to DOL in his FY 2006 budget request for unions failing to disclose to union members their rights under LMRDA.

Transparency and disclosure continue to be a Committee priority for reforming the LMRDA. Given the modernization of the financial disclosure requirements, the Committee supports the increase of $7.1 million for the Office of Labor-Management Standards contained in the President's FY 2006 budget request to ensure the new requirements are adequately monitored and stakeholders are able to access union spending information to understand how members' dues are being spent.

Fair Labor Standards Act

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

The Committee will continue to oversee the implementation of the Department of Labor's final regulations updating administrative, professional, and executive exemptions from overtime pay requirements under the FLSA. Reform of these so-called "white collar" exemptions (which until last year had not been substantially changed in more than 50 years) has been on every Administration's regulatory agenda since President Reagan.

In March 2003, the Bush Administration proposed regulations to comprehensively overhaul the white collar exemptions, and to expand overtime eligibility for millions of workers. Final regulations were issued in April 2004 and became effective in August 2004. The final regulations issued by the Administration expanded overtime eligibility for millions of workers, clarified overtime rights for employees and employers, and included historic new protection of overtime rights for workers. The Committee will continue to monitor the implementation and effectiveness of this historic initiative.

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

Monitoring and Assessing the Family and Medical Leave Act

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

Reforming the Federal Employees’ Compensation Act

As part of the President’s FY 2006 budget, the Administration has re-proposed a number of reforms aimed at improving the operation of the federal employees’ compensation program, which has not been substantially updated in 30 years. The reforms would incorporate the best practices of many State workers’ compensation programs, improve return to work procedures, streamline claims processing, and update benefit levels.

The Committee shares the Administration’s interest in updating and improving the workers’ compensation program for federal employees and intends to work toward achieving balanced reform of the program. As part of the Committee’s oversight of the Federal Employees’ Compensation Act (FECA), the Committee will review recommendations for change, including those put forth previously by the Department of Labor’s Office of the Inspector General and the Government Accountability Office.

Updating the Longshore and Harbor Workers' Compensation Act

In the 108th Congress, the Subcommittee on Workforce Protections examined the implications of the Longshore and Harbor Workers' Compensation Act and its impact on jobs in the U.S. boating industry. The Subcommittee held a hearing to examine legislation that was intended to restore, preserve, and boost U.S. job growth in the recreational boating industry. Current law requires the recreational boat industry to carry both State and federal workers' compensation coverage if work is done on boats more than 65 feet long. This outdated and arbitrarily-imposed length imposes additional requirements on some American businesses, putting them at a competitive disadvantage from foreign competition. Over the past 20 years, there has been tremendous growth in the number of recreational boats that measure 65 feet or longer. The Committee will continue to review the Longshore Act to identify areas that should be modernized and updated.

Energy Employees Occupational Illness Compensation Program Act

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

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

The Committee remains concerned with renewed efforts by organized labor to forsake the sanctity of the secret ballot organizing election under the National Labor Relations Act (NLRA) in favor of recognition schemes susceptible to employee coercion and intimidation and harassment of employers. Hearings in recent years, including during the 108th Congress, have demonstrated the flaws inherent in these schemes, while at the same time highlighting organized labor's increased use of high-profile, high-pressure organizing tactics in the face of dwindling membership and influence. The Committee will continue to explore legislative proposals to ensure that the right of employees to choose union representation or not to choose such representation, free from coercion or intimidation, is protected to the fullest extent of the law. The Committee will also continue its oversight of the interpretation of the NLRA by courts and the National Labor Relations Board to ensure that the Act is administered fairly and neutrally, and reflects the intent of Congress and the realities of the 21st century workplace.

Bureau of Labor Statistics

The Committee has oversight of the Bureau of Labor Statistics (BLS). The Committee is concerned about numerical discrepancies in the data collected by BLS in its payroll and household surveys. The Committee is interested in ensuring that BLS is collecting and analyzing correct data for all its activities, as this information is utilized by the private and academic sectors for a variety of planning actions. As such, the Committee supports the President's proposal to fund BLS at $542.5 million and plans to continue its oversight activity.

Conclusion

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