



**Views and Estimates for FY 2004 of the  
Committee on Education and the Workforce  
108th Congress, 1st Session  
February 28, 2003**

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.

During the first session of the 108<sup>th</sup> Congress, the Committee will continue to pursue an ambitious education agenda that improves 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, increasing education choices for low-income families, and providing responsible spending increases for education.

In addition, the Committee will work toward providing a safe and secure workplace for all Americans by improving retirement security, expanding access to quality health care, providing parents with more family time, enhancing the accountability of union leaders, and supporting an agenda of common sense reform rather than new Federal programs and regulations.

## **EDUCATION PRIORITIES**

The Committee on Education and the Workforce will continue to work with President Bush to advance a series of education initiatives aimed at creating a culture of achievement by holding schools accountable for improving student academic performance, restoring local control, and empowering parents with choices before schooling begins, through college and beyond.

### **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 the 107<sup>th</sup> Congress, the Committee has been and will continue to focus 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 kindergarten-12 education today. Aimed at creating a culture of achievement that leaves no child behind, the Act includes each of the President's four education reform pillars: (1) accountability and assessment; (2) flexibility and local control; (3) funding for what works; and (4) expanded parental choices.

#### ➤ *Title I*

In order to ensure that another decade does not go by with widening academic achievement gaps, NCLB made significant improvements to Title I by placing a priority on academic accountability and granting flexibility for schools and teachers to make decisions on how to best meet the needs of disadvantaged students. Title I, the largest ESEA program, provides supplemental educational services to children who are performing below grade level. From the time it was first enacted in 1965 until the present, taxpayers have provided more than \$130 billion in funding, with the initial investment in 1965 of \$960 million having risen to \$11.4 billion in 2002. 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.

Specific Title I reforms enacted in NCLB include:

- Annual State assessments of all children in reading and math in grades 3 through 8;
- Empowering parents with report cards on the academic achievement of their students so parents and communities can better see and understand the achievement of students, schools and districts;
- Public school choice for students enrolled in low performing Title I schools;
- Additional resources and expertise for underachieving schools to help them improve; and
- The option of receiving supplemental educational services from a provider of the parent's choice for economically disadvantaged students in persistently underachieving schools.

The Committee is dedicated to ensuring that States are able to implement high quality accountability systems, which are essential to realizing the President's vision of reform. The centerpiece of NCLB and the President's education reform plan is improving academic

accountability. This accountability blueprint holds States, districts and schools accountable for ensuring that all students, especially disadvantaged students, meet high academic standards.

NCLB requires States to implement annual reading and math assessments for grades 3 through 8, which is the key component of President Bush's rigorous plan for holding state and local school districts accountable for improving student academic achievement. States select and design assessments of their choosing and 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 supports the provision of the necessary resources to ensure the successful implementation of annual assessments, which the President did by requesting \$390 million for the Grants for State Assessments account in FY 04.

The landmark reforms of Title I also include the provision of additional educational choices for parents with children in underachieving schools. Low-income parents in disadvantaged communities with students in underachieving schools should have the same education choices as affluent parents. Giving all parents this choice will greatly help them attain the best education possible for their children by enabling them to choose the best school possible. It will also energize the public education system and spur struggling schools to succeed so that low-income students achieve and succeed academically.

The Committee believes that Title I resources will greatly 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.

Specifically, the Committee supports President Bush's FY 04 budget request to increase Title I by \$1 billion for a total of \$12.4 billion. The Committee on Education and the Workforce recognizes that Title I grants are important in providing local educational agencies with the resources to ensure that disadvantaged students meet challenging State academic achievement standards.

➤ *Reading Improvement*

The Congress and the President have also made improvement in reading ability a top, bipartisan priority. With the passage of NCLB, funding for Reading First and Early Reading First tripled the amount of money available for needy school districts to improve classroom practices in reading instruction that are based on scientific based research.

Reading is an essential skill that all students require if they are to succeed in school. There are still only one-third of fourth-graders able to read at a proficient level. This means that nearly two-thirds of fourth graders have a greater likelihood of dropping out of school with a lifetime of diminished success. The Committee strongly supports the President's efforts to close the achievement gap in reading ability.

Approximately \$412 million in funding has been distributed to date to 20 states to implement the Reading First program in this school year. States receiving Reading First grants make

competitive sub-grants to local school districts, which then use screening and diagnostic assessments to determine which students are at risk for reading failure. School districts are then able to provide professional development for K-3 teachers in the essential components of reading instruction and funds to purchase instructional materials to implement these programs in the classroom.

The President's FY 04 budget request strongly supports improving reading instruction by adding \$50 million to Reading First, and \$25 million to Early Reading First, bringing the total request for this signature program to \$1.15 billion. The Committee strongly supports this commitment to one of the nations most intractable education problems. As a result, students are expected to become proficient readers by the end of third grade at the latest. Reading First and Early Reading First contributes to these high expectations by steadfastly supporting quality, research-based local and state reading initiatives that are consistent with the requirements of the law.

➤ *Teacher Quality*

During the 108<sup>th</sup> Congress, the Committee on Education and the Workforce 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 have a "highly qualified" teacher in every public classroom within five years. With enactment of the NCLB Act, Congress and the President have expressed their commitment to educational excellence. This is the age of high standards and accountability in education. All students deserve to have a high-quality education, and all taxpayers deserve to know how well their investment in public education is paying off. In this new environment, it is critical to provide a "highly qualified" teacher in every classroom.

Under the No Child Left Behind 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 are: (1) fully licensed 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. By providing significant new resources for States (\$2.85 billion in FY 2002 alone, an increase of \$787 million over FY 2001) and creating a sense of urgency, the No Child Left Behind Act is helping many cities make progress in reducing shortages of qualified teachers for the first time in years. Good teaching is key to student achievement. As the public demands improved schools and increased student achievement, teachers' knowledge and skills are more important than ever before.

*The Individuals with Disabilities Education Act (IDEA)*

The Committee on Education and the Workforce supports the promises the Federal government made to States and school districts 27 years ago. When Congress passed IDEA in 1975, we committed to pay 40 percent of the average per pupil expenditure to offset the excess cost of educating a disabled child. Since taking control of Congress, Republicans have increased spending for IDEA Part B, Grants to States, which funds direct services to students, by 224

percent, and have increased the Federal government contribution of funding from 7.3 percent of the average per pupil expenditure in FY 1996 to approximately 19 percent in FY 2004.

President Bush's FY 04 budget request includes an increase in funding for IDEA of \$1 billion, for a total of \$10.5 billion, the highest level of Federal support ever provided for children with disabilities. The Grants to States program would receive \$9.5 billion, an 11.7 percent increase over the President's FY 03 request. By devoting a significant amount of Federal funds to IDEA, 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 full funding of IDEA Part B, Grants to States, and believes funding increases should be linked to fundamental reform. The Committee will examine the numerous problems with the current IDEA structure, including increasing accountability, reducing paperwork, and reducing the over-identification of minority students as part of the IDEA reauthorization process.

In addition, the Committee applauds last year's effort by the House Budget Committee to include a reserve fund for IDEA, as well as language ensuring full funding in the out-years, in the FY 03 House-passed budget resolution. We look forward to working with the House Budget Committee again this year on designing a similar approach.

Finally, the Committee does not support 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. The Committee remains committed to helping students achieve and to finding a long-term funding solution that has the best interests of children with special education needs at heart.

## **POSTSECONDARY EDUCATION**

Improving quality and accountability in higher education and enhancing vocational-technical education programs highlight our Committee's dedication to provide a wide range of postsecondary education to students. The Committee also remains committed to assisting job seekers, including dislocated workers and disadvantaged Americans who have been left behind, by streamlining federal workforce development programs and making them more responsive to job seekers' and employers' needs.

### *Higher Education*

The Committee on Education and the Workforce will undertake the reauthorization of the Higher Education Act (HEA) during the 108<sup>th</sup> Congress. The increasing cost of obtaining a postsecondary education continues to be a major concern of the Committee. The Committee's attempts to address this issue, including increasing the maximum Pell Grant to its highest level and decreasing interest rates for student loans, have failed to stem the increasing need for assistance of low and moderate-income students.

Therefore, the Committee will continue, through reauthorization, to seek opportunities to increase access to affordable quality education for our nation's students. Specifically, we will look for innovative methods of increasing access to a quality postsecondary education for all students, but especially low and moderate-income students. We will work with our community and business partners to discuss partnership activities and methods to increase community involvement. We will look to postsecondary institutions to step up to the challenges of controlling college costs and being more accountable for the education provided to students. Finally, the Committee will review proposals to reduce administrative costs of programs under the Higher Education Act and seek cost saving opportunities in an effort to support access and quality programs for students with the greatest need.

The Committee also supports the Bush Administration's desire to review outstanding loan debt managed by the Federal government and explore ways to better serve the taxpayers in the administration of those programs and to fund various education priorities. Those programs include the Federal Direct Student Loan Program and the Federal Family Education Loan Program. The Committee supports the Bush Administration's review of various options pertaining to the loan programs, including sale and/or securitization of portions of existing portfolios while ensuring the integrity both of the programs and borrower servicing.

➤ *Pell Grants*

Pell Grants remain a top priority for the Committee. The Pell Grant Program is regarded as the foundation for all federal student aid. This is especially true for students from low-income families. Approximately 81 percent of all Pell recipients are students from families with annual incomes of \$30,000 or less. The Committee applauds the President's unprecedented support and commitment to the Pell Grant Program. The President's FY 04 budget request includes an additional \$1.9 billion increase for the Pell Grant Program, the largest ever increase in funding for this vital program. This request brings the total Pell Grant funding level to an all-time high of \$12.7 billion and will allow approximately 4.9 million students, over a million more students than when President Bush took office, to receive Pell Grant funds and pursue their dream of a postsecondary education. The commitment of this President and this Committee to provide access to postsecondary education for low and moderate-income students is unwavering. The Committee will continue its efforts to expand the Pell Grant Program and provide access to postsecondary education for more students.

In addition, the Committee supports efforts to provide better management controls for the student aid programs. One such proposal provides for a data match on income data between Internal Revenue Service tax data and those submitting the Free Application for Federal Student Aid (FAFSA). By providing an automatic match of the data provided, the Committee believes there will be a reduction in both over awards and under awards of Pell Grant funds, yielding a reduction in erroneous payments and an overall savings to the program. While the Higher Education Act currently provides authorization for such a match to take place, additional legislative action is necessary to enact the process. The Committee plans to work with the relevant Committees to pursue this proposal and recognizes that any savings realized from the data match will be used to reduce the current Pell Grant shortfall.

➤ *Teacher Recruitment and Retention*

The Committee also applauds and supports the President's proposal to expand the availability of teacher loan forgiveness. The country is facing 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. This loan forgiveness program for teachers will forgive up to \$17,500 of student loan debt for math, science, and special education teachers who teach full-time for five consecutive years in a school district eligible for Title I funds and in a school with more than 30 percent of the students from low-income families. The Committee will work diligently toward the enactment of this proposal.

➤ *Reduction of Burdensome Administrative Rules*

The Committee took a big step forward in the 107<sup>th</sup> Congress to provide relief from overly burdensome administrative requirements for students, institutions and loan providers. Through the FED UP process, the Committee provided an opportunity for financial aid professionals and others to recommend improvements to the regulations governing the Title IV student aid programs to increase efficiency and eliminate unnecessary or outdated regulations. The U.S. Department of Education established two negotiated rulemaking teams, which resulted in two regulatory packages on November 1, 2002, promulgating many of the recommendations within the FED UP proposals. The Committee then developed a legislative package addressing many of the statutory proposals provided via the FED UP process. While a bipartisan, non-controversial package was developed in the 107<sup>th</sup> Congress, it failed to be passed and enacted. Therefore Congressman Howard P. "Buck" McKeon, the Chairman of the 21<sup>st</sup> Century Competitiveness Subcommittee has introduced the FED UP Higher Education Technical Amendments Act of 2003.

Within the HEA, the Committee wants to simplify programs, reduce unnecessary administrative burdens on institutions, and increase efficiency while maintaining fiscal integrity. The Committee wants to enact two specific provisions that provide an incentive for postsecondary institutions to reduce default rates and provide better service to students. For schools with a calculated default of less than 10% for three consecutive years, the Committee wants to provide for the permanent extension of a rule allowing for a waiver of the multiple disbursement rules for loans made for periods of enrollment not more than one semester, one trimester, one quarter, or four months. It also wants to permanently extend the waiver of the 30-day delay rule for disbursing loan proceeds to first-year, first-time undergraduate borrowers attending schools with a calculated default rate less than 10% for three consecutive years. These provisions will allow for the expedited delivery of student loan proceeds to students at institutions that have maintained a low default rate thereby helping to ensure the fiscal integrity of the student loan program.

The Committee also wants to ensure that a correction is made to a statutory provision that inadvertently eliminates the eligibility for student aid for certain students. The correction provides for the suspension of eligibility for federal student aid for students convicted of drug offenses to include only those convictions that occurred while the student was enrolled and

receiving federal student aid. This provision will reduce the number of students affected by this provision and allow many to receive aid that, without this correction, would be ineligible.

➤ *Student Loan Programs*

The Committee is pleased with the result of the passage of the 2003 interest rate fix in the 107<sup>th</sup> Congress. Interest rates on Federal student loans are the lowest in the program's history. This accomplishment also provides for the stability and availability of funds in the Federal Family Education Loan Program (FFELP), which continues to serve more than two-thirds of the nation's students and is a vital source of funds for postsecondary education.

The 2003 interest rate fix also changes the interest rates student and parents will pay. Beginning in 2006, interest rates will change from the current variable rate formula to a fixed rate formula. The student rate will be set at 6.8 percent and the parent loan PLUS rate will be set at 7.9 percent. Given that change, the Committee wants to evaluate the special allowance payments made to lenders in the PLUS loan program that will occur at the time the rate changes to 7.9 percent. The Committee wants to evaluate any risk to lenders associated with a potential gap in those payments within the fixed rate environment.

As the Committee moves into reauthorization of the HEA, annual loan limits now provided for in the law will be reviewed. Loan limits have not been increased since 1992, although college costs continue to rise dramatically. The Committee will examine how the current loan limit and whether or not to raise the loan limit, will address the Committee's goal of increasing access to quality postsecondary education. Along with loan limits, the standard ten-year repayment term has not changed since the program's inception over 35 years ago. While a decision to increase loan limits and repayment terms has not yet been made, the Committee will look carefully at these two student loan provisions to determine how best to assist students in meeting their finance and repayment obligations.

➤ *Student Loan Administration*

Currently, funds for the administration of student financial aid programs are split between discretionary, mandatory, and subsidy accounts. The President has proposed the consolidation of \$947 million for the administration of student financial aid programs, which is spread over three separate accounts, into a single unified discretionary Student Aid Administrative account. The Committee supports this approach, as it will improve accountability for reducing costs and enhance financial controls within the administration of these programs. Merging these accounts into a single discretionary fund would provide Congress with improved oversight over these expenditures and allow for greater accountability.

➤ *Minority Serving Institutions*

The Committee will also continue to build on the success of the last Congress in addressing the needs of minority serving institutions. Historically Black Colleges and Universities (HBCUs), Hispanic Serving Institutions (HSIs), Tribally Controlled Colleges and Universities, and other minority serving institutions play a vital role in recruiting and educating some of our nation's



most disadvantaged students. However, these institutions often lack necessary resources and infrastructure. The Committee applauds the President's continued commitment to increase funding for minority serving institutions as provided for in his FY 04 budget request. The President provides \$224 million for HBCUs, \$53 million for Historically Black Graduate Institutions, approximately \$94 million for HSIs, and \$19 million for the nation's 34 tribally controlled colleges and universities. This request provides for a total of \$390 million for these institutions, which serve many of the nation's most disadvantaged students.

The Committee will continue its outreach and collaboration with these institutions, celebrate their successes, and assist them in meeting their goals. We will work with college presidents, faculty, students and other interested parties to gather information on the needs of these

institutions and to encourage additional outreach to the students they serve. The Committee will work diligently to help provide the resources necessary to help these institutions continue their efforts to educate, elevate, and graduate increasing numbers of students.

### *Vocational-Technical Education*

The Committee will also work this year to reauthorize the Carl D. Perkins Vocational and Technical Education Act, which provides federal assistance for secondary and postsecondary vocational education programs at the high school level and at technical and community colleges. With the changing demands of today's economy, it is important that all Americans are well prepared for a future of postsecondary education, employment, and continuous learning. Vocational-Technical programs must develop the academic, vocational, and technical skills of students in high schools and community and technical colleges alike. When vocational-technical education is provided simultaneously with a rigorous academic curriculum the outcome is one of students fully prepared for college without remediation as well as workers prepared for high-skilled employment.

With the passage of the No Child Left Behind Act, the climate is one in which greater emphasis is placed on academic achievement, accountability, flexibility, and the use of methods that work. The Committee will pursue these same principles during the reauthorization of this act. We will focus on ensuring that vocational-technical students obtain academic achievement, emphasizing academic accountability for vocational-technical education at the secondary level, and enhancing innovative initiatives that promote seamless transitions from secondary to postsecondary education.

### *Financial Management*

The Committee will also continue its oversight of the Department of Education's financial management. We congratulate the Secretary and his team for recently receiving a clean audit. We commend Secretary Paige for creating a Management Improvement Team to address the management issues within the Department and create the Blueprint for Management Excellence. The Secretary has set specific goals for management improvements that will reduce waste, fraud and abuse of taxpayer dollars and has come a long way in meeting those goals. Secretary Paige

has done a good job of changing the internal culture at the Department of Education and has imparted a true sense of accountability and responsibility.

The General Accounting Office (GAO) has retained the student aid programs on its high-risk list. It has, however, recognized several improvements made at the Department of Education. Although meaningful actions are underway, the GAO has cited several areas the Department of Education must improve. The Committee will continue to monitor the activities undertaken by the Department of Education in its quest to remove the student financial aid programs from its more than ten year placement on the GAO's high risk list.

### *Workforce Investment Act*

In 1998, under this Committee's leadership, Congress passed the Workforce Investment Act (WIA) to reform the nation's job training system that formerly was fragmented, contained overlapping programs, and did not serve either job seekers or employers well. The Committee looks forward to building upon this foundation during the 108<sup>th</sup> Congress.

WIA consolidated and integrated employment and training services at the local level in 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, in order 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 ranges from core services such as job search and placement assistance, access to job listings, and an initial assessment of needs. The initial assessment of needs includes intensive services such as career counseling, comprehensive assessments and case management, and if needed, occupational skills training.

In addition, to further promoting 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. During consideration of the welfare reauthorization bill (H.R. 4), the House made the Temporary Assistance for Needy Families program (TANF) a mandatory partner in the one-stop system, unless the Governor declines to do so. The Committee intends to maintain this provision, which will serve to further coordinate federal funding streams.

The WIA system contains the federal government's primary programs for investment in our nation's workforce preparation. Even though the system is still maturing since its full implementation in July 2000, 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.

Nonetheless, there have been some challenges in implementing the comprehensive system

envisioned by Congress. To address some of these challenges, the Bush Administration will seek to reduce overlap among remaining employment and training programs so as to simplify financial management, administration, and program governance structures at the state and local levels. The Administration proposes to merge the funding streams for the adult program, the dislocated worker program, and the employment services state grants. In addition, the Administration seeks to target the youth development funds on out-of-school youth and improve the participation of mandatory partners in the one-stop system. The Committee looks forward to working with the Administration on efforts to enhance the workforce development system so that it will continue to meet the training and employment needs of the information-based, highly skilled, 21<sup>st</sup> century workforce.

The Administration also proposes to use states' expenditure levels to reallocate funding where needed, instead of obligation levels as under current law. The General Accounting Office (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 timeframe and additional technical assistance from DOL is needed. The Committee will examine the funding and reporting issues raised by GAO.

Finally, the Administration proposes a common set of performance measurements for the major federal job training programs. The Committee agrees that common terms and definitions across programs can enhance coordination, improve service delivery, and simplify program administration. However, such performance measures must be carefully crafted so as not to create disincentives for serving certain populations.

#### *Personal Reemployment Accounts*

Recognizing that unemployment rates remain unacceptably high during this time of economic recovery, President Bush proposed creating Personal Reemployment Accounts as a key component of his economic stimulus package. The President's budget includes \$3.6 billion to create accounts of up to \$3,000 to help unemployed Americans struggling to return to work. The new funding will assist at least 1.2 million individuals who are most likely to face obstacles in finding and keeping new employment.

The Committee has introduced the Back to Work Incentive Act of 2003 (H.R. 444), to authorize new grants within WIA to allow states to create personal reemployment accounts. The bill offers an innovative new approach for assisting workers. The program aims to accelerate reemployment and increase job retention of individuals likely to exhaust their unemployment compensation benefits, while providing such individuals with enhanced flexibility, choice, and control in obtaining reemployment services and training. An eligible individual will have the option to accept a personal reemployment account or access services through the current WIA one-stop delivery system.

With the funds from these accounts, unemployed workers may choose to purchase a variety of employment-related services. These include intensive, training, or supportive services such as child care, transportation assistance, and relocation services. 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. To encourage workers to stay on the job, the remaining balance will be paid in two installments – 60 percent at employment and 40 percent after six months job retention. Workers will access the accounts through the one-stop career center system created under WIA. The Committee looks forward to passing these accounts to provide a new tool in addition to the array of services already available through the one-stop career centers.

## **HEAD START**

Quality early child care and education is critical for children, parents, the business community, and the success of welfare reform. Every day, approximately 12 million children and their families utilize some form of early childhood service. 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 school and later in life.

While the resources spent have been significant, results have sometimes been mixed. States report that between 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.

Strengthening the academic focus of Head Start while preserving its current health and nutrition services for children is an important goal for this Committee in the 108th Congress. The No Child Left Behind Act emphasizes the importance of academic achievement in reading and math and sets forth a goal that all children become skilled readers by the end of third grade. Head Start and other early childhood education programs are often the first line of defense in ensuring that children attain the fundamental skills necessary for optimal reading development and overall school readiness.

This year, the Committee plans to reauthorize the Head Start program. We support many elements of the President's Head Start reform proposal, including a spending increase of \$148 million to provide \$6.816 billion dollars for Head Start in fiscal year 2004, and a statutory revision that would help directly target a greater proportion of the total program dollars to serving children.

The Committee's top priorities for the reauthorization include: (1) improving the academic preparedness of Head Start children; (2) enhancing coordination of Head Start with State pre-kindergarten and other publicly funded early childhood education programs; (3) continuing research efforts to evaluate and improve Head Start; and (4) 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.

## **NUTRITION**

A healthful diet is necessary for children to achieve full physical development and long-term health is critical for academic success in school. The Committee is dedicated 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 Child Nutrition Act and the National School Lunch Act*

This year, the Committee on Education and the Workforce is scheduled to reauthorize child nutrition programs included in the Child Nutrition Act and the National School Lunch Act. The Committee plans to introduce several programmatic changes to achieve three principle goals: (1) ensure access; (2) promote nutrition and health; and (3) strengthen program operations and accountability. All proposed program improvements are intended to contribute to the overarching goal that children have access to safe, affordable, and nutritious food.

A key priority during reauthorization is to improve the accuracy of certifications for free or reduced-price school meals. Audits have revealed that substantially more students are certified to receive free and reduced-price meals than are eligible. Providing free or reduced-priced meals to ineligible children is costly and diverts valuable resources away from schools with the greatest needs. While improving the accuracy of school meal certifications, the Committee will seek a solution that will not impede program access for eligible children. In addition, we agree with the Bush Administration's position that any savings realized from reforming the certification process should be reinvested into the child nutrition programs.

### *Special Supplemental Food Program for Women, Infants, and Children*

The Special Supplemental Food Program for Women, Infants, and Children (WIC) is another key priority. This program provides an important nutrition safety net for over 7.5 million pregnant women and their children up to age 5. The Committee supports the President's request for \$4.769 billion, an increase of \$43 million in new funding and a contingency reserve in the event that caseloads exceed anticipated levels during fiscal year 2004.

### *Child and Adult Care Food Program*

The Committee will also consider whether actions are needed to enhance access to the Child and Adult Care Food Program. In some instances, eligibility criteria may limit certain child care providers from participating in the Child and Adult Care Food program despite the enrollment of low-income children who meet the income requirements to receive free or reduced-price school meals.

The Committee believes that schools and other institutions should receive funding sufficient to provide children with safe meals that meet Federal dietary guidelines. Current Federal reimbursement rates for subsidized meals do not cover the actual cost to provide meal and snack services to students participating in child nutrition programs. Because the rate of growth for

costs to prepare school meals has far exceeded increases in meal reimbursements, the Committee will examine the feasibility of increasing reimbursement rates for meals served as part of the child nutrition programs.

### *Obesity*

Obesity among American children has become an “epidemic,” according to public health experts. Childhood obesity has skyrocketed since the 1970s. Obesity and weight problems affect an estimated 10 million children in the United States. The problem appears most serious among low-income and minority children. The school environment should support parental and community efforts to encourage children to make healthy food choices, choose a variety of foods, and eat in moderation. Local schools should be supported in their efforts to create such an environment, and given the flexibility they need to do so. Nutrition education and other activities are needed to inform children about the short and long-term benefits of a healthy diet and regular physical activity. All child nutrition programs should ensure that a wide array of healthful foods such as fresh fruits and vegetables and low-fat dairy products are regularly available to program participants.

## **WORKFORCE PRIORITIES**

During the first session of the 108<sup>th</sup> Congress, the Committee will focus on enhancing security, freedom, and prosperity for American families and investors 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 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 with cooperative efforts that encourage compliance rather than confrontation. Lastly, 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 organization.

### **RETIREMENT SECURITY FOR WORKERS AND THEIR FAMILIES**

Building upon the foundation laid in the last two Congresses, the Committee will continue to promote retirement security under the Employee Retirement Income Security Act (ERISA) during the 108<sup>th</sup> Congress.

On April 11, 2002, the House passed the Pension Security Act of 2002 (H.R. 3762) by a vote of 255-163. This bill provided greater rights for workers to diversify out of company stock and gave workers more timely information about their own retirement accounts and the need for diversification. The Pension Security Act also included the provisions of the Retirement

Security Advice Act (the “RSAA,” H.R. 2269) that previously passed the House on November 15, 2001 by a vote of 280-144. The provisions of the RSAA allow employers to provide their workers with access to professional investment advice, as long as the advisers are held to tough fiduciary standards requiring that they act at all times in the best interest of the beneficiaries, and as long as they fully disclose to plan participants their fees and potential conflicts. These provisions help address the dilemma many workers face in deciding how to invest their vital retirement savings.

Additionally a number of ERISA provisions from the Economic Growth and Tax Relief Reconciliation Act (H.R. 1836) were included in the Pension Security Act. These provisions will make it easier for small businesses to start and maintain defined benefit plans, add an additional Saver Summit, and enhance the missing participant program of the Pension Benefit Guaranty Corporation (PBGC).

Although the Pension Security Act passed the House with bipartisan support, the Senate failed to act on the bill. Two provisions of the bill, however, were included the Sarbanes-Oxley Act (H.R. 3763) and were ultimately signed into law on July 30, 2002. These two provisions restricted the ability of corporate officials to trade company stock during blackout periods and set forth rules in regard to the proper notice to employees of blackout periods. Chairman Boehner and Subcommittee Chairman Sam Johnson have made passage of the remainder of the protections in the Pension Security Act a priority for the 108<sup>th</sup> Congress.

As in the previous two Congresses, the Committee will continue to develop proposals to streamline outdated rules of investing pension fund assets. Additionally, the Committee will explore new ideas for pension fund design both in defined contribution plans and defined benefit plans which would expand retirement coverage for more American workers.

In his FY 04 budget request, the President has proposed a ten percent increase for the Employee Benefits Security Administration (formerly, the Pension Welfare Benefits Administration) to provide additional enforcement activities to safeguard worker’s employee benefits and to help educate employers and pension plan administrators in their responsibilities under ERISA and the newly enacted corporate accountability laws. The Committee supports this increase.

Finally, building upon hearings held in the last Congress, the Committee will continue its review of issues related to the growing problem of providing employer sponsored retiree health coverage to America’s aging population.

### **ACCESS TO QUALITY HEALTH CARE**

The Committee supports the Bush Administration's goal of making health insurance more affordable for our nation’s 41.2 million uninsured individuals. This year the Committee will continue its consideration of proposals such as the Association Health Plans that will provide more individuals with access to quality health care. The Committee is also deeply concerned about the costs of health care premiums for the vast majority of Americans who receive their health insurance through their employer. Given the recent annual increase in premiums for employer-sponsored coverage, the Committee will continue to evaluate changes in health care

policy with rising costs in mind. Because 128 million Americans obtain health coverage through their private sector employer, the Committee takes very seriously its role in regulating these plans through the Employee Retirement Income Security Act (ERISA).

During the 107<sup>th</sup> Congress, the Committee held a hearing on assessing the implications of mental health parity in health care coverage for employers and employees. The bipartisan economic stimulus bill that was enacted in March 2002 reauthorized the Internal Revenue Code provisions of the Mental Health Parity Act for an additional year but did not include the ERISA provisions set to expire on December 31, 2002. However, a separate bill (H.R. 5716) sponsored by Chairman Boehner was enacted into law in December 2002, which extends the ERISA provisions of the Act until December 31, 2003. The Committee will continue its examination of this issue as it considers legislation to extend the Mental Health Parity Act during the first session of the 108<sup>th</sup> Congress.

The Committee continues to support the President's tax credit for uninsured individuals, and we continue to believe that funds should also 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. An example of this concept was embodied as a part of the Trade Promotion Authority and Trade Adjustment Assistance Act that was signed into law by President Bush. This law contained a key amendment to the Workforce Investment Act that authorized \$510 million in special National Emergency Grants (NEGs) to help states provide new forms of health care coverage and other services to workers who are adversely impacted by trade. Among the options allowed under this program was an option where a worker could use assistance to defray part of the cost of continuing health coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985 that he receives through his former employer.

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 utilize large-group buying power to motivate quality. The Committee will include an examination of different approaches to health care quality and safety in its health care agenda.

Over the past two years, the Committee has recognized the potential of the Human Genome project. This research makes possible a wide universe of genetic research and discovery. The advanced progress of the 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 and research, health insurance coverage, and employment. In response to this discussion, the Committee held hearings in the 107<sup>th</sup> Congress on this subject. Legislation to prevent genetic discrimination offers a promise and a challenge. As in the 107<sup>th</sup> Congress, the Committee will continue its efforts to address the issue of genetic-nondiscrimination and to craft bipartisan legislation to protect individuals from discrimination without overly burdening employers and health plans.



As the Administration attempts to update Medicare and expand coverage to include a prescription drug benefit for senior citizens, the employer-sponsored retiree health care system has never been more important. The Committee intends to continue its examination, started in the 107<sup>th</sup> Congress, into 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 with the Administration's proposals to provide for more extensive, cost efficient health coverage for retirees.

### **WORKPLACE HEALTH AND SAFETY**

The Committee will continue to work for reform of the Occupational Safety and Health Administration (OSHA). We look forward to working with the Bush Administration to promote health and safety in the workplace through increased compliance assistance to employers, in addition to enforcement. The Committee will look at ways to improve the regulatory process at OSHA, particularly as related to updating outdated standards, without sacrificing all of the transparency, notice, comment and due process requirements for responsible rulemaking. In addition, the Committee looks forward to innovative approaches at OSHA to encourage voluntary programs and assistance that will maximize efforts to improve safety and health for all working Americans.

The Committee also plans to review the Mine Safety and Health Administration (MSHA). Following procedures essentially unchanged since the 1970's, 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. Following up on hearings held in the last two Congresses, the Committee will consider whether worker safety and health might be better served if some modifications are made to the Federal MSH Act which are more in line with the reality of today's mining industry.

### **FAIRNESS IN THE WORKPLACE**

Promoting transparency of union activities to union members continues to be a Committee priority for reforming the Labor-Management Reporting and Disclosure Act of 1959 (LMRDA). Witnesses from the 107<sup>th</sup> Congress provided insight as to what concerns union members had regarding access to information and union accountability. Based on this testimony, the Committee will focus on legislation that improves the access to information and protections provided to union members under the LMRDA. Hearings conducted over the last three Congresses demonstrate that union members are not receiving all of the information about union activity that they want and to which they are legally entitled. The Committee's legislative efforts will focus on increasing union accountability to its members in this regard. As such, the Committee supports the President's budget proposal of \$5 million for the Office of Labor-Management Standards (OLMS) to specifically target union compliance of financial disclosure and better information distribution to union members. The Committee also supports the OLMS proposal to authorize civil monetary penalties when unions fail to meet filing deadlines for financial disclosure.

Based on hearings conducted by the Committee, the Department of Labor (DOL) has made Labor-Management forms mandated by the LMRDA available online. Also, the Department of Labor has proposed significant revisions to Labor-Management Form 2 (LM-2) reporting. These proposals include transparent accounting of union expenditures, more accurate spending categories or “functional” categories, lower thresholds for disclosure of spending, and posting of these reports online. The proposed regulation would also add a reporting requirement (the Trust Annual Report) for expenditures over \$10,000 by a union to a trust with annual receipts of \$200,000 or more, in order to accurately report the assets, liabilities, receipts and disbursements of the trust. The Committee supports the Department’s actions and will continue its oversight on this and other germane regulatory proposals.

The Committee continues to believe that it is wrong for workers to have money taken from their paychecks without being given adequate notice by a union of how these monies will be used. Further, union members have limited ability to object to some of these wages being used for causes in which they do not support. As such, the Committee will continue efforts to ensure that paycheck protection rights are fully extended to workers and will use its oversight authority to investigate complaints concerning a serious lack of effectiveness of these protections under current law.

#### **REFORMING THE FAIR LABOR STANDARDS ACT TO MEET THE NEEDS OF THE 21ST CENTURY WORKFORCE**

The Committee will review proposals to update the Fair Labor Standards Act of 1938 (FLSA). As part of that review, the Committee will focus on legislation to remove obstacles in Federal law that prevent private sector employers from providing their workers with increased flexibility to balance the needs of work and family. Under current law, public sector employees can utilize various flexible work schedules, including the option of taking compensatory time off in lieu of cash wages for working overtime. However, similar options are not available to those in the private sector. A priority of the Committee will be to pass the “Family Time Flexibility Act” to allow working men and women, through a voluntary agreement with their employer, to choose paid time off as compensation for working overtime hours. This flexible, family-friendly arrangement, known as “compensatory time,” is designed to help working men and women achieve a greater balance between their work and family obligations.

The Committee will also continue to look at ways to eliminate impediments within current law that prevent employers and employees from working out mutually beneficial and innovative arrangements regarding compensation. In addition, the Committee expects the Department of Labor to issue proposed revisions to the regulations that address certain exemptions and exclusions from FLSA requirements. The Committee will closely examine any regulatory changes to ensure that they reflect the intent of Congress and the needs of today’s workplace, and will continue to work with the Department in its administration and oversight of the FLSA.

#### **CLARIFICATION OF CONFUSING REGULATIONS ON FAMILY LEAVE**

This year marks the tenth anniversary of the enactment of the Family and Medical Leave Act (FMLA). As in prior Congresses, the Committee will continue to review the inconsistent and

often confusing regulations implementing the FMLA, and will work with the Administration to better administer the Act consistent with Congressional intent. In particular, the Committee understands that the Department of Labor is expected to issue proposed revisions to the FMLA regulations that will address and clarify issues that have arisen under the Act, its regulations, and its interpretation in the courts over the last decade. The Committee will closely scrutinize any proposed regulatory changes to ensure that they reflect the intent of Congress and the realities of the 21<sup>st</sup> century workplace, and will continue to work with the Department in its administration and oversight of the Act.