BUDGET VIEWS AND ESTIMATES FOR FISCAL YEAR 2019
COMMITTEE ON EDUCATION AND THE WORKFORCE
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INTRODUCTION

At the beginning of the 115th Congress, the Committee on Education and the Workforce (Committee) made economic growth and individual opportunity its focus. A year later, hardworking Americans have begun to reap the tangible rewards of that effort. Individual paychecks for Americans employed across industries and sectors are showing the positive impact of not only the enactment of the *Tax Cuts and Jobs Act* but also the cumulative effects of the regulatory relief measures the Committee has pursued over the past year.

Moving forward, the Committee will build on this momentum by continuing its emphasis on policies that empower individuals and keep the federal government in its rightful, limited role. The economic growth spurred by the tax and regulatory reform measures enacted so far in the 115th Congress will create more jobs for more workers. The Committee will work to ensure Americans have access to the educational opportunities they want in order to acquire the skills needed to fill these jobs. The Committee will continue to do its part to ensure that American workplaces are safe and productive and that workers who have diligently saved for retirement have the security and confidence they deserve. Ever aware that federal overreach is one of the biggest hurdles to economic growth and individual freedom, the Committee will remain vigilant in its oversight of federal programs and agencies under its jurisdiction.

The Committee recognizes the historic opportunity presented by long-overdue economic growth for American families, students, workers, and employers, and it will pursue policies that benefit individuals first and foremost.

EDUCATION PRIORITIES

With more than six million unfilled jobs and more than a trillion dollars in student debt, American families cannot sustain the status quo in federal education policy. They are the reason the Committee is pursuing a reform agenda for the issues within its jurisdiction.

Following its record of success in empowering parents and local leaders to ensure K-12 education serves the needs of communities, the Committee is now working to change the way Americans view and pursue postsecondary education options. Improving access, completion, and innovation to promote better awareness of options for skills-based education as well as earn-and-learn opportunities are the principles guiding the Committee’s legislative and oversight work.

The Committee respectfully offers the following recommendations for consideration by the Committee on the Budget (Budget Committee) as it prepares its FY 2019 Budget Resolution.

Expanding College Access and Promoting College Affordability

Reforming the Higher Education Act

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

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

The Committee reported H.R. 4508, the *Promoting Real Opportunity, Success, and Prosperity through Education Reform Act* (PROSPER Act), to ensure the *Higher Education Act* (HEA) provides institutions the flexibility necessary to adapt to changing student demographics and assist students and families as they make their postsecondary education decisions. The bill supports students in completing an affordable postsecondary education that will prepare them to enter the workforce with the skills they need for lifelong success. The PROSPER Act promotes innovation, access, and completion; simplifies and improves student aid; empowers students and families to make informed decisions; ensures strong accountability for the use of taxpayer dollars; and limits the federal role in higher education.

Simplifying Federal Student Aid Programs

The Committee's proposal simplifies, streamlines, and improves federal student aid programs to better assist students and families in navigating their options for financing postsecondary education. With the five loans, numerous grants, nine repayment plans, and 32 different deferment and forbearance options found in current law, many students—particularly first-generation and low-income students—are bogged down by the complexity of the current system, which ultimately deters them from accessing aid that will make college an affordable reality. The previous administration created through regulation a complicated maze of new repayment plans. For instance, borrowers seeking loan forgiveness today must have a specific type of loan, be employed by a particular set of industries, fill out complex legal forms, and jump through other hoops in order to receive the chance of receiving loan forgiveness. Ultimately, this means the federal government does not treat all borrowers equally.

The reforms in the PROSPER Act streamline the aid programs and the overwhelming number of repayment plans, giving every borrower the same deal. Under the proposed income-based repayment plan, every borrower will have his or her loan balance capped at the principal balance plus 10 years' worth of interest. By providing clear and consistent terms for new borrowers, the PROSPER Act will give students the tools necessary to responsibly finance their postsecondary education endeavors. The legislation also enhances student financial aid counseling so students and families better understand the financial commitments they are making and their options for repayment. The Committee urges the Budget Committee to support these efforts.

Promoting College Accessibility and Affordability

College costs have risen significantly in the last decade. Since the 2007-08 academic year, average tuition and fees have increased by almost 37 percent at four-year public institutions and by more than 26 percent at four-year private nonprofit institutions.[1] While a number of factors are driving this unsustainable trend, the federal government has made the problem worse by burdening institutions and states with an increasing amount of red tape. This is why more needs to be done to ensure students and families have the information necessary to make informed decisions about which institution to attend and how to pay for a postsecondary education.

A. Providing Better Information to Students and Families

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

The Committee believes the federal government should streamline higher education data collection requirements to reduce confusion for students and curb compliance costs for institutions. The PROSPER Act evaluates all available consumer information to highlight the most useful, while eliminating data requirements that are unnecessary, unhelpful, or overly burdensome for institutions to collect. For the first time, the PROSPER Act also makes data available at the program level—recognizing there are increasing numbers of students seeking a postsecondary education who care more about the programs offered rather than the institution as a whole. This new data, which is being put forward while still protecting students' privacy, will help students better understand the earnings potential of programs and assist them in thinking through their ultimate debt burden as a result of the potential earnings. The Committee supports increased transparency but does not believe the federal government should layer on more information requirements without removing other pieces that may not be as useful.

B. Eliminating Burdensome Red Tape

The Obama administration churned out several packages of regulations, including state authorization, gainful employment, and borrower defense to repayment, with little regard for the true implications and costs for students and higher education institutions. Rather than continuing to push these burdensome and inflexible regulations, the Committee urges the Budget Committee to follow the Committee's lead in rejecting these efforts as laid out by the PROSPER Act. The

[1] https://trends.collegeboard.org/sites/default/files/2017-trends-in-college-pricing_1.pdf

current administration has begun to reexamine these harmful regulations, and the Committee urges it to support the reforms included in the PROSPER Act and continue to work with Congress to strengthen higher education as the HEA reform process moves forward.

Putting Pell Grants on a Path to Stability

The Pell Grant program is the cornerstone of federal student aid for low-income students and the single largest source of postsecondary student aid, providing aid to approximately 7.5 million students in FY 2017.[2] The Committee recognizes the important role this program plays in providing access to postsecondary education for low-income students. However, in recent years the program has experienced tremendous growth in cost, almost tripling from $12.8 billion[3] in 2006 to $35.7 billion in 2010.[4] The rapid growth of the program was caused by the economic downturn that led to increased student enrollment, expanded eligibility, and increased maximum awards.[5] Program costs have since dropped to $28.5 billion in FY 2017,[6] leading to a current cumulative surplus of $8.6 billion.[7] But, this surplus is expected to diminish as program costs are projected to rise.[8]

Adding to the cost of the Pell Grant program is the fact that the majority of full-time students do not graduate on time. Today, the traditional “four-year” degree is more often a five- or even six-year degree for a majority of students. This means that rather than completing on time using only four years’ worth of a Pell Grant, Pell-eligible students are using the grant for a fifth and sixth year of undergraduate education, which costs federal taxpayers approximately an additional $6,000 per student eligible for the maximum award per year.

The PROSPER Act reauthorizes the Pell Grant program through FY 2024, with key reforms to ensure the program remains available to future generations. The Committee believes that not extending the annual inflationary increases to the mandatory portion of the Pell Grant will put the program on a sustainable path for the future. Additionally, the PROSPER Act requires the Secretary of Education (Secretary) to report annually to the authorizing committees on the cost of the Pell Grant program to better ensure Congress is aware of any growth in cost of the program in a timely manner. The PROSPER Act also encourages Pell-eligible students to complete on-time and with less debt by offering a $300 bonus per award year to students enrolling in a greater than full-time workload that will lead to the completion of 30 or more credits or the equivalent coursework for the award year. The Committee urges the Budget Committee to pursue reforms included in the PROSPER Act to balance the financial assistance needs of college students with the desire to put the Pell Grant program back on the path to long-

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[2] *Pell Grant Program, Discretionary: Cumulative Shortfall/Surplus - CBO's June 2017 Baseline*, Congressional Budget Office (June 2017), https://www.cbo.gov/sites/default/files/recurringdata/51304-2017-06-pellgrant.pdf.
[3] *Student Financial Assistance Fiscal Year 2014 Budget Request*, Department of Education, https://www2.ed.gov/about/overview/budget/budget14/justifications/q-sfa.pdf.
[4] *Student Financial Assistance Fiscal Year 2018 Budget Request*, Department of Education, https://www2.ed.gov/about/overview/budget/budget18/justifications/o-sfa.pdf
[5] *The Federal Pell Grant Program: Recent Growth and Policy* Options, Congressional Budget Office (September 2013), https://www.cbo.gov/sites/default/files/113th-congress-2013-2014/reports/44448_PellGrants_onecolumn.pdf
[6] Congressional Budget Office, s*upra* note 2.
[7] Id.
[8] Calculation based on CBO June 2017 baseline and current level appropriations going forward.

term fiscal stability, thereby helping millions of low-income students pursue the dream of a postsecondary education.

Assessing the True Taxpayer Costs of Student Loans

The Committee believes budget gimmicks have masked the true cost of federal student loan programs for decades. The Congressional Budget Office (CBO) recommends moving from budgetary estimate constructs under the *Federal Credit Reform Act of 1990* (FCRA) to fair-value scoring to more accurately account for the cost of federal credit programs.[9] Fair-value scoring incorporates market risk, providing a more accurate and fiscally responsible way to account for liabilities hardworking taxpayers face through programs like the Federal Direct Loan program. The Committee commends the Budget Committee for House passage of H.R. 1872, *Budget and Accounting Transparency Act*, in the 113th Congress and encourages the Budget Committee to consider similar legislation in the 115th Congress.

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

Enabling the Committee to utilize a more accurate estimate of the federal government's costs associated with the student loan programs will ensure reforms of the law make sense for students, families, and taxpayers. The Committee appreciates that the *Concurrent Resolution on the Budget for Fiscal Year 2018* provides the option to use this more accurate fair-value estimate in the House of Representatives. However, by not providing a similar option in the Senate, the Committee must use the FCRA estimate for consistency. The Committee urges the Budget Committee to work with the Senate Budget Committee to extend the option of using the more accurate fair-value estimate to the Senate.

Bipartisan Budget Act of 2018 and Higher Education Priorities

As part of enacting the *Bipartisan Budget Act of 2018,* congressional leaders agreed to spend $2 billion per year in both FY 2018 and FY 2019, for a total of $4 billion, for student-centered programs that aid college completion and affordability, including those that help police officers, teachers and firefighters. The Committee will work with the Appropriations Committee to ensure these additional resources are used in a responsible way that does not undermine the future fiscal stability of the student financial aid programs.

Enhancing Career and Technical Education

The Bureau of Labor Statistics recently reported more than 2.2 million Americans between the ages of 16 and 24 are looking for jobs. Meanwhile, industries critical to our economy have jobs

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

to fill and not enough qualified applicants to fill them. The Committee believes improving the *Carl D. Perkins Career and Technical Education Act* can better prepare high school and community college students to compete in a global economy.

Last year, the Committee led a bipartisan effort to reform this important law and unanimously approved the *Strengthening Career and Technical Education for the 21st Century Act* (H.R. 2353) introduced by Rep. Glenn Thompson (R-PA). The bill empowers state and local community leaders, improves program alignment with in-demand jobs, increases transparency and accountability, and ensures a limited federal role. Unfortunately, despite the overwhelming bipartisan support the bill received when it passed the House, the bill has yet to be considered in the Senate. The Committee remains committed to enacting these much needed reforms in the second session of this Congress. To help achieve this goal, the Committee urges the Budget Committee to support efforts to provide states with the flexibility needed to implement innovative programs and ensure students and employer needs are met through the reauthorization of the *Carl D. Perkins Career and Technical Education Act*.

Promoting State and Local Education Reform

Implementing the Every Student Succeeds Act

Across the country, state and local leaders are promoting innovative solutions to raise achievement and foster school and teacher accountability to ensure students have the knowledge and skills they need to graduate high school and succeed in life. That is why House Republicans led the effort to replace the *No Child Left Behind Act*. The *Every Student Succeeds Act*, signed into law in December 2015, reforms K-12 education to reduce the federal role, restore local control, and empower parents. The Committee applauds the current administration for its continued commitment to implementation consistent with the law. As the administration continues to evaluate and approve state plans for carrying out key provisions of the law, the Committee will work with it as it concludes that process.

Most importantly, the law includes responsible funding authorizations for elementary and secondary education programs. The law focuses the federal role in education on supporting long-standing efforts designed to improve student achievement and teacher effectiveness. The law consolidated several previously authorized programs into the Student Support and Academic Enrichment Grants (SSAEG) program and other broad funding streams. The SSAEG in particular is a flexible grant program that provides states and school districts more authority in how taxpayer dollars are spent. The program includes a wide range of activities that school districts may use this funding to cover, including mental health services for students, professional development for school personnel in crisis management and school-based violence prevention strategies, advanced coursework, and technology. School districts know best the needs of their communities, and resource flexibility is critical to meeting the needs of students and keeping communities safe. The Committee urges the Budget Committee to incorporate into the FY 2019 Budget Resolution the important reforms made by the *Every Student Succeeds Act* and urges the Appropriations Committee to fund the law as it is written.

Making Special Education a Priority

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

The Committee recognizes current budgetary constraints require tough choices in the funding of education programs. However, the failure to appropriately fund IDEA only exacerbates ongoing budget challenges at the state and local levels. Funds that could support important state and local priorities are instead used to fill the gap in special education funding.

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

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

The Committee continues to support expanded school choice options that allow parents to select the best school for their children. The D.C. Opportunity Scholarship program, created a decade ago, has allowed thousands of students in the District of Columbia to attend private schools of their choice. If not for this critical program, almost all of the students who receive these scholarships (1,653 students this academic year) would otherwise be forced to attend some of the District of Columbia's lowest-performing schools. The program was reauthorized for three years as part of H.R. 244, the *Consolidated Appropriations Act, 2017*. The Committee urges the Budget Committee to support funding for the D.C. Opportunity Scholarship program to help families in the District of Columbia access high-quality education options for their children.

In addition, the Committee is eager to work with the Trump administration to give parents more freedom to make the right educational choices for their children. School choice programs around the country take multiple forms, and the Committee will work with the administration and other committees to explore ways to assist states in creating or expanding choice programs.

Improving Early Childhood Care and Education Programs

Since 1935, the federal government has funded early childhood care and education programs to promote healthy development of vulnerable children, as well as help parents participate in the workforce or further their education. The first five years of a child's life are critical to developing the foundation for success later in school and throughout life. Early childhood environments, whether at home or in an outside care arrangement, play an important role in the healthy growth of children. Since the "War on Poverty," the number of federal programs providing support services to young children has exploded to 44 separate programs at a cost of more than $15 billion a year.[10] Simultaneously, states have become increasingly involved and are leading the way when it comes to addressing the needs of families and local communities. In 1980, just four states offered early education programs,[11] compared to 44 states and the District of Columbia that operate early education programs today. Unfortunately, rather than improve existing services and offer better options for low-income children and families, the Obama administration focused on creating new early education programs with strict federal requirements. This approach is a disservice not only to children and families who have unique needs and must have the ability to easily find important services but also to American taxpayers who are required to pay for duplicative and often inefficient programs. Recognizing the very real fiscal challenges facing the country and the very real needs of low-income families, policymakers have a responsibility to examine and reform or eliminate existing programs before creating new ones.

Child Care and Development Block Grant

Created in 1990, the *Child Care and Development Block Grant* (CCDBG) is the primary federal funding stream that provides financial assistance to pay for child care for low-income, working families with children under age 13. In 1996, as part of the *Personal Responsibility and Work Opportunity Reconciliation Act*, commonly known as "welfare reform," CCDBG was consolidated with other federal child care programs and funding was increased to serve both low-income, working families and families attempting to transition off welfare through work. The program has dual goals of promoting families' economic self-sufficiency by making child care more affordable and fostering healthy child development by improving the quality of child care.

The *Child Care and Development Block Grant Act of 2014* was signed into law on November 19, 2014, reauthorizing CCDBG for the first time since 1996. The reauthorization updates and streamlines services, improves safety for children, and increases transparency to make it easier for providers and parents to understand their options.

In general, the Committee looks forward to strengthening this essential support for working parents who are looking to move their families out of the welfare system. We look forward to working with the Trump administration to maintain the program's voucher-based approach, continue state flexibility, and focus on working parents.

The recent budget agreement, the *Bipartisan Budget Act of* 2018, includes an agreement to increase discretionary spending for CCDBG by $2.9 billion per year in both FY 2018 and FY 2019, for a total of $5.8 billion—effectively doubling discretionary funding for the program. The Committee has heard concerns from some in the field about the capacity of the system to receive the influx of children, as well as what might happen in two years when the federal funding runs out. Adding more money to the system will help more working families have access to child care, but it could also have unintended consequences if the funding is not targeted responsibly.

[10] Agencies Have Helped Address Fragmentation and Overlap through Improved Coordination, GAO-17-463, U.S. Government Accountability Office, July, 2017.

[11] Cascio, Elizabeth, and Diane Whitmore Schanzenbach, Promoting Early Childhood Development, Proposal 1: Expanding Preschool Access for Disadvantaged Children, The Hamilton Project, June 19, 2014.

Funding more access to child care is a noble goal, but parents need to know their child will be in a safe and developmentally appropriate setting—otherwise, this funding does more harm than good. Additionally, states are still not fully compliant with the 2014 reauthorization, and funding could go a long way to support quality improvements to ensure lasting change. The Committee will work with the Appropriations Committee to ensure this funding is allocated in a way that supports meaningful, lasting improvements in the child care system.

Head Start

Federal taxpayers spend over $9 billion a year on Head Start. The Department of Health and Human Services (HHS) provides Head Start grants directly to organizations, school districts, and other community-based entities to promote school readiness in low-income children from birth to age five. Unfortunately, not all Head Start programs provide lasting gains. A 2010 Head Start Impact Study conducted by HHS showed the program had little to no success improving children's cognitive, social-emotional, or "health measures," as well as little to no success improving parenting practices.[12] The study also showed any benefits that may have accrued while a child participated in the program had dissipated by the time the child reached first grade.[13] A follow-up to the Impact Study released in December 2012 found similar results— the few gains were seldom present by the end of third grade.[14]

Committed to meeting the needs of vulnerable children and families while also balancing the interests of taxpayers, the Committee has outlined the following principles for reforming Head Start: reducing unnecessary regulatory burdens, encouraging local innovation, strengthening coordination between Head Start and programs at the state and local levels; improving the quality of eligible providers; and enhancing parental engagement to support their children's best interests.

In the same vein, the Committee is concerned with the Obama administration's 2016 regulations updating Head Start Performance Standards. Collectively, the regulations are an all-encompassing overhaul that significantly increases cost, limits program design and flexibility, and challenges the ability of programs to meet needs in diverse communities. Perhaps most concerning, these provisions could lead to a significant reduction in children served and teacher jobs as programs are forced to absorb over $1 billion in new costs.[15] The Committee commends the current administration for providing flexibility in implementing some of these misguided changes. The Committee plans to continue working with HHS to pursue lasting reforms to the Head Start program, including reinstating flexibility for local programs.

Preschool Development Grants

In 2014, the Obama administration created a new, unauthorized preschool development grant program. In FY 2016, the Obama administration requested $750 million for the preschool

[12] https://www.acf.hhs.gov/sites/default/files/opre/hs_impact_study_final.pdf
[13] Ibid.
[14] https://www.acf.hhs.gov/sites/default/files/opre/head_start_report.pdf
[15] The estimated cost borne to Head Start to extend the duration is over $1.1 billion when fully implemented. Federal Register, Vol. 81. No 172. September 6, 2016. Page 61381. Accessed At: https://www.gpo.gov/fdsys/pkg/FR-2016-09-06/pdf/2016-19748.pdf

development grant program, as well as $75 billion (over 10 years) for the "Preschool for All" initiative. The preschool development grant program was provided $250 million annually for FY 2014 through FY 2016, with the funds disbursed through the Department of Education.

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

Ensuring High-Quality Child Nutrition

Programs under the *Child Nutrition Act* and the *Richard B. Russell National School Lunch Act* are designed to combat hunger and poor nutrition among low-income children and families. According to the Congressional Research Service, federally-supported nutrition programs reach daily more than 40 million children and two million lower-income expectant and new mothers.[16] In 2010, Congress passed the *Healthy, Hunger-Free Kids Act*, which empowered the federal government to micromanage school lunches, breakfasts, suppers, snacks, and other food sold on school campuses.

The Committee believes the Obama administration's Department of Agriculture's (USDA) enacted implementation regulations that are overly burdensome and costly for states and schools. GAO released a report in 2014 that highlighted the challenges elementary and secondary schools face implementing the new regulations.[17] The report found that student participation in the programs decreased and that departmental guidance was confusing and too voluminous for schools to follow. The USDA has acknowledged and implemented additional flexibility in certain areas, but more must be done. The Committee will work with the Trump administration to reduce the cost and burden of new federal requirements as it reauthorizes the *Child Nutrition Act* and the *Richard B. Russell National School Lunch Act*. In particular, the Community Eligibility Provision (CEP) allows schools to provide free school meals to all students within the school regardless of the individual student's financial circumstances if the school meets certain criteria. The Committee looks forward to working with the USDA to examine the use of CEP to ensure thresholds and other requirements guarantee limited taxpayer resources are used effectively, while providing support to children most in need. Further, the Committee urges the Budget Committee to provide the Committee flexibility to reauthorize the child nutrition laws in a budget neutral manner.

[16] http://crs.gov/Reports/IF10266?source=search&guid=8cd1d83550eb4aacb71679f91937d5ac&index=0
[17] https://www.gao.gov/products/GAO-14-104

WORKFORCE PRIORITIES

The Committee is on the frontline of many issues facing workers and job creators. Whether the issues relate to health care, worker protections, workplace democracy, retirement planning, workforce development, or employee wages and benefits—it is the Committee's responsibility to ensure those policies are in the best interests of workers, employers, and taxpayers.

A pronounced difference exists between the Obama and Trump administrations and their prescriptions to grow the economy. By reducing government burdens, taxes, and regulatory costs, the current administration has empowered employers to decide how best to expand their businesses, invest in equipment, and hire workers. These policies are yielding positive results for America's economy as more Americans are now entering the workforce, and the economy has added over 1.9 million jobs since February 2017.

However, despite significant improvements in the economy over the past year, challenges still remain for workers and employers. There are still nearly 6.7 million individuals out of work. The number of long-term unemployed also remained essentially unchanged at approximately 1.4 million. By 2022, the United States will not have the necessary workers with postsecondary education, including a need for 6.8 million workers with bachelor's degrees and 4.3 million workers with a postsecondary vocational certificate, some college credits, or an associate's degree. This means the United States will have a shortage of nearly 11 million workers who have the necessary education to satisfy the needs of the workforce. Now more than ever, effective education and workforce development policies are critical to growing the American economy for the future and closing the skills gap that currently exists.

The Committee respectfully offers the following for consideration by the Committee on the Budget as it prepares its FY 2019 Budget Resolution.

Improving our Nation's Workforce Development System

The Committee is committed to improving the effectiveness and efficiency of the nation's workforce development system by streamlining less effective programs and dedicating limited resources to strategies that work. House Republicans led reform efforts that culminated in the passage of the *Workforce Innovation and Opportunity Act* (WIOA) in the 113th Congress. WIOA integrated employment services at the local level under a unified workforce development system. WIOA streamlined numerous federal workforce development programs to improve assistance for job seekers to strengthen their knowledge and skills. Even with the recent enactment of WIOA, more work remains. The Committee looks forward to working with the current administration to ensure taxpayer dollars are well spent and job seekers and at-risk youth served by the workforce development system receive high-quality services.

Strengthening Workplace Democracy

National Labor Relations Board

The National Labor Relations Board (NLRB or "Board") is an independent federal agency intended to protect the rights of workers, but over the course of the Obama administration, the NLRB handed down many extreme and partisan rulings that harmed American workers and small businesses. Job creation was stifled by the radical policies created by the activist Board. To provide job creators and their employees the regulatory relief they need, the new majority on the Board reversed some of the worst of the Obama-era rulings. The Committee is monitoring several key actions of the NLRB in the first year of the Trump administration.

- **Joint Employer Standard.** For decades, the definition of what it took to constitute a joint employer was straightforward. Two or more employers were required to have "actual, direct, and immediate" control over employees to be considered joint employers. But in 2015, the Obama-era NLRB radically expanded the standard to encompass tenuously tied contractors, small businesses, and franchises, undermining their independence and putting local jobs at risk. The Committee adopted, and the House passed, H.R. 3441, the *Save Local Business Act*, which provides a permanent and important statutory solution to the legal exposure created by the Obama Board's regulatory overreach.

- **Ambush Election Rule.** In 2014 in another hyper-partisan action by the Obama-era Board, the NLRB finalized a rule that drastically changed union election policies. It empowered unions at the expense of employers and employees, shrank the union election time frame from at least 25 days to as few as 11 days, required employers to provide private employee information to union leaders, and generally stripped workers of their rights to make informed decisions about whether to join a union. On December 14, 2017, the NLRB published a Request for Information (RFI) to solicit public comments regarding the ambush election rule, taking the first step toward making rule changes within the NLRB's authority. The Committee will submit its comments in response to this RFI and monitor the Board's decisions as they weigh changing or rescinding the rule.

- **Micro-Unions.** In 2011, the NLRB's decision in *Specialty Healthcare* completely altered the workplace landscape by giving rise to "micro-unions," smaller and unrelated labor union units within a business. The scheme gave union leaders the power to cherry pick employee units and play them against each other to engage employers in constant labor negotiations. On December 15, 2017, the NLRB reversed its *Specialty Healthcare* decision and returned to a standard that permits the Board to evaluate the interest of all employees instead of only individual micro-union units.

While not a well-known federal agency to the public, the NLRB and its policies have a deep impact on workers. During the Obama administration, the Board was the subject of considerable oversight and legislative activity by the Committee. The Committee is encouraged by early steps taken by this Board but will continue to engage in robust oversight and legislative activity, as appropriate. Furthermore, the Committee will explore options to protect the rights of individual workers and create stability for employers under the *National Labor Relations Act*, which has not been substantially amended in 70 years.

Office of Labor-Management Standards

The Department of Labor's (DOL) Office of Labor-Management Standards (OLMS) provides workers with access to transparent information concerning how union leaders manage dues and provide representation. However, during the entirety of the Obama administration, the mission of this important agency was undermined at nearly every turn, beginning with rescinding important union reporting requirements, reducing union compliance audits, and eliminating international compliance audits. The Obama administration decreased the number of OLMS enforcement personnel by almost 33 percent—making it the only DOL agency to lose personnel during the Obama administration. An entire division of OLMS concerned with audits and transparency for large "international" unions was disbanded. Further, union-backed "worker centers" received little to no scrutiny from OLMS under the Obama administration, even though these organizations often act as *de facto* unions.

The Committee is encouraged by the Trump administration's efforts to restore transparency by reintroducing union financial integrity reports and deciding to discontinue the previous administration's attempt to rewrite the so-called "persuader rule." The Committee encourages OLMS to build on that good work by re-establishing international compliance audits and ensuring worker centers are acting transparently and complying with all relevant statutes. The Committee urges the Budget Committee to provide for additional resources for OLMS to help it fulfill its important mission for rank-and-file union members.

Safeguarding Retirement Savings

The Committee is committed to strengthening retirement security by preserving traditional pensions, eliminating burdensome regulations, and providing workers with retirement savings options that meet their needs. In so doing, the Committee continues its support for policies that provide workers with access to strong, voluntary, and portable private sector retirement options. The Committee will closely monitor regulatory proposals, such as possible changes to the "Fiduciary Rule," which imposes new regulatory requirements on retirement advisors, to ensure the proposals do not result in increased costs or reduced options for participants and plan service providers.

The fiscal health and long-term future of traditional pension plans and the stability of the Pension Benefit Guaranty Corporation (PBGC) remain a consistent focus of the Committee. The Committee provides close oversight of the PBGC's finances and management of terminated plans and has engaged with members of both chambers of Congress, the Trump administration, employers, unions, retirees, workers, and other interested stakeholders to work toward fiscally responsible and forward-looking reforms of the multiemployer pension plan system. The recent establishment of the Joint Select Committee on Solvency of Multiemployer Pension Plans, created under the *Bipartisan Budget Act of 2018*, will provide another forum for exploring legislative solutions.

Addressing the Healthcare Needs of Workers and Their Families

The *Affordable Care Act* has failed to live up to its promises to expand access to affordable health insurance for all Americans. The complicated structure of federal subsidies, Medicaid expansion, and new rules governing health insurance markets also place additional mandates and administrative burdens on employers, increasing the cost of insurance coverage and making it more difficult to hire workers and grow businesses. According to a National Federation of Independent Business study, 52 percent of small business employers that do not currently offer coverage cite the cost as the top reason for not offering employees coverage.[18] The Committee will lead the way in advancing policies that give employers of all sizes options for offering affordable coverage to employees and their families.

As the primary committee of jurisdiction over employer-provided health care coverage, the Committee has considered a number of health care bills. Of note, the Committee approved and the House passed H.R. 1101, the *Small Business Health Fairness Act*, to empower small employers to band together through association health plans. The Committee is encouraged by a number of actions taken by the Trump administration to increase the affordable health care options available to consumers, especially for small businesses. One example is President Trump's October 12, 2017, Executive Order to expand access to association health plans, short-term limited duration plans, and health reimbursement arrangements. The Committee looks forward to working alongside the current administration to make association health plans and other practical reforms a reality for small business employees across the country.

Additionally, the Committee plans to continue examining how the opioids epidemic is impacting workplace health and safety and what resources employers are contributing to support employees who are struggling with opioid abuse.

Access to Equal Employment Opportunity

The Committee continues its duty to ensure all workers may utilize equal employment opportunity laws. This work includes the Committee's examination of the Equal Employment Opportunity Commission's (EEOC) implementation and enforcement of Title VII of the *Civil Rights Act of 1964* and the *Equal Pay Act*. The Committee believes policies pursued during the Obama administration caused the EEOC to stray from longstanding and effective enforcement strategies and its statutory duty to conciliate. Instead, it engaged in punitive enforcement, pursued novel legal theories, and increased paperwork burdens on employers. The Committee is encouraged by early actions taken by the Trump administration, including its stay of proposed changes to the EEO-1 form, and the Committee looks forward to the Senate promptly confirming President Trump's two nominees to the EEOC to restore a Republican majority. The Committee will continue its work with the EEOC and other relevant agencies—including DOL's Office of Federal Contract Compliance Programs—to ensure robust policies are in place to combat workplace discrimination and provide equal employment opportunity.

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[18] Holly Wade, Small Business's Introduction to the Affordable Care Act Part III, NFIB RESEARCH FOUND. (Nov. 2015), http://www.nfib.com/assets/nfib-aca-study-2015.pdf.

Updating the *Fair Labor Standards Act*

The *Fair Labor Standards Act* (FLSA) is the principal federal law governing wages, hours of work, child labor standards, and recordkeeping requirements for more than 135 million workers in the private sector and in state and local governments Given the broad scope of the FLSA and its deep impact on workers, the Committee is mindful this year is the FLSA's 80-year anniversary and aspects of this law may no longer meet the legal realities or the preferences of workers in the modern economy. As such, the Committee continues its commitment to engage with employers, workers, and other stakeholders to consider how best to update federal wage and hour laws.

The Committee will continue to review DOL's administration of the FLSA. Over the past year the Committee has been encouraged by early actions taken by the Trump administration, including the decision to revoke sub-regulatory Administrator Interpretations related to independent contractors and joint employment. The Committee is further encouraged by the decision to reinstate the Wage and Hour Division's longstanding policy of issuing opinion letters to provide fact-specific legal guidance on wage and hour issues. In the spirit of these positive developments, the Committee is optimistic, but will remain watchful over DOL's efforts to revise the overtime standards under the FLSA. The Committee will continue working to ensure any updates to the overtime standards reflect a responsible approach, taking into account the impact of such changes on workers, small businesses, nonprofit organizations, and institutions of higher education.

Updating Workers' Compensation Programs

The Committee recognizes many workers' compensation laws have operated for decades without substantial updates. Indeed, the *Federal Employees' Compensation Act*, the *Longshore and Harbor Workers' Compensation Act*, the *Black Lung Benefits Act*, and the *Energy Employees Occupational Compensation Program Act* each provide benefits to different populations of workers, and each present various challenges in terms of efficient program operation. Therefore, the Committee has engaged with both the Obama and Trump administrations, stakeholders, and GAO to receive guidance and determine possible revisions to these laws, and the Committee has continued its oversight efforts to ensure these laws are carried out properly. In 2018, the Committee will continue its work to ensure these laws will properly benefit injured employees and their families.

Protecting Workers' Safety and Health

The Committee strongly supports policies to ensure workers can do their jobs under safe and healthful conditions. In so doing, the Committee promotes policies that combine proactive safety programs, compliance assistance, and enforcement of workplace safety laws. The Committee will continue its oversight of workplace safety agencies and their enforcement and regulatory proposals to ensure a proper balance between protecting worker safety and health and allowing job growth and opportunity to flourish.

Occupational Safety and Health Administration

The Occupational Safety and Health Administration (OSHA) enforces laws ensuring safe and healthful conditions in the workplace. OSHA's coverage extends to more than eight million workplaces employing approximately 130 million workers. During the Obama administration, OSHA frequently used the tactic of publically shaming employers and adopted an overreaching enforcement approach to prevent workplace injuries and illnesses. The Committee strongly disagreed with this approach and is encouraged by the Trump administration's move toward greater emphasis on compliance assistance. With regard to OSHA's current rulemaking efforts, the Committee is closely monitoring OSHA's efforts to revise its regulation on recording and reporting of occupational injuries and illnesses. In addition, in 2018, the Committee will monitor OSHA to ensure consistency in its enforcement actions across its ten regions and among its entire staff of compliance officers.

Mine Safety and Health Administration

The mining industry provides important natural resources that America's economy, homes, and businesses need, and workers in this essential industry should have a safe and healthful workplace. The Mine Safety and Health Administration (MSHA) is responsible for the safety and health of mine workers through its administration and enforcement of the *Federal Mine Safety and Health Act of 1977,* as amended by the *Mine Improvement and New Emergency Response Act of 2006*. As MSHA examines how best to promote safe and healthful workplaces, it is important the agency commit to working with all stakeholders to implement responsible, commonsense policies that protect workers. The Committee will continue to engage with stakeholders and the Trump administration to encourage MSHA to adopt a collaborative approach by emphasizing compliance assistance, outreach to stakeholders, and innovative and effective worker safety programs.

Examining the Sharing Economy

The Committee continues to take a leadership role in Congress as it examines new advancements in our economy and their impact on workers. One such example is the "sharing economy," a term that broadly describes transactions involving internet application-based "platforms" that connect individuals seeking a good or service with a supplier. This growing form of work has improved the American quality of life, fostered entrepreneurship, expanded consumer choice, and created flexible work opportunities. For example, according to the Internet Association, approximately 3.2 million people earn income through sharing economy services, 79 percent of which perform services on a part-time basis. The Internet Association further estimates that by 2020, 7.6 million people are expected to provide services through the sharing economy.[19]

Recognizing the potential of the sharing economy has broad implications for job opportunity and economic growth, the Committee will continue to engage with stakeholders, analyze data related to workers in the sharing economy, and examine legislative proposals. Possible reforms the Committee will pursue include expanding workplace flexibility, clarifying the employment

[19] Internet Assoc., https://cdn1.internetassociation.org/wp-content/uploads/2016/03/SharingEcon2Pager5.pdf.

status of sharing economy workers, and expanding access to portable health care and retirement benefits.