



COMMITTEE ON APPROPRIATIONS

DAVID R. OBEY, CHAIRMAN

Thursday, March 18, 2010

Press Contact: Ellis Brachman / Jenilee Keefe Singer (202) 225-2771

OPENING STATEMENT OF CHAIRMAN DAVID R. OBEY

APPROPRIATIONS SUBCOMMITTEE ON LABOR-HHS-EDUCATION

DEPARTMENT OF EDUCATION FY 2011 BUDGET OVERVIEW HEARING

WITNESS: SECRETARY ARNE DUNCAN

(AS PREPARED FOR DELIVERY)

MARCH 18, 2010

Good morning. I am pleased to welcome the Secretary of Education, Arne Duncan. We're here today of course to discuss the FY2011 budget. Let me say first, that I know you and I share the same goal of seeing every kid in this country have access to a school that can provide them with a top-notch education and skill set. In addition, I know that we both agree that the funds we provided for education last year in the Recovery Act were absolutely imperative and have been essential in keeping our schools from drowning. I'm just not so sure that we are on the same page when it comes to immediate needs and priorities and how to proceed from here.

The work of the Education Department is more critical than ever. Today we face record high unemployment nationwide while states, school districts, and colleges are in economic crisis. Educational opportunity – at all levels, is our most powerful tool in helping the poor and middle class climb up the economic ladder. The under-utilization of the human potential in the United States imposes heavy consequences on our society – lower productivity, lower earnings, poorer health, higher rates of incarceration, and less civic involvement.

That is why I was pleased to lead the effort to provide an unprecedented \$98 billion investment in education in the Recovery Act, which among other things, was responsible for saving or creating more than 300,000 education jobs. But we need to do more. According to the Center on Budget and Policy Priorities, state budget gaps will total \$180 billion in FY 2011 and \$120 billion in FY 2012.

The consequence for our educational system is staggering and the numbers are daunting. Twenty-nine states and DC have cut K-12 services, even with the ARRA funds. In California, aid to local school districts has been reduced by the billions of dollars. Cuts to early childhood funding in Illinois will leave 10,000 children ineligible for services. Mississippi cut its FY2010 K-12 funding by nearly 5 percent. In New Jersey, more than 11,000 students will likely lose access to afterschool programs. This list can go on and on.

In light of all this, we need do more to help states and school districts weather this financial crisis. I hope you and the Administration will join in this effort.

We also should make sure that any emergency financial assistance is broadly distributed and available for purposes like avoiding teacher layoffs and keeping the lights on. I know that you are very focused on using federal aid to promote certain types of school reform. We're all for improving our schools. But right now many school districts are drowning in a sea of red ink. We need to help them keep afloat – not have them filling out long applications to compete for grants based on a reform agenda that they're not able to pursue in this economy.

I also want to make a few observations about your FY 2011 budget request.

That request includes over \$3.5 billion for new and untested initiatives, for which you will control how the funding is allocated to States, school districts, and other providers. In times like this, we need to worry about our core, foundational programs which go out by formula and are widely shared across the nation. A school district's ability to attract funds should not depend on its capacity to write a grant application.

I want to support this Administration and your education priorities, but not at the expense of reliable and predictable federal support that thousands of districts across the country depend on. Perhaps most troubling is the lack of any increase at all in the title I funds, which are broadly distributed by formula to all school districts in need. At the same time, the budget includes an extra \$500 million to expand the Innovation Fund, which makes grants through competition run by your Department. Similarly, it seeks to more than double the appropriation for the Teacher Incentive Fund (\$950 million) – even though your Department has yet to complete any rigorous evaluation of this five year old program.

Overall, in the Administration's budget funding for ESEA, funding for formula grants go down by almost \$700 million, while narrowly targeted competitive grant programs increase by \$3 billion (*note: these figures were provided to us by the Department and we are currently investigating information from NEA that suggests an even more dramatic shift*). That's the wrong balance – particularly during these hard economic times when most schools need help.

Higher Education

Mr. Secretary, I also want to express reservations about your higher education budget. I believe that a more educated citizenry is vitally important to our economy, especially our changing economy. We need to make sure that a student's brain –not their bank account—is the only determinant of whether they can obtain a college degree. Something is wrong when a low-achieving student from a wealthy family has the same chance of attending college as a high-achieving student from a poor family.

A key tool to increase access to higher education for students of modest means is the Pell Grant. These grants currently help over 8 million students get the college or technical education they need to qualify for a good job. Over the past 3 years, this Congress has worked to increase the maximum Pell Grant award by \$1500.

We're facing a real challenge in continuing that policy. The cost of maintaining Pell Grants at that level is rising. This is largely due to the recession, as unemployed workers go to school to improve their job prospects as the economy recovers and more people qualify for help on the basis of need.

Unfortunately, as we look for a solution to Pell funding, the Administration's budget has gone AWOL. It proposes to somehow move Pell Grants over to the entitlement side of the budget –a proposal that is unrealistic at best and probably completely unworkable under our budget rules. We understand that if enacted the Higher Ed Reconciliation would provide a portion of the shortfall. Even counting this funding, it still leaves a substantial shortfall and we need the Administration's help in finding a solution.

Mr. Secretary, we will explore these issues further after your oral testimony, which should not exceed 10 minutes. We will place your entire written statement into the hearing record.

Before we proceed, I'll turn to Mr. Tiahrt, our Ranking Member, for any opening remarks that he would like to make.