

# EXAMINING THE POLICIES AND PRIORITIES OF THE U.S. DEPARTMENT OF EDUCATION

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## HEARING

BEFORE THE  
COMMITTEE ON EDUCATION  
AND THE WORKFORCE  
U.S. HOUSE OF REPRESENTATIVES  
ONE HUNDRED FOURTEENTH CONGRESS  
SECOND SESSION

HEARING HELD IN WASHINGTON, DC, FEBRUARY 24, 2016

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## **EXAMINING THE POLICIES AND PRIORITIES OF THE U.S. DEPARTMENT OF EDUCATION**

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**Wednesday, February 24, 2016  
U.S. House of Representatives  
Committee on Education and the Workforce  
Washington, D.C.**

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The committee met, pursuant to call, at 10:03 a.m., in Room 2175, Rayburn House Office Building, Hon. John Kline [chairman of the committee] presiding.

Present: Representatives Kline, Foxx, Roe, Thompson, Walberg, Salmon, Guthrie, Rokita, Heck, Messer, Byrne, Brat, Carter, Bishop, Grothman, Curbelo, Stefanik, Allen, Scott, Hinojosa, Davis, Grijalva, Courtney, Fudge, Polis, Wilson of Florida, Bonamici, Takano, Jeffries, Clark, Adams, DeSaulnier.

Staff Present: Janelle Belland, Coalitions and Members Services Coordinator; James Forester, Professional Staff Member; Emmanuel Guillory, Professional Staff Member; Tyler Hernandez, Press Secretary; Amy Raaf Jones, Director of Education and Human Resources Policy; Nancy Locke, Chief Clerk; Dominique McKay, Deputy Press Secretary; Brian Newell, Communications Director; Krisann Pearce, General Counsel; Jenny Prescott, Professional Staff Member; Clint Raine, TFA Fellow; Alex Ricci, Legislative Assistant; Mandy Schaumburg, Education Deputy Director and Senior Counsel; Emily Slack, Professional Staff Member; Alissa Strawcutter, Deputy Clerk; Julianne Sullivan, Staff Director; Tylease Alli, Minority Clerk/Intern and Fellow Coordinator; Austin Barbera, Minority Staff Assistant; Jacque Chevalier, Minority Senior Education Policy Advisor; Denise Forte, Minority Staff Director; Christian Haines, Minority Education Policy Counsel; Brian Kennedy, Minority General Counsel; Saloni Sharma, Minority Press Assistant; Michael Taylor, Minority Education Policy Fellow; and Arika Trim, Minority Press Secretary.

Chairman KLINE. A quorum being present, the Committee on Education and the Workforce will come to order.

Good morning, everyone. I want to extend a warm welcome to the acting Secretary of Education, John King, who is with us to discuss the policies and priorities of the Department of Education. Dr. King has been at the helm of the Department since January and was recently nominated by the President to serve as the next Secretary of Education.

And congratulations on your nomination, Dr. King.

We understand this is the beginning of a busy week for you on Capitol Hill, back to the aforementioned nomination. You graciously agreed to join us today to speak broadly about the Department's priorities, and you will return tomorrow to discuss, specifically, the Department's efforts regarding the Every Student Succeeds Act.

Replacing No Child Left Behind was a leading priority of this committee for many years. We are eager to learn how the Department plans to implement the new law in a way that adheres to the letter and intent of the law. While that's a conversation we will have in more detail tomorrow, it does reflect in some ways on today's hearing. In fact, as we consider the work that lies ahead this year, there are two lessons we can learn from our efforts to improve K-12 education.

First, the American people want commonsense reforms that empower individuals, not Federal bureaucrats. Families across the country face a number of difficult challenges, including stagnant wages, rising college costs, and a lack of full-time jobs.

Unfortunately, the response by many in Washington is to call for more government, more programs, more spending, more rules, more regulations. We've tried this top-down approach for years, and it really hasn't worked. It's time we look for other opportunities to provide more authority and flexibility to the States and local communities while also ensuring a more limited and accountable Federal Government.

Second, we have shown what's possible when we work together in good faith for the common good. We saw a problem, agreed the status quo wasn't working, and came together to enact a practical solution. Both sides brought to the table very different ideas and principles, but we were able to hold onto our principles and still find common ground. Because we did, we delivered real results for the American people, and they expect similar results in the months ahead.

It's for these reasons many of us are disappointed with the President's budget request. It would provide the Department with tens of billions of dollars in new spending to create and administer new entitlement programs as well as numerous new competitive grant programs that put the Department in charge of picking winners and losers. This additional burden to the taxpayer would not provide students and families a more efficient, effective, and accountable agency. Instead, these dollars would be used to grow an already bloated bureaucracy.

No doubt these proposals are well intended, but they will ultimately divert limited taxpayer resources away from existing services that are vitally important to low- and middle-income families.

The American people aren't interested in continuing the same failed policies, but that's precisely what this budget would do. It doubles down on the false hope that the Federal Government can create the opportunity and prosperity families desperately need. We know there's a better way. We recently proved there's a better way. There are a number of issues that deserve our attention, such as expanding access to an affordable college education, improving career and technical education, and the successful implementation of our recent reforms to K-12 education.

Dr. King, I hope we can work together on these and other important issues in a way that builds on our recent success by placing less faith in the schemes of Washington and more faith in the American people.

With that, I will now recognize Ranking Member Scott for his opening remarks.

[The statement of Chairman Kline follows:]

**Prepared Statement of Hon. John Kline, Chairman,  
Committee on Education and the Workforce**

From welfare and health care to early childhood development and support services for older Americans, the policies the Department of Health and Human Services oversees affect the lives of millions of Americans. Conversations like this one are vitally important as we work to ensure the department is acting in the best interests of taxpayers and those in need. As we examine what programs and policies are working, and which ones are in need of improvement, I hope there are a number of areas where we can find common ground.

Of course, there are also areas where we will ultimately agree to disagree, and perhaps the most prominent example is the president's health care law. As has been the case for nearly six years, this flawed law continues to hurt working families, students, and small businesses. It's still depressing hours and wages for low-income workers, still making it harder for individuals to receive the care they need, and still driving up health care costs.

One Emory University professor recently wrote that his family's health-insurance premium is now their biggest expense – even greater than their mortgage. Before the health care law went into effect, this man was able to cover his entire family of four for less than \$13,000. Now, the cost of insuring just him and his wife is nearly \$28,000. That's right – twice the cost to cover half as many people. In fact, paying more for less is becoming a hallmark of the health care law.

Over the years, Republicans have put forward a number of health care reform ideas, ones that would expand access to affordable care and lead to a more patient-centered health care system. We will continue to do so, because we firmly believe the president's health care law is fatally flawed and unsustainable, and more importantly, because we believe the American people deserve better.

Again, I suspect we will have to agree to disagree, but as I mentioned, there are areas where I am hopeful we can find common ground.

(More)

Head Start, for example, currently supports nearly one million children at a cost of more than \$9 billion annually. It's an important program for many low-income families. However, concerns persist that it's not providing children with long-term results.

We both agree changes need to be made, but so far, we have different ideas on what reform should look like. The department is in the process of fundamentally transforming Head Start through regulations that will have serious consequences for the vulnerable families this important program serves. We, on the other hand, have outlined a number of key principles that we believe will strengthen the program based on feedback we collected from parents and providers. I look forward to discussing where we might be able to find middle ground and work together so that these children can have the solid foundation they need to succeed in school and in life.

I'm also hopeful that we can work together to ensure changes to the Preschool Development Grants Program are implemented as Congress intended. The Every Student Succeeds Act reformed the program to help states streamline and strengthen early learning efforts. To accomplish this goal, Congress moved the program from the Department of Education to HHS, which already oversees the bulk of early learning programs. As you take on this responsibility, Secretary Burwell, please know we intend to stay engaged with the department to ensure a successful transition.

Finally, the department is also responsible for helping states to prevent and respond to child abuse and neglect, specifically those outlined in the Child Abuse Prevention and Treatment Act or CAPTA. As I'm sure you're aware, this law provides states with resources to improve their child protective services systems – if they make a number of assurances concerning their child welfare policies. It's come to our attention that some states are making these assurances without putting the necessary policies in place. Yet, not a single state is being denied federal funds.

A Reuters' investigation recently revealed the shocking and deadly consequences of this neglect and cast serious doubts as to whether basic requirements of the law are being met and enforced. In light of this tragic report, we wrote to you to better understand the department's process in reviewing and approving state plans under CAPTA, and I'd like to continue that discussion today. It's clear that the current system is failing some of our country's most vulnerable children and families, and something has to change.

As you can see, we have quite a bit to cover today. These and other issues are vitally important to the men and women we serve, and we have a responsibility to ensure they are serving those individuals in the best way possible.

Mr. SCOTT. Thank you, Mr. Chairman, for holding the hearing today. And I know some of my colleagues were taken aback when the House and Senate Budget Committees declined, apparently for the first time ever, to invite the administration to give testimony about the President's budget request for FY 2017. I'm glad we have taken a better approach to the annual budget process in this committee, and I know that there are things in this budget that we can agree on and others that we won't agree on. That doesn't mean we shouldn't talk those issues out. I'm glad, Mr. Chairman, that we're having an opportunity to do that today.

I want to welcome the acting Secretary here today as well. We will be seeing a lot of him this week as we hold another hearing tomorrow on the implementation of the Every Student Succeeds Act. Although he will only be in the Department for about a year, that has the potential of being a very transformational year in that it comes at the time when we oversee early learning, elementary and secondary education, and higher education in this country. I know he's up to the challenge, and I look forward to his testimony today.

Our Nation's budget reflects its priorities. I think it's safe to say that the budget request we have before us today from the Department is proof that education remains a top priority for the Obama administration. This year's request includes an additional \$1.3 billion, a 2 percent increase, for programs at the Department of Education. At the same time, through a combination of savings from both spending and revenue sides of the budget, the administration's overall budget request reduces the deficit from 3.3 percent of GDP to 2.6 percent.

Mr. Chairman, the request we have before us is, therefore, proof that we can increase the amount we spend on education in a responsible way without running higher deficits. The Federal investment in education is a crucial component of our national strength and competitiveness in the 21st century. That investment begins in early childhood, and this year's request continues to prioritize early childhood education. We can and should provide high-quality early childhood education for all 4-year-olds, and this budget continues to call for us to do just that.

The budget requests builds on the bipartisan work we did on ESSA, and most programs in the bill are at or above the levels authorized in that law. The budget includes multiple programs designed to reduce the cost of higher education, with particular focus on first-generation and low-income students.

I had the honor of working with the Department last year on its America's College Promise proposal to make 2 years of community college the new norm for all students. I was happy to see that the



budget request this year reflected modifications we worked on together to include first-generation students and minority-serving institutions as beneficiaries from the ACP program.

The budget request recognizes that investing in teachers and lifting up the teaching profession is essential in improving educational outcomes nationally. If we are going to ensure that every child in every classroom has a highly effective teacher, we have to build pathways to train those teachers and school leaders and provide incentives necessary for them to take the most challenging positions where they are most needed.

Now, there are some questions I have about some of the choices made in the budget. I believe we should do more to increase the maximum Pell Grant award and help to defray the cost of higher education, especially when we make a sizable profit off student loans. There are certain programs authorized on the ESSA that receive 30 percent or higher increases over negotiated authorization levels.

On the whole, I support the President's budget, especially when compared to the alternative. And I say that because the alternative has yet to present itself. For some reason, the Speaker has chosen to expedite the budget process this year, but we still haven't seen the actual proposal from the majority. Last year's majority proposal included \$103 billion in cuts in education over 10 years. That translated into significant cuts in Title I, funding for the Individuals with Disabilities Education Act, cuts in Head Start, cuts in Pell Grants. And if the choice is between a Republican budget like last year's and the President's request, I'll take the President's request.

This budget season we will have tough choices to make as the Congress, choices that reflect our values. I think this budget request we have before us strikes the right balance and recognizes that money we spend on education comes back to the country many times over. We need to make crucial investments today if we expect to lead the world on education for decades to come.

So, Mr. Chairman, thank you, and I yield back.

[The statement of Mr. Scott follows:]

**Prepared Statement of Hon. Robert C. "Bobby" Scott, Ranking Member,  
Committee on Education and the Workforce**

Thank you Chairman Kline for holding this hearing here today. I know I, along with many of my colleagues, were taken aback when the House and Senate Budget Committee Chairmen declined, for the first time ever, to invite the Administration to give testimony about the President's budget request for FY 2017. I'm glad that we have taken a more civil approach to the annual budget process in this committee. I know that there are things in this budget request that we agree with and others that we won't agree with, but that doesn't mean we shouldn't talk those issues out, so I'm glad Mr. Chairman, that we are having an opportunity to do that today.

And I want to welcome Acting Secretary King here with us today as well. We will be seeing a lot of him this week as we hold another hearing tomorrow on the implementation of the Every Student Succeeds Act (ESSA). Although he will only be at the Department for a year, that has the potential to be a very transformational year when it comes to how we oversee early learning, elementary and secondary education, and higher education in this country. I know that he is up to the challenge, and I look forward to his testimony today.

A nation's budget reflects its priorities. And I think it is safe to say that the budget request we have before us for the Department of Education is proof that education remains a top priority for the Obama Administration. This year's request in-

cludes an additional \$1.3 billion, a 2% increase, for programs at the Department of Education. At the same time, through a combination of savings from both the spending and revenue sides of the budget, the administration's overall budget request reduces the deficit from 3.3% of GDP to 2.6%.

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β The budget request builds on the bipartisan work we did on ESSA and most programs in that bill are at or above levels authorized in that law.

β The budget includes multiple programs designed to reduce the cost of higher education, with a particular focus on first-generation and low-income students. I had the honor of working with the Department last year on its America's College Promise (ACP) proposal to make two years of community college the new normal for all students. I was happy to see that the budget request this year reflected modifications we worked on together to include first-generation students at HBCUs, Hispanic Serving Institutions, AANAPISIs, and other Minority Serving Institutions as beneficiaries from the ACP program.

β The budget request recognizes that investing in teachers and lifting up the teaching profession is essential to improving educational outcomes nationally. If we are going to ensure that every child in every classroom has a highly effective teacher, we have to build the pathways to train those teachers and school leaders, and provide the incentives necessary for them to take the most challenging positions where they are the most needed.

Now, there are some questions I have about some of the choices made in this budget. I believe that we could do more to increase the maximum Pell Grant award and help defray the cost of higher education, especially when we make a sizable profit off of student loans. There are certain programs authorized under ESSA that receive 30% and higher increases over negotiated authorization levels. But on the whole I support the President's budget, especially when compared to the alternative. I say that because the alternative has yet to present itself. For some reason, Speaker Ryan has chosen to expedite the budget process this year, but we still haven't seen a proposal from the Majority. Last year's Republican budget proposal included \$103 billion in cuts to education over 10 years. That translated to significant cuts in Title I funding, funding for the Individuals with Disabilities Education Act, cuts to Head Start, and cuts to Pell Grants. If the choice is between a Republican budget like last year's and the President's request, I'll take the President's request any day of the week.

This budget season we will have tough choices to make as a Congress, choices that will reflect our values. I think this budget request we have before us strikes the right balance, and recognizes that money we spend on education comes back to the country many times over. We need to make crucial investments today if expect to lead the world in education for decades to come. Thank you Mr. Chairman and I yield back.

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Chairman KLINE. I thank the gentleman.

Pursuant to Committee Rule 7(c), all members will be permitted to submit written statements to be included in the permanent hearing record. And without objection, the hearing record will remain open for 14 days to allow such statements and other extraneous material referenced during the hearing to be submitted for the official hearing record.

Chairman KLINE. It's now my pleasure to introduce our distinguished witness. Dr. John B. King, Jr. is the acting Secretary for the U.S. Department of Education. He was named acting Secretary of the Department of Education last month. Prior to this, he served as a principal senior adviser to the Department performing the duties of the deputy secretary. And as I mentioned earlier, he has now been officially nominated by the President of the United

States. And it is my understanding that the Senate, in fact, is going to have a hearing tomorrow afternoon on that nomination.

We wish you good luck with that.

Let me ask you now, Dr. King, to please stand and raise your right hand.

[Witness sworn.]

Chairman KLINE. Let the record reflect Dr. King answered in the affirmative -- as by the way, has every witness that we have ever asked to do that.

Before I recognize you to provide your testimony, let me just briefly remind you and everybody about the lighting system. For many of us up here, this is our first hearing in this completely renovated hearing room, and we're, perhaps, a little disoriented and maybe even awed. I think maybe Mr. Brat is still lost. I'm not sure. Oh, no, that's not what you were -- I thought you were talking.

Dr. King, I'll ask you to here, in just a minute, to give us your testimony. The timer will come on there in front of you, which indicates you have 5 minutes, but as I indicated to you earlier, I have never, never gaveled down a witness for going -- certainly, not a Secretary or acting Secretary -- for going somewhat over. But if you can limit those remarks, then we can get into questions and answers. Each member here will be given 5 minutes to ask questions and get answers. And I will be a little bit more demanding on my colleagues' time than yours.

So, Dr. King, you're recognized.

**TESTIMONY OF DR. JOHN B. KING, JR., ACTING SECRETARY,  
DEPARTMENT OF EDUCATION, WASHINGTON, D.C.**

Mr. KING. Thank you very much. Good morning. Chairman Kline, Ranking Member Scott, and members of the committee, thank you for inviting me to discuss the Department's 2017 budget. I look forward to building on our bipartisan collaboration as we implement the Every Student Succeeds Act and solve important challenges in public education.

This first year, we are focused on three principles: first, ensuring every child has the opportunity to earn an excellent education; second, supporting our Nation's teachers and elevating the teaching profession; and, third, improving access, affordability, and completion in higher education.

These principles, along with my own experiences working in public education, inform the ideas in our 2017 budget proposal. Before joining the Department, I led the New York State Department of Education and served as the managing director of Uncommon Schools, a network of high-achieving charter schools. I began my career as a high school social studies teacher and cofounded one of the highest-performing middle schools in Massachusetts.

I'm also the proud parent of two public school students, and these experiences inspire every decision that I make at the Department.

While this budget is focused on the challenges ahead of us, I also want to acknowledge the remarkable gains we are seeing. High school graduation rates are at an all-time high and dropout rates are falling. We have the largest and most diverse classes enrolling and completing higher education. The numbers of African Amer-

ican and Latino college students are up by more than a million since 2008.

The Department's 2017 budget builds on that progress in important ways. It would strengthen formula programs at the heart of the Every Student Succeeds Act and invest in next-generation high schools and career and technical education. It ensures that our youngest learners get a strong start in school through President Obama's landmark Preschool for All initiative and capitalizes on teacher leadership by helping them achieve their ideas in the schools where they are needed most, and brings computer science to every classroom in this country.

Through the new Stronger Together program, we would help school and district leaders create more high-achieving, socioeconomically diverse classrooms and schools. All students benefit from learning with classmates from different economic backgrounds, and all students should have that opportunity.

The programs in our 2017 budget would also make higher education more affordable and help more students earn their college degrees. America's College Promise would make community college free for all students, an idea that is proving its potential in communities from Tennessee to Long Beach, California. This budget would also drive innovations in Pell Grants by supporting students that take summer classes and at least 15 credits per semester and reward institutions with high completion rates.

We need new strategies for helping students earn their degrees, and through First in the World and the HBCU Innovation for Completion Fund, we would help colleges translate their ideas into better outcomes for their students.

This budget leverages local leadership, the source of strength of our Nation's education system, to help more students succeed. But I also know that there are places where leaders are not living up to their responsibilities.

Last year, I visited a community where five local schools had become socioeconomically and racially isolated and under-resourced failure factories, to borrow a term from a local newspaper. There, we met desperate families, dejected teachers, and students that questioned whether the adults in their lives really care.

I contrast that visit with the excellent schools I've seen in communities from Houston to Wilmington to Miami. I've met countless engaged students who know that, thanks to the educators in their lives, their destiny will not be determined by where they were born.

The Department's 2017 budget would support local and State-led efforts to create many more places where students know their education and their future is in their own hands. I look forward to discussing these ideas with you in more detail and would be happy to answer your questions. Thank you.

[The testimony of Mr. King follows:]

**DEPARTMENT OF EDUCATION**  
**Statement by John King**  
**Acting Secretary**  
**Fiscal Year 2017 Budget Request**  
**Committee on Education and the Workforce**  
**February 24, 2016**

Chairman Kline, Ranking Member Scott, and Members of the Committee:

I am pleased to testify today on behalf of the President's 2017 budget request for the Department of Education. The overall discretionary request for the Department is \$69.4 billion, an increase of \$1.3 billion, or 2 percent, over 2016. The 2017 Budget builds on our progress and reflects key developments over the past year, most significantly, enactment of the bipartisan Every Student Succeeds Act (ESSA), and I want to thank Chairman Kline, Ranking Member Scott, and other Members of this Committee for the leadership and hard work it took to reach a consensus on reauthorizing the Elementary and Secondary Education Act (ESEA).

**INTRODUCTION**

As this is my first appearance before this Committee, please allow me to introduce myself. I have dedicated my life to education largely because education saved my life. Both of my parents were career New York City public school educators. To this day, they inspire me to serve, but I lost them both by the time I was 12. As I have said before, my life could have easily taken a wrong turn at that point. Instead, New York City public school teachers gave me hope and purpose. They set me on the path to where I am today.

Prior to joining the Department in 2015, and becoming Acting Secretary this year, I served as Commissioner of the New York State Department of Education. Before that, I was a Managing Director of Uncommon Schools, which today manages public charter schools serving low-income students in Boston, Newark, Camden, Brooklyn, Rochester, New York City and Troy, New York. I also was a co-founder and principal of Roxbury Preparatory Charter School

in Boston, which became one of the highest-performing urban middle schools in Massachusetts. And, I began my career as a public school teacher in Boston.

#### **PRESIDENT OBAMA'S 2017 BUDGET REQUEST**

This 2017 Budget Request focuses on three major priorities: (1) advancing equity and excellence for all students; (2) expanding support for teachers and school leaders; and (3) improving access, affordability, and student outcomes in postsecondary education. The Department also makes a commitment throughout the budget to promoting greater use of evidence and data to maximize results for students and taxpayers.

#### **SUPPORT FOR THE EVERY STUDENT SUCCEEDS ACT**

With the enactment of the ESSA in mid-December, the Administration worked hard to align the 2017 Budget with the reauthorized ESEA and to allocate resources to support the new law's focus on education equity, support for teachers, and well-rounded instruction. We are pleased that the ESSA embraces many reforms the Administration has long supported, including State-defined college- and career-ready standards, accountability for the success of all students, innovation in education, and expansion of high-quality preschool. The Budget provides robust funding for core components of the reauthorized ESEA to advance equity and excellence and support great teachers and school leaders. At tomorrow's hearing, I will discuss in more detail the Department's plans for ESSA implementation.

#### **ADVANCING EQUITY AND EXCELLENCE FOR ALL STUDENTS**

The first major priority in the 2017 request is to ensure all of our young people, and particularly students from low-income families and students of color and those in high-poverty schools who are the focus of the ESSA, have the chance to learn and achieve. While we have made significant progress in increasing overall graduation rates, gaps for students from low-

income families and students of color continue to persist. We must close these gaps, and one way to do so is to increase resources for key programs that support students who need the most help to meet challenging State academic standards. To help close our current resource and opportunity gaps, the 2017 request provides \$15.4 billion for Title I Grants to Local Educational Agencies (LEAs)—the cornerstone of the Federal effort to ensure that all students—including students from low-income students, students of color, students with disabilities, and English Learners—graduate from high school prepared for college and careers.

The request provides \$12.8 billion for Individuals with Disabilities Education Act (IDEA) Formula Grant Programs, to assist States in providing high-quality early intervention services to infants ages birth through 3 and their families, and help States cover the excess costs of providing special education and related services to children with disabilities ages 3 through 21. This includes a combined increase of \$80 million over 2016 enacted levels for IDEA Preschool Grants (Part B, Section 619) and Grants for Infants and Families (Part C).

The President's Budget also supports expanded access to high-quality preschool for all children from low- and middle-income families by providing \$1.3 billion in mandatory funding in 2017 and \$75 billion over 10 years for the President's landmark Preschool for All proposal, along with \$350 million for the reauthorized Preschool Development Grants program, an increase of \$100 million over the 2016 level, in the Department of Health and Human Services request and jointly administered with the Department of Education. We also would significantly increase support for State and local efforts to meet the educational needs of English Learners in public schools through an \$800 million request for English Language Acquisition formula grants.

I am proud that our 2017 budget also includes new resources for school districts ready to take bold action to address equity gaps in their schools and communities. First, we are asking for \$120 million to fund a new Stronger Together program that would support voluntary efforts by one or more school districts, guided by strong community input, to increase socioeconomic diversity in their schools. Research shows that States with more socioeconomic segregation in schools tend to have larger achievement gaps between low- and higher-income students, and socioeconomically diverse schools can lead to improved outcomes for students. Stronger Together would provide resources to communities that want to explore options for putting research into practice. Such plans could incorporate ongoing efforts of this Administration to invest in diverse, high-quality magnet and charter schools, as highlighted in the budget proposal. Several school districts and communities are already developing innovative diversity initiatives to improve student achievement, and with additional resources, these efforts could be scaled up and serve as models.

The Budget would include \$128 million—a \$55 million increase—for Promise Neighborhoods. This increase would support up to 15 new awards to local partnerships to implement comprehensive, neighborhood-based plans for meeting the cradle-to-career educational, health, and social service needs of children and families in high-poverty communities.

Another groundbreaking proposal is our Computer Science for All initiative. This proposal—\$2 billion in mandatory funding in FY 2017 and \$4 billion over three years—would support efforts in all 50 states to expand access for all students to computer science instruction and programs of study. The budget also includes \$100 million in discretionary grants for Computer Science for All Development Grants for school districts that recognize the power of



computer science to engage students in preschool through grade 12 in real-world computer programming and related skills in conjunction with other rigorous coursework, including STEM fields in which students from low-income families and students of color traditionally are underrepresented. Every year, increasing numbers of STEM-related jobs are created that require workers with backgrounds in computer science education, but too few school districts offer these courses, especially in high-poverty schools. The grants proposed in our Budget would focus on identifying and testing computer science instructional models that expand access to these opportunities for all students, but particularly for high school students in underserved communities, including in urban and rural areas.

In addition, the Budget includes a proposal for Next Generation High Schools, which would promote the whole-school transformation of the high school experience in order to provide students with challenging and relevant academic and career-related learning experiences that prepare them to transition to postsecondary education and careers. This program would provide students with the academic foundation and skills they need to be successful, ensuring that all students in redesigned high schools participate in project- or problem-based learning and have the opportunity to earn early college credit, and engage in experiences or postsecondary learning opportunities that build career-ready competencies. Accomplishing these goals will help improve longer-term outcomes for high school students, including increased high school graduation rates, higher rates of enrollment in postsecondary studies without the need to take remedial courses, higher postsecondary completion rates, and higher rates of completion of industry-recognized credentials and certifications.

The Budget also includes \$138 million, an increase of \$31 million over the 2016 enacted level, for more vigorous enforcement of our Nation's civil rights laws by the Department's

Office for Civil Rights, which ensures equal access to education. The Office of Civil Rights has been actively protecting the rights of all students through comprehensive strategies that include, among others, efforts to eliminate racial disparities in school disciplinary practices and procedures, and the enforcement of protections against bullying and harassment and sexual assault on college campuses.

Finally, the Budget includes \$500 million for the newly authorized Student Support and Academic Enrichment block grant, nearly twice the amount appropriated in 2016 for the antecedent programs. These funds can help expand course offerings across a range of areas, such as STEM and the arts, and bolster student achievement through such activities as mentoring or school counseling and expanding digital learning opportunities. Within the discretionary caps, we were unable to fund this new block grant at the fully authorized level, and thus have proposed that States have broader flexibility in how to target these funds to ensure that the funds provided to LEAs are robust enough to make a meaningful impact on students.

#### **EXPANDING SUPPORT FOR TEACHERS AND SCHOOL LEADERS**

A second area of focus in our 2017 request is to provide support for teachers and leaders who are doing the daily work of implementing new college- and career-ready standards and aligned assessments, and turning around our lowest-performing schools. If we want all students to succeed, we must provide teachers with the preparation, support, opportunities for leadership, and autonomy they need to be effective in the classroom and to want to remain in the field. And we need to prepare, attract, and keep school leaders of diverse backgrounds who can create school cultures that bring out the best of students and staff in a climate that supports growth and learning for all.

Our 2017 request proposes significant new resources to help ensure that all students have access to effective teachers and leaders and new opportunities for teachers to shape our

approaches to improving student outcomes. First, our \$1 billion mandatory RESPECT: Best Job in the World program would support the redesign of an estimated 200 high-need schools to create models that transform these schools into the best places to advance a career in education and thereby attract and retain talented and effective teachers and school leaders. For new and continuing competitive grant programs for teachers and leaders that span preparation, development, and retention, we request \$525 million, an increase of \$142 million over 2016. For example, the budget includes \$250 million for the Teacher and School Leader Incentive Grants program—the reauthorized version of the Teacher Incentive Fund—to support continued innovation in the area of robust human capital management systems that help school districts and schools recruit, develop, support, retain, and advance teachers through every phase of their careers. We also would strengthen the pipeline of effective teachers and principals through a new \$125 million Teacher and Principal Pathways program, which would make competitive grants to institutions of higher education and other nonprofit entities to support the creation and expansion of high-quality teacher and principal preparation programs. In addition we fund Title II-A at \$2.25 billion in formula funds. Finally, to attract the next generation of talented educators, we propose to streamline and expand the current postsecondary assistance available to teachers into one program that will provide up to \$25,000 in loan forgiveness for serving in a high-needs school.

#### **IMPROVING ACCESS, AFFORDABILITY, AND COMPLETION IN POSTSECONDARY EDUCATION**

Higher education is one of the clearest paths to the middle class. At a time when jobs can go anywhere in the world, skills and education will determine success for individuals and for nations. Yet, far too many students do not go to college, or never complete their degree; we used

to be first in the world in college completion, and now we are 13th. Our budget request builds on the Administration's efforts to make college more affordable and accessible while putting forward important new initiatives to promote college completion. We must shift incentives at every level to focus on student success, not just on access. Students who do not complete their degrees are less likely to succeed in the workforce and have student loan default rates that are, on average, three times higher than those who graduate. Further, we know that taking a full course load helps students finish on time, at a lower cost and likely with less student debt, saving them both time and money.

The request dedicates \$188 billion to Federal student aid in fiscal year 2017, including \$31 billion to Pell Grants and over \$155 billion to student loans, benefiting more than 12 million students. The request expands the Administration's signature initiative, America's College Promise, which would support 2 years of free community college for responsible students, who get good grades and stay on track to graduate, as well as up to providing 2 years of college at zero or significantly reduced tuition to first-time, low-income students at 4-year Historically Black Colleges and Universities (HBCUs) and Minority-Serving Institutions (MSIs). We are also proposing a new \$30 million HBCU/MSI Innovation for Completion Fund competitive grant program to foster innovative and evidence-based, student-centered strategies and interventions to increase the number of low-income students completing degree programs.

The Budget proposes two initiatives totaling \$2 billion in Pell Grants for the 2017-2018 award year to help students accelerate progress toward their degrees by attending school year-round and encouraging students to take more credits per term, increasing their likelihood of on-time completion. The first initiative, Pell for Accelerated Completion, would allow full-time students the opportunity to earn a third semester of Pell Grants in an academic year, enabling

them to finish faster by taking additional courses year-round and better meeting the diverse needs of today's students. The second initiative, On-Track Pell Bonus, would create an incentive for students to stay on track or accelerate their progress towards a degree through a \$300 bonus, effectively increasing the Pell Grant maximum award to \$6,235, for students who take 15 or more credits per semester in an academic year, which is the course load typically needed for on-time completion.

Research published in 2013 from the RAND Corporation suggests that inmates who participate in correctional education programs are not only 43 percent less likely to recidivate but also 13 percent more likely to obtain employment post-release. Accordingly, we propose expanding postsecondary opportunity to incarcerated individuals eligible for release through the Second Chance Pell proposal that would restore their Pell eligibility with the goals of helping them get jobs, support their families, turn their lives around, and strengthen their communities.

Finally, the Administration is re-proposing other key initiatives, including rewarding colleges that successfully enroll and graduate a significant number of low-income students on time; further simplifying the FAFSA; permanently extending inflationary increases of the maximum Pell grant award; redirecting campus-based programs to target institutions that offer affordable and quality education and training; reforming and streamlining income-driven repayment plans to simplify borrowers' experience and allow for easier selection of a repayment plan, while reducing program complexity and better targeting of benefits; strengthening teacher loan forgiveness; and protecting students and taxpayers from predatory colleges that are not delivering the high-quality education that students—and taxpayers—deserve.

**PROMOTING GREATER USE OF EVIDENCE AND DATA**

Over the last seven years, we have pioneered efforts that encourage grantees and practitioners to use evidence of what works in education in ways that can improve student outcomes. Programs such as Education Innovation and Research and First in the World (FITW), which includes a 30 percent set-aside for HBCUs and MSIs, will continue to scale up the use of evidence-based grant-making. Further, a focus on evidence and data also can be a powerful tool to advance equity. For example, under our new Federal education law, the ESSA, States will establish new accountability systems that will include indicators of success that reflect a broad picture of how schools are serving all children, and not just in academics. States could decide to look at information about students' socioemotional growth, for instance, and whether schools are helping children develop skills like resilience and the ability to effectively collaborate with peers.

This Budget continues that commitment to improving student outcomes by increasing funding for programs that provide additional resources for interventions that either are based on evidence of success, or help build evidence of what works in education. The Budget strongly funds the infrastructure for evaluation within the Institute of Education Sciences, requesting \$209 million for the Research, Development, and Dissemination program, \$125 million for the Statistics program, and \$81 million for the Statewide Longitudinal Data Systems program, with a particular focus on using data at the local level. These requests will enable the collection of critical information, and help us disseminate this evidence of what works to policymakers and practitioners to empower them to improve student learning and narrow achievement gaps.

Our request also includes \$15 million to support InformED, which builds on the success of the new College Scorecard by making the Department's data and research across the education spectrum, including data and research on a wide range of issue areas for students at the

Pre-K through college levels, more available—and actionable—for internal users and for the public. The 2017 Budget will help build new infrastructure to manage the collection, quality, release, and analysis of these data in innovative and effective ways.

#### **CONCLUSION**

In conclusion, our 2017 request reflects the President's determination to make the investments necessary to expand educational opportunity, position our children for success, and promote economic growth and global competitiveness. I look forward to working with the Committee to secure support for the President's 2017 Budget for education, and I look forward to your questions.

Chairman KLINE. Thank you, Dr. King. Less than 5 minutes. I don't know that you get any extra points for that, but well done.

I had discussed this very briefly with you before. It's been a nagging concern, I guess, to me, year after year. When we look at the President's budget year after year, there is little or no increase suggested in funding for IDEA, and this year turns out to be the same thing. If I look at the President's budget, I can give many examples here, the budget proposes a new billion-dollar mandatory program called Respect: Best Job in the World. It proposes \$120 million for a new Stronger Together grant program, requests 80 million for a new Next Generation High Schools program, proposes \$2 billion, and \$4 billion over 3 years, for a new mandatory Computer Science for All Initiative, proposes \$100 million for a new Computer Science for All development grant program, and so forth.

My point is that the budget is full of new programs. And the discussions I used to have with Mr. Miller, when he was here, when these new program ideas would come up, I would ask him: Why do you want to propose a new program which will be chronically underfunded? And I'm sort of asking you the same thing.

Year after year and in this budget, it's new program, new program, new program. They are always competing with each other for funding, and they are competing with IDEA.

In countless school visits, roundtable meetings, discussions I've had with superintendents, principals, teachers, parents, and I ask them, "What's the most important thing that the Federal Government can do to help you?" the answer is always, from every one of them, step up to the Federal Government's commitment to fund special ed. We were supposed to be providing 40 percent of the new funds that would be required under IDEA for the new requirement to take care of special needs kids. We've never gotten half that. And this budget brings it down from almost half, working down to about 16 percent.

Can you please just explain why, why you, why the President, why somebody thinks it's more valuable to create new, untested programs that are going to be underfunded than it is to meet this commitment?

Mr. KING. I appreciate the question, Congressman.

The budget is really focused on the priorities that I described, equity and excellence for all students, investing in teaching, and lifting up the teaching profession, and doing more to ensure access, affordability, and completion in higher education. As we invest in those priorities, we were careful to stay within the constraints of the budget caps that were agreed to last year and to ensure that this is a budget that actually reduces the deficit over the long term.

And so within those constraints, we tried to prioritize those programs that we think would best accelerate our meeting those goals. But we are deeply committed to students with disabilities and ensuring opportunity for them. Students with disabilities would benefit from the programs that are in this budget. We maintain the increased investment from the 2016 budget, and actually increase spending in the Part B and Part C IDEA programs.

Chairman KLINE. Well, we're just going to continue to disagree here. It seems to me -- continues to seem to me -- that we would be a whole lot better to set as our first priority meeting the com-



mitment that's been out there for, what, now over 40 years, and we can't seem to do it. And school after school after school, district after district says that's the most important thing. And yet, this budget has created all of these new programs, which are, yes, you stay within the caps, but that means you're taking money from what could be, and I would argue, should be going to special ed.

Okay, I yield back.

Mr. Scott.

Mr. SCOTT. Thank you, Mr. Chairman.

Dr. King, in your written testimony, you talk about research and evidence and data. Can you explain how the budget develops the appropriate data base and evidence to appropriately guide education policy?

Mr. KING. Yes, absolutely. We are deeply committed to the principle that we need more evidence-based decision-making in education. If you look at education versus other sectors, we spend in education something like less than one half of 1 percent on research and development. In other areas of our economy, that number can be as high as 20 percent spent on research and development.

So we need more investment there. This budget prioritizes that in a few ways. We propose an increase in funding for IES, so that they can engage in important research projects, fund important research projects across the country. We call for an increase in the education, innovation, and research grant programs so that we can fund efforts at the local level and State level to develop an evidence base around what works, particularly for our highest-needs students. And we propose restoring funding for the First in the World grant competition, which is focused on building an evidence base around initiatives at the higher education level that ensures students get to completion. And as a companion to that, we have the HBCU Completion Innovation Fund proposal that we think will help Historically Black Colleges and Universities build an evidence base there around best approaches to ensure that students don't only start, but actually finish college.

Mr. SCOTT. Thank you.

And speaking of minority colleges, throughout the South there are consent decrees dealing with the effects of segregation of schools before the 1960s. Does your budget have sufficient funding for you to review those consent decrees to see if they are complied with and to address segregation in public schools generally?

Mr. KING. Let me first say that HBCUs play a hugely important role in American culture. I think it's often underappreciated how critical the role of HBCUs is in preparing teachers for the country, a diverse teacher workforce, how critical the role of HBCUs is in preparing African American doctors, African Americans graduating with STEM degrees.

So we want to make sure that the HBCU sector is a thriving one. That's why we invest in the HBCU Innovation Fund. HBCUs, as you know, figure prominently in the America's College Promise proposal, allowing students to go to HBCUs using America's College Promise funds.

We also ask for an increase in the staff at the Office of Civil Rights. And the Office of Civil Rights is currently working, as you

know, on several issues related to those consent decrees and States' allocation of resources to their Historically Black Colleges and Universities. But one of our very real challenges in the Office of Civil Rights is a huge increase in the number of civil rights complaints that we are investigating and closing with communities and institutions, but we have not had the necessary staff. And so many of those complaints take longer to resolve than would be ideal.

On the broader point of segregation, I would say the budget calls for an increase in the magnet schools program, which is directed at communities that have either existing court orders or agreements around desegregation, but the budget also calls for an investment in Stronger Together, which would foster locally led, locally defined, voluntary efforts to increase socioeconomic integration in schools, because we want our schools to be places where students experience the kind of diversity that they will experience in the workforce.

Mr. SCOTT. Thank you.

Flint, Michigan has made national news because of the lead poisoning in the water. Has your Department developed a plan or are you developing a plan to address the educational challenges created by this lead exposure?

Mr. KING. We are very engaged in Flint. What's happened there, I think, is shameful and tragic. And it's very important that all agencies participate in helping the community in Flint respond to the situation.

So we've been in close contact with the school districts and the regional providers of educational services in Flint, providing technical assistance, helping them identify how they can use existing resources to respond to the needs. We've had folks on the ground meeting with folks in Flint, visiting with parents and educators. We are working with a cross-agency team to identify what would be most useful going forward. And we certainly will look forward to working with this committee, and with your staff in particular, on how we ensure that the Federal Government supports the community of Flint.

Chairman KLINE. I thank the gentleman.

Just to alert all of my colleagues, Dr. King has a hard stop at 12:30. We will honor that. So that means I will be dropping this gravel pretty quickly if you go over the 5 minutes.

Let's see. Dr. Roe, you are recognized.

Mr. ROE. Thank you, Mr. Chairman.

Dr. King, good luck on your confirmation. I'm from the great State of Tennessee. We do fund our colleges based on graduation rates, not on heads and beds. And we also have provided free community college and technical college. As you know, we've had the greatest gains in K through 12 than any State in the Union. People should be looking at that.

What I want to talk about today with you, and I really want to work with the Department on this, and probably you have read this, but Dr. Nick Zeppos at Vanderbilt has "Recalibrating Regulations of Colleges and Universities." I'm just going to go over a few things quickly about the incredible costs that are placed on colleges to comply with Federal regulations.

Basically, regulations that, for instance, in 1997, at Stanford University, 7.5 percent of the tuition was to comply with Federal regulations. In Vanderbilt University, in 2014, 11 percent, or \$150 million, that's \$11,000 per student, just to comply with Federal regulations. That's one of the ways we could have more money, is to decrease the amount of regulatory burden we placed on these colleges and universities. Thirty-three percent increase in the last 10 years in compliance officers in colleges. And this is public data.

Regulations are overly complex. In at least one case, a guidance document meant to clarify uncertainty led to more confusion. In 2011, a "dear colleague" on Title IX responsibilities for sexual harassment contained all these complex mandates, and then when they had to explain just that, it was a 53-page document that people had to go through.

The colleges are required to have selective service registration. Not that these are not important, but this is something a college probably shouldn't be doing. Voter registration requirements, peer-to-peer file sharing, foreign gift reporting. I mean, on and on, I could go on and on.

Timely. Let me give you this one. In May of 2013, Yale University was ordered to repay financial aid funds based on the Department of Education audit undertaken in 1996. The University of Colorado received a similar demand based on a 1997 audit. And even though the universities appealed in a timely fashion, it took 17 and 16 years, respectively, for the Department to act. That's ridiculous, and it's expensive, because they are, again, doing all these things.

2004, the Department investigated Yale for the Clery Act reporting violation, that's sexual harassment on campus, 2001 and 2002, but the fine wasn't issued until 2013. So I could go on and on with that.

Another thing is a barrier to innovation, these requirements are. Vanderbilt gave up its online programming because of the extensive requirements in several States. In North Carolina, they just threw the hat in. And in California, the State of California projected the cost of developing and implementing a new data system required to meet regulatory requirements at \$233 million just for California alone. That would have much been better than IDEA or other things that we could have spent money on. As we have all said, the resources are limited.

So I want to work with you. This is a great document. Have you read this document?

Mr. KING. I've seen it, yes.

Mr. ROE. It really gives a lot of great ideas. I'm going to let you answer.

Mr. KING. So I share your commitment to making sure that the resources that are going to the higher education sector are going to students. Of course, we want our students to be safe and supportive while they are in school and able to go on to graduate and prepare for what's next.

Some of the recommendations in there are things that we are working on. As you know, we have a Pell experimental site focused on competency-based education where we are working with several higher ed institutions to foster innovation. We've got an effort with

Pell dual enrollments to foster innovation around partnerships with high schools. In our higher ed institutions, we've made some changes to the financial aid process.

Mr. ROE. I don't mean to interrupt you, but how old are your children now?

Mr. KING. Nine and 12.

Mr. ROE. Okay. Well, I have three that have graduated from college. And, sadly, a University of Tennessee grad has got to say one got an MBA from Vanderbilt. That's hard for me to confess, but I will. But how when you start writing a check to a university, how can you, when you write an \$11,000 a year per student just to comply with Federal regulations that is really not much benefit to the student, when you start writing that check, it's going to be different. I've written those checks, and I want you to think about that. I seriously want to work on reducing this regulatory burden. I think it's hugely important.

Mr. KING. Yeah, I share that priority. I'm still paying my student loans. I share that priority. And so I think we can work together on that. We certainly think in this next year there are places where we can make progress on some of the items mentioned in that report. I do want you to know we are working on some of them already and have implemented some of those recommendations.

Mr. ROE. Thank you. I yield.

Chairman KLINE. The gentleman's time has expired.

Mr. Hinojosa.

Mr. HINOJOSA. Thank you, Chairman Kline. I have some prepared remarks here, and I want to certainly ask the questions.

Dr. King, thank you for coming to speak to our committee, and it's a pleasure to hear your education priorities on this 2017 budget that is certainly going to be discussed the rest of this month and maybe longer. But I want to say that in seeing the materials that were given to us by staff, I am very concerned.

You made the statement that the HBCUs are a very important component of higher education, and I have been one of the strongest supporters of HBCUs. In fact, as chairman of the Congressional Hispanic Caucus, I met with the Black Caucus and the Hispanic Caucus leaders, as well as the Asian Pacific, and we came to an agreement that we were going to all work together to help all minority-serving institutions.

But in looking at your proposed budget here, increasing 245 million for strengthening HBCUs, and seeing the increase in the student population of HSIs, the numbers that are enrolling since 2010 with the reconciliation of higher education went up 30 percent, and yet you have nothing in here increasing the investment in both the HSIs and the Asia-Pacific colleges and universities as we requested of President Obama when we met with him at the White House.

And furthermore, you have to realize that if we don't speak up, I don't think that the government and, certainly, the Congress is going to increase it, because we had to fight for 20 years to get the kind of increases we got in 2010.

Now, HSIs were reduced 2 years ago in their Federal investment, and I'm very concerned, and you need to explain to me why you left out the other two groups.

Mr. KING. So let me say, first, HSIs, MSIs generally, I think, play a critical role in the education system—

Mr. HINOJOSA. I agree with you.

Mr. KING. -- and are often a path to opportunity for first-generation college students who otherwise might not have access to those opportunities.

In the America's College Promise proposal, MSIs are well represented. So if students, hard-working students were to pursue degrees at 2-year or 4-year MSIs, they would be eligible for the America's College Promise funding.

The First in the World fund includes a set-aside for MSIs and HBCUs at 30 percent, the First in the World fund, that's \$100 million that's targeted towards completion, efforts to improve the evidence base around completion. And then the innovation fund, Completion Innovation Fund, is also for MSIs and HBCUs.

So we've reflected MSIs in several places. We were constrained in our approach to this budget by—

Mr. HINOJOSA. If I can interrupt you just a minute, because the time is running out. In the last 4 years we have shown great improvement in graduation rates, in enrollment in higher education, and graduation, even, at the colleges. And so we need for your Department to not only pay attention to these three that I mentioned, but also the tribally controlled colleges, because they are certainly not being even considered and given the moneys that they need to bring their graduation rates up.

So, again, I look forward to another round of questions, but know that we want to work with you and your staff, and that I believe that the regulations that were put in to make schools accountable is needed, especially Title IX, for women to be able to have the moneys so that they can have their sports. We put on a big, big fight back in 1998 here in this committee, and, finally, we did not allow them to remove Title IX, because there were some that were complaining about that regulation.

And there's other things that are necessary by the Federal Government for them to show us, the schools and the colleges, the accountability and how they are using that money and if it's working.

Chairman KLINE. The gentleman's time has expired.

Mr. Thompson.

Mr. THOMPSON. Thank you, Chairman.

Dr. King, thank you so much for being here. Good luck, best wishes, for your confirmation process with the Senate.

Mr. KING. Thank you.

Mr. THOMPSON. Dr. King, in this year's budget request, your Department has proposed to level fund the only Federal investment in career and technical education, the Carl D. Perkins Act State grant program, and instead you propose \$75 million for a new competitive grant program that your Department estimates will only benefit 5 to 25 programs throughout the country. It speaks to the same question that the chairman started out with of, really, making sure that we're serious about what we know works, what we have been doing, versus creating new programs have so much uncertainty attached to them.

The same week that you made this proposal, your Department highlighted the fact that many career and technical education pro-

grams have waiting lists of students who want to enroll in quality CTE programs but cannot because programs simply lack the capacity to meet this increasing demand for career and technical education.

Why has the Department of Education continued to propose new, untested grant programs that come with tremendous certainty -- also, I would argue, you know, favors bigger programs that maybe have more capacity for grant writing compared to especially those in underserved urban or rural areas -- that would only benefit, as the Department's own analysis has shown, only a handful of programs, the number being 5 to 25 as estimated by the Department of Education, at the expense of the Nation's foundational support for CTE via the Perkins Act?

Mr. KING. Congressman, I appreciate the question. I am a huge supporter of career and technical education. And when I was commissioner in New York, one of the things we focused on was expanding access to career and technical education, and particularly strengthening the partnerships between high schools, employers, and also higher education institutions so that students were prepared for success when they graduated.

We see the Next Generation High Schools program in that context, a way to cultivate innovation in career and technical education. We know that there's a need for more CTE programs that are focused on 21st century jobs. There are CTE programs around the country that are looking for resources to offer new types of programs that respond to new demands in advanced manufacturing or in high-tech industries.

So we see the Next Generation High Schools programs as an opportunity to spur that kind of innovation and build an evidence base around what works, but believe strongly in the Perkins program, hope, actually, that there's an opportunity for a discussion on reauthorization of the Perkins CTE Act and an opportunity to ensure that we foster innovation, that we have the teachers that we need. You know, when I talk to superintendents, one of the challenges is finding teachers in the CTE fields, particularly high-demand new fields, emerging fields like computer science and tech-related fields.

So CTE would benefit from a variety of the programs that are here. We've got a billion-dollar investment in making teaching the best job in the world. We think that will help us to attract teachers to the CTE fields that are in high demand today. So to be clear, this budget invests in CTE because we believe strongly in it.

Mr. THOMPSON. Well, it invests to the benefit of 5 to 25 programs across the Nation. So I really don't think it invests broadly in the futures of a significant number of kids. I think there's a better way to do it.

I have a question on whether the administration has changed its perspective. In April 2012, the administration released a blueprint for the reauthorization of the Perkins Act, which I agree with you, I think it's incredibly important. I look forward as this committee's work goes forward that we get that done. But what the administration put forward is viewed by many, by stakeholders, as overly prescriptive.

Has the administration's vision for a Perkins reauthorization changed since then? Because if your proposal is to level fund it this year, it seems like, perhaps -- well, let me just focus on the question being overly prescriptive.

And, specifically, one key stakeholder group I didn't hear you mention was business and industry. I mean, I would encourage you to use the same principles that this body, this committee did with the Workforce Innovation Opportunity Act, with the Every Student Succeeds Act, where we pushed local control, local authority, more flexibility by those on the ground, decision makers, versus being overly prescriptive from Washington.

Mr. KING. Yeah. Eager to work with you on this. I think the principles from the blueprint are the principles we think are important, investing in innovation, ensuring that we have the teacher workforce that we need.

Close partnerships with employers. One of the projects I worked on in New York, I am very proud of, was a partnership in IBM launching a school called P-TECH in Brooklyn where students graduate with a high school diploma, associate's degree, first in line for a job with IBM. We replicate that—

Chairman KLINE. I hate to interrupt, Dr. King, but the gentleman's time has expired. We're doing the filibuster-up-to-10-seconds-left trick, folks. We can't do that. Dr. King has a hard stop.

Mr. Grijalva.

Mr. GRIJALVA. Thank you, Mr. Chairman.

And thank you for being here, Dr. King. I appreciate it very much. And best of luck on your confirmation.

In this President's budget we once again see an increase in the funding for charter schools. And given all the discussion that goes back and forth on that concept, whether it's for-profit or public charters, that we've seen in the past, one of the questions that I have, that I think is something that I think lags behind in the effort to increase the funding at a time when some of the categorical programs are losing funding and traditional public schools are losing funding, how will the Department ensure that there's some really basic accountability to these entities?

How will these entities communicate to students and parents that make the choice to enter a charter school, everything from financial disclosure, what is proprietary and not in terms of the entities that run these, and regulatory issues, the public's right to know, public disclosure, public meetings, so that people can attend and know what is outside of a financial boardroom but is in a public setting?

These are questions I think that as we move forward in the initiatives of this administration on charter schools that lagging behind is the taxpayer accountability as to how this money is being used. And what do you propose in that area in general?

And before you answer, let me just indicate to you, Dr. King, let me associate myself with Mr. Hinojosa's comments relative to minority-serving institutions as a whole.

Sir?

Mr. KING. Thanks.

So ultimately charters we see as one path to innovation among many. And so this budget invests in magnet schools, invests in the

Stronger Together socioeconomic-integration initiative, invests in the Charter School Program.

What's most critical is we need that innovation to get better outcomes. Despite the progress we've made as a country, despite having the highest graduation rate we've ever had, we still see significant achievement gaps. And there are places where high-performing charters, high-performing magnet schools, strong socioeconomic-integration efforts are making a real difference for student outcomes, but, of course, that needs to come along with the accountability.

In our Charter School Program, we are focused on helping States strengthen their authorizers. The quality of charters in a given State is very closely tied to the quality of the charter authorizers. Are those authorizers holding the schools, the school leaders, accountable to the charter agreement? Are they ensuring transparency—

Mr. GRIJALVA. Should there, Dr. King, be a basic template, though, disclosure, financial, posting of meetings so that people can attend, limiting what is proprietary and not in terms of financial issues and salary issues that are questions people ask, but there's always that wall? Do you think there should be a basic template at the very minimum?

Mr. KING. Yeah. There are set of requirements for participation in the Federal Charter School Program around authorizer practices. Some of the issues that you are raising are often dictated by State law. But for our Charter School Program, for participation in that grant program, there are a set of expectations.

And, look, we have to acknowledge that there are places where authorizers should be doing a much better job. There are States where low-performing charters, charters with poor financial track records are allowed to continue to operate even though they are not living up to their charter, and in those places the authorizers should intervene to close those schools.

Mr. GRIJALVA. I yield back, Mr. Chair.

Chairman KLINE. I thank the gentleman.

Mr. Walberg.

Mr. WALBERG. Thank you, Mr. Chairman.

And thank you, Secretary, for your willingness to come today.

I want to ask questions about a program that you are now responsible for, caring for, and undertaking. It's a program that I must admit right from the get-go I don't support. I think it is ill-advised. It is top-down management of a set of indicators that I don't think we can do effectively from the Federal level, and that's the College Scorecard.

Is the goal of the College Scorecard, in your mind, to determine which colleges and universities are legitimate?

Mr. KING. So the goal of the Scorecard is to provide information to students, to parents, and to institutions. In the work to develop the Scorecard, we did a lot of listening, to students, to higher ed institutions, to the civil rights communities, to advocacy organizations for students, to understand the kinds of information that would better inform student—

Mr. WALBERG. Which I think indicates -- and forgive me for jumping in, but the chairman has made it very clear we are only



going to have a set time -- but indicates to me you have a lot of parameters to deal with, which makes it very difficult to manage that from top down when we have accrediting institutions, when we have schools themselves, when we have the responsibility of individuals, parents, students, to do the research necessary to find which schools work.

In my district, Hillsdale College, for instance, it's not a school that has had a low success rate. According to Kiplinger, U.S. News & World Report, Forbes, Princeton Review, it's rated as one of the top liberal arts colleges in the world, and yet it's not included in the Scorecard, simply because it takes no Federal or State moneys, and so it doesn't come into some of the plans where you will pick information from. But it also comes in some of the rating institutions or recording institutions that you do take from, but they are not included.

I don't think that's accurate, to portray Hillsdale College simply because it's not in the Scorecard, it's probably not worthy of people going to the school. Do you?

Mr. KING. We're working with the higher education community to make sure that schools that weren't included in the first round of the Scorecard have the opportunity to be in the Scorecard. But it's important to note, the Scorecard is not a rating system, in that we don't have rankings of the schools.

Mr. WALBERG. Are they affecting the rating system?

Mr. KING. It's information, it's a transparent system of information about the schools.

Now, people can use that information. And one of the things we did, we were careful to do in the development of the Scorecard, was make it possible for others to access the data, protecting student privacy, being able to assess the data to create other tools that might inform students about things like how much does the typical student leaving the school have to pay in student debt, how much does the typical student leaving the school earn. We think those are important things for students to be aware of.

Mr. WALBERG. Yeah, but those -- you bring up an important point as well. We have another three schools in Michigan here that reported either just simply the average annual cost or nothing at all, and yet they are included in this point.

I go to one of my alma maters -- one of my alma maters -- storied, historic, world renowned -- and I say this out of truth, not just because I graduated from it -- but the Moody Bible Institute of Chicago. Over 3,000 students that go there. Average annual cost is very low, because every student that goes is received on a tuition-paid scholarship. Graduation rate significantly high, 75 percent or better.

But no data available for salary. Why? These are missionaries. These are pastors. These are missionary pilots that go out. They are not going to make a lot of money. In fact, in most cases they have to raise their own. And yet that's included in this Scorecard.

All that to say, I'm not sure this -- though it's rather expensive to produce, it puts a lot of information out, and yet I think it's misleading as well. And I'm not sure that the Federal Government should be involved in putting out something that, as you say, is not a rating system, but it becomes a rating system. It's impossible not

to be a rating system when that type of information is included, and it's not incomplete -- it's not complete. It's incomplete.

Mr. KING. Again, we feel like the transparency for students about the information we do have is important and can inform decisions.

I was in a high school a few weeks ago, sitting with students who were using a tool called Pell Advocates that relies on the information from the Scorecard, and it was a high-need-type school in the district, and you could see students realizing that schools they thought were out of reach for them because their sticker price is so high, realize that, no, in fact, they could go to that school because of the financial aid that was available. And I saw students literally change their mind about what they thought was possible for them because of that information. That strikes me as a worthwhile effort.

Mr. WALBERG. It would be good to be complete and accurate information.

And I yield back.

Chairman KLINE. The gentleman's time has expired.

Ms. Fudge.

Ms. FUDGE. Thank you very much, Mr. Chairman.

And thank you, Dr. King, for being here. Certainly, I am confident that the Senate will see your stellar qualifications and confirm you, so we are just going to claim that.

I too do want to just agree with my colleague, Representative Grijalva, about my concern of accountability for charter schools. Obviously, I'm from the State of Ohio, where our State purposefully, knowingly, sent misleading information to the Federal Government about our charter schools. So I know what it's like.

Dr. King, last year, Congressman Gibson, Senators Portman and Warner, and myself introduced the Go to High School, Go to College Act, which allows students in dual enrollment in early college programs to access Pell Grant dollars while still in high school. In October 2015, the Department announced a pilot program to allow high school students the opportunity to access Federal Pell Grants to take college courses through dual enrollment.

What funding is in the fiscal year 2017 education budget for early Pell and dual-enrollment programs, and what is that status of the Department's pilot program?

Mr. KING. Thanks for the question. So we think there's tremendous opportunity in allowing higher ed institutions to innovate around serving high school students. And, you know, I've seen many high schools around the country where students who may not have thought college was possible for them have that experience of taking college classes in high school, and it changes their expectations for themselves and their life trajectory.

That's the reason we are committed to the Pell dual-enrollment experimental site. We are going and make sure that we can find that experimental site within existing Pell dollars. We put out a request for applications from institutions. That closed a couple of weeks ago. We are reviewing those applications from institutions, and we expect there will be a number around the country that begin this work, and we'll build an evidence base around dual enrollment.

Ms. FUDGE. I don't want to cut you off, Dr. King, but the time is running. So, indeed, there is no additional funding.

Mr. KING. That's right. We are doing this experimental site within existing Pell dollars.

Ms. FUDGE. Okay. Now, the early Pell pilot program appears to exclude tuition-free programs. Is that accurate?

Mr. KING. No, it's that we see this is as an investment in expansion. And so what we've tried to say is the dollars here have to be used to expand access to dual-enrollment programs.

Ms. FUDGE. Okay, Dr. King. The FY 2017 budget request funds for the creation of a new American Technical Training Fund, which will provide competitive grants to support evidence-based tuition-free job training programs in high-demand fields. I am certainly one that does not believe in competitively funding very many things.

Could you tell me, even though I know that there is a clear need to fund these programs, what plans does the Department have to address the issue for the entirety of our Nation's workforce, not just those who can write a grant?

Mr. KING. So we think it's important that we build more programs that are targeted towards either folks who are low income or folks who are unemployed so they can get access to jobs training and education.

Ms. FUDGE. Which are the people who generally can't write grants very well?

Mr. KING. Well, so these would be the higher ed institutions themselves would seek these grants in partnership with employer partners and create programs that would serve those low-income students, those unemployed students, help them get the skills they need to get good jobs.

Now, this is a competitive grant program, \$75 million. But then, we also have proposed, in partnership with the Department of Labor, a \$5 billion investment in programs that would serve disconnected youth, programs that would serve folks who are unemployed, programs that would provide summer jobs and first jobs for high-need students.

So we see this effort as part of a broader commitment across the Federal Government to ensuring that folks who want opportunity can get that opportunity.

Ms. FUDGE. But the competitive grants are still the way you think it should be done?

Mr. KING. Well, that's what we propose on the discretionary side in this specific program, trying to operate within the budget caps. But as I said, with the Department of Labor, we proposed \$5 billion in three different programs that are focused on expanding job training and education programs for low-income adults and those who are unemployed.

Ms. FUDGE. As my time is running out, the average student debt is about \$35,000 a person right now. And you don't need to answer it at this point, but I would like an answer at some point. What funding request are you or have you made to help students better manage their loan repayment so they can have a quality of life they worked so hard for when they went and got a college education? You don't need to answer it, if you would, please, respond.

[The information follows:]



February 24, 2016

The Honorable John Kline  
Chairman  
Committee on Education and the Workforce  
U.S. House of Representatives  
Washington, DC 20515

The Honorable Bobby Scott  
Ranking Member  
Committee on Education and the Workforce  
U.S. House of Representatives  
Washington, DC 20515

Dear Chairman Kline and Ranking Member Scott:

The Consumer Bankers Association (CBA) appreciates the Education and Workforce Committee's active oversight of the Department of Education's activities. We would like to take this opportunity to submit the following comments regarding the hearing, "Examining the Policies and Priorities of the U.S. Department of Education." CBA is the voice of the retail banking industry whose services provide access to credit for consumers and small businesses. Our members operate in all 50 states, serve over 150 million Americans and collectively hold two-thirds of the country's total depository assets.

#### **Private Student Lending Marketplace**

CBA's members include financial institutions that offer private-sector student loans to qualified customers seeking to earn a higher education in their pursuit of the American dream. CBA members offer competitive products that constitute a small but steadily growing portion of the options available to students and families deciding how to finance higher education.

According to ongoing surveys done by the research company Measure One, the majority of private student loans that are made today are provided by CBA members.<sup>1</sup> In fact, Measure One analyzes loan data from the nation's six largest active private student lenders – five of whom are CBA members. Overall, these six lenders represent two-thirds of the total outstanding private student loan market, which is about \$100 billion, or roughly 7.6 percent of total student loans outstanding. CBA members account for a larger percentage of new loan volume.

These private student loans are performing extraordinarily well, with delinquency rates in the third quarter of 2015 that remain less than 3 percent. Only 2.2 percent of loans are in a late stage of delinquency, defined as more than 90 days past due. Long-term delinquencies declined 11 percent year over year, with short term delinquencies down 13 percent to 2.8 percent. Charge-offs, meaning the loan has not had a payment for 120-180 days, depending on the policies of the institution, have been dropping as well, down to only 2.2 percent.

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<sup>1</sup> Measure One, Private Student Loan Report 2015. <http://www.measureone.com/reports>

### **Private Student Lending Perspective on Loan Performance and Consumer Protection**

Private lending has been slowly but steadily increasing since 2009, after dropping precipitously during the Great Recession. Private student loans represent only a small portion of the total student loan market, but their performance illustrates the value of careful lending. These loans have robust underwriting standards that measure a borrower's ability to repay. Sound underwriting also helps ensure borrowers are issued responsible loans – arguably the most important consumer protection available.

Although income-driven repayment programs are an effort to assist federal borrowers, we believe those programs should not be a replacement for sound up-front practices. It's clear that under income-driven repayment plans, taxpayers absorb the great majority of the risk from the loans involved, with some risk borne by the borrower and very little by institutions of higher education.

This risk disparity is particularly acute in PLUS Loans, a supplemental loan program for graduate students and the parents of undergraduates. These loans are made with only a backward looking review for bad debts rather than a comprehensive, forward-looking assessment of the borrower's ability to repay. In the case of Parent PLUS loans, which unlike Stafford, Unsubsidized Stafford and Grad PLUS loans are not eligible for income-driven repayment, the parent borrower absorbs substantial risk, as do taxpayers. Conversely, institutions have almost no risk in the supplemental PLUS loan programs. Parent PLUS loans are not part of institutions' default rate calculations. Additionally, repayment rates are a much better gauge of taxpayer risk in Grad PLUS, a nearly unlimited lending program with generous forgiveness provisions.

Since 1980, the average published tuition and fees have risen 1,100%, or more than four times the rate of inflation. The overall increase in outstanding student debt is attributable to two factors—more students are attending college, and they are borrowing increasing amounts. CBA is concerned that offering unlimited opportunities to borrow federal loans without any consideration of the ability to pay them back is leading to excessive costs to taxpayers and to students' families. We encourage the Committee to seek more loan performance data from the Department and to consider ways to better align risks and rewards in the federal loan programs.

We also urge improved disclosures to consumers, such as aligning federal loan disclosures with the extremely detailed list of disclosures private lenders are required to provide by the Truth in Lending Act (TILA). This law exists, in part, to ensure that consumers are fully aware of their repayment obligations for credit products provided in the private market. Under current law, federal student loans are exempt from TILA, including the disclosure of the Annual Percentage Rate (APR), which accounts for fees and the impact of deferred payments when calculating the cost of credit. Better disclosures will afford consumers the opportunity to make better choices.

### **The Enterprise Complaint System**

The Department's new initiative to create an Enterprise Complaint System (ECS) that will provide a means for students and borrowers to file complaints and provide feedback about

federal student loan lenders, services, collection agencies, and institutions of higher education has the potential to provide benefit with the proper safeguards. Construction of the ECS and its focus needs careful consideration, and we encourage the Department to consult other agencies and industry partners to ensure it is used correctly. The ECS initiative was launched by President Obama last March as part of his Student Loan Bill of Rights.<sup>2</sup> The purported goal of the ECS is to improve servicing of federal student loans and to identify schools, servicers and collection agencies that draw high numbers of complaints. We note that the Consumer Financial Protection Bureau (CFPB) already collects complaints on 11 different products and services, including private student loans. Our members have been working with the CFPB as it hones its complaint process and we offer the following comments based on this experience.

As demonstrated in a recent comment letter, we urge the Department to carefully construct the ECS drawing from lessons learned from the CFPB and other agencies.<sup>3</sup> Specifically, we recommend that if the Department chooses to release complaint information publicly, it must take important precautionary measures to protect confidential consumer information, validate the facts of complaints, establish an appeals process, and adopt informed disclosures to promote transparency, among other recommendations.

It is also critical for the Department to contextualize the complaint data so that reports about complaints provide information that is useful and understandable to the public and stakeholders. The intended complaint subjects – federal student lenders, servicers, collection agencies, and institutions of higher education – offer a variety of different products and services that will be difficult to compare. For this reason, we suggest the Department follow the Federal Trade Commission model which only relays consumer complaints to the parties necessary for resolution. Otherwise, the out of context data may create confusion and lead to false conclusions.

Further, observations of the CFPB Database show that larger organizations often will receive more complaints overall. However, total number of complaints conveys little value unless put in the context of the size of the organization because an organization that has more customers is statistically likely to receive more complaints. Ensuring that numbers of complaints are presented relative to the size of the entity being complained about is a key to providing useful information to consumers and the public.

We also urge the Department to follow the intent of the Student Aid Bill of Rights and confine the loan complaint intake to *only* federal student loans. With the CFPB already collecting complaints on private student loans, the Department must clearly define the federal student loans under its jurisdiction and eliminate the possibility of duplicating the collection of private student loan complaints. Currently, the CFPB separates federal and private student loan complaints and immediately routes those identified by customers as relating to federal student loans to the

<sup>2</sup> The White House, Presidential Memorandum -- Student Aid Bill of Rights (March 10, 2015) <https://www.whitehouse.gov/the-press-office/2015/03/10/presidential-memorandum-student-aid-bill-rights>

<sup>3</sup> <http://consumerbankers.com/cba-issues/comment-letters/cba-comment-letter-doe-complaint-system>

Federal Student Aid Ombudsman. We suggest the Department follow that example and immediately route complaints that include any concerns about private loans to the CFPB for its sole handling with respect to such concerns in order to avoid double counting and uncertainty about who should respond to the consumer.

In addition, before launching the ECS, the Department should clarify how it plans to ensure complaints properly correspond to borrowers' problems in various aspects of the life cycle of the loan. Borrowers in delinquency and/or default are likely to have contact with multiple organizations (schools, lenders, guarantors, servicers, debt collection agencies, etc.) throughout the process. The ECS must clearly delineate the entity at the source of the complaint to better inform consumers and aid dispute resolution.

#### **Conclusion**

On behalf of the members of the Consumer Bankers Association, we appreciate the opportunity to submit this statement for the record. The Department of Education is charged with many responsibilities, and we appreciate the complexity of managing the enormous federal student loan system. Our comments are meant to provide the Committee with some additional information about the role of private lenders in this system and to share our recommendations and experiences as policies are debated on Capitol Hill and in the Department. CBA members are proud of our record of providing financing for American's college students and would be happy to answer any questions the Members of the Committee or the Department might have.

Sincerely,



Richard Hunt  
President and CEO  
Consumer Bankers Association



Ms. FUDGE. I yield back, Mr. Chairman.

Chairman KLINE. I thank the gentlelady.

Mr. Salmon is recognized.

Mr. SALMON. Thank you.

Welcome, Dr. King.

Mr. KING. Thank you.

Mr. SALMON. It's no secret that over the last few years the Department's taken several steps to aggressively target particular sectors of higher education. One such step was the creation of an interagency task force on for-profit institutions.

Proprietary institutions play an extremely important role in delivering postsecondary education to nontraditional students, and I'm very concerned that the Department is unjustly staining the reputation of the entire sector.

What does the interagency task force on for-profits seek to accomplish? How does the Department attempt to justify operating the task force without transparency? And how can the Department further justify favoring one sector over another?

Mr. KING. So to be clear, our goal in the higher education sector generally is to ensure that we protect both the interests of students and the interests of taxpayers. We've got to make sure that students have access to good information when they enroll in a school, they get the support they need to graduate, and that taxpayers can be confident that schools are using taxpayer dollars to support students.

The interagency work on that task force is focused on ensuring that where there are bad actors -- and there are some -- where there are bad actors, there's an intervention to change that behavior and to ensure that student interests are protected.

We recently announced the addition of an enforcement unit at the Department within our Federal student aid team focused on bad actors. It's not specific to one sector. That could be a nonprofit, could be a for-profit, could be a public institution. But if an institution isn't following the law, isn't serving students well, we think it's important for there to be an intervention.

Mr. SALMON. I agree that bad actors should be dealt with appropriately, whether they're in the private sector or whether they're in the public sector. And I'll just throw a couple statistics that come off of the Department's College Scorecard. San Antonio College, which is a public university, has a graduation rate of 8 percent. The University of Maryland, University College, a public university, has a graduation rate of 4 percent. The West Coast University, Los Angeles, which is a for-profit university, has a graduation rate of 85 percent. And the Cambridge Institute of Health and Technology, a for-profit university, has a graduation rate of 87 percent.

So there are really good actors and bad actors in both the private and the public sector. And I just want to make sure that as we go forward, that those students that are participating in public universities, that your care and concern for them is as great as it is for the students of private universities.

Mr. KING. Absolutely. It's a diverse sector, and I think part of what those statistics point out is how much work we have to do as a country on the issue of completion. And when we think about the

students who struggle to pay back their debt, it's often the students who start but don't finish, and then they're trapped in this cycle. They can't get a good job because they don't have a degree, but they also can't pay back their debt.

And so many of the proposals in our budget are focused on that issue of completion, including in our public institutions. The America's College Promise program really requires a set of commitments to completion-focused policy changes in States that would participate.

Mr. SALMON. I want to shift to student loans. My son-in-law is a dentist now and graduated from Case Western dental school in Ohio. His first year he took out a pretty significant student loan and then decided, "nuts to this," and he joined the Army. They paid for the other 3 years, and he served 3 years as an Army dentist.

Now, this year that he took out for a student loan, the repayment rate under a government monopoly student loan process, the Federal Government basically has a monopoly on all student loans now, but the repayment percentage is 9 percent. Nine percent. And when he told me he wanted to investigate refinancing it, he found out that it was against the law.

As I started talking to different folks about this, I come to find this disparity, that graduate students actually pay a higher percentage on their government monopoly student loans than undergrad, even though their repayment rates are far higher and the risk associated with graduate-level programs is far less. In a private sector loan, they would be given a much lower rate, but since it's a government monopoly loan, it's higher.

I come to find out that the reason that they pay those exorbitant rates and they can't refinance is that that's actually revenue to the State. It's a hidden tax. And I would just encourage all of my colleagues to really take a second look at this. These monopoly loans from the government aren't all they're cracked up to be and they're really penalizing a lot of families.

Chairman KLINE. The gentleman's time has expired.

Ms. Wilson.

Ms. WILSON of Florida. I'm happy to welcome you here today, Dr. King. It was my pleasure to host you this past Friday for Miami-Dade County's My Brother's Keeper Action Summit. It was an honor to show you how our community leaders, elected officials, and education community have committed themselves to uplifting our young people.

I find myself very moved by your personal story. It is truly a testament to the power of education. And I look forward to working with you in the future to ensure we promote and protect educational opportunities for our youth. I know you are exceptionally qualified to be the Secretary of Education because you were a principal.

I commend the President for submitting a budget that seeks to expand access to a quality education and ensure our children are college and career ready.

I have a couple of questions for you, and thank you. During the ESSA conference committee, I was able to push through an amendment that created an additional use of new Student Support and Academic Enrichment Fund so schools can establish and improve

the dropout and reentry programs that give potential dropouts the support they need.

The President's budget does not fully fund this new block grant at the fully authorized levels. Has the Department proposed flexibility to ensure LEAs can fund varied strategies to support learning, including dropout prevention and reentry?

Mr. KING. So first, Congresswoman, thank you for the opportunity to join you in Miami for the My Brother's Keeper event. Thank you for your leadership in the community around ensuring that our young people are safe and have educational opportunities.

We think there's tremendous opportunity as States and districts move forward with implementation of the Every Student Succeeds Act for districts to invest in smart strategies aimed at reducing dropout rates, ensuring safe and supportive environments for students, ensuring that students have access to a well-rounded education.

In Title IV, we increase the funding. The programs that were covered by Title IV in the '16 budget were at about \$278 million. We increase that to \$500 million in our budget. But we were, again, operating within the constraints of the budget caps and trying to make sure that we addressed the President's priorities within those budget caps. But we do think those are hugely important programs and think there's great opportunity for LEAs to address student needs.

Ms. WILSON. Thank you.

I also want to know if you can speak to how the President's budget takes steps towards training and attracting more diverse school leaders.

Mr. KING. Hugely important issue. You know, if you look at our public schools today, the majority of the students in the Nation's public schools today are students of color. And yet only about 18 percent of our teachers are teachers of color. Only 2 percent of our teachers are African American men. And so we have work to do as a country to ensure a diverse teacher workforce.

The President's budget includes a proposal around a Teacher and Principal Pathways innovation grant program that would be a grant that teacher preparation and school leader preparation programs could leverage to make efforts to improve diversity.

We know, for example, in some communities paraprofessionals are a place where there's much more diversity than among the teaching staff. And if there was an opportunity to provide coursework and training and to see those paraprofessionals as future full-time teachers, you could add to your staff diversity.

There are other places around the country where we see districts struggling with recruiting bilingual teachers to meet students' needs. And so this Pathways initiative would be another opportunity.

There's also room, we think, for States and districts to use Title II dollars for programs that would support the effective diverse teacher workforce that we need.

Ms. WILSON. Okay. Can you speak more about proposals to support strong early education programs, including kindergarten?

Mr. KING. Yeah. Early education is a top priority for the administration. As you know, the President believes deeply that early

education can be the key to getting students off on the right track as they start their education. The budget includes Preschool for All with the goal that all students would have access to high-quality preschool programs, particularly those students who are most at risk.

The budget also includes an increase for the Preschool Development Grant program that now will be managed in partnership with Health and Human Services. That program is already increasing the number of high-quality early learning slots.

And one of the signature elements of our Preschool Development Grants program and our Race to the Top -- Early Learning Challenge program, for both of those initiatives, has been the requirement for good collaboration around transitions to kindergarten. We really see preschool not as separate from the K-12 system, but as a part of the K-12 system. It's really about building a quality P-12 pipeline.

Chairman KLINE. The gentlelady's time has expired.

Dr. Foxx.

Ms. FOXX. Thank you, Mr. Chairman.

And thank you, Mr. Secretary for being here. I have several questions for you. I'd be happy for you to answer with any time that's remaining, but will ask for a written response for questions you're not able to answer here today.

I'm very concerned about what's happening within your Department's Office for Civil Rights and its impact on college campuses across the country. For too long the OCR has gone around Congress by legislating a new mission, and I'm deeply concerned about the office's legitimacy and effectiveness on these issues and the potential negative impact on students and institutions. The office has used the Dear Colleague letter process, an implied threat of investigation that would result in the loss of Federal funds as a way to require action by institutions.

Anything that can result in an expensive and protracted investigation should be established by Congress through law. And I'm very concerned that a number of the office's actions encroach on our constitutional authority to make laws. The office should follow the regulatory process that provides ample time for notice and comment. There are significant issues that should be addressed by stakeholders before the Department makes a unilateral decision on how to address certain issues. And, again, individual circumstances matter greatly.

To that end, these are questions. How many of the Dear Colleague letters that have been issued over the past 6 years were reviewed to determine they should have been submitted for notice and comment? How many of those letters have had notice and comment period prior to issuance? Who makes that determination? Who's consulted about these significant changes prior to the letters being written?

I'd also like to know what you plan to do to ensure this process is reformed to give all relevant stakeholders time to weigh in to ensure any new rules are the best way to prevent discrimination in our schools and on campus.

Further, the Office of Civil Rights is busy touting how many sexual assault cases it has opened, but the number of cases isn't as

important as providing justice in each individual case. Many are concerned that the office's current approach is counterproductive to reaching a just resolution, as well as being costly and efficient.

How were these cases brought to the Department? How many of the cases before the office have been closed? How long does it take to close these cases? And are you publishing that information along with the findings in each case while ensuring that you're protecting student privacy?

And last, the President's budget includes a sizeable increase in funding for student aid administration. However, at a November hearing we heard testimony that FSA is not meeting its statutory obligations to be accountable for its operations or meet its mandated planning and reporting requirements. How do you plan to ensure FSA is acting as an effective partner with institutions as its PBO status requires?

So I welcome you to answer these. But I also would like a written response to any you're not able to answer, by March 1. Thank you very much.

Mr. KING. Thank you, Congresswoman. Certainly our staff can follow up with yours on some of the details here.

Just broadly on the first point, on the Office of Civil Rights. Our goal in the Office of Civil Rights is to ensure that the rights of students are protected and that our campuses, whether it's our K-12 schools or our higher education campuses, are safe and supportive environments for all students. We think protecting students, both female and male students, against sexual assault has to be a part of how we ensure that our campuses are safe and supportive environments.

The Dear Colleague letters that we issue do not have force of law. They are not, from our perspective, the same, clearly, as a statute or a regulation. But they are an attempt to provide clarity for the field and to answer questions that we get.

Ms. FOXX. Is it not true, though, that the campuses feel they have the force of law and that there is a strong intimidation tone to those letters that you're issuing?

Mr. KING. The letters generally try to do two things. One is to clarify how the Department interprets existing law and regulation to provide clarity. And also to provide models of best practice, examples of best practice. And so that's the goal with which we approach Dear Colleague letters.

When we do regulations, we follow the public comment process or the negotiated rulemaking process and gather public comment. Often the Dear Colleague letters are referencing existing statutes or regulations that went through the comment process.

Ms. FOXX. Well, I look forward to getting the detailed responses to the questions that I've asked. Thank you very much.

Mr. KING. Thank you.

Chairman KLINE. The gentlelady yields back.

Ms. Bonamici.

Ms. BONAMICI. Thank you, Mr. Chairman.

Congratulations, Dr. King, on your nomination. I wish you an expeditious path through that process.

I know today is budget and tomorrow is Every Student Succeeds Act. But I want to for a moment follow up on Ms. Wilson's com-

ments about the Student Support and Academic Enrichment Grant program. You know, we authorized \$1.65 billion for these formula block grants, but the Department budget requests only about a third of that amount and also proposes making the grants competitive. The distribution formula was designed to protect against some of the concerns of consolidating programs. So I'm concerned about that.

So I have a two-part question. First, can you talk about the disruption that could be caused by making these grants competitive? There's a lot of potential from these formula grants to sustain meaningful changes.

And second, I appreciate the challenges of designing a budget that adequately funds programs. But I must tell you, I'm currently circulating a letter to my colleagues urging their support in an attempt to fully fund this program at its authorized level. So are you confident that these additional dollars, if we are successful in that request, will be put to good use in our local school districts?

So the concern about the disruption and will these dollars be put to good use. And I do want to save time for a higher ed question quickly.

Mr. KING. Thanks for the question. You know, I believe very strongly in the programs that Title IV is intended to support, whether it's school counseling or the work to ensure that school environments are safe and supportive or the work to ensure that students have access to a well-rounded education that includes the arts and physical education or access to advanced coursework, like AP classes.

So that's hugely important, and we think States and districts have the opportunity to make good use of those Title IV dollars. As I mentioned earlier, our proposal is an increase over the funding that was in the four prior grant programs in '16. And so it is a significant increase. We think \$500 million is a good start. Again, we were working, as you reference, within the budget agreement caps.

Certainly look forward to working with you on this question and with this committee as the budget process moves forward. The priorities behind Title IV are ones that we share. I think one of the challenges in administration will be ensuring that the grants are of sufficient size that districts can make good use of them to support exactly the intended programs.

Ms. BONAMICI. I appreciate that. We've seen -- I've seen over my years, though, that the competitive grant process oftentimes puts smaller rural districts and underfunded districts at a disadvantage.

Moving on to higher education, first in response to Mr. Salmon's comments on student loans, I want to remind him that Congress, we, set the interest rate. So I know my side of aisle's certainly willing to work with him and all of you on that side of the aisle to lower those rates so that the Federal Government isn't profiting off of repayment.

So I also, like you, had student loans. I worked my way through college. And last Congress I introduced the Opportunities for Success Act, I'll be reintroducing, to provide resources for low-income college students to participate in meaningful internships. So I'm really interested in the President's budget proposal for directing

workstudy aid to students most in need. So if you could address that.

And also I wanted to mention a bipartisan effort I'm leading to give student loan borrowers the option to have their income information automatically certified for income-based repayment plans. And my hope is that the Department will work with my office and the IRS to make it easier for borrowers to choose to have their loan payments automatically based on their income.

So can you talk about your commitment to this effort, please, as well as that workstudy aid issue?

Mr. KING. Sure. So let me say the challenge that we have as a country is for sure helping -- one of the major challenges we have is helping students think through how to manage their student debt. It's one of the reasons we have been focused on the income-based repayment plans for direct loans so that we can cap the amount of money that students need to pay at 10 percent of their discretionary income so that students can manage their debt. It's one of the reasons we think it's so important to have good information for students at the outset about their options, about the cost of their degree, about their likely income when they leave a particular program.

We are very interested in working with you on issues around workstudy. Workstudy can be transformative for students, both in terms of the ways that it helps them to make their way through college, but also workstudy is supporting students doing very important public service activities on many campuses, allowing students to really engage with the community outside of their university. Many students can trace why they became a teacher or why they went into public service to experiences they had through workstudy.

So hugely important program. Eager to work with you on that. And certainly eager to work with you on how we make the income-based repayment program as efficient as possible and increase participation in that program as much as possible.

Ms. BONAMICI. Okay. I look forward to working with you. Thank you.

Yield back. Thank you, Mr. Chairman.

Chairman KLINE. Gentlelady yields back.

Mr. Rokita.

Mr. ROKITA. Thank the chairman.

Acting Secretary King, thanks for being here today. I'm currently chairing the kindergarten to 12th grade subcommittee, and look forward to working with you. Just so know, my office is always open, the phone's always available for you. That's the relationship I had with your predecessor, and I offer it to you here publicly.

Mr. KING. Absolutely.

Mr. ROKITA. A little bit of housekeeping to start off. I was intrigued by Mrs. Foxx's line of questioning and appreciated the March 1 deadline that she offered to get written answers to her questions. I want to be clear for the record that you agree that that's a reasonable deadline to get written answers back.

Mr. KING. I think so. I mean, I think our staff should consult with hers on some of the—

Mr. ROKITA. Could you take 5 seconds right now and ask your staff if any questions she asked were unclear to them, because I know they're going to help writing the response, and relay those concerns to the microphone now?

Mr. KING. No, it's just that we don't have our OCR team here, and I want to make sure that we -- the OCR team keeps very careful documentation of their cases. I just want to make sure that we have adequate time to respond fully.

Mr. ROKITA. So do you doubt you can make the March 1 deadline?

Mr. KING. We will endeavor to meet the March 1 deadline. But again, I want to make sure that our team consults on the specifics of the questions.

Mr. ROKITA. Do you feel any of Mrs. Foxx's questions were unclear?

Mr. KING. It's a question of whether we can gather all of the specific material that she's interested in by March 1.

Mr. ROKITA. Okay. But the questions were straightforward and reasonable?

Mr. KING. The questions were reasonable.

Mr. ROKITA. Okay. Thank you, Doctor.

I also wear the hat -- or the curse -- of being vice chairman of the Budget Committee, and so I'm very interested in today's hearing from a couple of those perspectives. I see that your administration has been proclaiming that the budget adheres to the budget agreement reached by the previous Speaker last fall, I believe in October. Yet it includes over \$6 billion for new mandatory spending programs in 2017 alone.

Now, just two of those programs that we touched on a little bit so far, Preschool for All and the College Promise programs, are estimated to increase the deficit by \$127 billion over 10 years -- \$127 billion over 10 years alone. So I find it hard to understand how that adheres to any kind of budget agreement. This was my initial reaction: How does that adhere to any budget agreement when we blow up the numbers that way?

So then you dig a little deeper, and I realized how you did it. These programs, you moved them into mandatory spending versus discretionary spending. And of course the heart of the agreement was on the discretionary side. And for those watching at home or wherever you may be tuning in, it's sort of a confusing concept, not to us, but to others, mandatory versus discretionary. Of course the appropriations process is all discretionary spending. The budget is discretionary spending. Congressman Rokita and the rest of us here, we all vote on whether to dial up those numbers or dial down those numbers.

But what doesn't get touched and what is the majority of our Federal spend every year and what is a majority of our \$19 trillion in debt is the mandatory side. So as I read your budget request, you're simply -- you're taking \$127 billion in terms of new spending, put it into mandatory programs, so we can't touch it unless we reform that underlying program, which we did in the Every Student Succeeds Act, and we'll probably talk more about that tomorrow.



But you see the switch that I'm talking about here. People would call it a gimmick. And this is your first time here in this capacity on the Hill. You don't want to start off that way. Did you have a hand in writing this budget?

Mr. KING. The President's budget overall not only stays within the caps agreed to on discretionary spending, but the budget overall reduces—

Mr. ROKITA. Yeah, I just said that. Sir, no, I'm sorry, let me interrupt you. I just said that. Yes. It agrees to the discretionary side of things by blowing up the mandatory side, including a \$127 billion increase in spending over 2 years on your two programs, Preschool for All and College Promise.

So my question was, did you write this budget?

Mr. KING. Again, the President proposes for the budget overall tradeoffs that ensure that the budget overall, including mandatory spending—

Mr. ROKITA. Let's not start off like this. I know you're new. You can easily say that Arne Dunkin wrote -- helped the President write this. Did you have a hand—

Mr. KING. I was actively involved in the conversations, as was the entire team at the Department, working closely with OMB to ensure—

Mr. ROKITA. Do you think that's a responsible way to budget, to move stuff from the discretionary side into the mandatory side and then proclaim that you're adhering to an agreement?

Mr. KING. Again, the budget as a whole actually would reduce the deficit. Each program that is proposed on the mandatory side also has a pay-for—

Mr. ROKITA. You're about ready, you've been nominated, to hold the reins of an agency that spends billions of dollars, and there's a tremendous amount of responsibility that goes with that, as you know. Did you agree to move \$127 billion of new spending from the discretionary side out of the appropriators' hands and out of the budget's hands to a mandatory side of spending?

Mr. KING. This budget commits to programs that we think are hugely important for the country. Preschool for All, as you know—

Mr. ROKITA. Thank you.

Thank you, Chairman. I yield back.

Chairman KLINE. The gentleman yields back.

Ms. Clark.

Ms. CLARK. Thank you, Mr. Chairman.

And thank you, Mr. Secretary, for being here today.

I want to turn towards the preschoolers and early education, and specifically parts B and C of the IDEA Act. As you know, they are absolutely critical to addressing the needs of our young children from birth through age 5 who experience learning challenges, including, you know, they provide support for preschools as well as State infrastructure for early screening, referral, and intervention. I was delighted to see a modest increase. You know these programs could use even more, but we are grateful for the Department in doing that.

Can you address the priorities in the area of early education, but specifically for young children with disabilities?

Mr. KING. Yeah. So hugely important role for preschool and students' long-term success. And we think that's hugely important for students with disabilities and for all students.

We do propose an increase in part B and C, and that is a place where we tried to increase IDEA funding. But I would say the Preschool for All proposal, which would move us towards universal access, particularly for our highest need students, to quality public preschool, would serve students with disabilities quite well. And we think it's important that where possible we have inclusive preschool environments. And ensuring that access to preschool is available would allow more communities to create inclusive preschool environments where preschool students with disabilities are in the classroom with general education preschool students.

Over the long term, I think there's more that we can do as a country to support early identification. The earlier we intervene with students, the better off we'll be. I know there are proposals on the Health and Human Services side around Head Start and so forth.

But in terms of the education budget, I think the combination of Preschool for All, the increase for Preschool Development Grants, which are jointly administered with HHS, and the part B and C increases all reflect our deep commitment to preschool.

Ms. CLARK. Wonderful. Thank you.

I also wanted to ask you and follow up on some of my colleagues' questions around year-round Pell grants, which I am certainly hearing from my community colleges in Massachusetts are critical.

And as we are looking at curriculum for community colleges really with an emphasis on stackable certificates, so that our students can get to that first job, I wonder how you see sort of -- do you see any tension with your On-Track Pell Bonus potentially between encouraging students to take a certain number of credit hours versus getting that initial certificate that may allow them to start on a career path quickly?

And some of the issues that I've heard coming up are really the need for flexible ways that students can sign up for class time, whether that be a longer class that doesn't meet as frequently or a Saturday class, so that they can provide for their families while furthering their education. I just wonder if you could address that.

Mr. KING. Yeah. So, you know, college completion is hugely important to how we ensure America's long-term economic competitiveness, and it is critical to solving some of our challenges around student debt. And what we know from evidence around the country is that programs that help students get to completion can have a significant impact on graduation rates.

We know that there are programs -- for example, when I was in New York, at City University of New York, a support program that they have called ASAP for students who are in community college literally doubled the completion rate. A small number of supports for students doubled the completion rate from about 20 percent to 40 percent for Pell-eligible students, ensuring that they would get to a degree.

So these proposals build on an evidence base. We know that if students have an incentive to take more credits, increases the likelihood that they'll complete. It's a small incentive that we're pro-

posing, \$150 a semester, to encourage students to take 15 credits. We know that campuses around the country, University of Hawaii is an example of this, that have committed to these 15-credit initiatives have then had to examine exactly the issues you're describing. Do students have access to the courses that they need each semester? Are there creative ways to schedule those courses?

That's why we also propose an institutional bonus for campuses that do a good job improving their completion rates for Pell students, because often institutions can structure their program design, the counseling they provide to students to increase completion rates.

And then summer Pell builds on that as well. We know that if students can stay on track and take those extra summer courses, they are much more likely to graduate.

But you're right. We've got to do this all with attention to making sure that we maintain space for innovative program design on the part of institutions--

Chairman KLINE. The gentlelady's time has expired.

I want to advise all my colleagues that I'm going to limit time to 4 minutes so that everybody has a chance to engage in the discussion and we can still meet the commitment to Dr. King to get him out of here by his hard time.

And, Dr. Heck, we're going to start with limiting you. You're recognized.

Mr. HECK. Thank you, Mr. Chair.

And thank you, Secretary, for being here.

I represent the Clark County School District in southern Nevada, which is the fifth-largest school district in the country, which presents its own unique challenges. But one of the bright spots that we have is our career and technical education programs, which provide for very engaged students, passionate teachers, and much higher graduation rates than the general population.

CTE has that "hold harmless" provision in it that was based on 1998 funding levels, which disproportionately impact States that experienced rapid growth, like Nevada, in the ensuing 18 years. A prior budget proposal would have shifted money from CTE to another program, which would have then invoked the "hold harmless" provision. I was glad that proposal was not followed and has not reappeared. But I remain concerned about that provision.

Can you tell me what ideas you have to ensure adequate and equitable distribution of CTE funding to all States based on current populations and need?

Mr. KING. I'm certainly open to working with you on that. As I had indicated earlier, we're hopeful that there will be a reauthorization of the Perkins CTE Act, and I think that would create an opportunity for discussions about allocation of resources.

And also ways that we spur innovation. You know, in New York, one of the ways that we were able to stretch the CTE dollars was working through regional providers that were serving multiple districts. And that allowed us to pool students, pool resources, and create CTE programs that were more cost effective.

So I think there's an opportunity in that reauthorization discussion to get at exactly this issue.

Mr. HECK. I appreciate your willingness to work with me on that.

Also, last year I introduced a bipartisan Simplifying the Application for Student Aid Act with Reps. Roe, Polis, and Pocan. The important legislation would require the Secretary of Education to allow students to use their tax information from 2 years prior to fill out their FAFSA earlier. That would provide a quicker response to students and therefore give them more time to make important decisions about their college education.

Last year, the Department announced that it would use its current authority to allow students to use that older data. While, obviously, I agree with the concept and will continue advocating for it, I'm concerned that the transition year, where the same income year will determine two award years, will cause confusion for students and burden for institutions.

Can you clarify for me how you will treat conflicting information during the transition and explain when you will provide schools with the detailed instructions for how to do so given the October 1 implementation date?

Mr. KING. And we're working to provide additional guidance to schools. As you say, the prior-prior approach would apply beginning next October, apply to all students. But there is flexibility built into our student aid system for students aid administrators at campuses to look at if there have been changes in a student's circumstances. Because of course, even as we move towards the prior-prior year tax return driving the aid calculation, if a student's parent has lost a job or a parent has passed away, we want there to be flexibility, and student aid administrators would maintain that flexibility to adjust awards based on that additional information.

Mr. HECK. Thank you very much.

Mr. Chair, I'll yield back the balance of my time, pointing out that I was able to get two questions in.

Chairman KLINE. You are my hero, sir. The gentleman yields back.

Mr. Polis.

Mr. POLIS. Thank you, Mr. Chairman. Well, I have three questions for the Secretary.

And I'll give them all to you, and then hopefully you'll have time to respond.

First of all, thank you so much for coming before us and thank the Obama administration for putting forward a great budget in this area. I especially want to thank you for the administration's proposed funding increase for the Charter School Program requested at \$350 million. As you know, the administration also supported the recent omnibus bill that had an increase of \$80 million of plus-up for fiscal year 2016 funding for charter schools, and I'm pleased to see the support will continue under your leadership.

My three questions are, first, open education. Last year, the Department indicated that access to open education resources would be a priority for the Department's Office of Education Technology. We see great opportunities to save students money on textbooks, particularly at the higher ed level, and I'd like you to address how the President's budget request continues the Office of Ed Tech's commitment to increasing access to open resources and ensuring materials created with grants from the Department are available to the public under an open license. That's the first one.

Second question, a few people have addressed, have brought up the importance of summer Pell. I want to lend my voice to that. I spoke with students in Boulder and Fort Collins at CSU and CU about access to Pell Grants in the summer. I was hoping you could briefly address how the administration's request for funding summer Pell is important for students and your plans in that area.

And then finally, dual enrollment. We're very excited in Colorado, we found that a student is 23 percent more likely to attend college if they took dual-enrollment classes in high school. That is a class that is offered usually through a community college for college credit. It's a great way to get low-income kids or first-generation college-goers to access college, sometimes even earn an associate's degree concurrent with their high school degree.

What is the Department doing and what can the Department do to support the growth of these programs, and what can Congress do to ensure that more students have access to dual-enrollment programs and access to low-cost or no-cost for-credit college courses while they're in high school?

Mr. KING. Great. Thank you, Congressman.

So on the issue of open educational resources, we think there's a huge opportunity for savings and sharing -- sharing of best practice, savings to schools and to students. And that's true of K-12 and higher ed. There are some very interesting efforts around the country around open educational resources to lower the costs of textbooks for students at the higher ed level. Certainly at the K-12 level, lots of opportunities for sharing between educators across the country.

We have a regulation out that we just closed public comment on that would require grantees, Federal grantees, to make their resources available in an open way. We're reviewing that comment now and are excited about that effort.

Summer Pell, I think, can be transformative for students. Great examples around the country of the ways in which helping students get to completion faster, manage their time better as they work towards completion can improve outcomes. We think Summer Pell will help with that. We've built that into our budget proposal and see it in conjunction with the institutional bonus for schools that improve completion rates for Pell students as part of a multiprong strategy to improve completion rates.

And then on the issue of dual enrollment, we've got a Pell experimental site on dual enrollment. We've just received applications from institutions around the country, higher ed institutions, to use Pell for high school students to pursue dual-enrollment classes. We're excited about that effort. The research base on dual enrollment is very strong already, and we will build that evidence base with this experimental site. But there's also an opportunity in our proposed Next Generation High School initiative for schools to use a dual-enrollment approach.

Mr. POLIS. And we're in my last 10 seconds, and I'd appreciate a future follow-up. I just want to encourage you to consider that a realistic way to deliver on the President's commitment to make community college free is through our K-12 system and through concurrent enrollment. And I hope that you can see that as, you know, one of our most realistic ways to actually make that happen.

Chairman KLINE. The gentleman's time has expired.

Mr. POLIS. Thank the gentleman. I look forward to your responses.

And I yield back.

Chairman KLINE. Mr. Guthrie.

Mr. GUTHRIE. Thank you, Mr. Chairman.

Thank you, Mr. Secretary for being here. Appreciate you being here today.

We've received some reports that the Federal Student Aid, FSA, and the Office of Postsecondary Education, OPE, do not always communicate effectively, and, in general, most offices within the Department are siloed from each other, which harms coordination and efficiency. This came to a head in November when former Secretary Duncan sent a memo to FSA and to OPE instructing them to find a better process for communicating effectively in regards to accreditation issues.

How did this communication become so ineffective it required a memo from the head of the agency? And then what are you doing within the Department to make the communication practices effective overall, better overall?

Mr. KING. Two important parodies for me in this year are continuing to strengthen the efficiency of management of the Department and improving our efforts to ensure that the higher ed sector delivers access, affordability, and completion. The accreditation work is in that context, where we want to make sure that we are transparent about the information on the process that accreditors follow, we want to make sure that accreditors are doing a good job fulfilling their responsibility as part of the accountability for higher ed institutions.

We worry that institutions like Corinthian which, you know, failed -- Corinthian was accredited all the way through its failure as an institution. And so we've got to make sure that accreditors are paying close attention to institutional performance.

That memo was issued in that spirit, to try to ensure that we work together across the agency to strengthen the process for monitoring and supporting accreditors, and we're going to continue that work. We've also got legislative proposals, happy to share those with you, on how we might improve the process for accreditors.

Mr. GUTHRIE. Thank you. And I believe Dr. Foxx had asked a question at the end of her time and didn't have time for a response. And just to remind you, because I know you've had a lot of questions since then, she asked: How do you plan to ensure FSA is acting as an effective partner with institutions as its PBO status requires?

Mr. KING. One of the proposals in the President's budget is for an increase in staffing at Federal Student Aid. We see that the loan portfolio is growing. So we've got to make sure that we have the staff that we need to support that portfolio. We are working with a variety of contractors, including servicers, to try to improve the student borrower experience. We will soon recompute the servicer contract, which will be an opportunity to strengthen how servicers work with borrowers. I mentioned earlier, we launched a new enforcement unit focused on ensuring that where there are

bad actors, whether it's in the for-profit, non-profit, or public sector, that we have a strategy to investigate and intervene.

So we have a number of initiatives underway to strengthen the experience of students and institutions working with the Federal Student Aid system.

Mr. GUTHRIE. Thank you for your answers, and congratulations on your selection. We look forward to working with you over the next year.

And I yield back 40 seconds.

Chairman KLINE. You also are my hero. Gentleman yields back. Ms. Adams.

Ms. ADAMS. Thank you, Mr. Chair.

And, Dr. King, thank you for testifying today and for speaking with the Bipartisan HBCU Caucus a few weeks ago. It was a pleasure to have you there and to know that we have a bipartisan group of members on both sides of the aisle who are very interested in this issue. I'm encouraged as well that you will do well with your confirmation, and congratulations.

As you know, and many of my colleagues know, HBCUs have been a priority of mine for a while. So I was pleased to see the new HBCU/MSI Innovation for Completion Fund, and within it the First in the World Program and the support for HBCUs. So could you talk a little bit more about the decision to create the program and support for HBCUs and ways that the Department can work to address the funding discrepancies that have historically existed for these schools?

Mr. KING. Yeah. Thank you for your question. And thank you for the opportunity to meet with the Bipartisan HBCU Caucus.

We think one of the critical issues that we need to work on as a country is completion, ensuring that students who start are able to finish school. We know there are examples around the country, including HBCUs and MSIs, of smart initiatives to provide counseling to students, to help students figure out the right course selection, to help students think about internship opportunities that will expose them to possible career choices that might shape their course selection, just-in-time small grants to help students manage some of the financial challenges that come up in the day-to-day of their lives, student support services where students may be struggling with challenging life issues, whether that's domestic violence in a relationship or issues of food insecurity.

So we know that those programs can help improve completion, and when students get their degree, they are in a much better position to be successful in the economy and to pay back any debt that they may have.

First in the World was funded for 2 years, and there are a number of grants, including to HBCUs and MSIs around the country, that are showing early signs of promise around improving completion through support services for students. We think that's an important program to continue and needs to have a set-aside for HBCUs and MSIs because of their critical role in the economy and our culture.

Similarly, the HBCU/MSI Innovation Completion Fund is designed to be targeted to HBCUs and MSIs that want to help build

an evidence base around what works to help students get to completion.

Ms. ADAMS. Okay. Let me ask you another question which has to do with the decision the administration made 5 years ago to cut \$10 million from the Ronald E. McNair Postbaccalaureate Achievement TRIO program, which prepares low-income first-generation minority students for graduate studies. And so I understand that at that time the administration made the decision to support efforts to improve STEM-based programs and to help the Nation address the decline in our country's STEM-trained graduates by focusing on students earlier in the pipeline. So the direct result was the loss of the opportunity for future scholars to pursue a graduate degree, which included the program at Dr. McNair's and my alma mater, North Carolina A&T, which sits in my district.

Given that Congress afforded a \$60 million funding increase to TRIO last year, will you consider restoring this program?

Mr. KING. Yeah. We look forward to working with you on this. We are pleased that there's funding there to continue the McNair program at the prior level.

I would say that the TRIO programs have a hugely important role on our campuses. TRIO programs are a key part of the supports for first-generation college students. We have a number of staff members and leaders at the Department who were themselves beneficiaries of TRIO programs. And so we think that's hugely important and look forward to working with you on implementation.

Chairman KLINE. The gentlelady's time has expired.

Mr. Messer.

Mr. MESSER. Thank you, Chairman.

Congratulations, Dr. King. It's great to have you here.

I want to start with a thank you and then a request for help. The thank you comes with your predecessor and your team back in September, the Federal Department of Education was very helpful to charter schools in Indiana. And I sent a letter in late September, that you may well be aware of, where it was determined that there were \$2.3 million in cuts to Indiana's public charter schools, and at a time when you didn't have similar cuts to the other public charter schools.

In immediate response to that letter, the Indiana Department of Education reached out to the Federal Department of Education, and you guys very clearly and very quickly told them that their calculations were wrong and that they needed to do something about it. In fact, you set up a meeting in late September of those principals to charter schools, the State Board of Education and the Indiana Department of Education, to discuss that. So thank you. Thank you for your prompt action there.

Now, this was where my request for help comes in, because since that time there's been radio silence. You know, it's not fair that we would penalize public school students who choose to go to charter schools. And if we care about these kids, we need to do something about it.

And so I have a couple quick questions. One, are you aware of whether the Federal Department of Education has had any follow-up with the Indiana Department of Education on this issue?



Mr. KING. We are still in conversation with the Indiana Education Department and expect resolution of the issues. My understanding is that they realize that their calculations were in error, that they are intent on correcting them, and certainly we can update you on that.

Mr. MESSER. So they responded in September in response to your advice that they had made the error. The Indiana Department of Education and the State's public charter school organizations say they haven't had any contact. So could you commit to me that you will work again to bring these principals back together to work on this issue?

Mr. KING. Happy to do that. My understanding is that our team has been consulting with the Education Department on the necessary corrections. And I'll make sure that we follow up with you and figure out the best next steps.

Mr. MESSER. And to be clear, if those follow-ups have happened, the public charter school organization has had no further follow-up.

Mr. KING. Got it.

Mr. MESSER. And my understanding is the State Board of Education as well.

And then lastly, you know, we're now 5 months later. We're approaching the end of the year. Do you have any sense of when these schools -- and most importantly, the students they serve -- can count on getting that funding?

Mr. KING. My understanding from the team is that it's imminent, but I will make sure that our team updates you and your staff on that.

Mr. MESSER. Okay. Thank you very much. Again, congratulations in this new appointment. You've done a very impressive job today, frankly, of answering on a wide variety of issues. And looking forward to the opportunity to work with you.

Mr. KING. Thank you.

Mr. MESSER. Thank you.

And I yield back a minute, 2 seconds, Chairman.

Chairman KLINE. My absolute hero.

Mr. Takano.

Mr. TAKANO. Thank you, Mr. Chairman.

Mr. Secretary, good morning, I guess. With all the destruction of students' financial futures caused by big predatory for-profit colleges, and with so many of the students now claiming fraud and demanding debt relief that could cost taxpayers billions of dollars, with mounting law enforcement investigations of these same companies, and with some of these companies themselves in irresponsible, precarious financial shape, does the Department think it makes sense to keep sending these companies billions of our taxpayer dollars and sending our students there?

Are you taking a harder look at the continued eligibility of some of these companies for Title IX aid?

Mr. KING. So our task is both to protect the interests of students and taxpayers. We are very concerned about bad actors, and where we've identified bad actors, we have acted. For example, there's a set of schools, the Mariano schools in California, that were recently -- Marinello Schools, sorry -- that were recently closed as a result of enforcement actions that were taken.

We're going to continue to do that. We have proposed in this budget \$13 million for our enforcement unit. We are directing existing resources towards that enforcement unit and will grow the capacity of that enforcement unit.

Mr. TAKANO. I'm glad to hear that. I hope I can maybe talk with you about, you know, just what schools are under review. I'm very concerned about what happened.

I'm going to move on to the topic of Corinthian. Prior to its collapse, Corinthian Colleges, Inc., faced countless lawsuits and investigations by the SEC, the CFPB, many State attorneys general, and others. Corinthian has since faced two enforcement actions by the Department itself and lost its lawsuit to the CFPB. But to date, despite staggering evidence that the fraud at Corinthian was endemic across the chain, the Department has only granted relief to less than 1 percent of the affected students and only those who attended a single school, Heald College.

When is the Department going to act to make good on former Secretary Duncan's promise that students would get, quote, "every penny of relief they're entitled to under the law," end quote?

Mr. KING. Yeah. Our Special Master Joe Smith is working through the requests for relief that we have currently. One of the key elements in the requests for relief is evidence of a State law violation, and so we've got to work through the requests that we have so far. I think the amount that's been granted in relief is now somewhere near \$28 million already. But we'll continue to work through that effort as quickly as possible.

We also have a regulation process underway, a negotiated rule-making process underway around borrowers defense that will allow us to set up, we think, more efficient procedures for these issues going forward, because we do want to make sure that where students have been wronged, that they are made whole as quickly as possible.

Mr. TAKANO. Well, many students have been defrauded and deceived, and there's a lot of bad actors in the industry. Don't you think, you know, that the gentleman from Arizona, my colleague's citation of graduation rates can be superficial and even, I think, deceptive in terms of how they portray, I think, a false comparison between graduation rates of a for-profit college, depending on the program and the accreditation of that school, and what goes on in a more general setting at our public community colleges and universities.

Mr. KING. One of the challenges in the sector is that in many cases institutions are running a multitude of programs. And some of their programs may have strong outcomes, others may not. We know that we have institutions that sometimes misrepresent the evidence of their graduation rates. And that's one of the reasons why our enforcement work is so important.

Mr. TAKANO. So we should be skeptical about an 87 percent or an 85 percent -- I mean, we'd have to look at the particular institution.

Mr. KING. Any institution's graduation rate, I think, we have to make sure that they have the evidence to back that up and that it's consistent across programs.

Mr. TAKANO. My time is up. I'm sorry.

Mr. Chairman, I thank you.

Chairman KLINE. The gentleman's time has expired.

Ms. Stefanik.

Ms. STEFANIK. Thank you, Mr. Chairman.

Dr. King, thank you for joining us today.

I wanted to focus my question on higher ed. The district I represent in the north country in New York State, I consistently hear from students, financial aid administrators, concerned parents that our financial aid system is overly complex and nonintuitive. And I believe that instead of confusing students, our aid system should enable individuals to quickly attain the skills necessary to work and to contribute to our economy.

Which is why last year, along with my colleagues, Mr. Curbelo and Mr. Hinojosa, I introduced the Flexible Pell Grant for 21st Century Students Act. And I thank you for your positive comments on the year-round Pell bill. And I also want to thank my colleagues, Ms. Clark and Mr. Polis, for their positive comments on year-round Pell, and I encourage them to cosponsor this bill.

Not only does this bill encourage students to complete their degrees at an accelerated pace, but the bill also directs the Secretary to provide annual financial aid reports to Pell students to help them make the right financial decisions for their unique situation.

So my question for you is, in the year ahead, how do you intend to ensure that we are providing all students with the necessary counseling, especially those most in need as they navigate postsecondary education with a very complex student loan repayment program?

Mr. KING. Helping students to make good decisions about their course-taking, their borrowing, is critical. And then once students have left school, making sure that they have good advice and counseling around how to manage their debt is critical.

A number of things in this budget that I think work towards that. Certainly summer Pell, the bonus for students who are taking 15 or more credits will help in that direction. The institutional bonus for institutions that ensure their Pell students actually graduate and complete, I think that institutional bonus will cause institutions to provide more of just the kind of support services and counseling that you're describing.

We are taking steps at Federal Student Aid to try to simplify the process. We have made the FAFSA form itself simpler. We've made more information available online through the College Scorecard. We're moving on October 1 to an earlier launch date for the FAFSA and also to the use of prior-prior tax return to simplify the process of providing tax information.

So there are good steps underway, I think, in the Department, but I look forward to working with you. I think there are some changes in law that we could make that would make the process even more transparent. I should also say this budget includes a simplification of income-based repayment, and certainly interested in working with you on that as well.

Ms. STEFANIK. Thank you very much. I look forward to working with you and the administration on this issue to simplify a very complex program that is causing significant heartburn to students

and parents and administrators at our higher ed institutions. Thanks.

I yield back.

Chairman KLINE. Very impressed with the cooperation here.

Mrs. Davis, you're recognized.

Mrs. DAVIS. Thank you, Mr. Chairman.

And thank you, Dr. King, for being here and for taking on this critical leadership position.

I wanted to ask you particularly about teachers. I'm afraid I'm doing double duty here today, so I was in another committee. It's my understanding that you haven't spoken too much about teachers today, and we know that they're absolutely critical in a student's achievement and personal future.

One of the issues that's critical is around teacher diversity and making sure that people understand why this is important. So perhaps you could address that.

The other is in California, particularly, we're looking at a teacher shortage that's significant. And many retired teachers understand why that's true. And, in fact, a recent article basically said that most retired teachers would never recommend to their kids that they become teachers.

Now, that's something that we have to be very concerned about. And sometimes people see this, I think, as a State issue, a local issue, one that the Federal Government ought not be involved in. So I wonder if you could address that as well.

And then in terms of teacher professionalism initiatives, what are the key initiatives that you would like to not just engage in, but you would like to see your time in office that really raises the professionalism of teachers? What are the current programs? What more -- what can be done? Because as we all know, teachers are concerned that if they take on some of the leadership roles within schools that they would be taken out of their classroom even, and those are dedicated teachers who don't want to do that.

Mr. KING. Yeah. Thanks.

Mrs. DAVIS. I'm sorry. A little bit of time to address it.

Mr. KING. Thanks for the question.

This is a hugely important issue. I am very worried about the ways in which the tone around teaching, I think, over the last decade has led folks to feel blamed or attacked. I think it's scary for the country that young people are less interested in the teaching profession. So we have got to change that. That's one of my priorities for this year, is to try to lift up the teaching profession. I was a teacher. My parents were teachers. I get the role that teachers play in kids' lives.

The President's budget includes a proposal called Best Job in the World that would dedicate a billion dollars of resources to a variety of initiatives around supporting teachers. That includes increases in the Teacher Incentive and School Leader Incentive Fund, because we think it's important that we attract highly effective teachers and principals to high-need schools.

We think it's important to create resources for schools, create collaboration time for teachers. Often, you know, when you talk to teachers about what's frustrating about the job, the lack of time for collaboration with colleagues to improve instruction, to support stu-

dents, is a major issue, a major working conditions issue. This billion-dollar investment would help to address that.

We also dedicate resources towards Teacher and Principal Pathways, because we think we need innovation in teacher prep and school leader prep to make sure that we have a diverse workforce that's well prepared for the diverse classrooms of the 21st century.

And we also are planning at the Department a number of efforts to try to lift up teacher leadership from the classroom. We've got the Teach to Lead program, and that's funded in the budget. It's a small amount of money, \$10 million, but that would help provide grants to teachers around teacher-led projects to improve their schools and districts.

And then we also are doing work at the Department to try to lift up the issue of teacher diversity. We worry a tremendous amount about the lack of diversity in many places, and we want to make sure that districts and teacher prep programs and school leader prep programs are committed to recruiting diverse students.

Mrs. DAVIS. I hear all that, and I think that's great. I think on the other hand we need -- it is about resources, it's about critical mass. So I would just encourage that as we're looking at that we need to make sure that we have enough momentum going on in schools to really be able to demonstrate what a great difference it makes if it's done correctly.

Mr. KING. That's right.

Chairman KLINE. The gentlelady's time has expired.

Mr. Grothman.

Mr. GROTHMAN. Obviously, student debt is a huge problem out there. Are you in favor of allowing students to refinance their debt at a lower interest rate?

Mr. KING. We'd be interested in working with you on that. Through our Income-Based Repayment program we've tried to focus on for direct loans and showing that we can cap the amount of discretionary income that students are required to pay. But certainly open to talking about other strategies that would allow students—

Mr. GROTHMAN. Well, I'm just saying across the board. I don't like this idea of penalizing people, you know, penalizing certain people. Do you think it would be a good idea just in general to say we can refinance debt?

Mr. KING. I think if there are ways that we can help students to consolidate debt and take advantage of some of the existing direct loan programs, including the income-based repayment, I think that's something that we should explore.

Mr. GROTHMAN. It's something I'd like to do. And we're, obviously, going to go into a very difficult budget right now. I realize, you know, a certain level has been agreed to, but we also have a dip in the economy. So income's not going to come in as quickly as we said.

President Obama has proposed particularly huge mandatory spending increases, and even a 2 percent increase in your budget here. Do you have any suggestions of things you don't feel are as necessary in your proposed budget if we have to pare it back, particularly if we have to pare it back to allow students to refinance?

Mr. KING. We think that investments that are in this proposed budget will actually produce long-term savings. You know, if you think about the benefits of preschool for all, for example, we know that students who are in high-quality preschool are less likely to end up needing remedial services later.

So that is a strategy, yes, it's an upfront investment, but over the long run will have a strong return on investment.

Mr. GROTHMAN. So your idea would be greater in debt now, but down the road it's going to pay for itself 20 years from now or something.

Mr. KING. It's the idea that if we make these investments in preschool, in the skills that students would get through community college experiences, funded through America's College Promise, that the long-term return to our economy justifies those initial investments.

Mr. GROTHMAN. Okay. A lot of your investments are in 4-year college. In my district, I am finding a lot of people, perhaps egged on by people giving them student loans or Pell Grants, are spending a significant amount of time going to a 4-year college and later on they wind up going back to a tech school because their degree, their 4-year degree, was not helpful at all.

Do you have any proposals out there in which maybe we could prevent these kids from wasting their time in the first place and they can go or be pushed immediately into some sort of education in which they could get a job rather than wasting, to a certain extent, taxpayers' money, but also their own money and time in getting a degree that's not helpful?

Mr. KING. One of our challenges, I think, in the higher ed sector generally is how do we help students make good decisions about the relationship between their choice of school, choice of degree, and their long-term earnings. It's one of the reasons we think the College Scorecard provides helpful information to students, because it gives them the sense of the likely earnings that students would have leaving a particular school.

Mr. GROTHMAN. I don't mean to cut you off, but my chairman is going to bang the gavel.

Do you agree that there are many people going for a traditional degree today who would be better off not going for that degree?

Mr. KING. You know, I think it's a broader question of whether our students are choosing the degree that makes the most sense for their life plan, and that's where I think the College Scorecard could be helpful. It's also where the institutional bonus for Pell completion rates would be helpful, because then institutions would be incentivized to provide more counseling for students on just these issues.

Mr. GROTHMAN. Right. Do you feel guilty if you've given a large student loan to somebody and they don't get a decent job and have to go back maybe to a tech school 5 or 6 years later? Does that make you feel guilty?

Mr. KING. I think as a country we have to be very aware that we have so many students who, A, are starting but not finishing, which is a huge challenge, and that there are students who are finishing and then not able to be successful in the 21st century economy. It's one of the reasons why the President's budget invests in

efforts, joint efforts between education and labor to make sure that we are getting students into programs that help give them skills that will allow them to compete in the 21st century economy.

Chairman KLINE. The gentleman's time has expired.

Mr. Bishop.

Mr. BISHOP. Thank you, Mr. Chair.

Mr. Secretary, thank you for being here today. Thank you for your testimony. You certainly have outlasted the rest of the committee. Congratulations on that.

I have just one question, in fact, and I wanted to get your input, if I could, on the Department of Labor's proposed overtime rule and really your input as to what I've been hearing from a lot of folks in the education community that it would have a dramatic effect on higher ed all the way down to our local school districts.

Just specifically, I've heard from a number of small colleges in my home State of Michigan about the potential negative impacts of this new rule. One college, very small, 1,700 students, told me they could face up to a million-dollar increase in costs per year under this new rule.

There are other examples across the country. As I looked into the issue, I found the university system of Maryland, for example, estimates that they could see an increase in costs of up to 40 million in just the first year. The University of Florida, which has 12 universities in all, faces a cost of 62 million annually -- \$62 million. Community colleges in Iowa estimate that this rule would have raised -- could have raised their costs in 2016 so far up to \$12.6 million. That's just in the first quarter. There are so many examples, and I won't get into all of them because we have limited time, but it's of great concern.

I should note that the rule will also have negative impacts on school employees. Many of them will be reclassified as hourly employees to try and deal with this rule. That would be considered by most as a demotion. The rule would also limit opportunities in the workplace, such as flexible schedules and career development.

And, obviously, too this has a huge impact on the other side too, increasing costs for colleges and universities at all levels, and that trickles all the way down to everybody who's got to pay for colleges, students, parents, and it's really having a hugely devastating effect.

And I'm not certain that this was intended to be the case, but I do know that it is the case, and I just wondered if you could give me some of your thoughts about the proposed rules and some of these issues that have been raised.

Mr. KING. Yeah. I mean, I would defer to my colleagues at the Department of Labor on the specifics of the rule. I would say as a general matter, whether it's issues around overtime or paid leave or minimum wage, I think at the end of the day investing in our workforce results in a stronger middle class that in the end then allows for more resources for higher education, for early education, for K-12 education.

So in the long run, I think those kinds of efforts to protect employees and protect the interests of employees are important to the overall economy. But, again, I would defer to my colleagues at the Department of Labor on the specifics of the rule.

Mr. BISHOP. But can you at least acknowledge that there are, clearly, issues that have been raised and might be a real concern? These might be unintended consequences, but, in fact, they are legitimate concerns raised by colleges and universities and local school districts?

Mr. KING. I think colleges and universities, like other employers, need to develop strategies that make sense for their employees and for their long-term—

Mr. BISHOP. That's why they raise the issue, because they're trying to do that but they have limited dollars. And all I want is to raise the issue with you to make sure that it's on your radar screen so that you might have an opportunity to speak with Secretary Perez on the issue, because it's a real concern. And these are people that, obviously, you have jurisdiction over. They are both students, they are teachers, they are colleges and universities, and it's important. I just wanted to raise it to your attention.

I see my time is up, Mr. Chairman, so I yield back.

Chairman KLINE. The gentleman yields back.

All members have had a chance to engage in the discussion, so we are getting ready to close. And I will yield to Mr. Scott.

Mr. SCOTT. Thank you, Mr. Chairman.

I look forward to working with the Secretary as we address the challenges of early childhood education, elementary and secondary, and affordability of higher education.

Mr. Chairman, we had spoken earlier about the situation in Flint, Michigan, and the Secretary, the Department is developing an appropriate response. There are a lot of things that need to be done. For example, early childhood education, the Individuals with Disabilities Education Act. A lot of early intervention can go a long way into mitigating the problems. And we need to make sure that we have a specific educational response so if we can do an emergency supplemental, we'll know what needs to be in it for the programs under our jurisdiction.

So, Mr. Chairman, thank you for inviting the Secretary. I yield back.

Chairman KLINE. I thank the gentleman.

I'd just a note, I'm sorry, obviously, people, all members here are rushing between hearings. Ms. Bonamici was talking about how Congress sets the student loan interest rates. It is true that in a bipartisan way, working with the administration, the Obama administration, a formula -- Congress was involved in creating a formula. But as you know, the rates are determined now by the market. Congress doesn't sit here and decide with a Ouija board, or whatever they used to do, what those interest rates ought to be. I just want to be clear about that.

I want to thank you, Dr. King, for being here today. And I really do appreciate your willingness to come back tomorrow and letting us really get into a discussion of the Every Student Succeeds Act. Great interest to us and to you and to the Department and I think to people across the country, because we're already starting to hear from stakeholders in our States and districts. So we're really looking forward to that.

And, again, good luck to you tomorrow afternoon as you move to the wrong side of the Capitol for those discussions.



There being no further business, the committee stands adjourned.

Mr. KING. Thank you.

[Questions submitted for the record and their responses follow:]

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March 29, 2016

The Honorable John B. King, Jr.  
 Secretary  
 U.S. Department of Education  
 400 Maryland Avenue, SW  
 Washington, DC 20202

Dear Secretary King:

Thank you for testifying before the Committee on Education and the Workforce at the hearing entitled "Examining the Policies and Priorities of the U.S. Department of Education" on Wednesday, February 24, 2016. I appreciate your participation.

I have enclosed additional questions for inclusion in the final hearing record. Please provide a written response **no later than April 12, 2016**. Responses should be sent to James Forester on the Committee staff, who can be contacted at (202) 225-6558.

Thank you for your important contribution. I look forward to your prompt response to these important questions.

Sincerely,

  
 JOHN KLINE  
 Chairman

Committee on Education and the Workforce

Enclosure

cc: Additional Member Questions

**Chairman Kline (R-MN)**

- In answers for the record from the joint subcommittee hearing examining FSA as a performance-based organization on November 18, 2015, FSA stated that most change requests on student loan servicer contracts allow the vendor to propose an implementation schedule purportedly to allow a proper timeframe for implementation of new changes. How often does FSA adhere to this policy and accept a servicer proposed time frame?
- In answers for the record from the joint subcommittee hearing examining FSA as a performance-based organization, FSA stated they did not terminate any PCA agreements in 2015; however, a Department of Education press release from February 27, 2015 announced they were indeed ending contracts with five PCAs. What factors were used in determining which contracts to end? Please provide the committee with the information used to make these decisions.
- FSA recently stated that they are in the process of a complete review of the DMCS system architecture and operating environment to identify additional efficiencies that should improve system performance. When will this review be completed? Will FSA provide the Committee with results from the review?
- FSA stated communication with current PCAs occurs on a regular basis, and in answers for the record received on March 21, 2016, FSA said that the most recent formal meeting was held at the end of October. That was almost five months ago. What does FSA consider “regular” communication? Please provide the Committee with a list of formal meetings spanning the life of the contracts from the 2009 procurement process.
- How often does FSA communicate with PCAs that are not receiving new awards but are still collecting on loan portfolios?
- In answers for the record from the joint subcommittee hearing examining FSA as a performance-based organization, FSA stated they consider the information received regarding accreditor sanctions in their program reviews. In a report reissued on January 22, 2015, GAO claimed in order to strengthen the Department’s oversight of schools, Department staff needed to consistently review, record, and respond to accreditor sanction information and clarify its guidance on how the agency will respond to specific accreditor sanctions. What specific steps has FSA taken to strengthen this process? Why is there a conflict of information between what GAO reported and the answer you provided?
- FSA recently provided the Committee with data on program reviews. FSA stated that they conduct roughly 300 program reviews each year and, since 1995, they have conducted over 6,000 program reviews. No data was provided on the average amount of time these reviews take to complete. Having received reports of lengthy program reviews, please provide the Committee with this previously requested information. Additionally, please share what, if any, metrics or protocols FSA has to ensure appropriate response and turnaround time.

- Following the OPM and OMB data breaches, OMB launched a 30 day “cyber sprint” directing agencies to immediately take action to improve the resilience of federal networks. OMB publically released the results of the push for strong authentication. The Department of Education is one of four agencies that produced negative results on identity, credential, and access management, a negative 14 percent change. This is unacceptable. What are you doing to actually protect the sensitive information you have?
- Why did it take a “cyber sprint” to point out these concerns? How have you improved your internal controls to identify inadequacies in your information security?
- Over the past few months, several deficiencies in the Department’s IT security capabilities have come to light. To name a few:
  - In November 2015, the OIG released an audit report which found that Department-wide information systems continued to be vulnerable to security threats;
  - That same report found the Department was not effective in four out of ten cybersecurity areas and that improvements were needed in seven out of ten cybersecurity areas covered by the Federal Information Security Management Act (FISMA) reporting metrics;
  - The OIG concluded the report with six repeat findings and ten repeat recommendations; and
  - The OIG has labeled IT security as a management challenge for the Department for three consecutive years now.

These failures point to an incredibly dangerous systematic pattern of shortcomings in a time of increased cybersecurity threats. This is concerning given the gravity of the Department holding over 130 million unique social security numbers. What are you doing in this last year to fix this administration’s inability to keep this information as safe as possible?

- Section 496 of the *Higher Education Act* (HEA) and Title 34 of the Code of Federal Regulations set forth the process and conditions in which the Department recognizes an accrediting agency. This gives the Department sole jurisdiction of accreditors in the federal space. Recently, the Consumer Financial Protection Bureau (CFPB) has attempted to take action against an accrediting agency by issuing a civil investigative demand, an action that is wildly outside of their authority as accreditors offer no financial services or products. What are you doing to protect the Department’s jurisdiction over accrediting? What kind of precedent is set when the Department appears to be unable to do their job and willing for someone else to do it?
- Currently, 45 states and the District of Columbia have some type of preschool program, not to mention the variety of local and private programs benefiting kids across the country. Given these existing investments in early education programs, Congress, in ESSA, paved the way for states to strengthen coordination between these programs and to identify areas for programs to improve, before simply throwing scarce resources at another new preschool program that we are not sure will work. Can you share how you are working with HHS to help states and nonprofits lead the way by not creating another new program or dictating

strict federal requirements such as those proposed under the “Preschool for All”?

- The FY 2017 Omnibus Appropriations bill required the Department to create a common manual for all Direct Loan servicers by March 1, 2016, so student loan servicers were operating in a similar fashion and borrowers were receiving similar treatment. What is the status of this manual?
- The Office of Federal Student Aid announced its intent to create a new complaint system to be implemented by next year. What types of complaints will be allowed in this system? Will institutions be allowed to submit complaints against the Department to address their concerns with how FSA is acting as a partner? How is this complaint system different than the complaint system being set up at the CFPB and through the system established at the Department’s Office of the Ombudsman?

**Rep. Barletta (R-PA)**

- I am pleased the Department has indicated that the allocations of new loans to the loan servicers will only be in place temporarily and it has acknowledged the current allocation does not fairly reflect the relative performance of all of the loan servicers. How will the Department be conducting its evaluation of alternative allocation methodologies? Will the Department be revising the categories of loan servicer metrics to allow for a more fair comparison? Will the Department involve outside experts, for example in statistical weighting, to assist in developing the new measurements?
- As part of its design of new measurements, how will the Department factor in the capacity of loan servicers? What steps will the Department take to ensure it minimizes the risk to borrowers whose loans may be allocated to loan servicers that lack sufficient capacity to provide appropriate service? Will the Department factor in the potential harm that may come to borrowers because of the challenges that could be faced by the not-for-profit servicers and by the increased likelihood that their loans may need to be transferred to another loan servicer when a new procurement for loan servicing is completed?

**Rep. Bishop (R-MI)**

- Secretary King, the Department is currently holding millions in appropriated funds for the D.C. Opportunity Scholarship Program – a program Congress has consistently funded since 2004. These funds are intended to be used for new scholarships so that more children from low income DC families can access the program. I understand the administrator already has around 1,600 new applications for the 2016-2017 school year. When will these important funds be made available?
- To participate in the DCOSP, families must live in the District and meet certain income requirements. These are the only requirements within statute. Has the Department placed additional eligibility requirements onto entry in the program? If so, what are these requirements and why does the Department feel it has the authority to go beyond the statutory language?

**Rep. Byrne (R-AL)**

- I see the budget calls for \$61 billion in mandatory funding over ten years to make community college free. As the former Chancellor of Alabama's two year college system I have seen what works at the institutional level and what helps students attain the skills they need to get a job upon completion of their program. With such a large price tag and no targeted efforts to connect students with the workforce demands in their area, how can you ensure this is in the best interest of America's students, and taxpayers? Why is another program, layered on what we already have out there, necessary?

**Rep. Carter (R-GA)**

- Under the *Higher Education Opportunity Act* enacted in 2008, colleges and universities choosing to maintain a list of preferred lenders for private education loans must comply with a set of complicated disclosures and reporting requirements. This has resulted in many schools simply ending counseling students and parents on various sources of financial aid needed and available to finance their postsecondary education, including low-cost private loans offered by state and nonprofit organizations. The Task Force on Federal Regulation of Higher Education, spearheaded by Sens. Lamar Alexander and Barbara Mikulski, noted that the preferred lender list rules "are overly prescriptive and create barriers to providing information about non-Title IV loan programs with favorable terms for students." Given other reforms in the law (such as gifting prohibitions), is it time to take a hard look at those provisions and find ways to better help students and parents to learn about programs that might be better for them financially?
- There are great non-federal loans out there -- my home state of Georgia, for example, offers a 1 percent interest rate while loans are in good standing. I'm concerned that students aren't hearing about better loans because these lists are so burdensome for institutions. Are you doing anything at all to help ensure students hear about these types of loans? If so, please explain in detail the efforts that are being made to elevate awareness of these loan programs.

**Rep. Foxx (R-NC)**

- The current procurement process for the unrestricted pool of private collection agencies has seen a canceled Request for Proposals and multiple deadline extensions since we last asked about it at our hearing with FSA in November. Given that PCAs need to make staffing and other important decisions so they can best serve borrowers, can you explain the reason for the cancellation and the delays, and tell us when you expect to complete this procurement and award contracts?

**Rep. Fudge (D-OH)**

- There is currently \$1.3 trillion in outstanding national student loan debt, and our youngest generation carries an average student debt balance of \$35,000 per person. Many student loan repayment options hinder our graduates from fully participating in the local and global economy due to their monthly payment demands. What funding requests are being made to

help students better manage their loan repayment, so they can have the quality of life they worked so hard to achieve by obtaining a college education?

**Rep. Messer (R-IN)**

- The Department's Privacy and Technical Assistance Center (PTAC) has been a helpful source of information and support for schools all across the country. In the President's budget, there was a call for greater resources for PTAC. What level of support do you need to help ensure more schools are benefiting from PTAC's resources? Also, will any of the additional funding that Congress provided last year for the Department's administrative budget for FY 2016 be used to expand PTAC's services to schools?

**Rep. Allen (R-GA)**

- Last year, Congress enacted the Bipartisan Budget Act, which included an important provision allowing the federal government and its contractors to use predictive dialing. As the Department has noted, this change is an important way to strengthen the federal student loan servicing and collections system and improve borrower communication, and it has long been supported by the Administration. Have you or your staff weighed in with FCC Chairman Wheeler in support of TCPA reform? What steps are you taking to ensure this law gets implemented in a way that will ensure student loan borrowers are able to receive the support and assistance they need in a timely manner from their student loan servicer?

**Rep. Rokita (R-IN)**

Third-Party Servicer

- I have a question about the Department's process of issuing Dear Colleague Letters in lieu of, or before, formal regulations. Last year, the Department released a Dear Colleague Letter expanding the definition of "third-party servicer" and the reporting requirements for those institutions and providers that manage parts of the financial aid system and provide specialized support services to students. Also, as part of an amicus brief filed in a lawsuit in Indiana, the Department noted that it was prohibiting guaranty agencies from assessing collection costs in certain circumstances, and promptly issued a Dear Colleague Letter to this effect. Both items were issued outside of the normal regulatory process, exceeding the Department's regulatory authority and opening up these financial aid organizations to increased liability because of the Department's constantly-changing directives. Why has the Department chosen to circumvent its formal regulatory process?

Upward Re-Estimate

- This year's budget includes an upward re-estimate on the overall costs of Direct Loans by \$7.7 billion. Last year, it was nearly \$22 billion. How does the Department define these re-estimates? What is the proportion of these increasing costs due to income driven repayment? Are interest rate fluctuations accounted for in the Department and OMB's methodology?

- The budget indicates increasing enrollment in income-driven repayment (IDR) plans are a factor in the increasing cost re-estimates. Does the Department expect IDR enrollment to continue to increase? If so, what are the projections for increased costs for taxpayers?

#### Budget Proposals

- The budget states the proposed cap of \$57,500 for Public Service Loan Forgiveness is “to protect against institutional practices that may further increase student indebtedness.” Please describe these practices in greater detail. Do loans to the full cost of attendance that carry a forgiveness benefit, such as Grad PLUS Loans, heighten the Department’s concerns with these practices? Absent a cap on PSLF, what can the Department do to limit these institutional practices?

#### Consolidation Loans

- The Department’s Budget Justification indicates Direct Consolidation Loans “have increased substantially,” but also states there is no definitive explanation for this increase. Does the Department plan to explore this issue further?
- What proportion of borrowers with Direct Consolidation Loans had loans in delinquency and default that were combined into a Direct Consolidation Loan?
- The budget indicates 18-19 percent of borrowers will default on their consolidation loans. How many of these defaults are “re-defaulters” who had previously defaulted on the underlying loans?
- If two-thirds of all Direct Consolidation Loan volume is enrolled in income-driven repayment and the average loan is \$60,000, what are the Department’s projections for the forgiveness of these loans?
- What is the median Direct Consolidation Loan?
- What is the projected repayment rate across the entire Direct Consolidation Loan portfolio?
- Please provide the following information on the Direct Consolidation Loan program:
  - Percentage current on repayment
  - Percentage 30-90 days delinquent
  - Percentage 90+ days delinquent
  - Percentage in default

#### **Rep. Thompson (R-PA)**

- I understand the Department intends to pursue a new allocation of student loans to servicers in July that will be based on new metrics. How does the Department plan to ensure that the new measurements to servicer performance are justifiable, given the vastly different nature of the portfolios serviced by the TIVAS and the not-for-profit servicers? Will you release your draft metrics to stakeholders for feedback before utilizing the new metrics?



- The administration proposed the creation of a new, duplicative grant program designed to encourage innovation in career and technical education. This is yet another example of the Department attempting to expand its control over state and local education decisions. Why does the administration continue to believe that the federal government is better than the states at identifying and encouraging quality programs?

**Rep. Walberg (R-MI)**

- It is my understanding that Hillsdale College in Hillsdale, Michigan is willing to supply much of the information included in the Department's College Scorecard found at "collegescorecard.ed.gov." Is the Department unwilling to list Hillsdale on the College Scorecard?
- I also understand that Hillsdale has attempted to report data to the Integrated Postsecondary Education Data System (IPEDS) but the IPEDS Collection System is unable to accept Hillsdale's data online. Is the Department working with Hillsdale to accept its data in IPEDS system?
- During your testimony, you indicated that you "are working with the higher education community to make sure schools that weren't included in the first round of the scorecard have the opportunity to be included in the scorecard." Please document any interactions Department of Education staff has had with Hillsdale regarding the inclusion of the college in the Scorecard. Has the Department considered including a disclaimer on the College Scorecard website indicating that all institutions of higher education are not included?

## COMMITTEE ON EDUCATION AND THE WORKFORCE

2017 DEPARTMENT OF EDUCATION HEARING, FEBRUARY 24, 2016

## QUESTIONS FOR THE RECORD

## QUESTIONS SUBMITTED BY REP. JOHN KLINE

**Federal Student Aid (FSA) Servicer Timeframes**

*Question.* In answers for the record from the joint subcommittee hearing examining FSA as a performance-based organization on November 18, 2015, FSA stated that most change requests on student loan servicer contracts allow the vendor to propose an implementation schedule, purportedly to allow a proper timeframe for implementation of new changes. How often does FSA adhere to this policy and accept a servicer proposed time frame?

*Answer.* Department change requests include proposed implementation dates, which are often externally driven by deadlines imposed through legislative, regulatory, policy, or audit requirements. Servicers have the opportunity to propose alternative dates or to request extensions after a date is initially agreed upon. In most cases, these proposed revisions are accepted by the Department.

**FSA Private Collection Agency (PCA) Terminations**

*Question.* In answers for the record from the joint subcommittee hearing examining FSA as a performance-based organization, FSA stated they did not terminate any PCA agreements in 2015; however, a Department of Education press release from February 27, 2015, announced they were indeed ending contracts with five PCAs. What factors were used in determining which contracts to end? Please provide the committee with the information used to make these decisions.

*Answer.* The contracts with five PCAs expired in or about April 2015. This was the end date of the last ordering period per the terms agreed to when the contracts were awarded. As stated in the press release (<http://www.ed.gov/news/press-releases/us-department-education-end-contracts-several-private-collection-agencies>), the five PCAs were found to have made materially inaccurate representations to borrowers about the loan rehabilitation program at unacceptably high rates. The Department chose not to issue award term extensions (past April 2015) to these five firms, as it had discretion to do under the terms of the contracts. The contracts' period of performance, the results of the focused review and the ability to continue servicing the defaulted portfolio effectively were all factors considered in the decision.

**FSA Debt Management Collection System (DMCS) Review**

*Question.* FSA recently stated that they are in the process of a complete review of the DMCS system architecture and operating environment to identify additional efficiencies that should improve system performance. When will this review be completed? Will FSA provide the Committee with results from the review?

Answer. This review is ongoing and should be completed later this year; we will be happy to share the results with the committee. Over the past year, we have made major improvements to the Debt Management and Collection System (DCMS), including a major upgrade of the commercial software that is the foundation of the system and the implementation of a number of major security improvements. We have also revised our software development process to better leverage lifecycle management methodology and standardize and enhance requirements development, testing, and documentation practices.

#### **FSA PCA Formal Meeting List**

*Question.* FSA stated communication with current PCAs occurs on a regular basis, and in answers for the record received on March 21, 2016, FSA said that the most recent formal meeting was held at the end of October. That was almost five months ago. What does FSA consider "regular" communication? Please provide the Committee with a list of formal meetings spanning the life of the contracts from the 2009 procurement process.

Answer. FSA considers regular communication to include routine interactions regarding program, process, or performance questions or issues; these interactions occur on an ongoing basis. Responses to general questions are typically distributed to all PCAs. In addition, meetings are scheduled or conference calls arranged as needed to clarify or expand on written guidance. FSA also interacts with PCA staff regarding call monitoring results on a monthly basis. A list of formal meetings is provided below:

July 8, 2009  
 September 14-18, 2009  
 November 16-19, 2009  
 September 14, 2010  
 January 25, 2011  
 July 26, 2011  
 October 26, 2011  
 March 6, 2012  
 July 10, 2012  
 October 9, 2012  
 March 14, 2013  
 July 24, 2013  
 October 9, 2013  
 January 30, 2014  
 March 25, 2014  
 July 17, 2014  
 October 22, 2014

July 22-24, 2015

October 23, 2015

#### **FSA PCA Communication Frequency**

*Question.* How often does FSA communicate with PCAs that are not receiving new awards but are still collecting on loan portfolios?

*Answer.* As noted in our response to the previous question, we communicate with all PCAs on an ongoing basis regarding a broad range of operational and contractual issues.

#### **FSA Average Time for Program Reviews**

*Question.* FSA recently provided the Committee with data on program reviews. FSA stated that they conduct roughly 300 program reviews each year and, since 1995, they have conducted over 6,000 program reviews. No data was provided on the average amount of time these reviews take to complete. Having received reports of lengthy program reviews, please provide the Committee with this previously requested information. Additionally, please share what, if any, metrics or protocols FSA has to ensure appropriate response and turnaround time.

*Answer.* In fiscal year 2011, FSA's Program Compliance Group conducted 291 reviews with the average time for issuing the Program Review Report (PRR) to the institution standing at 249 days. By fiscal year 2015, FSA achieved significant improvements in issuing the PRR to institutions in a more timely manner. The average of 70 days for issuance—post program site review—represents a near 72 percent decrease in processing time over the past 4 years and was achieved despite significant regulatory changes, increased complexities across compliance findings, and general staff attrition. FSA aims to complete and issue the PRR to institutions within 75 days of completing the on-site review.

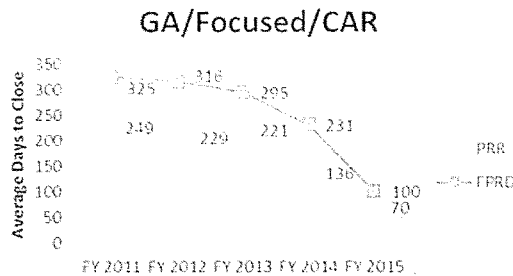
As part of the program review protocol, institutions have an opportunity to formally respond to findings notated in the PRR. In cases where multiple complex file reviews served as the basis for adverse findings and whereas the institution needed to review all, or a significant number of, student records to respond to the issue(s) noted in the PRR, it is not uncommon for such institutions to request one or more extensions in filing their formal response. Generally, such extensions are granted to afford institutions optimal opportunity to respond to the finding(s). Once the institutional response is received, it must be reviewed to determine the effect on or potential closure of the finding and the subsequent determination of any liabilities due to the Department.

Accordingly, a Final Program Review Determination (FPRD) letter is issued to an institution to conclude the program review process and identifies the requisite findings and any associated liabilities due to the Department. The FPRD provides instructions for the payment of liabilities and notifies the institution of its right to appeal the findings where appropriate.

Similar to the efficiencies documented for the issuance of the PRRs, the processing time to issue FPRDs stemming from program reviews (i.e., General Assessment, Focused or Compliance Assurance) to requisite institutions improved from

an average of 325 days in fiscal year 2011 to an average of 100 days by fiscal year 2015. This represents a 69 percent decrease in the number of days to issue FPRDs to institutions. The chart below, showing General Assessment, Focused, and Compliance Assurance Reviews, depicts these improvements in both elements of the standard program review process.

General Assessment, Focused and Compliance Assurance Review Times



FSA continues to assess and adapt work assignments, review operational approaches, and augment staff training to aid in the efficient resolution of program reviews. That said, FSA reiterates that very complex reviews with extensive findings and/or approved extensions for institutions to generate supporting materials can contribute to delays in issuing reports and may result in concerns about timeliness as expressed to the committee.

#### FSA Steps to Strengthen Response to Accreditor Sanctions

*Question.* In answers for the record from the joint subcommittee hearing examining FSA as a performance-based organization, FSA stated they consider the information received regarding accreditor sanctions in their program reviews. In a report reissued on January 22, 2015, GAO claimed in order to strengthen the Department's oversight of schools, Department staff needed to consistently review, record, and respond to accreditor sanction information and clarify its guidance on how the agency will respond to specific accreditor sanctions. What specific steps has FSA taken to strengthen this process? Why is there a conflict of information between what GAO reported and the answer you provided?

*Answer.* FSA does not believe there to be an inherent conflict in the answers for the record from the November 2015 joint subcommittee hearing and the recommendations noted in GAO Audit 15-59, "Higher Education: Education Should Strengthen Oversight of Schools and Accreditors," as FSA had completed the implementation of its corrective actions stemming from the agency recommendations noted in the requisite audit by October 2015. The Department's Office of Postsecondary Education (OPE) was the principal office responsible for implementing the findings

contained in the audit; however, FSA responded to several of the recommendations contained in the report. Please see the CAP document for further details and information on the action items associated with each of GAO's recommendations.

As part of the planning and preparation for an institutional program review, FSA's Program Compliance staff contacts the requisite accreditor to obtain any information that the accreditor may have regarding the institution. The response becomes part of the official "work papers" that guide and document the program review.

As a result of the specific recommendations stemming from GAO Audit 15-59, in October 2015, FSA's Program Compliance Group formally began incorporating accreditor adverse actions into the annual risk assessments used to select institutional program review candidates and subsequently updated its program review procedures and accompanying staff training to execute this change. Furthermore, FSA continues to work with the Accreditation Group within the Office of Postsecondary Education to standardize and automate the reporting processes of such adverse actions between accreditors and the Department. The Department recently published for public comment, <https://www.federalregister.gov/articles/2016/04/05/2016-07701/agency-information-collection-activities-comment-request-accrediting-agencies-reporting-activities>, a clarification of required and requested reporting from accrediting agencies, including asking agencies to clearly identify negative and adverse actions to enable more timely information-sharing with FSA.

Such enhancements were part of a set of recommendations generated by an interagency work group created in response to former Secretary Duncan's November 5, 2015, announcement ([www2.ed.gov/admins/finaid/accred/secymemo11052015.doc](http://www2.ed.gov/admins/finaid/accred/secymemo11052015.doc)) specifying executive actions and legislative proposals to "improve accreditors' and the Department's oversight activities." As part of those executive actions, the Secretary issued a memorandum charging FSA and the Office of Postsecondary Education with developing further recommendations in two specific areas: (1) improving information-sharing and coordination between the Department and accreditors, including ways to clarify and standardize terminology; and (2) clarifying the flexibility that accreditors may have to conduct risk-based reviews of the institutions they accredit.

The Corrective Action Plan (CAP) associated with GAO Audit 15-59 and a memorandum dated January 20, 2016, outlining the joint program offices' recommendations and the actions FSA and OPE have implemented to date are included below.

**Internal Report: Corrective Action Plan**  
**February 29, 2016**

**A.C.N. GAO-15-59: Higher Education: Education Should Strengthen Oversight of Schools and Accreditors**

Action Office	OPE	Final Audit Issuance Date	12/22/2014
Action Official		Resolved Date	02/18/2016
Delegated Action Official	Barbara English (703) 219-7045	Audit Completed Date	02/17/2016
Audit Liaison Officer	Barbara English (703) 219-7045	Closure Memo Date	N/A
OWG Audit Manager		Audit Closed Date	N/A

Total Recommendations	4
Number Open	0
Number Completed	4

**Findings/Recommendations/Corrective Actions**

Finding # 1 - Completed	
Finding Type	No Finding

<b>Recommendation # 1 - Completed</b>	
Recommend Type	To ensure that accreditors are reliable authorities on educational quality, we recommend that the Secretary of Education consider further evaluating existing accreditor standards to determine if they effectively address educational quality in key areas, such as student achievement. In carrying out this evaluation, Education could consider whether there are additional actions it could take, within the scope of its existing authority, to assess accreditor standards on an ongoing basis, and if appropriate, Education could develop a legislative proposal to expand its authority to assess accreditor standards.
Responsible Managers	OPE - Jamie Funkhouser

<b>Action Item # 1</b>	
The Department will evaluate existing accreditor standards as it formulates its recommendations regarding HEA reauthorization. Specifically, we will evaluate whether the standards effectively address educational quality in key areas, such as student achievement.	
Action Item Responsible Manager	Barbara English
Planned Completion Date	02/23/2016
Revised Completion Date	N/A
Actual Completion Date	02/17/2016
PO Comments	The HEA and its implementing regulations currently do not supply any measure of the effectiveness of accreditor standards other than individual institutions meeting their stated objectives. The HEA and regulations also prevent the Department from presorting the content of agency standards.
Contacts	Herman Bounds

## Memorandum

To: John King, Acting Secretary  
U.S. Department of Education

From: Lynn Mahaffie, Deputy Assistant Secretary for Policy, Planning and Innovation,  
Delegated the Duties of Assistant Secretary for Postsecondary Education

James W. Runcie  
Chief Operating Officer, Federal Student Aid (FSA)

Date: January 20, 2016

Subject: Increasing Coordination with, and Clarifying Flexibility for, Accreditors

Robust accreditation and oversight of postsecondary educational institutions are critical to advancing quality outcomes for students and protecting students and taxpayers. This Administration has consistently emphasized the urgency of shared action to strengthen accreditation. On November 5, 2015, former Secretary Arne Duncan announced a set of executive actions and legislative proposals “to improve accreditors’ and the Department’s oversight activities and move toward a new focus on student outcomes and transparency.”

As part of those executive actions, the Secretary issued a memorandum charging our offices with developing further recommendations in two specific areas: (i) improving information-sharing and coordination between the Department and accreditors, including ways to clarify and standardize terminology; and (ii) clarifying the flexibility that accreditors may have to conduct risk-based reviews of the institutions they accredit. We are pleased to submit those recommendations, as well as actions that we have begun to take, on those specific areas below.

Given the importance of these issues, we also recommend additional actions beyond those related to enhanced information sharing and increasing flexibility. In particular, we recommend that Department staff continue to advance actions and reforms to increase the rigor and flexibility of accreditor, state, and federal processes, and to explore other actions that the Department can take to protect students and taxpayers when the Department or an accreditor has identified problems at an institution.

These recommendations have been developed by a working group with representatives from several Department offices—the Office of Postsecondary Education (OPE), FSA, the Office of the Under Secretary (OUS), the Office of Planning, Evaluation, and Policy Development (OPEPD), and the Office of the General Counsel (OGC)—and with input from a range of accreditors. All of this work builds on the actions announced in November—increasing transparency on accreditor standards and student outcomes of the institutions they oversee and promoting greater attention to outcomes in current accreditor review processes—and the Department’s urging of Congress to take legislative action beyond the scope of the Department’s authority.



### **Protecting Data Security**

*Question.* Following the OPM and OMB data breaches, OMB launched a 30 day "cyber sprint" directing agencies to immediately take action to improve the resilience of Federal networks. OMB publicly released the results of the push for strong authentication. The Department of Education is one of four agencies that produced negative results on identity, credential, and access management, a negative 14 percent change. This is unacceptable. What are you doing to actually protect the sensitive information you have?

*Answer.* Subsequent to the "cyber sprint", the Department of Education worked aggressively to implement two-factor authentication, specifically Personal Identity Verification (PIV) and PIV-I credentials for privileged users to address the negative results noted from the cyber sprint activities. As of March 31, 2016, 100 percent of privileged users, totaling 2,126, are now required to authenticate using two-factor authentication. The implementation included departmental employees, contractor support for the Department and FSA, and FSA third parties. Additionally, the Department and FSA implemented CyberArk as a tool to manage and monitor privileged user access and accounts in support of the cyber sprint activities to review privileged user access and activities on an ongoing basis.

### **Ongoing and Completed Data Security Measures**

*Question.* Why did it take a "cyber sprint" to point out these concerns? How have you improved your internal controls to identify inadequacies in your information security?

*Answer.* Since 2012, the Department identified cybersecurity gaps in technical capabilities, resources and personnel, and began a long-term plan to reduce the Department's overall cybersecurity risk. Among the initiatives in the long-term plan: an Education (Departmentwide) Security Operations Center (EDSOC) was established to manage the Department's security capabilities and incident response. The EDSOC began operations in August 2013. Also, the Department identified funding requirements to begin a Continuous Monitoring program to meet the Department of Homeland Security guidelines, and a data loss prevention capability, Web application firewalls, and a network access control capability were implemented. As a result of the plan, budget requests have significantly increased each year beginning in fiscal year 2014. The Department's internal realignment resulted in an additional \$1 million in fiscal year 2014 and a substantial program increase of \$6 million in fiscal year 2016. The fiscal year 2017 budget continues the trend of requesting additional resources to continue efforts to reduce information security risk.

### **Protection of Sensitive Personal Information**

*Question.* Over the past few months, several deficiencies in the Department's IT security capabilities have come to light. To name a few:

- In November 2015, the OIG released an audit report which found that Departmentwide information systems continued to be vulnerable to security threats;

- That same report found the Department was not effective in 4 of 10 cybersecurity areas and that improvements were needed in 7 of 10 cybersecurity areas covered by the Federal Information Security Management Act (FISMA) reporting metrics;
- The OIG concluded the report with 6 repeat findings and 10 repeat recommendations; and
- The OIG has labeled IT security as a management challenge for the Department for 3 consecutive years now.

These failures point to an incredibly dangerous systematic pattern of shortcomings in a time of increased cybersecurity threats. This is concerning given the gravity of the Department holding over 130 million unique social security numbers. What are you doing in this last year to fix this administration's inability to keep this information as safe as possible?

Answer. Since the issuance of the fiscal year 2015 Federal Information Security Modernization Act (FISMA) report in November 2015, the Office of the Chief Information Officer (OCIO), in coordination with FSA and Department senior leadership is working to address the audit findings and recommendations issued by the OIG. OCIO and FSA are using a focused and disciplined approach to systemically resolve and address the root causes behind all cybersecurity related findings from both the fiscal year 2015 FISMA audit and the fiscal year 2015 Financial Statement audit. Weekly OCIO and FSA meetings provide insight in the status of all open findings, completed actions, challenges in meeting estimated completion dates, and issues that impact/influence other findings and on-going projects. Bi-weekly reports of open findings and current actions are distributed to senior leadership for review. Additionally, senior leadership monthly meetings are held to discuss the open findings in-depth and address issues to identify solutions.

The Department of Education has worked diligently to ensure that its systems, and the data and information processed, stored, and transmitted, operate in a safe and secure mode. During the past year, the Department has deployed several security tools and capabilities that have contributed to improving its operating environment. These tools and capabilities include:

1. Network Access Control (NAC) capability providing secure access to Department network and information resources.
2. Web Application Firewall (WAF) for monitoring and proactively stopping unauthorized outbound network traffic to include the transmission of sensitive or private information.
3. Data Loss Prevention (DLP) capability allowing the Department to proactively identify where sensitive information is located and restrict its use to include emailing, copying, and printing.
4. Expansion of the Trusted Internet Capability (TIC) and using associated DHS monitoring through the Einstein 3A program.
5. Further deployment of enterprise-wide, two-factor authentication system access solutions.

6. Expansion of the ED Security Operations Center's (EDSOC) network monitoring and incident handling tools, procedures, authorities, and available information.

#### **Consumer Financial Protection Bureau and Accreditation**

*Question.* Section 496 of the *Higher Education Act* (HEA) and Title 34 of the Code of Federal Regulations set forth the process and conditions in which the Department recognizes an accrediting agency. This gives the Department sole jurisdiction of accreditors in the Federal space. Recently, the Consumer Financial Protection Bureau (CFPB) has attempted to take action against an accrediting agency by issuing a civil investigative demand, an action that is wildly outside of their authority as accreditors offer no financial services or products. What are you doing to protect the Department's jurisdiction over accrediting? What kind of precedent is set when the Department appears to be unable to do their job and willing for someone else to do it?

*Answer.* Since taking office, this Administration has focused on improving college access, affordability, and outcomes for all students, and the Department has sought to significantly advance transparency and rigor in the accreditation system. We have also been working to identify and hold accountable institutions that defraud, or fail to serve well, their students. We believe accreditors can serve as partners in this effort and have a critical role to play as part of the higher education "triad" of higher education oversight, along with the Department and States. Accreditation's historic function serves as an important protection for both students and taxpayers by assuring the quality of our postsecondary educational system, and given its roots as a peer-based process for quality improvement, we believe accreditors have a platform for sharing ideas and improving practices across institutions. With broad agreement about the need for significant improvement in both the rigor and flexibility of accreditation, and a sense of urgency due to the pending reauthorization of the Higher Education Act, we see an opportunity for dialogue and action. In November 2015, we announced a series of executive actions and legislative proposals to strengthen accreditation and have since moved forward on the administrative steps we can pursue. We take our work in enforcing accrediting agencies' roles and responsibilities seriously, and will continue to improve the rigor in our own reviews of agencies' effectiveness.

Related to this work, the Department is already engaged in cross-agency dialogue with a number of agencies through a task force, exploring some of the issues of common concern in higher education that relate to student, borrower, and taxpayer protections. For example, through Executive Order 13607, the Principles of Excellence for Educational Institutions Serving Service Members, Veterans, Spouses, and Other Family Members, the Administration has worked to protect our Nation's military families, including by conducting new, risk-based program reviews informed by students' complaints to focus enforcement efforts at the Departments of Veterans Affairs, Defense, Education and Justice, the Consumer Financial Protection Bureau, and the Federal Trade Commission. Most recently, the Department established an interagency task force to help ensure proper oversight of for-profit institutions of higher education. The task force includes members from the Departments of Justice, Treasury and Veterans Affairs, as well as the Consumer Financial Protection Bureau, Federal Trade Commission, and the Securities and

Exchange Commission. Given the important responsibilities each of these Federal agencies has, the agencies will leverage their resources and expertise to assist one another, thereby making the best use of scarce resources and better protecting the interests of students and taxpayers.

While the statute the Department implements in recognizing accrediting agencies is the Higher Education Act of 1965, which governs the Department's Federal recognition function, it contains no provisions limiting jurisdiction that other State and Federal agencies may have under the Federal or State statutes they administer.

#### **Pre-School, Early Education and the Every Student Succeeds Act (ESSA)**

*Question.* Currently, 45 states and the District of Columbia have some type of preschool program, not to mention the variety of local and private programs benefiting kids across the country. Given these existing investments in early education programs, Congress, in ESSA, paved the way for states to strengthen coordination between these programs and to identify areas for programs to improve, before simply throwing scarce resources at another new preschool program that we are not sure will work. Can you share how you are working with HHS to help states and nonprofits lead the way by not creating another new program or dictating strict Federal requirements such as those proposed under the "Preschool for All?"

*Answer.* The Department has long demonstrated its commitment to help States better coordinate and improve the quality of their early learning systems; indeed this was the focus of the Department's successful Race to the Top—Early Learning Challenge, which was implemented jointly with the Department of Health and Human Services. The Preschool Development Grants program was created in 2014 to build State and local capacity to implement preschool for 4-year olds from low- and moderate- income families. The program, which is also jointly administered with HHS, has made grants to 18 States, allowing over 200 communities the support to provide an estimated 120,000 children access to high-quality preschool in the first 3 years. Through this program, States are working to develop high-quality preschool programs and expand access to more children.

The President's 2017 Budget funds Preschool Development Grants (PDG) at \$350 million to support both the final year of the first cohort of 18 States and new grants under the program's authority in ESSA. Under ESSA, the program will continue to be jointly administered by ED and HHS and the new grants will focus on improving the overall quality of State preschool programs while improving coordination across early learning systems and increasing parent choice and knowledge about these programs. Ensuring that all children have access to high quality preschool programs will require partnership between the Federal and State governments, along with engagement among a broad set of high-quality providers.

We strongly believe, based on decades of experience and solid research, that increasing access to high-quality preschool, which is also an authorized activity under the ESSA PDG program, is one of the best investments we can make in our education system. Unfortunately, we have a significant unmet need for services across this Nation—only about 40 percent of 4-year olds eligible for Head Start are enrolled in those services and only about one third of 4-year olds have access to State preschool programs.

These rates are even lower for children eligible for child care services under the Child Care and Development Block Grant.

The fiscal year 2017 Budget request reflects the Administration's overall strategy to expand access to high quality early learning programs by improving the quality of existing programs and expanding the availability of high quality early learning opportunities. This means investing in Head Start and child care while helping States to build high quality preschool opportunities for 4-year olds.

The President's Preschool for All proposal is voluntary, and would support State efforts to ensure all low-income 4-year olds have access to quality preschool and includes similar elements as the PDG program for which 36 States applied. Such widespread support reflects the bipartisan recognition of the importance of high-quality preschool. Preschool for All has also generated strong bipartisan support among governors and mayors who understand that universal preschool education offers the highest return on investment of virtually any education program, and we will continue to work to secure support and funding for Preschool for All in the Congress.

#### **Direct Loan Service Manual**

*Question.* The fiscal year 2016 Omnibus Appropriations bill required the Department to create a common manual for all Direct Loan servicers by March 1, 2016, so student loan servicers were operating in a similar fashion and borrowers were receiving similar treatment. What is the status of this manual?

*Answer.* As part of the new procurement process to recompet the servicing contracts, which began on April 4, 2016, with the posting of a request for proposals, we will develop a common set of servicing requirements consistent with the Student Aid Bill of Rights and the Joint Statement of Principles released by ED, CFPB, and Treasury. These detailed requirements will meet the intent of a common manual by creating a common borrower experience and standardizing all processes and procedures. Creating this common set of standards and requirements outside of the recompet would be prohibitively expensive because each additional requirement would have to be negotiated and paid for across all 10 of our current servicers separately.

#### **FSA Complaint System**

*Question.* The Office of Federal Student Aid announced its intent to create a new complaint system to be implemented by next year. What types of complaints will be allowed in this system? Will institutions be allowed to submit complaints against the Department to address their concerns with how FSA is acting as a partner? How is this complaint system different than the complaint system being set up at the CFPB and through the system established at the Department's Office of the Ombudsman?

*Answer.* The Enterprise Complaint System will accept complaints, positive feedback, and allegations of suspicious activity from customers of Title IV aid programs, or their designated representatives, related to the Title IV Federal financial aid experience. The system has the capability to transfer some out-of-scope complaints to the correct party in a process that is seamless to the customer. For example, if a customer were to submit a complaint related to a private student loan, FSA staff would provide that

complaint to the Consumer Financial Protection Bureau (CFPB) and inform the customer of this transfer, as well as additional information for follow-up.

The Enterprise Complaint System is intended for customers of Title IV aid programs, and not FSA partners, including institutions of higher education. Representatives of institutions participating in Title IV programs may continue to utilize existing channels within FSA's Program Compliance and Business Operations units to submit feedback about their partnership with FSA.

The Enterprise Complaint System is being developed as a result of the Administration's mandate in the President's Student Aid Bill of Rights from March 2015, to "create a responsive student feedback system [...] to give students and borrowers a simple and straightforward way to file complaints and provide feedback about Federal student loan lenders, servicers, collections agencies, and institutions of higher education." As noted in the Student Aid Bill of Rights, as a result of this new system, "[s]tudents and borrowers will be able to ensure that their complaints will be directed to the right party for timely resolution, and the Department of Education will be able to more quickly respond to issues and strengthen its efforts to protect the integrity of the student financial aid programs." Additionally, the Enterprise Complaint System will be able to accept complaints against various entities – such as internal FSA business units as well as institutions of higher education – that are not included within the CFPB's system. Regarding the Office of the Ombudsman, the Enterprise Complaint System is intended to collect feedback – including complaints, positive feedback, and allegations of suspicious activity – while the Ombudsman is intended to help customers resolve a dispute. If FSA staff determines that a complaint submitted to the Enterprise Complaint System is more appropriately managed as a dispute within the Ombudsman process, that complaint will be seamlessly escalated to the Ombudsman process and the customer will be notified.

#### **QUESTIONS SUBMITTED BY REP. LOU BARLETTA**

##### **Loan Servicer Metrics**

*Question.* I am pleased the Department has indicated that the allocations of new loans to the loan servicers will only be in place temporarily and it has acknowledged the current allocation does not fairly reflect the relative performance of all of the loan servicers. How will the Department be conducting its evaluation of alternative allocation methodologies? Will the Department be revising the categories of loan servicer metrics to allow for a more fair comparison? Will the Department involve outside experts, for example in statistical weighting, to assist in developing the new measurements?

*Answer.* We are still in the process of determining how best to adjust our performance metrics and allocation process to account for differences across servicer portfolios. We reached out to all of our loan servicers in March 2016, for suggestions on how best to reflect these differences and are reviewing their responses and other, internally generated, options. Our internal data and statistical analysis group is actively involved in this review process; we do not plan to engage outside experts beyond the servicers themselves. Once we have completed the review, we will select an approach and give the servicers an opportunity to provide feedback. We will publicly post our

calculations and the results of both our initial and subsequent allocations, as has been our standard practice with previous results and allocations.

#### **Servicer Capacity and Borrower Risk**

*Question.* As part of its design of new measurements, how will the Department factor in the capacity of loan servicers? What steps will the Department take to ensure it minimizes the risk to borrowers whose loans may be allocated to loan servicers that lack sufficient capacity to provide appropriate service? Will the Department factor in the potential harm that may come to borrowers because of the challenges that could be faced by the not-for-profit servicers and by the increased likelihood that their loans may need to be transferred to another loan servicer when a new procurement for loan servicing is completed?

*Answer.* As required by the Consolidated Appropriations Act of 2016, as part of our allocation process we will assess the capacity of each servicer to manage and process new and existing borrower accounts. We have experience working with each of our servicers and are already familiar with their systems and capabilities. Regardless, we have requested, received, and conducted an initial review of capacity plans from all of our servicers to assess the reasonability and risk of each servicer's staffing, training, system, and other resource planning. Based on our experience and our initial assessment of the capacity plans, we are confident that all of our servicers can manage and process projected borrower account allocations for the next few months, while the volume of new accounts is relatively low. While we continue the process of completing and documenting our capacity assessment, we will monitor each servicer's performance closely and can modify or discontinue allocations on short notice if any issues arise. Our plan is to complete and document the capacity review, as well any adjustments or changes to the metrics, by June 30, 2016.

We will also develop a transition plan related to the ongoing loan servicing procurement that focuses on minimizing risk for borrowers at all servicers and ensuring that high-quality service level are maintained as volume shifts from existing vendors to those that receive new awards.

#### **QUESTIONS SUBMITTED BY REP. MIKE BISHOP**

##### **DC Opportunity Scholars Program (OSP) Funding Status**

*Question.* Secretary King, the Department is currently holding millions in appropriated funds for the D.C. Opportunity Scholarship Program - a program Congress has consistently funded since 2004. These funds are intended to be used for new scholarships so that more children from low income DC families can access the program. I understand the administrator already has around 1,600 new applications for the 2016-2017 school year. When will these important funds be made available?

*Answer.* To ensure that all current OSP scholarship recipients have the support necessary to continue in their chosen school without their tenure in the school being disrupted, the Department determines the extent to which funds are available for new awards by first taking into account the future needs of all current scholarship students. Preserving carryover funds is the best way to ensure the continuity of the education of

current scholarship students. The Office of Management and Budget estimates that the carryover balance for OSP scholarships would be exhausted and zeroed out within 3 school years absent additional appropriations. Given that funding all current OSP students through each student's tenure in his or her OSP school would require significant additional funds in future years, the Department determined that families currently in the OSP would benefit from the stability provided by preserving a carryover balance.

#### **DCOSP Eligibility**

*Question.* To participate in the DCOSP, families must live in the District and meet certain income requirements. These are the only requirements within statute. Has the Department placed additional eligibility requirements onto entry in the program? If so, what are these requirements and why does the Department feel it has the authority to go beyond the statutory language?

*Answer.* Since 2012, the scholarship selection process has begun with a determination of an applicant's eligibility in accordance with the statutory definition of "Eligible Student" set forth in Section 3013(3) of the SOAR Act. All applications received, including applications from students who attended private school during the previous year, are reviewed by the grantee to determine whether they meet the definition of "Eligible Student." If they do, they are considered eligible to receive a scholarship.

Once an applicant is deemed eligible for a scholarship, the application is evaluated to determine whether the applicant met one or more of the SOAR Act priorities set forth in Section 3006 of the Act. As you are aware, Section 3006(1), requires that the Department give priority in awarding scholarships to:

(A) eligible students who, in the school year preceding the school year for which the eligible students are seeking a scholarship, attended an elementary school or secondary school identified for improvement, corrective action, or restructuring under section 1116 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6316);

(B) students who have been awarded a scholarship in a preceding year under the OSP, but who have not used the scholarship, including eligible students who were provided notification of selection for a scholarship for school year 2009–2010, which was later rescinded in accordance with direction from the Secretary of Education; and

(C) students whose household includes a sibling or other child who is already participating in the program of the eligible entity under the OSP, regardless of whether such students have, in the past, been assigned as members of a control study group for the purposes of an evaluation under section 3009(a)....

In addition, Sections 3006(2) and (3) require that the Department "target resources to students and families that lack the financial resources to take advantage of available educational options; and ... provide students and families with the widest range of educational options."

The Department has also taken into account current students' future needs and future evaluation-related concerns in establishing the protocols for this year's new OSP scholarships.



**QUESTIONS SUBMITTED BY REP. BRADLEY BYRNE**

**Community College and Workforce Demands**

*Question.* I see the budget calls for \$61 billion in mandatory funding over 10 years to make community college free. As the former Chancellor of Alabama's 2-year college system I have seen what works at the institutional level and what helps students attain the skills they need to get a job upon completion of their program. With such a large price tag and no targeted effort to connect students with the workforce demands in their area, how can you ensure this is in the best interest of America's students, and taxpayers? Why is another program, layered on what we already have out there, necessary?

*Answer.* Today, there are approximately 100 million American adults without any postsecondary education or training; yet by 2020, an estimated 65 percent of job openings will require postsecondary education or training, and the number of jobs requiring some level of higher education is expected to grow more rapidly in the next decade than those that do not. In spite of this, many States continue to disinvest in higher education. In the past 35 years, State and local appropriations have shrunk from 80 percent of revenue per full-time student at public higher education institutions to almost 50 percent. Pulling back on higher education investment hurts economic growth in the States and in our Nation's economy as a whole.

As a result of these challenges, Federal investments like the America's College Promise proposal are needed to ensure that Americans are able to meet the demands of a growing global economy. The proposal would create a Federal and State partnership that provides a new source of higher education funding to States but in turn requires them to do their part by: maintaining their higher education spending, matching a portion of the Federal funding, and allocating their funds, in part, based on college performance. Community colleges will be expected to: offer academic programs that fully transfer to public 4-year institutions; align occupational training programs with workforce needs; and adopt promising and evidence-based institutional reforms and innovative practices to improve student outcomes.

The America's College Promise proposal is modeled after a free community college program in Tennessee, Tennessee Promise. In its first year, approximately 58,000 students applied for the program. As a result, Tennessee had the highest year-over-year gain of any State in the percentage of students who applied for Federal financial aid. The America's College Promise proposal could provide similar results in all participating States and ensure our citizens have access to knowledge and skills they need to compete in our global economy.

**QUESTIONS SUBMITTED BY REP. BUDDY CARTER**

**Institutional Private Loan Requirements**

*Question.* Under the *Higher Education Opportunity Act* enacted in 2008, colleges and universities choosing to maintain a list of preferred lenders for private education loans must comply with a set of complicated disclosures and reporting requirements. This has resulted in many schools simply ending counseling students and parents on various

sources of financial aid needed and available to finance their post-secondary education, including low-cost private loans offered by state and nonprofit organizations. The Task Force on Federal Regulation of Higher Education, spearheaded by Sens. Lamar Alexander and Barbara Mikulski, noted that the preferred lender list rules "are overly prescriptive and create barriers to providing information about non-Title IV loan programs with favorable terms for students." Given other reforms in the law (such as gifting prohibitions), is it time to take a hard look at those provisions and find ways to better help students and parents to learn about programs that might be better for them financially?

Answer. Congress included this provision in the Higher Education Opportunity Act in response to inappropriate relationships between schools and lenders (both in the Federal Family Education Loan program and lenders of private education loans) that placed the interests of schools and lenders before the best interests of borrowers. The regulations mirror the statutory language and ensure an informed student loan borrower, borrower choice of lender, transparency and high ethical standards in the student lending process, and a selection of preferred lenders based on the best interests of borrowers. The definitions, disclosures, code of conduct and reporting requirements are all statutory requirements and are repeated, almost verbatim, in the Department's regulations. The statute and regulations provide common sense steps to ensure that students receive transparent information about private student loans from their schools and prevent inappropriate relationships from reoccurring. The FSA checklist for schools can be found at: <https://ifap.ed.gov/qadocs/InstitutionalEligibility/Activity5IE.doc>. Nothing in the law or regulations prevents schools from providing information about non-Title IV loan programs, and thus, not providing a preferred lender list is a decision schools make themselves.

#### **Non-Federal Loan Options**

*Question.* There are great non-Federal loans out there - my home State of Georgia, for example, offers a 1 percent interest rate while loans are in good standing. I'm concerned that students aren't hearing about better loans because these lists are so burdensome for institutions. Are you doing anything at all to help ensure students hear about these types of loans? If so, please explain in detail the efforts that are being made to elevate awareness of these loan programs.

Answer. The Department is working to ensure that students have the information they need to make good decisions when it comes to borrowing. We encourage non-Federal lenders to work with institutions of higher education to be included in preferred lender lists, in accordance with the law and regulations. Moreover, nothing prevents or prohibits private lenders from disseminating information about their products to consumers.

#### **QUESTIONS SUBMITTED BY REP. VIRGINIA FOXX**

##### **PCA Cancellations**

*Question.* The current procurement process for the unrestricted pool of private collection agencies has seen a canceled Request for Proposals and multiple deadline

extensions since we last asked about it at our hearing with FSA in November. Given that PCAs need to make staffing and other important decisions so they can best serve borrowers, can you explain the reason for the cancellation and the delays, and tell us when you expect to complete this procurement and award contracts?

Answer. There were at least ten protests filed in the course of the procurement before it was cancelled. These filings were the primary cause of the delays to the 2013 unrestricted solicitation. The Department cancelled that solicitation and issued a new solicitation (ED-FSA-16-R-0009) due to changes in the Government's requirements, which necessitated significant revisions to the terms of the solicitation. These changes, in the judgment of the Contracting Officer, would have exceeded what the offerors reasonably could have anticipated through an amendment to the existing solicitation. Further, additional sources might have submitted offers had the substance of these amendments been known to them. Firms who requested to receive notifications regarding the solicitation via FedBizOpps received notification of both the cancellation and the posting of the new solicitation.

#### **QUESTIONS SUBMITTED BY REP. MARCIA FUDGE**

##### **Student Debt**

*Question.* There is currently \$1.3 trillion in outstanding national student loan debt, and our youngest generation carries an average student debt balance of \$35,000 per person. Many student loan repayment options hinder our graduates from fully participating in the local and global economy due to their monthly payment demands. What funding requests are being made to help students better manage their loan repayment, so they can have the quality of life they worked so hard to achieve by obtaining a college education?

Answer. Since President Obama took office, the Administration has taken significant steps to ease the burden of student loan debt by expanding the loan repayment options available to borrowers to manage their student debt, and by ensuring borrowers can cap their student loan payments at 10 percent of their monthly discretionary income. In addition, the Department conducts significant outreach to inform students of the repayment options available to them. The most recent data show about 4.8 million borrowers enrolled in an income-driven repayment plan—a 140 percent increase since December 2013—and declines in the number of borrowers taking hardship deferments or forbearances, and fewer borrowers delinquent on their loan payments. In addition, the Department has conducted, and continues to implement, significant outreach efforts to inform student loan borrowers of their repayment options, including the protections of Pay As You Earn and related income-driven repayment plans.

Despite those efforts and some promising results, choosing and enrolling in the right repayment plan is complicated by the numerous repayment plans authorized and required by law to be offered to borrowers. The Administration proposes, in its 2017 Budget, to work with Congress to create a single, simple, and better-targeted income-driven repayment plan. That plan will simplify borrowers' experiences and allow for easier selection of a repayment plan that helps borrowers to manage their debt, while reducing program complexity and targeting benefits to ensure program effectiveness.

**QUESTIONS SUBMITTED BY REP. LUKE MESSER**

**PTAC Support Requirements**

*Question.* The Department's Privacy and Technical Assistance Center (PTAC) has been a helpful source of information and support for schools all across the country. In the President's Budget, there was a call for greater resources for PTAC. What level of support do you need to help ensure more schools are benefiting from PTAC's resources? Also, will any of the additional funding that Congress provided last year for the Department's administrative budget for fiscal year 2016 be used to expand PTAC's services to schools?

*Answer.* The Department agrees that the PTAC is meeting the privacy challenges of the school community across the country. PTAC consists of both Federal employees—funded from ED's salaries and expenses (S&E) funds and from contractor resources—funded from the National Activities funds from the Statewide Longitudinal Data Systems (SLDS) grant program.

In fiscal year 2016, additional S&E funding was used, in part, for additional staff to support our student privacy initiatives (including PTAC), and contractor technical support for PTAC will cost approximately \$1.6 million. For fiscal year 2017, we have submitted a new budget initiative to further improve student privacy enforcement and to provide additional, enhanced technical assistance for schools, districts, and State Educational Agencies. If the additional funding is approved in fiscal year 2017, additional FTEs will be hired and continued contract funding of approximately \$1.7 million, per year, will be needed.

Additionally, the contract resources that support PTAC's operations are currently funded through the SLDS National Activities funds; should the SLDS Grant Program funds be reduced or eliminated, an alternate funding source will be needed to guarantee the continued effectiveness of PTAC's technical assistance operations for the education community.

**QUESTIONS SUBMITTED BY REP. RICK ALLEN**

**TCPA Reform and Student Loans**

*Question.* Last year, Congress enacted the Bipartisan Budget Act, which included an important provision allowing the Federal Government and its contractors to use predictive dialing. As the Department has noted, this change is an important way to strengthen the Federal student loan servicing and collections system and improve borrower communication, and it has long been supported by the Administration. Have you or your staff weighed in with FCC Chairman Wheeler in support of TCPA reform? What steps are you taking to ensure this law gets implemented in a way that will ensure student loan borrowers are able to receive the support and assistance they need in a timely manner from their student loan servicer?

*Answer.* We have been in contact with FCC representatives to provide technical assistance, explain our programs and their intent, and the importance of being able to provide for both pre- and post-delinquent borrowers to ensure each borrower is aware,

based on their unique circumstance, of all available repayment options and benefits to meet their financial obligation. Once FCC guidance is finalized, we will work with our loan servicers and collection agencies to ensure that their procedures take full advantage of any additional flexibility to help borrowers effectively manage their debt.

#### QUESTIONS SUBMITTED BY REP. TODD ROKITA

##### Third-Party Servicers and Dear Colleague Letters

*Question.* I have a question about the Department's process of issuing Dear Colleague Letters in lieu of, or before, formal regulations. Last year, the Department released a Dear Colleague Letter expanding the definition of "third-party servicer" and the reporting requirements for those institutions and providers that manage parts of the financial aid system and provide specialized support services to students. Also, as part of an amicus brief filed in a lawsuit in Indiana, the Department noted that it was prohibiting guaranty agencies from assessing collection costs in certain circumstances, and promptly issued a Dear Colleague Letter to this effect. Both items were issued outside of the normal regulatory process, exceeding the Department's regulatory authority and opening up these financial aid organizations to increased liability because of the Department's constantly-changing directives. Why has the Department chosen to circumvent its formal regulatory process?

*Answer.* The Department uses Dear Colleague Letters to ensure that program participants are aware of developments in the programs and, in some cases, to remind participants of applicable legal requirements, including the Department's interpretations of our regulations. The issuance of this guidance is fully consistent with the Department's legal authority. The Department does not use Dear Colleague Letters to address matters which must be addressed through regulations.

##### Upward Re-estimates

*Question.* This year's Budget includes an upward re-estimate on the overall costs of Direct Loans by \$7.7 billion. Last year, it was nearly \$22 billion. How does the Department define these re-estimates? What is the proportion of these increasing costs due to income-driven repayment? Are interest rate fluctuations accounted for in the Department and OMB's methodology?

*Answer.* Subsidy reestimates are made on direct loans and loan guarantees that have been disbursed. There are two types of reestimates:

- Interest rate reestimates, for differences between discount rate assumptions at the time of formulation (the same assumption is used at the time of obligation or commitment) and the actual interest rate(s) for the year(s) of disbursement;
- Technical reestimates, for changes in technical assumptions.

For the fiscal year 2017 Budget approximately 37 percent of the total \$7.7 billion Direct Loan reestimate was attributable to updates in the income driven repayment model as well as updated assumptions on participation in the income driven repayment plans.

### **Enrollment Factor in Upward Re-Estimates**

*Question.* The budget indicates increasing enrollment in income-driven repayment (IDR) plans are a factor in the increasing cost re-estimates. Does the Department expect IDR enrollment to continue to increase? If so, what are the projections for increased costs for taxpayers?

*Answer.* The Department continues to closely monitor repayment plan usage and will revisit our IDR enrollment assumptions accordingly. Any changes to those assumptions will be based on the most recently available data and will be reflected in the fiscal year 2018 Budget.

### **Public Service Loan Forgiveness**

*Question.* The Budget states the proposed cap of \$57,500 for Public Service Loan Forgiveness (PSLF) is "to protect against institutional practices that may further increase student indebtedness." Please describe these practices in greater detail. Do loans to the full cost of attendance that carry a forgiveness benefit, such as Grad PLUS Loans, heighten the Department's concerns with these practices? Absent a cap on PSLF, what can the Department do to limit these institutional practices?

*Answer.* The proposed cap on Public Service Loan Forgiveness was established at \$57,500 because that amount is the maximum amount that an independent undergraduate student may borrow. The Department believes that this cap, along with preventing payments made under non-income driven repayment plans from being applied toward PSLF, will help protect against institutional practices that may further increase student indebtedness, while ensuring the program provides generous relief for students committed to public service. Loan forgiveness should be targeted to students with the greatest need; centering the proposed cap on forgiveness at the undergraduate borrowing limit focuses the benefits of the program on the neediest borrowers and discourages over-borrowing caused by tuition inflation, as has been reported at some elite graduate institutions.

The Administration is proud of its record in, and commitment to, an affordable higher education. Over the course of his Administration, President Obama has focused on investing and improving student aid, ending student loan subsidies for private financial institutions and banks and delivering \$60 billion in savings to students and their families, including increasing the maximum Pell Grant award by more than \$1,000, creating and extending the American Opportunity Tax Credit, making loans more affordable, and helping borrowers manage their education debt. Our Budget's overall package of initiatives helps to make all types of college more affordable. We look forward to working with Congress in pursuing these key initiatives and reforms as it continues work on the Budget and the Higher Education Act reauthorization.

### **Consolidation Loans**

*Question.* The Department's Budget Justification indicates Direct Consolidation Loans "have increased substantially," but also states there is no definitive explanation for this increase. Does the Department plan to explore this issue further?

Answer. The Department plans to continue monitoring Direct Consolidation Loan activity carefully and will conduct further analysis as appropriate.

#### **Consolidation Loan Delinquency and Default**

*Question.* What proportion of borrowers with Direct Consolidation Loans had loans in delinquency and default that were combined into a Direct Consolidation Loan?

Answer. In Award Year 2015 there were a total of \$25.62 billion Direct Consolidation Loan dollars disbursed that could be attributed to an underlying loan that was a federally managed Direct loan or federally managed FFEL loan. Of that total, \$790 million had an underlying loan that was held by Debt Management Collection System (DMCS) (in default), which is 3.1 percent of the total (based on dollars). Note, however, these numbers do not include Direct Consolidation Loan portions that were attributed to underlying Perkins or Commercial FFEL loans. Also note that underlying loans could not be identified for approximately \$6.56 billion of the Direct Consolidation disbursements in Award Year 2015 and were, therefore, not included in the total.

#### **Repeating Defaults on Consolidation Loans**

*Question.* The Budget indicates 18-19 percent of borrowers will default on their consolidation loans. How many of these defaults are "re-defaulters" who had previously defaulted on the underlying loans?

Answer. We forecast that approximately 27 percent of Direct Consolidation Loan dollars will enter default came from underlying loans that had previously defaulted.

#### **Consolidation Projections**

*Question.* If two-thirds of all Direct Consolidation Loan volume is enrolled in income-driven repayment and the average loan is \$60,000, what are the Department's projections for the forgiveness of these loans?

Answer. The following table provides the requested information.

Projected Distribution of Outcomes of IDR Borrowers: All Cohorts Through FY 2026  
Includes Only Borrowers Estimated to Complete Their Full Repayment Period

	Not in PAYE*	In PAYE
Public Sector Loan Forgiveness	29.9%	30.8%
Loan Paid Off	31.9%	16.7%
Balance Remaining Less than Original Amount Borrowed	23.1%	37.2%
Balance Remaining Larger than Original Amount Borrowed	15.1%	15.4%

\* Because borrowers can switch between the Income Contingent Repayment (ICR), Income-Based Repayment (IBR), and Revised Pay As You Earn (REPAYE) repayment plans while in repayment, it is not possible to separately estimate outcomes for each plan separately. Pay As You Earn (PAYE) is only available to certain borrowers

and, while borrowers could choose one of the other IDR plans, none are expected to do so because PAYE has the most generous provisions.

Among borrowers through the fiscal year 2026 cohort completing their repayment terms and not receiving Public Sector Loan Forgiveness, it is estimated that:

- They will borrow \$295 billion.
- They will repay \$386 billion over their entire repayment period.
- They will end up with a balance of \$224 billion.

Among borrowers through the fiscal year 2026 cohort expected to receive Public Sector Loan Forgiveness, it is estimated that:

- They will borrow \$146 billion.
- They will repay \$89 billion prior to receiving forgiveness.
- They will end up with a balance of \$166 billion.

#### **Median Consolidation Loan**

*Question.* What is the median Direct Consolidation Loan?

*Answer.* For Direct Consolidation Loans disbursed between Award Year 2011 and Award Year 2015 the median amount disbursed per borrower over the course of that period was \$29,000.

#### **Consolidation Repayment Rate**

*Question.* What is the projected repayment rate across the entire Direct Consolidation Loan portfolio?

*Answer.* Repayment rates can be defined several different ways. In the past few years, the Department has released repayment rates for the College Scorecard and Gainful Employment regulations. The repayment rate element for the Scorecard depicts the fraction of borrowers at an institution who have not defaulted on their Federal loans and who are making progress in paying them down (i.e. have paid down at least \$1 in the principal balance on their loans) after leaving school. The rates are available for 1, 3, 5, and 7 years after leaving school. In a similar fashion, the Gainful Employment regulation released repayment rates that were borrower-based measures that determined the number of borrowers, on a program level, that entered repayment in a 2-year cohort period and made progress in paying them down similar to the College Scorecard calculation.

The Department does not project a total repayment rate for Direct Loan Consolidations in the same manner as the borrower-based elements listed above. Direct Loan costs are displayed using subsidy rates which estimate long-term costs to the Government calculated on a net present value basis, excluding administrative costs. These subsidy rates are a percentage of the value of all of the underlying loans that were made by cohort of origination. Subsidy rates include borrowers that are in a repayment status as well as the expected losses the Government might incur when borrowers fail to repay their loans. The Department publishes subsidy rates by loan type (which include Consolidation



Loans) in the President's Budget Appendix document which can be found on page 130 of the following link:

<https://www.whitehouse.gov/sites/default/files/omb/budget/fy2017/assets/tables.pdf>

#### **Consolidation Loan Statistics and Figures**

*Question.* Please provide the following information on the Direct Consolidation Loan program:

- Percentage current on repayment
- Percentage 30-90 days delinquent
- Percentage 90+ days delinquent
- Percentage in default

*Answer.* Among Direct Consolidation Loans in repayment (which is 66.8 percent of the entire Direct Consolidation Loan portfolio), 87.7 percent were current, 5.5 percent were 31-90 days delinquent, and 6.7 percent were 91+ days delinquent. Among the entire Direct Consolidation Loan portfolio, 9.1 percent were in default. All percentages are based on dollars and calculated as of April 1-3, 2016.

#### **QUESTIONS SUBMITTED BY REP. GLENN THOMPSON**

##### **Portfolio Servicer Selection**

*Question.* I understand the Department intends to pursue a new allocation of student loans to servicers in July that will be based on new metrics. How does the Department plan to ensure that the new measurements to servicer performance are justifiable, given the vastly different nature of the portfolios serviced by the Title IV Additional Servicers and the not-for-profit servicers? Will you release your draft metrics to stakeholders for feedback before utilizing the new metrics?

*Answer.* We reached out to all of our loan servicers in March 2016, for suggestions on how best to reflect differences among portfolios in our performance metric and allocation process and are in the process of reviewing their responses and other, internally generated, options. Once we have completed this review, we will select an approach and give the servicers an opportunity to provide feedback. We will publicly post our calculations and the results of both our initial and subsequent allocations, as has been our standard practice with previous results and allocations.

##### **Federal Role in Career and Technical Education**

*Question.* The Administration proposed the creation of a new, duplicative grant program designed to encourage innovation in career and technical education. This is yet another example of the Department attempting to expand its control over state and local education decisions. Why does the administration continue to believe that the Federal Government is better than the States at identifying and encouraging quality programs?

*Answer.* The Administration's longstanding reauthorization proposal for the Carl D. Perkins Career and Technical Education Act (CTE) includes a CTE innovation fund

that would make available additional Federal resources to support partnerships between CTE programs and business and industry designed to promote innovation and reform in CTE as well as to replicate the success of proven models. The CTE Innovation Fund would provide a source of venture capital that would empower State and local CTE leaders to develop, test, evaluate, and expand their own creative ideas for more effective CTE programming outside the constraints and requirements governing the use of State formula grant funds. We believe that supporting State and local innovation is a critical Federal role in education, and that a CTE Innovation Fund modeled after the Department's successful Investing in Innovation (i3) program is an appropriate way to fulfill that role. For fiscal year 2017, we are proposing \$75 million in first-time funding for this new authority focused on an American Technical Training Fund that would make grants to support the development, operation, and expansion of innovative, evidence-based, short-term, or accelerated education and job training programs that enable youth and adults, particularly from low-income families, to enter and complete career pathways that lead to jobs in in-demand industries and occupations. At a time when so many Americans are seeking opportunities to build their skills and obtain middle-class jobs, and so many State and local leaders are working to create such opportunities, we believe providing additional Federal support for these efforts is the right thing to do for both our people and our economy.

#### **QUESTIONS SUBMITTED BY REP. TIM WALBERG**

##### **Hillsdale College Exclusion**

*Question.* It is my understanding that Hillsdale College in Hillsdale, Michigan is willing to supply much of the information included in the Department's College Scorecard found at "collegescorecard.ed.gov." Is the Department unwilling to list Hillsdale on the College Scorecard?

*Answer.* Hillsdale College does not currently participate in the Title IV, HEA Federal financial aid programs. As of now, institutions that do not participate in Title IV, HEA programs are not included on the College Scorecard because they are not required to send us data, and therefore comparable figures cannot be calculated for those institutions. We are committed to maintaining a website that helps students and families compare their college options, and without comparable data — which includes defining several of the outcomes measures as applicable only to federal aid recipients — we are unable to achieve that mission.

##### **IEPDS Integration**

*Question.* I also understand that Hillsdale has attempted to report data to the Integrated Postsecondary Education Data System (IPEDS) but the IPEDS Collection System is unable to accept Hillsdale's data online. Is the Department working with Hillsdale to accept its data in IPEDS system?

*Answer.* The National Center for Education Statistics has worked with Hillsdale and has implemented changes this year that make it easier for non-Title IV institutions to participate in IPEDS. Hillsdale is now participating fully in IPEDS as a voluntary institution.

**College Scorecard Omissions and Outreach**

*Question.* During your testimony, you indicated that you "are working with the higher education community to make sure schools that weren't included in the first round of the scorecard have the opportunity to be included in the scorecard." Please document any interactions Department of Education staff has had with Hillsdale regarding the inclusion of the college in the Scorecard. Has the Department considered including a disclaimer on the College Scorecard website indicating that all institutions of higher education are not included?

*Answer.* Since launching the College Scorecard, we have continued to receive feedback from and work with those in the higher education community to improve the project, including responding to questions from Hillsdale and others about the Scorecard and its data. In December 2015, the Department held a Technical Review Panel to get feedback on the Scorecard from over 50 higher education experts (including representatives of institutions, researchers, college access organizations, and higher education associations). In January 2016, the Department expanded the universe of institutions included on the site to encompass all Title IV, HEA-participating institutions that award degrees in at least one program. This resulted in over 700 institutions being added to the consumer-facing website. We will continue to consider the best ways to improve the site and to make information provided on the Scorecard as clear, concise, and as user-friendly as possible.

[Whereupon, at 12:09 p.m., the committee was adjourned.]

