

**DEPARTMENTS OF LABOR, HEALTH AND  
HUMAN SERVICES, AND EDUCATION, AND  
RELATED AGENCIES APPROPRIATIONS FOR  
FISCAL YEAR 2004**

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**THURSDAY, MARCH 27, 2003**

U.S. SENATE,  
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,  
*Washington, DC.*

The subcommittee met at 9:04 a.m., in room SD-138, Dirksen Senate Office Building, Hon. Arlen Specter (chairman) presiding.

Present: Senators Specter, Stevens, Harkin, Murray, and Landrieu.

**DEPARTMENT OF EDUCATION**

**OFFICE OF THE SECRETARY**

**STATEMENT OF HON. RODERICK PAIGE, SECRETARY OF EDUCATION  
ACCOMPANIED BY WILLIAM HANSEN, DEPUTY SECRETARY OF EDU-  
CATION**

**OPENING STATEMENT OF SENATOR ARLEN SPECTER**

Senator SPECTER. Good morning, ladies and gentlemen. The Appropriations Subcommittee on Labor, Health, Human Services, and Education will now proceed.

This morning we will hear from the distinguished Secretary of Education, the Honorable Rod Paige, who will present the administration's budget, which is \$53.1 billion, an increase of \$26 million over the fiscal year 2003 program level. That is an increase, obviously, of a minor proportion, less than the inflation rate.

**PROGRAM REDUCTIONS AND ELIMINATIONS**

As we take a look at some of the programs which are being cut or eliminated, they pose some real issues for the subcommittee—the reduction in GEAR UP, the Rural Education program cut by \$167 million, which would, I am told, eliminate the program; a significant cut of \$326 million for vocational education programs; and a problem which confronts this subcommittee is that the budget for education is joined in our overall allocation with health and also labor worker safety, which gives us a lot of very hard choices.

We have advanced the time of this hearing to 9 o'clock, so that we could be available to meet with the full committee, which is

going to hear testimony from the Secretary of Defense and the Secretary of Homeland Security at 10:00.

And I will yield now to the chairman of the full committee, Senator Stevens, with your permission, Senator Harkin.

#### OPENING STATEMENT OF SENATOR TED STEVENS

Senator STEVENS. Well, thank you, because I do have to organize that other hearing with both the Homeland Security and Defense. I do have a long statement. I would like to have it put in the record.

Senator SPECTER. Without objection.

#### ALASKA'S REQUEST FOR FLEXIBILITY

Senator STEVENS. I would like to personally ask the Secretary about the problem of responding to Alaska's request with regard to flexibility. We have had both the letter that was written to you last June and then the meeting with our Governor Frank Murkowski about the problem that we have of so many small schools in areas where, in many cases, we are unable to get teachers, let alone teachers' assistants; and we have not received any indication that there is going to be any flexibility in dealing with those issues.

#### RURAL EDUCATION IN ALASKA

I urge you to read my statement. I do not want to hold up the committee. But Alaska's native population is 25 percent of the enrollment of our schools. The bulk of it is in these small areas, very small areas, small villages. And it is just impossible for us to follow the bill we support, which is that no child should be left behind, from the point of view of getting the people that are necessary to carry it out. If we cannot hire teachers, how can we hire teachers' assistants and people, special people, to qualify those who are not keeping up? And in many cases, it is a cultural language problem, where the parents refuse to allow the children to study in English.

We do not have BIA schools. And yet we find that your budget has reduced the funding for the two basic programs, the Education Equity Act from \$31 million to \$14 million, and the Alaskan-Native Hawaiian Institution Program from \$8.2 million to \$4 million. And you also reduced the funding for the Carol White Physical Education Program from its current level to \$10 million. It was \$60 million. That meant you put \$10 million in another program that is not really authorized by Congress.

Now, Mr. Secretary, some of us have taken on a lot of responsibility around here trying to help run the Senate. And I do not think that means we deserve any extra consideration, but it means we should be treated as a State and as representing a State in a way that we can get answers. I would again ask you to come up and take a look at the villages and see the problems. I do not think your people—your people came up, and they did not leave the main cities. They did not go to the villages. And our problems are in the villages. Even our small Barrow College, the college that is there for native children, your people ignored it entirely.

## PREPARED STATEMENT

So I hope that by the time this markup comes, Mr. Chairman, I am going to ask you to put some severe restrictions on the Department of Education with regard to the use of funds unless they pay attention to the rural areas that cannot comply with this law.

Thank you very much.

[The statement follows:]

## PREPARED STATEMENT OF SENATOR TED STEVENS

Thank you Mr. Chairman, and I'm pleased to welcome Secretary Paige to our subcommittee.

Mr. Secretary, I thank you for the leadership you are demonstrating in working to ensure that no child in America is left behind in getting an education that will prepare him or her to lead a productive life in the 21st century.

Yours is not an easy task, especially in times like these when our ability to provide funding for these programs is severely challenged by the needs of homeland security and supporting our defense needs.

I do have some concerns about how your Department is responding to our State of Alaska's need for flexibility in meeting the standards of the "No Child Left Behind Act."

Last June, Alaska's education commissioner sent you a letter requesting flexibility for our State in meeting timelines for qualifications of teachers and teacher aides, and testing in English of students at early ages.

To the best of my knowledge, the department has yet to receive a written response from the Department to its request.

In January, Alaska's Governor, Frank Murkowski, met personally with you and your senior staff to discuss the issues raised in the June 2002 letter.

I understand that the Department has taken the position that it will not grant any waivers for the "No Child Left Behind Act" requirements.

I also understand that when the Department sent up a team to Alaska to "peer review" its proposed State plan, that the team did not choose to accept the State's invitation to visit remote rural communities to see just how different conditions in my State are from those in the South 48.

Alaska has 54 school districts, with the largest 5 enrolling 70 percent of students. Thirty-nine school districts in my State each enroll less than 1 percent of the student body.

My State has a large number of very small schools, each with only a handful of teachers. Of 506 schools, 135 schools have fewer than 50 students and 82 enroll 25 or fewer students.

Many of these schools are located in villages not served by roads, where the only means of transport among villages is via plane or dog sled.

I am concerned about what my State perceives as a lack of responsiveness by your Department to these issues.

Last year I invited you to come to Alaska and see these conditions for yourself. Once again, I extend the same invitation.

I also ask that within the next 30 to 60 days you send appropriate members of your staff to my State to visit representative schools in rural Alaska and to work with Governor Murkowski's administration to arrive at an equitable solution to these issues.

I'm also disturbed about several decreases and program eliminations in your budget proposal.

Alaska's Native population is almost 25 percent of total enrollment in our schools. Our State has assumed the responsibility for educating all of its students, and we do not receive any Indian education funding, nor do we have BIA schools.

Alaska's Native children need the resources provided under the Alaska Native Education Equity Act to provide the extra help many of them need to succeed in school.

Yet, for the second year in a row, your Department is proposing to cut this funding to \$14 million from its present fiscal year 2003 level of \$31 million.

In the higher education area, your budget proposes to cut funding for the Alaska Native—Native Hawaiian Serving Institutions program from its present level of \$8.234 million to only \$4 million.

You have eliminated entirely funding for the Echo Act, which provides funding for cultural enrichment and job training activities for our Alaska Native Heritage Center and our Inupiat Heritage Center.

All of these programs are authorized in law.

Mr. Secretary, I would like to have you share with this subcommittee why your Department persists in slashing funding and even eliminating programs which are desperately needed by my State's Native people.

On another topic, the Department has also zeroed out funding for the "Carol M. White Physical Education for Progress" program—also authorized in law—from its current level of \$60 million.

I am particularly disturbed by this, because you and the administration have publicly voiced support for physical education programs as a means of combating our epidemic of obesity among America's children, and your budget proposes a similar initiative to be funded at \$10 million.

Mr. Secretary—what's wrong with my pep program—one that is supported by most of the advocacy groups supporting increased emphasis on physical fitness for kids?

Mr. Secretary, I'm also concerned over significant cuts to the Impact Aid program, which is of great benefit to many schools in Alaska, and I hope your staff will work with our subcommittee to restore this important source of support to federally-impacted school districts.

I look forward to your testimony Mr. Secretary and to your visiting Alaska in the near future.

Senator SPECTER. Thank you, Senator Stevens.  
Senator Harkin.

#### OPENING STATEMENT OF SENATOR TOM HARKIN

Senator HARKIN. Thank you, Mr. Chairman. I will try to be brief. I would also ask that my full statement be made part of the record.

#### FISCAL YEAR 2004 BUDGET REDUCTIONS

I just want to associate myself with the statements of our chairman, Senator Specter, in his opening remarks. The President's budget would increase Education Department funding by \$26 million or .05 percent. It does not help schools meet the requirements of No Child Left Behind.

In Iowa, it is estimated 56 percent of all the schools will be designated next year as needing improvement under the No Child Left Behind law. It will go up even higher in years after that. But this budget cuts funding for the No Child Left Behind programs by \$1.2 billion from this year's level.

Now I noticed in your opening statement, you point out that the President's budget represents more than a 25 percent increase since 2001. Well, thanks to Congress. In spite of the President's budget, we increased it that much. The President's budget did not. We did here in the Congress on a bipartisan basis. I just think that the cuts that are made in the budget request from this year's level are really unconscionable.

The \$400 million cut for 21st Century Community Learning Centers would mean no more after-school services for 550,000 children. Surely the administration does not think kids will be better off alone or home alone or out on the streets than in after-school programs in school-based settings.

#### RURAL EDUCATION PROGRAM CUT

I also want to again repeat for emphasis' sake what the chairman said. The \$167 million cut in the Rural Education program is really not acceptable. That zeroes out the whole rural education fund program that we had specifically outlined. It is important to my State of Iowa. It has never been a partisan program, Repub-

lican or Democrat. It was authorized in No Child Left Behind. It has broad support here. And yet the administration wants to zero it out.

PREPARED STATEMENT

Mr. Secretary, again, I just repeat: This budget is totally inadequate. And it is leaving us in a heck of a situation here to try to correct it and get the education funding back up. Again, as you know, I have personally a high regard for you and respect for you. But this budget from the administration is just unacceptable.

Thank you, Mr. Chairman.  
[The statement follows:]

PREPARED STATEMENT OF SENATOR TOM HARKIN

Mr. Secretary, thank you for joining us today for this hearing. I believe this is your third appearance before this subcommittee.

We've had some vigorous debates in the past, and maybe we'll have another one today.

Unfortunately, once again I am disappointed in the President's proposed budget for education. Overall, it would increase Education Department funding by just \$26 million. That's just 0.05 percent—it doesn't even cover inflation.

The President's budget is far from adequate to help schools meet the requirements of the No Child Left Behind Act.

In Iowa, many parents and educators are just now coming to grips with the fact that next year, an estimated 56 percent of all the schools in the state will be designated as "needing improvement" under this new law. The numbers will go up even higher in the years after that.

But what does this budget do? It cuts funding for No Child Left Behind programs by \$1.2 billion from this year's level. That is unconscionable.

I am particularly disturbed by the proposed \$400 million cut for 21st Century Community Learning Centers. This cut would mean no more afterschool services for 550,000 children. Does this administration really think that children will be better off at home alone or out on the streets than in a school-based, afterschool program?

But beyond the question of funding, I'm frustrated by the Administration's disregard for Congressional priorities when it comes to programs like rural education, dropout prevention, and dozens of others that the President plans to eliminate.

Take the rural education program, which is particularly important for my state of Iowa. This is not a Democratic program or a Republican program. It is a bipartisan program authorized in the No Child Left Behind Act. It has broad and strong support in Congress. It helps a group of students that are particularly at risk of being left behind.

Members from both parties understand this. And yet the Administration wants to zero it out.

Mr. Secretary, you know I have a great deal of respect for you personally. I know you want all children to succeed. But this budget will not do the job. I assure you that I and others on this subcommittee will do everything we can to increase funding for education in the months ahead.

I look forward to hearing your statement and discussing this more in the question-and-answer period.

Senator SPECTER. Senator Murray, would you care to make an opening comment?

OPENING STATEMENT OF SENATOR PATTY MURRAY

Senator MURRAY. Mr. Chairman, I know we have a short amount of time, and we want to hear from the Secretary and have a opportunity to ask our questions. So I will submit my statement for the record.

## BUDGET CUTS AND NO CHILD LEFT BEHIND ACCOUNTABILITY

But I want to associate myself with the remarks made by both the chairman and the ranking member. I find the President's budget to have serious shortfalls. And I think all of us who have been home are hearing screaming and yelling from our States. Everyone wants to meet the accountability requirements of No Child Left Behind, but at this point they really believe this is an unfunded mandate that has been passed down to them because we have not followed through with the resources.

## PREPARED STATEMENT

I agree that zeroing out funding for impact aid and rural education reductions in everything from after-school programs to safe and drug-free schools, not meeting the commitments of Title I, all of it just puts our schools at a serious disadvantage in trying to meet the accountability requirements they really want to meet. They want to work with us to do that. So I am very disconcerted by the President's budget. And I have some questions, and I will ask them during the round.

Thank you very much.  
[The statement follows:]

## PREPARED STATEMENT OF SENATOR PATTY MURRAY

Thank you Mr. Chairman for giving us this opportunity to discuss the Administration's fiscal year 2004 budget with Secretary Paige. And thank you Secretary Paige for being here today.

I'd like to remind everyone of the context in which we sit here today. The Administration has sent us a budget that proposes a \$1.2 billion cut in funding for the No Child Left Behind Act, while funding a \$1.4 trillion tax cut. This budget request—with its meager investment in funding for the No Child Left Behind Act—fails our children and fails their future. It fails the very promise that the President made to students when he signed the No Child Left Behind Act just two years ago.

Leaving no child behind is a noble goal, and with bipartisan support, we passed an education reform bill to meet that goal. But this budget does not come close to meeting the needs of our students or keeping the promises of that legislation. When we passed the No Child Left Behind Act, we passed it based on two commitments. First, we would hold schools accountable for their progress, and second, we would provide schools with the resources to meet those new requirements.

We're certainly keeping the first part of that bargain. But this budget suggests that the Administration does not intend to keep the second part of their promise. Why is this Administration willing to keep the commitment to identify schools in need of improvement, but unwilling to keep the commitment to provide the resources for those schools to improve?

Let me highlight a few of the ways this budget shortchanges America's students. This budget could cut funds for after school programs for more than 500,000 latch key children. That's on top of the more than 6 million latch key children we're already not serving. It leaves 6 million of our most disadvantaged students behind by not providing the Title I funding they need. Among other things, it also falls short on funding for teacher quality and class size reduction, for English language acquisition, for Impact Aid for Safe and Drug Free Schools, and for rural education.

At a time when we are demanding more than ever from our students, teachers and schools, this budget does not invest more in them. At the Department of Education you are no doubt getting a bird's eye view of how hard our states are struggling to implement this law. Everywhere I go in my home state of Washington I hear from educators who believe in the goals of the No Child Left Behind Act. They're willing to work as hard as they have to do to make it work. But they can't do that without resources. That's why the bill promised significant increases in resources.

Leaving no child behind means making serious investments in things like Title, IDEA, smaller classes, teacher quality and after school programs. These are the

type of real reforms that will make a difference for our students, and these are the reforms that are underfunded or cut in President Bush's proposal.

Senator SPECTER. Senator Landrieu, would you care to make an opening statement?

OPENING STATEMENT OF SENATOR MARY LANDRIEU

Senator LANDRIEU. Yes, I do. Thank you.  
And welcome, Mr. Secretary.  
Secretary PAIGE. Thank you.

BUDGET REDUCTIONS AND NO CHILD LEFT BEHIND

Senator LANDRIEU. I look forward to continuing to work with you as we fashion a stronger accountability program for our Nation's schools. But just a note: I associate myself with the remarks previously made. I want to go on record as saying that the President's budget is wholly inadequate to support the commitment that he made personally to the schools in Louisiana and to the schools throughout our Nation. He reneged, in my opinion, on his promise to fund the Leave No Child Behind Act.

I think it is the height of hypocrisy for him to open his budget with the quote "The time for excuse-making has come to an end." The President himself continues to make excuses to this Congress about why he cannot find the money to meet the commitment that he made specifically to Title I and to Special Education.

There was no, to my knowledge, misunderstanding in these negotiations. I was in the room when the negotiations were made. It was very, very clear in the negotiations made on Leave No Child Behind that Congress would adopt the testing requirements and the President would step forward with the funding. Well, he reneged on this promise. He continues to make excuses and I think it is a shame.

LOUISIANA ACCOUNTABILITY SYSTEM

Second, I want to say that there are five States in this Union, Louisiana being one of them, that have an extraordinary accountability system that was in place long before the one that we designed went into effect. My superintendents and my principals have been operating this system with extremely good results. I am told the current Federal law is in some ways in conflict with their efforts.

Louisiana is not asking, Mr. Chairman, for lower standards, we are asking for using common sense. I know the Secretary is aware of Louisiana's situation and I would like you to personally examine our unique situation and try to respond as soon as possible.

[The information follows:]

LOUISIANA STATE ACCOUNTABILITY PLAN UNDER NO CHILD LEFT BEHIND

Louisiana's plan for an accountability system, which both builds upon the State's existing accountability system and responds to the No Child Left Behind (NCLB) Act requirements, has been approved by the U.S. Department of Education. Louisiana is the 11th State to gain approval of its State accountability plan.

Included below is the April 17, 2003 U.S. Department of Education Press Release announcing the approval of Louisiana's plan. Information on the No Child Left Behind Act may be found at the No Child Left Behind website: <http://www.nclb.gov/>. A copy of the Louisiana State Accountability Plan, along with other approved State

plans, may be found at the Ed website: <http://www.ed.gov/offices/OESE/CFP/csas/index.html>.

PAIGE APPROVES LOUISIANA STATE ACCOUNTABILITY PLAN UNDER NO CHILD LEFT BEHIND

BATON ROUGE, LA.—Louisiana has completed work on a plan for a strong state accountability system aligned with the No Child Left Behind Act (NCLB) of 2001, U.S. Secretary of Education Rod Paige announced today.

Paige made the announcement today during a visit to the state capitol where he was joined by Governor Mike Foster and State Superintendent Cecil Picard.

“Louisiana has built upon its existing state accountability system to produce an even stronger and more cohesive plan to benefit every child in the state,” said Paige. “I congratulate Superintendent Picard and Governor Foster for this step forward. Louisiana has a distinguished history of education reform and cutting-edge work in assessment and accountability. With these improved accountability provisions and an established record of reform, Louisiana is firmly on the path to ensuring that no child is left behind.”

Under NCLB’s strong accountability provisions, states must describe how they will close the achievement gap and make sure all students, including disadvantaged students, achieve academic proficiency. In addition, they must produce annual state and school district report cards that inform parents and communities about state and school progress. Schools that do not make progress must provide supplemental services such as free tutoring or after-school assistance, take corrective actions and—if still not making adequate yearly progress after five years—must make dramatic changes in the way they operate.

Louisiana is the 11th state to gain approval. Other states whose plans have been approved include Colorado, Delaware, Indiana, Kansas, Maryland, Massachusetts, Mississippi, New York, Ohio and West Virginia.

No Child Left Behind is the landmark education reform law designed to change the culture of America’s schools by closing the achievement gap, offering more flexibility, giving parents more options and teaching students, based on what works. Foremost among the four key principles is an insistence on stronger accountability for results. To achieve that, states must develop strong accountability systems or improve those already in place, establish high standards and hold all children to the same standards. They also must provide instruction by highly qualified teachers that results in steady progress and, ultimately, proficiency for all students by the 2013–14 school year.

Secretary Paige recently asserted that the new law aims to correct the “previous and pervasive separate and unequal education systems that taught only some students well while the rest—mostly poor and mostly minority—floundered or flunked out.”

All states submitted draft accountability plans to the U.S. Department of Education by the Jan. 31 deadline. Following an initial review and technical assistance, if needed, the next step is on-site peer review of each state’s proposed accountability plan. Teams of three peer reviewers—independent, nonfederal education policy, reform or statistical experts—conduct each peer review. Following a review of the team’s consensus report, the department provides feedback to the state and works to resolve any outstanding issues. Ultimately, Paige approves the state plan, as he did today.

To date, 47 states and the District of Columbia and Puerto Rico have had peer reviews of their accountability plans. Additionally, the senior staff of the Department of Education has finished meeting with education officials from the states to discuss the specifics of their plans and the unique challenges and issues in each state.

Despite all the priorities competing for our tax dollars, President Bush’s budget boosts federal education funding to \$53.1 billion—an \$11 billion increase since the president took office. Louisiana alone will receive more than \$914 million, including \$385 million to implement NCLB. If the president’s budget is approved, federal education funding for Louisiana will have gone up \$166 million since he took office.

Louisiana’s plan will be posted online in the coming days at: <http://www.ed.gov/offices/OESE/CFP/csas/index.html>.

For more information about the No Child Left Behind Act, go to [www.nochildleftbehind.gov](http://www.nochildleftbehind.gov).

## STATE ACCOUNTABILITY PLANS UNDER NCLB

Senator SPECTER. Senator Landrieu, could you conclude your opening statement?

Senator LANDRIEU. Yes, I will.

The reason, Mr. Chairman, I raise this is because this trend could be quite discouraging to the other States. If the five States that are moving forward so aggressively are discouraged from their efforts, then I fear that all the other States will be discouraged and we will be defeating our purpose.

## PREPARED STATEMENT

I would end my remarks by saying: The time for excuses is over. The President and his administration should be the ones that stop making excuses and be a good example for everyone else.

Thank you.

[The statement follows:]

## PREPARED STATEMENT OF SENATOR MARY LANDRIEU

Thank you, Mr. Chairman. Mr. Secretary, thank you for being here this morning. As evidenced by my work in passing the No Child Left Behind Act, I believe wholeheartedly in this law's founding principles: accountability for results, flexibility and local control and the targeting of resources to the school districts, who because of a lack of local revenues, are most in need of federal assistance. The State of Louisiana is proud to be a leader in the effort to hold schools and districts accountable for performance. In fact, a nationally renowned publication, Education Week, recently singled out our statewide accountability system as being amongst the best in the Nation. I remain hopeful that accommodations can be made by your department to allow this success to continue.

I would like to begin my comments here this morning with a quote from the speech that President Bush delivered on January 8, 2003, the day he signed the NCLB Act into law. He said, "the time for excuse making has come to an end." The President is right, we can no longer allow excuses to stand in the way of all of our children receiving a high quality education. The future of our National economy is dependent on our ability to replace excuses with results. But what I think may be lost in the translation, is that the time for excuse making has come to an end for us all. It is no longer appropriate for the federal government to excuse themselves from their responsibility to America's public school system.

Mr. Secretary, as you know there were a lot of things written into to law by the No Child Left Behind Act. I would like to call your attention to Section 1002 of Title I of this bill. It is here that we made the commitment to increase Title I by \$2.5 billion a year for the next six years. In addition, in Section 4206, of this bill we carefully laid out the funding for the 21st Century After School program. In both cases, the amount of the increases were the result of a carefully constructed compromise between the White House and members of Congress who felt that reform and resources for reform must go hand in hand. Despite this, the President's budget only calls for an \$650 million increase over last year for Title I and perhaps even more shocking, calls for a reduction of \$400 million in after school. By doing this, the President, in essence, excuses himself from the requirements of these sections of the NCLB act while at the same time insisting that States, locals and schools be bound to all other requirements of this bill.

In addition, the President insisted that all new programs, particularly in reading, be research based programs and then excuses himself from the federal commitment made to provide the funding to promote this research and best practices through programs such as the Comprehensive Regional Assistance Centers and the Eisenhower Regional Math and Science Consortia. In my state of Louisiana, these programs are crucial to our ability to translate research into effective practice. The rationale behind these cuts, I am told, is that States are allowed to use their limited Title I dollars to fund research and best practices at the local level and it is the view of this Administration that the states are better suited than Universities and Regional Academic Consortia to engage in this practice. Not only does this policy add to the burden on states to choose between the many needs of limited Title I

funds but it also wrongly assumes that states are better equipped to perform this function.

The most disturbing excuse of all, however, is that these smaller than promised increases and cuts are the consequence of a deficit budget and the costs of the war. True, these efforts will require the majority of our attention and resources. Yet, while the President is saying that his recommended increase are all our current fiscal status will allow he is at the same time able to find the resources to fund \$100 million mentoring program, \$75 million school choice demonstration program and a \$2,500 tuition tax credit for children who transfer to a higher performing schools. While each of these programs may be worthwhile, I can't help but wonder if it is appropriate for us to be spending our precious resources to give a few students the option to attend a better school instead of funding the reform necessary to give all students the opportunity to succeed.

Mr. Secretary, there are a lot of good things in this budget, but there are also a lot of excuses. I hope that we can work together to make the targeted investments necessary to provide the high quality education our children need and deserve.

Senator SPECTER. It is not customary to have anybody but the chairman and ranking make an opening statement. But in view of the limited number of people here, I try to extend the courtesy. But they have to be brief in the context where we are having another hearing at 10 o'clock.

Mr. Secretary, the floor is yours.

#### SUMMARY STATEMENT OF HON. RODERICK PAIGE

Secretary PAIGE. I will be very brief, Mr. Chairman. And thank you so much for this opportunity to come. Ladies and gentlemen, thank you. I have just a brief statement here.

In total, the President's budget demonstrates his ongoing substantial commitment to supporting educational excellence and achievement. More importantly, it reaffirms that the Federal support for education is about more than money. It is about reform through high standards and through leadership and through the use of proven education methods. Only through the combination of these resources, with effective leadership exemplified in the President's No Child Left Behind initiative, can America's children and adults benefit.

#### PREPARED STATEMENT

I will end this by asking that you recognize that the President's 2004 budget request is somewhat unusual in that it was developed before the Congress completed its work on the 2003 appropriations. The request for the Department of Education reflects the administration's relative priorities at that time within the overall 2004 discretionary totals. We are prepared to work with the Congress to adjust some of these priorities in light of the 2003 appropriations, as long as the overall discretionary appropriations do not exceed the total of the President's budget.

Mr. Chairman, with that abbreviated statement in view of the time, I end my statement.

[The statement follows:]

#### PREPARED STATEMENT OF HON. RODERICK PAIGE

Mr. Chairman and Members of the Committee: Thank you for this opportunity to testify on behalf of President Bush's 2004 Budget for the Department of Education. I am proud to appear before you today, discussing the many ways that President Bush's 2004 Budget and other initiatives support educational opportunity for American children and adults.

As you know, earlier this year we celebrated the first anniversary of the No Child Left Behind Act of 2001, which President Bush signed into law on January 8, 2002. State officials, administrators, and teachers across the country now are working hard to strengthen their accountability systems, identify research-based strategies for improving student achievement, and offer new choices to parents whose children attend low-performing schools.

The President's budget seeks \$53.1 billion for Department of Education programs in 2004. That represents more than a 25 percent increase since 2001, and a 130 percent increase in Federal education funding since fiscal year 1996. Key requests for the cornerstones of the Federal role in education include:

- \$12.4 billion for Title I, a 41 percent increase since the passage of No Child Left Behind;
- \$9.5 billion for IDEA grants to States, a 50 percent increase since he was elected President; and
- \$12.7 billion for Pell grants, for a record 4.9 million students.

In addition to discretionary spending, the President's budget provides significant mandatory support for education. The President seeks additional loan forgiveness for teachers in high-demand disciplines. He also seeks changes in the tax code to improve education. As you will recall, the President backs the CRAYOLA credit for teachers, allowing them a \$400 above-the-line deduction for out-of-pocket expenses. He also continues to support the changes in last year's tax law that help students and families save for higher education.

In total, the President's budget demonstrates his ongoing, substantial commitment to supporting educational excellence and achievement. More importantly, it reaffirms that Federal support for education is about more than money. It is about reform through high standards, leadership, and the use of proven educational methods. Only through the combination of these resources with the effective leadership exemplified in the President's No Child Left Behind initiative can American children and adults benefit.

Before I go into more detail about specific areas of our request, I want to recognize that the President's 2004 Budget request is somewhat unusual, in that it was developed before the Congress completed its work on the 2003 appropriation. The request for the Department of Education reflected the Administration's relative priorities—at the time—within the overall 2004 discretionary total. We are prepared to work with the Congress to adjust some of these priorities, in light of the 2003 appropriation, as long as overall discretionary appropriations do not exceed the total in the President's budget.

#### IMPLEMENTING NO CHILD LEFT BEHIND

As President Bush said on the first anniversary of No Child Left Behind, "We can say that the work of reform is well begun." The Department of Education has approved the accountability plans of five States, and all remaining States submitted their plans on schedule at the end of January. We will be working with these States over the next few months to refine and complete those plans, and I am confident that all States will be on board when the new school year begins next fall. Now that the fiscal year 2003 appropriations bill has been completed and signed, the Department will be able to provide States with more reliable estimates of the Federal funding that will be available for the coming school year.

The 2004 Budget request will help ensure that this work does not falter, but continues until, in the President's words, "every public school in America is a place of high expectations and a place of achievement."

The request would provide \$12.4 billion for Title I Grants to Local Educational Agencies to help States and school districts turn around low-performing schools, improve teacher quality, and increase choices for parents. This level represents a \$3.6 billion increase, or 41 percent, in Title I Grants to LEAs funding since the passage of No Child Left Behind. The budget also provides \$390 million for State Assessment Grants to help States develop and implement—by the 2005–2006 school year—the annual reading and math assessments in grades 3 through 8 that are integral to the strong State accountability systems required by the new law.

We are seeking \$1.05 billion for Reading First State Grants and \$100 million for Early Reading First, two programs that require State and local educational agencies that receive funds to capitalize on recent research findings by supporting proven methods for improving the reading skills of young children. A \$185 million request for Research, Development, and Dissemination would build on this research base and fund new efforts to develop proven, research-based instruction in other subjects like mathematics.

## MORE CHOICES FOR PARENTS

No Child Left Behind provides unprecedented choice for parents of children in low-performing schools. To support and enhance the law's reforms, the budget provides \$75 million for a new Choice Incentive Fund to increase the capacity of State and local districts to provide parents, particularly low-income parents, more options for obtaining a quality education for students in low-performing schools; \$25 million for Voluntary Public School Choice grants that would encourage States and school districts to establish or expand statewide and interdistrict public school choice programs; and \$100 million to expand the new credit enhancement program that will help charter schools pay for school facilities.

## IMPROVING AMERICA'S TEACHING CORPS

The President believes that well-prepared teachers are essential to ensuring that all children reach high State standards. That is why in his budget he calls for over \$4.5 billion to support our Nation's teachers. Included in this total is \$2.85 billion for Title II Teacher Quality State Grants; more than \$500 million in loan forgiveness and teacher tax reductions; an estimated \$814 million in funds supporting improvement through Title I, Educational Technology State Grants, and Title III professional development grants; \$25 million for Troops to Teachers; and \$190 million for the high-need areas of special education and American history.

## SPECIAL EDUCATION AND VOCATIONAL REHABILITATION

President Bush has demonstrated a strong commitment to improving educational opportunities for children with disabilities, both by requesting significant annual increases for Special Education Grants to States and in his determination to apply the same rigorous accountability demanded by No Child Left Behind to the upcoming reauthorization of the Individuals with Disabilities Education Act (IDEA). Over the next year, we will be working with Congress to renew IDEA to strengthen accountability for results, simplify paperwork and increase flexibility to do what works based on sound research, and increase choice and meaningful involvement for parents.

The President also recognizes, however, that educating students with disabilities is a special challenge for States, school districts, and schools. This is why his budget would provide \$9.5 billion for Special Education Grants to States, the highest level of Federal educational support ever for children with disabilities, and a \$3.2 billion or 50 percent increase in Grants to States since the President took office.

The 2004 budget also supports the reform of the Federal Government's overlapping training and employment programs, first proposed in last year's budget, for individuals with physical or mental disabilities. A \$2.7 billion request for Vocational Rehabilitation (VR) State Grants would help State VR agencies increase the participation of those individuals in the labor force while at the same time reduce duplication and complexity in the operation of Federal training programs.

## VOCATIONAL AND ADULT EDUCATION

The Administration also will be proposing fundamental changes to vocational and adult education programs during their upcoming reauthorizations. For Vocational Education, this means greater emphasis on student outcomes and stronger links with high school programs, including activities supported by the ESEA Title I program. Our request would provide \$1 billion for a new Secondary and Technical Education State Grants program that would create a coordinated high school and technical education improvement program in place of the current Vocational Education State Grants program. The new program would build on No Child Left Behind by ensuring that States and LEAs focus more intensively on improving student outcomes, such as academic achievement, and that students are being taught the necessary skills to make successful transitions from high school to college and college to the workforce.

A \$584 million request for Adult Basic and Literacy Education State Grants would support reauthorization proposals that would strengthen accountability, require State standards for adult literacy activities leading to high school-level proficiency, and train teachers in the use of research-validated instructional practices.

## POSTSECONDARY EDUCATION—GRANT, LOAN AND WORK-STUDY ASSISTANCE

Finally, our 2004 request would support more than \$62 billion in grant, loan, and work-study assistance to an estimated 9.2 million postsecondary students and their families. The cornerstone of this assistance is a \$12.7 billion request for the Pell Grant program. Since taking office, President Bush has requested an unprecedented

\$4.7 billion in additional funding for this critical program. The 2004 request will enable almost 4.9 million students to receive a Pell Grant, an increase of 1 million students or 25 percent since the President took office 2 years ago.

Our postsecondary student loan programs also continue to make available needed assistance to millions of students and their families. For 2004, new student loans provided under the Federal Family Education Loans and Federal Direct Student Loans programs will grow from \$44.3 billion to \$47.6 billion, an increase of \$3.3 billion or 7.4 percent. And these students are borrowing at the most favorable interest rates in the history of the student loan programs—just 4 percent. At the same time, student loan default rates remain low, reflecting both improved management practices and flexible repayment plans that can accommodate student needs both before and after graduation.

#### LOAN FORGIVENESS FOR MATH, SCIENCE AND SPECIAL EDUCATION TEACHERS IN LOW-INCOME COMMUNITIES

Also, the President is again asking Congress to approve his plan to provide additional loan forgiveness for highly qualified math, science, and special education teachers who work in low-income communities. The President's proposal will provide up to \$17,500 in loan forgiveness for teachers in these three fields who work for 5 consecutive years in schools that serve high poverty student populations. This is more than three times the \$5,000 in loan forgiveness now allowed for other qualified elementary and secondary teachers serving low-income communities. This proposal will help our neediest schools recruit and retain highly qualified teachers in fields that have critical teacher shortages, as well as fields that face fierce competition from the private sector.

#### TAX-RELATED ASSISTANCE IN PAYING COLLEGE COSTS

In addition to grants and loans, postsecondary students and their families benefit from a variety of tax-related assistance in paying college costs passed as part of President Bush's tax proposal in 2001. Under the new tax law, families are able to make tax-free withdrawals from pre-paid qualified State tuition savings plans, and can contribute up to \$2,000 to Education IRAs. Plus, students are eligible for up to \$4,000 in above-the-line deductions for higher education expenses. The tax bill also eliminated the 60-month limitation on student loan interest deductions and increased the income levels of individuals able to claim the deduction. This change makes this tax benefit simpler to administer and increases the affordability of student loan repayment. Additionally, the bill extended the income exclusion for employer-provided educational assistance and the benefit of the exclusion to graduate level courses. Combined with other tax benefits already on the books, over \$10 billion this year in tax breaks will be provided to working families who are struggling to meet the skyrocketing cost of college and to students who are repaying their student loans. The President's 2004 Budget would make the important benefits provided in the 2001 tax law permanent.

#### HISTORICALLY BLACK COLLEGES AND UNIVERSITIES AND HISPANIC-SERVING INSTITUTIONS

Our \$224 million request for the Strengthening Historically Black Colleges and Universities program demonstrates the President's commitment to help close achievement and attainment gaps between minority students and other students by assisting institutions that enroll a large proportion of minority and disadvantaged students. Similarly, a \$94 million request for Hispanic-serving Institutions would help increase academic achievement, high school graduation, postsecondary participation, and life-long learning among Hispanic Americans.

Overall, the President's 2004 higher education budget proposal further demonstrates his commitment to invest in the future of America's neediest students at all levels of education. The substantial funding increase we are seeking will help millions of needy families pay for higher education and give millions of students the opportunity to pursue their educational goals and make the most of their potential.

#### DEPARTMENTAL MANAGEMENT—CLEAN AUDIT

While No Child Left Behind reforms are asking States and schools to improve their accountability in the use of education funds, we have tried to set an example by improving our own management. Just last month, the Department of Education received its first clean audit since 1997 and only the second in the history of the Department.

## PRESIDENT'S MANAGEMENT AGENDA—"GREEN LIGHT"

I am also proud to report that the Office of Management and Budget has given the Department its seal of approval by giving us a "green light" for our progress in improving management on all items in the President's Management Agenda. This is especially rewarding since we had to work our way up from the bottom on each of the initiatives, ranging from financial management to electronic government to linking program performance and budgeting.

## PROGRAM ASSESSMENT RATING TOOL

Also, in the 2004 Budget, the Administration launched the Program Assessment Rating Tool (PART) process to rate programs according to performance. The President's goal was to rate 20 percent of all Federal programs in the first year. In the 2004 Budget, the Department of Education rated 18 programs, covering \$28 billion, or more than half of its appropriation. One finding was that many programs lacked performance information. We will work on that in the future, because the PART scores tend to fluctuate based on the strength of data about program success. The PART is a new process and we look forward to increasing our ability to base budget decisions on program effectiveness.

I believe we have a strong budget for education in fiscal year 2004, one that puts significant resources where they can do the most to help improve the quality of educational opportunities at all levels of the American education system. I will be happy to take any questions you may have.

## RURAL EDUCATION

Senator SPECTER. Well, Mr. Secretary, thank you for those comments. The critical aspect of what you said is that you will work with us so long as it is within the total figure. And that is the problem, as to how to stretch the dollars to reach so many of these programs which will have to be cut.

Where there is such a major challenge with rural education, how can we justify the elimination of the entire program with a \$167 million cut? Rural education is important not only to Iowa, the ranking member's State, or Kansas, but also my home State, Pennsylvania, which has more people living in rural Pennsylvania, 2.5 million, than any State in the Union. How can we go back to justify that to our constituents?

Secretary PAIGE. Yes. Mr. Chairman, let me respond to that by using Alaska as an example, but the same thing will be true for many of the other rural States. And we are learning a lot about rural States, and we are moving now to have discussions specifically about that topic, about rural education.

The various representatives from these States have had a chance to sit down with us, and we with them, to learn about their idiosyncratic issues. We have learned an awful lot about these States. And we are continuing to learn how we can be helpful to the States. They have enlisted the help of very capable accountability experts and are making noble efforts to include all students in their accountability efforts.

Alaska has proposed a comprehensive accountability plan designed to hold all schools, even small schools, accountable. And what they are finding is a Department of Education that is willing to serve as a partner with them to help overcome some of these difficulties. And the same thing is true with Nebraska.

Senator SPECTER. Mr. Secretary, how does accountability bear on eliminating the funding for a program? Mr. Secretary, would you give us a written answer there? We have a very limited amount of time.

Secretary PAIGE. Absolutely. I look forward to that, because I think there are answers. And I would like very much to have a chance to—

Senator SPECTER. If you would provide it in writing, I would appreciate it.

Secretary PAIGE. Absolutely. We will do that.  
[The information follows:]

#### ELIMINATION OF RURAL EDUCATION PROGRAMS

We believe that providing funds through the large formula grant programs, coupled with flexibility in using the funds, is the most effective way to help rural districts to ensure that their students meet challenging State academic content and student achievement standards. No Child Left Behind (NCLB) is intended to encourage a more comprehensive education reform strategy responsive to specific local needs. We believe that school districts will identify problem areas, adopt scientifically based improvement strategies, and use the flexibility of the NCLB Act to combine Federal, State, and local resources to support those strategies. In this context, the important question is not whether a specific program receives a particular level of funding, but whether local officials make effective use of the total resources available.

In addition, recognizing the different needs of small, rural districts, NCLB provided those districts with greater flexibility in their use of Federal formula funds than is available to other districts. For example, a district eligible for the Small, Rural School Achievement program can consolidate its formula allocations from three different programs (Improving Teacher Quality State Grants, Educational Technology State Grants, State Grants for Innovative Programs, and Safe and Drug-Free Schools and Communities State Grants) to carry out activities authorized by any of the consolidated programs. In addition, rural districts are able to use the consolidated funds for activities authorized under Title I, Part A program, the Title III (Language Instruction for Limited English Proficient and Immigrant Students) program, and 21st Century Community Learning Centers.

Unlike districts that transfer funds under the State and Local Transferability authority, the rural flexibility authority enables eligible districts to carry out activities under the various authorities without having to meet separate program requirements. We know from discussions with States that eligible districts are taking advantage of this increased flexibility.

Rural districts not eligible for the rural flexibility authority may use the flexibility allowed by the new State and Local Transferability Act, which allows a district not identified for improvement under Title I to transfer up to 50 percent of its allocation from four different formula programs to any of those programs or to use those funds for Title I, Part A purposes.

#### GEAR UP

Senator SPECTER. The GEAR UP Program is also cut. That is the other end of the spectrum, moving from rural education to inner city. The GEAR UP Program has been advanced by Congressman Chaka Fattah on the House side, and this subcommittee has added enormous funds to it. GEAR UP seeks to intervene with seventh graders who come from disadvantaged backgrounds, to provide mentoring and close monitoring of individuals to try to work with them through the next 6 years of their education before college and then go on to college.

It seems to me that that is exactly the kind of a program we ought to be emphasizing, where those inner city youth are most at risk. Now should we not be adding funds to programs like that instead of cutting?

#### MENTORING INITIATIVE

Secretary PAIGE. Yes. And that is why the President's mentoring initiative is such an important part of our request. What is in-

cluded is, I think, \$300 million over 3 years for a mentoring program specifically for middle school students, where the need is greatest, and to recruit mentors from all across the spectrum of professional people who love children and are willing to work with them. It is one of the most exciting mentoring programs that we have seen anyplace.

So mentoring is a great concept. In fact, we believe that the most important determinant of a child's success or failure is the quality of the adult relationships in their lives. And mentoring fills that gap. So, far from not thinking it is a good idea, we think it is a superb idea.

#### FLEXIBILITY OF NO CHILD LEFT BEHIND

Senator SPECTER. Mr. Secretary, let me move to one more question before my time expires, because I am going to observe the time, I will expect other members to do so as well.

Yesterday there were some representatives here, in what they call the Creative Coalition, emphasizing education. And the group had a number of high-powered performers. One of them was Ron Reagan, Jr., another of whom was Fran Drescher, who made a very impassioned plea for funding for the arts in schools. And she was almost poetic in her characterization of the issue, trying to get young people to love themselves instead of loathing themselves, trying to be productive instead of destructive.

The question is: How can we structure funds from the Department of Education to encourage or perhaps—well, “mandate” is a word we do not like to use in the Federal Government, telling people what to do in schools—but to see to it that there is more creative work on this very critical aspect of the educational process, which is significantly ignored?

Secretary PAIGE. Yes. Mr. Chairman, I think many people miss the power of the creativity that is unleashed by the flexibility in the bill, the No Child Left Behind Act. It provides an opportunity for people at the scene, the local level, who choose to focus on arts or focus on other activities, or to be able to use funding flexibly to support that. The amount of funding overall is up. The flexible funding actually is a reallocation of funds, and putting it in localities so that it can be used by those who are on the scene who can make the judgments on where these funds would be best used.

There are places across our Nation that have high interest in the arts. There are places that have interests in other priorities. Each of these things can be met by the flexibility in the bill. So if we just judge, make a judgment, that there is not a category with arts in it and a large number attached to it, we fail to focus on the fact that that possibility exists through election by the people who are at the local level and who are best able to make those judgments.

#### IMPORTANCE OF READING AND READING INSTRUCTION

Senator SPECTER. Is art as important as reading?

Secretary PAIGE. I think reading is a fundamental activity. I think it is the one upon which all other learning is based. And if a child fails to read and fails to read early, all of the other activities, I think, are made much more difficult. And that is why the President has focused so heavily on reading. About 50 percent of

our special education students are there because they cannot read or have never been taught to read properly. If we can conquer the reading problem substantially, we will reduce the other problems.

Senator SPECTER. Senator Harkin.

Senator HARKIN. Thank you, Mr. Chairman.

#### FISCAL YEAR 2004 BUDGET REQUEST

Mr. Secretary, in your prepared statement and also in your verbal statement here before us this morning—let me get back to it and read it. You said that the President's 2004 budget request is "somewhat unusual in that it was developed before the Congress completed its work on the 2003 appropriation. The request for the Department of Education reflected the administration's relative priorities, at the time, within the overall 2004 discretionary total."

Secretary PAIGE. Yes.

Senator HARKIN. You said that. It is in your statement.

Secretary PAIGE. Absolutely.

Senator HARKIN. You also said, and I made note of this, "We are prepared to work with Congress to adjust some of these priorities"—

Secretary PAIGE. Yes.

Senator HARKIN [continuing]. "In light of the 2003 appropriation"—

Secretary PAIGE. yes.

Senator HARKIN [continuing]. "As long as overall discretionary appropriations do not exceed the total in the President's budget."

Secretary PAIGE. Yes.

Senator HARKIN. Well, in plain English, what you are saying is that the President would support cutting funding for some other Cabinet agencies to increase funding for education. Is that right?

#### TOTAL EDUCATION BUDGET REQUEST

Secretary PAIGE. I think it would be best to characterize my thoughts about that in this fashion: That given all of the other competing priorities for funds, the appropriate funds to support education would be the \$53.1 billion that the President has recommended.

#### ADJUSTMENTS TO FISCAL YEAR 2004 EDUCATION REQUEST

Senator HARKIN. Oh. Oh, so you are not saying that you want any—wait a minute. Let me go back to this statement. You said that "we would work to adjust these priorities." You do not mean any more money. You say—what you have requested in the budget is the maximum. That is what you just said just now.

Secretary PAIGE. Yes. What we request in the budget is our view of the appropriate funding level for education. Some of the categories inside the request might be higher, viewed as having a higher priority than others. Those kinds of adjustments are entirely possible.

Senator HARKIN. Oh, I see. Let me get this straight. What you are saying, Mr. Secretary, is that when you are talking about adjusting some of these priorities, you are talking about within that amount that you submitted.

Secretary PAIGE. Yes.

Senator HARKIN. You are not saying that you could get any more than that.

Secretary PAIGE. Yes. I am saying that it is our view——

Senator HARKIN. That is not what your written statement said. Your written statement said the request for the DOE——

Secretary PAIGE. Yes.

Senator HARKIN [continuing]. “Reflected the administration’s relative priorities, at the time, within the overall 2004 discretionary total.”

Secretary PAIGE. Yes.

Senator HARKIN. And you said, “We are prepared to work with Congress to adjust some of these priorities, as long as overall discretionary appropriations,” that is, total——

Secretary PAIGE. Yes.

Senator HARKIN [continuing]. “Do not exceed the total in the President’s budget.” So what that says to me is that the President, and you, are saying that you are willing to increase funding for the Department of Education as long as you cut it someplace else. Is that right, or that is not right?

Secretary PAIGE. Yes, that is exactly right. That is what we are saying.

Senator HARKIN. You are—oh. So this is different than what you just said about 2 minutes ago.

Secretary PAIGE. Okay.

Senator HARKIN. Let us see if we can speak to each other here.

Secretary PAIGE. Okay. Let us try that.

Senator HARKIN. Let us try to speak to each other.

Secretary PAIGE. Okay.

Senator HARKIN. Are you saying that the President would be willing to cut some funding in other Cabinet agencies to increase funding for education?

Secretary PAIGE. No.

We are speaking about the \$53.1 billion for education and adjusting the priorities within it.

Senator HARKIN. Oh, I see.

Secretary PAIGE. Yes.

Senator HARKIN. The President will not support more than \$53.1 billion.

Secretary PAIGE. I am not speaking for the President with regard to that statement. The statement that I am making is that within the \$53.1 billion in our budget, it is our view of the appropriate spending level for education. And inside that \$53.1 billion, adjustments——

Senator HARKIN. Well, that is not what your statement says.

Secretary PAIGE. Give me just a minute. Give me just a minute.

Senator HARKIN. That is not what your statement says. But we have to figure this thing out. I am just trying to get a handle on whether or not we might have some hope here. Is hope alive or not?

Secretary PAIGE. Okay. Let me try it again. And I have some more counsel here.

## ADJUSTMENTS TO THE FISCAL YEAR 2004 EDUCATION REQUEST

Within the overall President's budget, we can work with some adjustments in education. It might go higher than \$53.1 billion for education, as long as the overall spending in the budget does not increase.

Senator HARKIN. Then back to my point: If that is the case, then there has to be some cuts in other Cabinet agencies.

Secretary PAIGE. That is true.

Senator HARKIN. And the President would be willing to support that.

Secretary PAIGE. That is right.

Senator HARKIN. Do we have any suggestions where the President might be willing to cut other departments, so that we can have more money for education?

Secretary PAIGE. We do not have those suggestions presently.

Senator HARKIN. Could we expect to get something like that from the administration?

Secretary PAIGE. I am sure we can.

Senator HARKIN. Well, this committee, I am sure, Mr. Chairman, would love to have some guidance and some suggestions from the administration, since we appropriate money for all of the Cabinet agencies—not our subcommittee here, but the full Appropriations Committee—about where we might cut some of the other departments to get money for education. To me, that is encouraging. Thank you.

Secretary PAIGE. Mr. Harkin, if I could, the Office of Management and Budget has been working with us. And I think the same way in which we worked with you on the development of the 2003 bill, when the education budget went up and there were other priorities, but it stayed within the President's overall amount. During the appropriations process, the administration will be happy to work with Congress as long as the overall President's number remains the same.

Senator HARKIN. Thank you.

Thank you, Mr. Chairman.

Senator SPECTER. Senator Murray.

Senator MURRAY. Well, thank you, Mr. Chairman.

I assume from that conversation then that we can expect to see a revised budget request from the Department of Education.

Secretary PAIGE. No. We are saying that we are willing to work with the Congress and talk to you about those issues.

Senator MURRAY. But you are not going to give us a formal request of any kind so that we know how the President wants to set these priorities?

Secretary PAIGE. That is correct.

## FUNDING FOR TEACHER QUALITY IMPROVEMENT

Senator MURRAY. Well, okay. That makes it difficult for us, as we try and manage this. But let me ask you about one of the biggest challenges that I am hearing from the people in my State. They are struggling to meet the requirements to have all teachers and most paraprofessionals highly qualified by 2005, which feels like it is fast approaching.

Do you not agree that fulfilling that kind of mandate will require significant investments in training and recruiting and retaining and testing teachers in order to meet that requirement that we have put forward, that all teachers and most professionals have to be highly qualified by 2005?

Secretary PAIGE. Yes, I do agree it will take significant resources. And that is why the \$4.5 billion in the President's budget is there.

Senator MURRAY. But what I see in the President's budget is your request of \$2.85 billion for Title II teacher quality, which is what the mandate was under the bill. Last year we actually funded, in 2003, \$2.95 million. So your request is below what we funded in 2003. Now I know that you said that you had to prepare this before we did the 2003 appropriations.

Secretary PAIGE. Yes.

Senator MURRAY. And despite the conversation you just had with Senator Harkin, given that you are not going to send us a revised budget, your budget actually calls for \$2.85 billion—which is less than we just appropriated for this year for meeting this requirement. I do not see how our schools are going to meet the requirements to have all our teachers and professionals highly trained when we are providing them less money to do it.

Secretary PAIGE. When we discussed Federal funding for teacher quality, preparation, and recruiting and retention, we have to look at the full gamut of support available in the budget for that purpose. And when you do that, it will total \$4.5 billion, not just the \$2.85 billion.

Mr. HANSEN. And if I might add, Senator Murray, that is an increase even over and beyond the \$4.25 billion that is in the current 2003 bill. If you look at our proposals on teacher loan forgiveness, our troops-to-teachers, transition to teaching, other proposals, and total what is provided for in our Title I program with the 5 percent set-aside for teacher training—

Senator MURRAY. With all due respect, let me just tell you that when we worked on the No Child Left Behind, the authorization for this requirement and this money were under the Teacher Quality State Grants. What you are now saying to us is that we are not going to pay attention to the language of the bill and the Teacher Quality State Grants. We are going to pull money from all these other things that we do, and say that that counts.

Well, that is—you know, the schools are already using those funds for specific things. We have added a new requirement, a new accountability requirement, on top of that. And now you are just saying: Use the money you use for something else. That is what it sounds like to me that you are saying to our schools.

Secretary PAIGE. No. We are not saying that. What we are saying is: All of the dollars in the budget for teacher quality improvement are not captured under that line item that includes the \$2.85 billion. There are other places.

Senator MURRAY. When we wrote the No Child Left Behind, the teacher quality money was under the Teacher Quality State Grants. That is what we expected to work with the administration in good faith to increase the funding for.

Mr. Chairman, I know we do not have much time. I have a number of other questions I will submit for the record.

## PUBLIC SCHOOL CHOICE REQUIREMENTS

But I do have one question in particular that I wanted to ask about, because a lot of our schools, in trying to implement the public school choice requirements, are following your guidance. And your guidance says, and I am going to quote it, "Lack of capacity and health and safety concerns, including overcrowding problems, do not excuse an LEA from meeting the Title I public school choice requirement."

Well, I know you are an educator. And you cannot believe that it makes sense to transfer students to schools that are overcrowded even to the point of causing health and safety concerns. So I am very concerned about that language in your guidance, and I want you to clarify it for us.

Secretary PAIGE. Our language in the guidance was as flexible as we could make it under the language in the law. And so what we were doing there was trying to provide as much flexibility as the law permits us to provide in the capacity issue. We are fully aware of the problems that capacity presents to teaching and learning.

## TITLE IX ADVISORY COMMISSION RECOMMENDATIONS

Senator MURRAY. Well, I am deeply concerned about that. And in my last 30 seconds, I want to just jump to one quick question on Title IX. It is another issue that I have dealt with your office on.

You said recently that you would consider only the advisory commission recommendations on Title IX that are unanimous. And two members, at least two members, of the commission have repudiated their support for a number of those so-called unanimous recommendations in their minority report. And I wanted to find out from you this morning if you will consider those recommendations as unanimous or if you will respect the dissenting views on that question.

Secretary PAIGE. The two persons that you refer to voted for the ones that we agree are unanimous. They were a party to that and had more participation and discussion than anyone there. They were part of—

Senator MURRAY. Well, Mr. Secretary, I have talked—

Secretary PAIGE. They were part of the unanimous vote. That is why it is unanimous.

Senator MURRAY. Well, I have talked extensively to them. And they believe that the way the report was written was not the way that their discussions were going. They have submitted a minority report saying that they have dissenting views on that and do not consider them unanimous. I hope that you take a look at that, because there is a lot of disagreement on that.

Secretary PAIGE. Senator, the other 13 members of the commission thought that their conduct with respect to that was very inappropriate. They voted for those issues that were unanimous.

Senator MURRAY. Mr. Secretary, again, with all due respect, I hope that you look at the language of the minority report. They are very specific in their concerns about how those were worded and what the final outcome of that was.

Secretary PAIGE. The commissioners were advised even before they had their first meeting that we wanted them to reach agreement, consensus, and that those were the issues that were going to be included, and that we are going to consider. Even before they had their first meeting, they were advised about that. And so they were fully aware of what the ground rules were and what the rules of engagement were before the meeting, before the report was prepared.

Senator MURRAY. Will you look at the minority report?

Secretary PAIGE. I am going to look at the issues that were voted on unanimously.

Mr. HANSEN. Mrs. Murray, I think it is important to note, too, that Cynthia Cooper, who is the co-chair of the commission, takes great issue with the representation of the other two commissioners—and I think actually the transcript speaks very clearly as well that everybody knew exactly what they were voting for. And I think Cynthia Cooper spelled it out very clearly in the press conference during the—

Secretary PAIGE. And not only Cynthia Cooper, the other members of the commission as well.

Senator MURRAY. I hope we will have further discussion.

Thank you, Mr. Chairman.

Senator SPECTER. Senator Landrieu.

#### FEDERAL ROLE IN EDUCATION

Senator LANDRIEU. Mr. Secretary, do you agree that one of the roles of the Federal Government is to try to close the opportunity gap between the affluent districts in this Nation and the disadvantaged districts?

Surely, as your background suggests, you are aware that the local school systems are funded, primarily through property taxes; not in every case, but in most cases throughout the Nation. In those school districts where there is a strong middle class or affluent area, property taxes are paid and therefore schools are fairly well funded. In other areas that are poorer and more disadvantaged, where the property is not as valuable, there is by contrast less money that goes into the schools.

In my view one of the roles of the Federal Government is to try to close that gap and help those children that come from less affluent neighborhoods to actually have equal opportunity to succeed. Do you agree?

Secretary PAIGE. Yes, especially if you mean by that the equity. Our role is to—we have two roles—to ensure equity and to promote excellence. And I would consider what you said ensuring equity.

#### TAX CREDIT PROPOSALS

Senator LANDRIEU. Well, I am very encouraged by that, because I think that is absolutely what we should be doing. But I am perplexed and confused then about the President's proposals. Two initiatives that I see outlined in this budget from your Department and the President are to expand the Coverdell tax credit and then to give an additional tax credit for up to \$5,000 in tuition costs. In order to get the tax credit, you would have to be able to have paid \$5,000 in tuition, correct?

How do those two programs, one that you are seeking to expand and one that is brand new, meet the objectives that you just stated?

Secretary PAIGE. Well, we believe that one of our greatest failings in education is tying a child to a school that is not serving them well. And so the President is attempting here, and I agree fully, to provide options for parents, so that if a school is not serving a child well, that child has other options. And this is a vehicle to promote that possibility.

Senator LANDRIEU. Well, let us discuss that a minute. Explain to me how a child that comes from a family that cannot afford even \$1,000 for tuition would be helped by these two programs. Go ahead and explain that to me, if you would.

Mr. HANSEN. Well, the—

Senator LANDRIEU. In other words how does the tax credit work for them?

Mr. HANSEN. Senator Landrieu, the tax credit, it needs to be kept in mind, that it is an above-the-line tax credit. So it is specifically targeted to disadvantaged families. And I think it is—

Senator LANDRIEU. Excuse me. Could you start again?

Mr. HANSEN. Sure. It is an above-the-line tax credit for families. It is also important to note that the average tuition—

Senator LANDRIEU. Excuse me. Hold on. Explain what you mean by “above the line”?

Mr. HANSEN. It basically means that they are eligible for it no matter what the rest of their tax is. If they do not owe any tax, they still are eligible for the tax credit.

Senator LANDRIEU. That is true, but in order to get it, do they not have to first pay the tuition?

Mr. HANSEN. That is correct. And that is also—

Senator LANDRIEU. So a parent has to have the \$5,000, or up to half of \$5,000, to pay for tuition before they can either claim the credit. Explain to me then how the people in this country who have two children and who, let us say, make the minimum wage can afford \$10,000 in tuition they must pay to be eligible for this credit.

Try to explain that to me how someone pays rent, buys food and clothes, and then pays \$10,000 tuition, what benefit are you are offering them.

Secretary PAIGE. There are—go ahead.

Senator LANDRIEU. Go ahead, Mr. Secretary. That would be good.

Secretary PAIGE. There clearly would be many people where this would be a burden. And they would have to find other sources. This category would meet some of the needs for some of the parents. There are other parents who would have to look to other sources. And there are other sources. This is just one of many mechanisms that are designed to provide options for parents.

Senator LANDRIEU. Well, I will finalize this point with my 37 seconds left. What you just stated, goes in direct contradiction to your goal, which according to your testimony is to help those parents that need the help the most, because the gap is so great. The programs that you are proposing in this budget go against that principle.

I am going to do everything I can to oppose these two programs and instead try to support the public schools, as well as choice for parents, real choice that means something to them.

Thank you.

#### FISCAL YEAR EDUCATION BUDGET PRIORITIES

Mr. HANSEN. Senator Landrieu, if I could, I think it is important to note that the top three priorities in our budget were a billion-dollar increase in the Title I program, with all money in the targeted program; the billion-dollar increase in the Special Education program, which serves the most educationally disadvantaged children in our country. It also included a \$1.9 billion—

Senator LANDRIEU. I—

Mr. HANSEN [continuing]. Let me finish, please—a \$1.9 billion increase for our Pell Grant program. Ninety percent of those dollars go to families making less than \$40,000. So all of our programs are geared to help those who need it the most. This tax credit, if people do not take it, it does not go to wealthy families. It is opportunities for those families that—

Senator LANDRIEU. I did not say it went to wealthy families. Mr. Chairman, I want to get this on the record. I did not say it went to wealthy families. I do not have a problem helping wealthy families. My problem is when resources are limited we should help the poor families first, the middle-income families second, and the wealthy families third. Your budget does not reflect that principle. I disagree with it.

Mr. HANSEN. Our budget does do that.

#### IMPORTANCE OF ARTS EDUCATION

Senator SPECTER. Mr. Secretary, my concluding question to you was about focusing on the arts. And reading, obviously, is the critical issue on education of young people. And mathematics is not far behind and so many of the substantive issues, history and civics, health courses. But I would appreciate it if you would direct some special attention to what might be done to stimulate the arts.

I started to tell you about this group of The Creative Coalition. A young woman, Fran Drescher, and young Ronald Reagan, and others make such a compelling case. And the emotionalism and self-worth that comes from theater and art are so important that I would like you to take a special look at it.

Now I am not quite sure how we get there, because we do not direct the local boards as to what they do. But there are ways that we can encourage it, perhaps.

Secretary PAIGE. Senator, we have a special interest in the arts. So we would be happy and pleased to do that.

Senator SPECTER. Okay. We would appreciate that.

#### ATHLETIC OPPORTUNITIES FOR WOMEN AND GIRLS

The issue on Title IX with respect to athletic opportunities has been of great concern. I appreciate your focus on athletic opportunities for women and girls. It has been really amazing to see the women compete in basketball. In a bygone decade, that would have been thought to be unobtainable. So much of the funds are directed

to men's sports because they are big moneymakers, big television, NCAA, et cetera.

But with what we have now seen as to the competitive capabilities of young women and what a vital part it plays in the educational process and the development of women and girls, I think that is a line which we have to take really very positive steps to promote.

Let me turn to a question, Mr. Secretary.

Oh, do you want to make a comment?

Senator Harkin, sotto voce—in fact, not sotto voce. Everybody in the room heard it.

He has a great article titled: "Strike Up the Band, keep music in schools." And in light of our limited time, we will just make this a part of the record. We will get a copy for you to read, Mr. Secretary.

Secretary PAIGE. Thank you.

Senator HARKIN. I would like to have you read this. It was written by the former CEO of Meredith Publishing Company. It is a great article about the arts and school music. It is really a great article, in light of what the chairman was just saying.

[The information follows:]

[From the Des Moines Register, March 25, 2003]

#### STRIKE UP THE BAND (AND KEEP MUSIC IN SCHOOLS); IOWA VIEW

(By James A. Autry)

I have just returned from a magical mystery tour in which I witnessed a transformation from the ordinary to the sublime. The thing is, this happens all the time but not many of us get to see it from beginning to end. You have to be in the right place at the right time. I was.

But I get ahead of myself.

First, let me begin with a confession: On Saturday night, March 15, I let go of my adult inhibitions in the midst of 149 teenagers, and screamed myself hoarse.

It happened when the chairman of the Heritage Music Festival at Disneyland announced that the top festival award was being presented to Des Moines Roosevelt High School. I jumped to my feet, pumped my hands in the air and yelled my fool head off.

I was as caught up in the moment, as excited and exhilarated as those band, orchestra and chamber choir students who had traveled to Anaheim on March 12 for four days of fun and festival, and who were taking home the top honors.

Later, I wondered if anyone would notice; if the media would bother with a musical triumph when there's so much to be written and shown about the triumphant world of sports.

I wondered how many people know there are more kids involved in public school music than in all the sports put together.

And I thought about the proposed cuts in music programs, and the havoc that may cause for bands, orchestras, choirs, and choruses as they have cuts and changes in teaching staff, plus diminished resources all around.

I am not attacking the administrators or the school board. I am painfully aware of their difficult choices, and the so-called "Leave No Child Behind Act" puts no emphasis on art and music programs.

My purpose is simply to assert that life is about more than the basic "3 Rs." What students learn from music and art programs can't be taught anywhere else.

As a consultant and author, I work with companies that stress teamwork and cross-functional projects. I tell managers to stop using the metaphor of sports teams, with their superstars and bench-warmers, and think of a band or orchestra in which every player has an important role, in which the greatest accomplishment is the ensemble.

Isn't this what good organizations are about, what a democracy is about, what communities are about?

There is no better education—repeat, no better education—for becoming a productive member of society than participation in a musical ensemble. In a band or orchestra or chorus, no child is ever left behind.

And I know. Our son Ronald, now a senior at Roosevelt, has autism. He's not the most accomplished musician in the band, but he always gives it his best effort. And the band has been a defining activity for him. I can't imagine how his high school experience would have been without band.

While I think of the band as having put a little magic in Ronald's life, that's not the magic or the mystery I started writing about. Just as the awards ceremony was not the high point of the Anaheim trip.

That came earlier in the day when the symphonic band, chamber orchestra and chamber choir performed. My description: an utterly mystical experience.

How else would you explain the transformation of typical teenagers into divinely performing musical ensembles? Picture busloads of young people looking and acting as young people do, dressed in a strangely conformist style (boys in baggy jeans, the waistline relocated somewhere around the the mid-to-lower buttocks, girls with low-cut jeans and bare bellies) and talking with one another in a language hardly intelligible to aging adults.

Then picture those same kids in tuxedos and long, black evening dresses, intensely attentive and concentrating fully on their instruments (or voices) and the directions of the conductor, and producing music of a quality unimaginable from high school musicians back when I was one.

It is a mystical transformation brought about by two factors:

One is the transcendent quality of music that inspires kids to reach beyond themselves to perform at their peak.

The key factor: teachers. I sit in awe of these educators—in this case, Treg Marcellus, Joseph Rich, Sandra Tatge and John Wallag—who devote their lives to bringing forth exquisite music from young people who, when they begin, can't imagine the possibilities of what beauty they can create together.

I wish everyone in Des Moines could have the experience I've just had. They would be proud of the performances and the awards, but they'd be equally proud of how the students behaved and represented our city and state.

I can't imagine school activities that produce more positive, lifelong outcomes than these music programs. They deserve everything we can do to preserve them.

Senator SPECTER. Thank you, Senator Harkin, for insisting on not interceding.

Senator Harkin and I always have a good time, in addition to being very cooperative in how we handle these issues.

#### CAMPUS CRIME AND CLERY ACT ADMINISTRATION

Now, Mr. Secretary, on the subject of campus crime, we had a particularly heinous rape/murder in Pennsylvania which inspired the parents of the victim to come forward on a crusade, which has been so well focused on trying to inform parents and students who are going to college campuses what kind of risks they might expect. And the Department prior to your administration had not done a very good job in administering these campus crime informational requirements.

We have provided you with \$750,000 to provide institutions of higher education with a handbook on how to comply with the Clery Act, I would be interested to know how you intend to use it. Do you have a plan now, or if not, you can submit it in writing, if you have not focused on it? What activist programs do you have to see to it that there is enforcement of the provisions in law related to campus crime?

Secretary PAIGE. Well, we share your view about safety. The Department is developing a handbook on compliance with the Clery Act. We intend to use the funds that you have made available in strict compliance with congressional intent. The handbook will focus on explaining programs and regulations in clear language to

school officials. We are consulting with interested organizations, including Security on Campus and participating institutions. The handbook will be distributed to all higher education institutions immediately after it is completed.

We have some other activities going on as well, including a data collection system to facilitate the submission of campus crime data from postsecondary institutions—this is for the third consecutive year—a help desk to provide institutions with technical assistance, and a website to provide easy access to campus security legislation and regulations and data and resources.

We have an enormous array of activities that are underway to promote campus safety. We are very grateful for the \$750,000 that was provided, and we are going to make sure that it is used in strict compliance with your intent.

Senator SPECTER. Well, thank you very much, Mr. Secretary.

#### PREPARED STATEMENT

Senator Thad Cochran's prepared statement will be made part of the record at this point in the hearing.

[The statement follows:]

#### PREPARED STATEMENT OF SENATOR THAD COCHRAN

Mr. Chairman, it is a pleasure to have Dr. Paige serving as Secretary of Education. He is doing a fine job, and I look forward to working with him on the Department's budget for fiscal year 2004.

One program I need to mention, because nearly every school in Mississippi is dependent upon its funding, is the Title I program for the education of disadvantaged students. I'm pleased to see an increase of \$1 Billion in this program. It is always a challenge, though, to get a share of any increase directed to Mississippi. That is a result of the formula distribution and also the child counts that are used by the department to determine eligible students. I hope this year we can come to a resolution that is fair to my state.

I am interested in, and some of the vocational and technical education leaders in my state are concerned about, the Department's proposal for eliminating the Perkins Vocational and Technical Education Program. These are programs that have been very successful. The Mississippi Department of Education and the vocational and technical education centers have contacted me, and met with my staff. They do not understand how a new formula based program will be beneficial to them. So, as we work through the appropriations process, and the reauthorization process, I hope you will consult with the people currently running these programs.

There are also several small, but critically important education programs in which I have a deep interest.

I'm happy that this year, some are included in the Department's Budget request. I commend the Department, and you, Mr. Secretary, for noticing in particular the benefits of and recommending continued funding for the Ready to Learn Television Program, which provides educational television shows to nearly every child in the United States.

I congratulate you on placing a priority on civic education by recommending funding for the Education for Democracy program. It sponsors the We The People Program here in the United States and the Cooperative Education Exchange Program in almost 30 emerging democracies abroad.

There are however, a number of programs listed in the budget proposal under the heading: "Program Terminations." I know we have difficult decisions to make, but I want you to know about a few of those in which I continue to have an interest.

I understand that the Department plans to streamline as many programs as possible, but school leaders in my state advise me that even with the advantages of flexibility, there is still a need for schools and districts to have direct access to grant making programs and others that are best served through a single source.

The Arts in Education program funds a number of high quality programs that use a small federal contribution to leverage other state and private funding. Most successful has been the relatively new grants to schools to provide arts education in their curriculum. The Department of Education published a collection of studies in

1999 and another one last year, both of which gave us clear evidence of the value of arts in schools. The variety of advantages are amazing. These include decreased drop out rates, increased academic performance, better interpersonal skills, and higher sensitivity to social issues.

Another Arts in Education program is VSA Arts. This is a popular program which supports a national network that assures accessible arts programming for children and youth with disabilities. Each year approximately 4.5 million individuals participate in VSA Arts programs.

The National Writing Project is another program that has not only proven its worth, but I am advised that it consistently receives the highest rating from its official federal review. The fact is, that the modest federal funds that have been directed to this program (\$14 Million in 2003) are leveraged as much as 7 times in some areas. The National Writing Project does not dictate a certain method of teaching writing, but it provides a highly trained network of teachers who share proven methods with other teachers. Teachers are energized by this training and become better teachers.

The grant program for foreign languages in schools is another one that I truly hope we can continue to fund. Mr. Secretary, during the celebration of International Education Week, you stated a commitment to the elements of what you called a "world-class" education. Foreign languages taught early and throughout a child's life is a corner stone to that goal. Today we have national security issues that beg a population better prepared to conduct themselves with an international awareness. The experts told us at a hearing in 2000 that college is simply too late. We need to start sooner.

There are other programs of importance, such as those which deal with gifted education, physical education, and school counseling. All of these need our attention.

I hope that during this appropriations process, we can again come to some compromise and continue to fund the programs that have national significance and have proven to be successful.

I know that you have the best interests of our children at heart, and I look forward to working with you.

#### CHAIRMAN'S CLOSING REMARKS

Senator SPECTER. There are many more subjects. We had a pretty good attendance with the five Senators here this morning on an extraordinarily busy morning at 9 o'clock.

We are going to be proceeding to a full committee hearing, as I said earlier, with Secretary Rumsfeld and Secretary Ridge. And with the customary roller skates around here, I have to go to a judiciary committee meeting for a few minutes to try to confirm Justice Priscilla Owen.

But we thank you for what you are doing. We appreciate your coming from Houston, from a very activist program in education and taking on a very big responsibility. There are many other questions of concern to my State, not only as to the rural education but also as to big city education. We will be having a dialogue with you further and I look forward to an opportunity to invite you to Pennsylvania.

You have been very gracious with your time in the past. And we look forward to working with you, Mr. Secretary.

#### SECRETARY'S CLOSING REMARKS

Secretary PAIGE. We thank you so much for your leadership. And we invite you and the members of the committee, subcommittee, to contact us if there is any discussion you want to have around any of these issues.

Senator SPECTER. Thank you very much.

Secretary PAIGE. Thank you.

## ADDITIONAL COMMITTEE QUESTIONS

Senator SPECTER. There will be some additional questions which will be submitted for your response in the record.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

## QUESTIONS SUBMITTED BY SENATOR ARLEN SPECTER

## TITLE I SCHOOL IMPROVEMENT

*Question.* Does the fiscal year 2004 budget request provide sufficient funds to pay the costs of corrective actions—public school choice, supplemental services, school restructuring, etc.—which must be taken with respect to schools which fail to meet adequate yearly progress standards for 2 or more consecutive years?

Answer. State and local educational agencies have been required to take corrective actions to improve Title I schools in need of improvement since the 1994 reauthorization. We believe that the President's \$12.4 billion 2004 request for Title I, an increase of \$3.6 billion or 41 percent over the amount provided for the final year of the previous law, is more than adequate to help States and school districts provide the new educational options and carry out the improvement measures required by the NCLB Act.

In particular, by statute, 2004 school improvement funding would double from 2 percent to 4 percent of the overall Title I Grants to LEAs funding. The President's request is large enough to ensure that this increased school improvement funding comes from new funding and not from existing Title I allocations.

*Question.* How many schools have been affected by this requirement during the 2002–2003 school year?

Answer. We do not yet have precise figures from the States, but a survey conducted last summer, combined with data from earlier years, suggests that roughly 8,000 schools were identified for school improvement in the 2002–2003 school year.

## TITLE I CHOICE AND SUPPLEMENTAL SERVICES

*Question.* Have any localities received waivers from the requirement to provide supplemental services?

Answer. Such waivers may be approved by State educational agencies only if there are no available service providers and the school district is itself unable to provide services. We do not yet have any data on how many waivers have been granted by the States.

*Question.* What evidence is there that third-party supplemental services providers will be any more successful than their regular public schools in providing Title I services?

Answer. While we do not yet know how successful supplemental educational services will be in raising student achievement, we do know, first, that students are eligible for such services only when their schools have failed, for at least three years, to meet adequate yearly progress requirements. In other words, we know the schools are not getting the job done. And, second, we know that there are service providers that have a strong record of improving student achievement, as demonstrated in part by the willingness of parents to pay for their services.

I also should clarify that supplemental educational services, as the name suggests, are not a replacement for regular Title I services, but additional instruction available to those students with the greatest need for improvement. Students receiving supplemental educational services can continue to benefit from the regular Title I program offered in their schools.

Finally, service providers are subject to monitoring by State educational agencies and must meet performance objectives included in the agreements negotiated with parents. If a particular provider consistently fails to meet its objectives for improving student achievement, few parents are likely to request its services and it will likely lose the State-approved status required for participation in the program.

PARENTAL NOTIFICATION OF PUBLIC SCHOOL CHOICE AND SUPPLEMENTAL SERVICES  
OPTIONS

*Question.* Are parents of affected pupils eligible for public school choice and supplemental services options being informed of these options in a timely and effective manner?

Answer. In general, I believe most school districts have made a good-faith effort to notify parents of their children's eligibility for both public school choice and supplemental educational services. Some districts experienced difficulty in this area during the current school year, in part because these are new requirements and districts are still developing appropriate procedures and processes for complying with those requirements. In addition, some States did not post their lists of approved providers until well into the second semester of the school year, making it difficult for local educational agencies to make the services available on a timely basis.

I am encouraged by anecdotal reports in the media of districts responding to complaints by parents by improving notification and increasing the range of options available to parents. I expect this improvement will continue as both districts and parents become more familiar comfortable with the choice and supplemental service requirements. In any case, this is an issue we will follow closely over the coming months and years.

*Question.* Are the parents typically being offered a substantial range of choices?

Answer. We do not yet have sufficient information to describe a "typical" public school choice program under the NCLB Act. Based on reports in the media, the range of choices offered has varied considerably, depending on such factors as the district's understanding of the choice requirements and the number of eligible schools within the district. I think this is pretty much what we expected, particularly during the first year of implementation.

#### NO CHILD LEFT BEHIND "REPORT CARD" REQUIREMENTS

*Question.* What are the costs to States and local educational agencies of meeting the report card requirements of the No Child Left Behind Act?

Answer. These costs will vary considerably based on such factors as the size of the State and district involved and the number and type of schools that must be included in State and local report cards. It is important to remember, however, that report cards are not new to the Elementary and Secondary Education Act, but were required under the previous authorization. The NCLB Act did add some requirements for additional information in the annual report cards, but this reflects only incremental cost increases for an existing activity.

*Question.* How are most States and local educational agencies disseminating their report cards?

Answer. Information about State and local plans and procedures for disseminating their annual report cards was included in the accountability plan workbooks that each State submitted in January 2003 as part of the consolidated application process. The Department is currently subjecting the plans outlined in these workbooks to peer review, and will have more data on report cards when the peer review process is completed early this summer.

*Question.* If they are disseminated primarily through the Internet, how will parents and other individuals without home computers and Internet access obtain them?

Answer. We do not yet have any data suggesting that the Internet will be the primary means of disseminating annual report cards. However, the Title I regulations require that States and school districts communicate all school improvement information, including annual report cards, directly to parents through such means as regular mail, and not just through broader means such as posting report cards on the Internet.

*Question.* May Elementary and Secondary Education Act Title I--A funds be used to develop or disseminate report cards?

Answer. Yes, States and school districts may use Title I, Part A funds to meet the requirements of Title I, Part A of the ESEA, which include annual report cards.

*Question.* How many States and local educational agencies are currently meeting the No Child Left Behind Act requirements to publish report cards on their performance?

Answer. The Department currently does not have complete data on the number of States and school districts meeting the report card requirements of the NCLB Act. Many States and school districts were producing and disseminating report cards under the previous law, but the NCLB Act required additional information that will likely require modification to these pre-NCLB report cards. The Department will have more data on State and local efforts to meet the new report card requirements once it completes the process of peer reviewing State accountability plans early this summer.

## EVALUATION OF 21ST CENTURY COMMUNITY LEARNING CENTERS PROGRAM

*Question.* The fiscal year 2004 budget proposes \$600 million for 21st Century Community Learning Centers, a reduction of \$393.5 million from the amount provided in last year's bill. These centers help communities provide extended learning opportunities for students—including after school programs—and related services for their families, such as family literacy. The stated reason for the proposed reduction is that the Department's recent national evaluation of centers revealed shortcomings in the program, in particular related to the academic performance of students attending such programs.

Mr. Secretary, given that the findings from the national evaluation that are your basis for reducing the program are not nationally representative and are only first year findings, is it appropriate to cut this program so significantly, especially given the fact that other studies have found academic improvement and other benefits from such programs?

*Answer.* The rapid growth in funding for the program over the past few years occurred almost entirely in the context of an increased emphasis on improving student achievement. For example, the 2001 request submitted by the previous Administration, which proposed to more than double the appropriation to \$1 billion, was justified by the perceived need to give students in all low-performing schools the opportunity to attend after-school programs to help improve their academic achievement. There was a specific link between the size of the request and the academic benefits expected from that request. In this context, our proposal to scale back the program, on the basis of evidence that it is not achieving those expected benefits, seems entirely appropriate. Preliminary findings from the current evaluation of 21st Century Community Learning Centers, conducted by Mathematica Policy Research, Inc., indicate that the centers funded in the program's first three years, on average, provided academic content of limited intensity and had limited influence on academic performance, no influence on feelings of safety, and no positive impact on student delinquent behavior. Attendance in the programs was found to be low (on average, less than two days per week, even though centers were open, on average, four to five days a week).

Additional analyses compared the outcomes of frequent and infrequent program participants. Frequent participants were more likely to be from disadvantaged households and to want to improve in school; however, analyses did not reveal that more frequent participation led to better outcomes.

The evaluation study uses far more rigorous methodology than other studies cited in the after-school program literature. The evaluation includes an experimental research design (randomly selected participants in programs) for the elementary school portion of the study and a quasi-experimental research design (matched comparison groups) for the middle school portion. Other studies in the literature used less rigorous methodologies (and thus produced less reliable results), often presented highly selective results from small samples, and offered information about outcomes rather than impacts. (In contrast to "outcomes" that provide description information on the performance of those who chose to participate in the program, "impacts" provide evidence of outcomes that are caused by their participation in the program.)

*Question.* Isn't it true that there were many positive findings from the study, such as more parental involvement and better quality of homework produced that argue against such a reduction?

*Answer.* The Department did not discount those findings. The report states that the achievement gains of African-American, Hispanic, and female students were very small (with improvements only in math and then by less than 2 points on a 1–100 point scale). While parental involvement is often thought to be important, the study reported no clear evidence that a link to achievement exists.

## IMPACT OF CURRENT VOCATIONAL EDUCATION PROGRAMS

*Question.* Given that the National Assessment of Vocational Education's final report has yet to be released by the Department, will you provide specific information about any possible findings that have led the Administration to conclude that the current vocational education programs are not improving student outcomes?

*Answer.* Since 1917, the Federal Government has invested in helping States and schools better prepare young people for the future, seeking to ensure that every young person leaves high school with the skills he or she needs to succeed. However, evidence shows that we are failing to adequately prepare our youth for the future. For example:

—Recent NAEP and TIMSS data show little improvement in high school students' relative academic performance. Nationally, the high school graduation rate has declined, with many non-graduates eventually obtaining GEDs or other alter-

- native certificates that have less value in the labor market than traditional high school diplomas have.
- Large proportions of high school students enter college, but many fail to complete. The best available data suggest that rates of remediation in college are high, and that students who have taken remedial course work are much less likely to persist and eventually earn a college degree than are other students.
  - With regard to employment and earnings, students with higher-level math skills earn substantially more than do students with the same level of educational attainment but weaker skills. A similar pattern exists with regard to reading skills.
  - Surveys of firms indicate that many test job applicants and that the proportion of applicants who lack the necessary basic literacy and/or math skills may be growing. Thus, even students who enter the job market directly out of high school must have a strong foundation of academic competencies.
  - There is no evidence that vocational course taking, as it has been structured, is likely to address deficiencies in academic achievement or improve rates of college going. The previous National Assessment of Vocational Education (NAVE) Final Report, published in 1994, commissioned and reviewed several studies and found: (1) no relationship between vocational education and academic achievement gains, or a negative effect if students substitute vocational for academic courses, and (2) a similar relationship to postsecondary education. A more recent rigorous evaluation of career academies, representing a broad vision of vocational education, found that these programs did not improve standardized math and reading achievement test scores, had no effect on the graduation rate, and did not increase the proportion of students who enroll in postsecondary education by the end of the first year following high school graduation.

The current structure of the Federal vocational and technical education program is not adequately addressing these issues. The NAVE final report is likely to provide additional supporting evidence of the program's inadequacies.

*Question.* Are these findings applicable to all groups of students?

*Answer.* Yes. In fact, while there are significant achievement gaps between low-income and minority students and their peers, the overall academic attainment of all high school students is inadequate and disappointing. Too few students, regardless of their family income, race, or ethnicity, are leaving high school without the skills they will need to succeed in postsecondary education and the job market.

#### REAUTHORIZATION PROPOSAL FOR SECONDARY AND TECHNICAL EDUCATION

*Question.* Please explain how the Administration's proposed secondary and technical education program would better prepare a complete workforce, with a broad range of skills that will be needed in the Nation's current and future economy.

*Answer.* The Administration's proposed Secondary and Technical Education Excellence program would shift the Federal role from supporting traditional vocational education to focusing on improving high school academic achievement and on supporting high-quality technical education programs that span the high school and college levels, thus making sure that students are taught the academic knowledge and technical and practical skills needed to make successful transitions from high school to college and from college to the workforce.

In particular, States would use their Federal formula allocations to make grants to partnership of local educational agencies and community and technical colleges to develop or implement academic/technical education programs that show promise or are effective (or show promise of) in improving students' academic and technical skills, increasing degree attainment, reducing the need for remedial courses at the postsecondary level, and improving employment outcomes. Further, to improve the quality and labor market responsiveness of the curriculum and to make it easier for high school graduates to transition to postsecondary education, the proposed program will promote greater collaboration between technical and community colleges and high schools in planning and delivering technical education coursework for secondary school students, as well as continue to support postsecondary programs for adult, career-changing students.

Creating cutting-edge programs of this kind can be costly and time-consuming for administrators, teachers, college faculty, and business leaders, but the proposed program will provide communities with both incentives and resources to take on the difficult but important task of better preparing our young people for the future.

FISCAL YEAR 2004 BUDGET REQUEST FOR THE SECONDARY AND TECHNICAL EDUCATION  
EXCELLENCE PROGRAM

*Question.* Given the proposed reduction of \$326 million in vocational education programs and the proposed authority to transfer funds for use under Title I of ESEA, are you concerned that there would be sufficient Federal financial assistance to support effective career and technical education programs throughout the United States; and, if not, why?

*Answer.* We believe that the 2004 budget request is sufficient for the proposed Secondary and Technical Education Excellence program. Under the current program, \$1.19 billion is spread thinly, supporting general expenses like equipment purchases and hiring of staff, but having little direct impact on student learning. The new program would target funds to a smaller number of high-need high schools that show promise for raising student achievement and to community colleges that are able to provide students with high-quality education and training leading to successful employment outcomes.

In particular, at the high school level, the program would provide funds to local educational agencies to develop or implement technical education programs that include the high-level academics that all students need in order to succeed in postsecondary education and the job market. In addition to promoting high-quality community and technical college programs for adult, career-changing students, the program would encourage technical and community colleges to act as more active partners in secondary technical education, both to improve the quality and labor market responsiveness of the curriculum and to make it easier for high school graduates to transition to postsecondary education. Thus, Federal funds would be more tightly focused on promoting the development and implementation of programs that are most responsive to the academic and technical skill demands of the 21st century workforce.

STUDENT AID ADMINISTRATION

*Question.* The President's 2004 budget request proposes the development of a new, discretionary Student Aid Administration (SAA) account that would consolidate all student aid management costs previously funded through the discretionary Program Administration and Federal Family Education Loan Program (FFELP) accounts and the mandatory Federal Direct Student Loan Programs (HEA Section 458) account. Secretary Paige, could you please explain why the President and the Department are seeking to move the mandatory funds obligated under Section 458 of the Higher Education Act of 1965, as amended, from a mandatory to discretionary account when the Higher Education Act is up for reauthorization this year?

*Answer.* The current student aid administration budget structure—split among multiple mandatory, discretionary, and subsidy accounts—makes it difficult to hold Federal Student Aid, the performance-based organization within the Department, accountable for reducing program operations costs. The fiscal year 2003 appropriations act took a first step toward rationalizing this structure by unifying discretionary funding for student aid operations in the Student Aid Administration account. We believe that it is appropriate to complete the process in the 2004 appropriation, consistent with the President's management and financial improvement agendas.

*Question.* Why should this provision be enacted through the appropriations process, instead of taking the regular course through the authorizing committee?

*Answer.* As noted above, the fiscal year 2003 appropriations act took a first step toward rationalizing the funding structure for student aid operations by unifying discretionary funding in the Student Aid Administration account. Completing the process in the 2004 appropriation is a key component of the President's budget, management, and financial improvement agendas.

*Question.* One of the purposes identified by the Congress for establishing the Performance Based Organization (PBO) was to improve service to students and other participants in the student financial assistance programs authorized under title IV of the Higher Education Act. Given that administrative expenses for the PBO are closely associated with the number of loans issued in a given year—a level which could be difficult to predict—how will the proposal to make administrative expenses subject to annual appropriations better achieve that purpose behind the creation of the PBO?

*Answer.* Mandatory administrative funding levels are typically set for 5-year periods, and for the past few years have been straightlined except for growth in guaranty agency administrative payments. We believe that setting funding levels as part of the annual appropriations process will actually allow greater flexibility to ensure

that sufficient funds are available to provide the best possible service to student aid program participants.

The Administration is developing a true activity-based budget formulation process for student aid administration to better incorporate Department workload projections in its annual budget request. (The number of loans in a given year is but one of a large number of variables, including the number of student aid applications, awards, loans in default, Direct Loans in repayment, etc., that determine student aid administrative costs.) This process will also allocate student aid management expenses to specific business processes, allowing the Department to more accurately determine the cost of individual activities or programs, and facilitating efforts to budget administrative funds to each business process, set cost reduction targets, and easily compare actual performance to budget targets.

#### STUDENT AID APPROPRIATIONS AND ADMINISTRATIVE COSTS

*Question.* What happens if funds appropriated fell short of the amount required to meet the operations of the PBO?

*Answer.* We are confident that Department managers will be able to operate their operations effectively within the requested funding level. The Department has long experience managing program operations with discretionary funds—as you know, it is already the case with the Department’s program administration funds and, indeed, virtually all other administrative appropriations in the entire government.

*Question.* How would services to students and other participants be affected?

*Answer.* We do not expect that this proposal would affect service to students, schools, and other student aid program participants. This is a management improvement designed to improve program efficiency while being transparent to program beneficiaries.

#### STUDENT FINANCIAL ASSISTANCE: PELL APPLICANT GROWTH AND PROJECTED PELL FUNDING SHORTFALLS

*Question.* Given the unexpected 9 percent and 10 percent growth in the Pell Grant program over the past two years, do you expect that your estimates of 25 percent applicant growth in the coming academic year and 1.5 percent for the following year create a shortfall greater than the one estimated under the President’s budget request?

*Answer.* The Administration believes that the applicant growth estimates underlying the President’s Budget request for Pell Grants are prudent assumptions based on an analysis of historical trends. During the previous period of Pell Grant funding shortfalls—from academic years 1990–91 to 1993–94—the applicant growth rate increased cumulatively by 22.5 percent, or at an annual average of 5.6 percent. Immediately following this period of (then) unprecedented applicant growth, the number of Pell applicants grew by only 1.4 percent in academic year 1994–95. Furthermore, applicants grew only 13 percent during the 7-year span between academic years 1994–95 and 2000–01. The average growth rate per award year for this 7-year period was 1.6 percent.

During the current funding shortfall, Pell applicants increased cumulatively by 18.6 percent during award years 2001–02 and 2002–03. Based on historical data, the Department’s applicant projection for AY 2004–05 assumes a similar pattern of decline immediately following cumulative surges, as recorded during the last funding shortfall. In addition, given the recent cumulative growth among older, independent students and projected population figures for students in the traditional college age cohort, it is possible that the pool of Pell applicants not already receiving awards will begin to shrink.

#### PELL GRANT FUNDING HISTORY

*Question.* Over the life of the Pell Grant program, how often have there been annual funding shortfalls, as reported in Pell Grant End-of-Year (EOY) Reports?

*Answer.* A comparison between total expenditures and appropriation level for a given award year in the Pell Grant EOY Report does not accurately portray the cumulative funding shortfall or surplus since prior-year unobligated funds may be used in current years and funds from future appropriations are often used to cover current year shortfalls. Moreover, appropriation levels are often determined based on the estimates of prior-year shortfalls and surpluses, in addition to the estimated current year program cost.

A table from the Award Year (AY) 2000–01 Pell Grant EOY Report is provided, however, to illustrate the total expenditures, appropriation level, current year shortfall/surplus, and the reduction method employed to help alleviate Pell Grant shortfalls.

An additional table is provided to show a more accurate portrayal of the Pell Grant shortfalls and surpluses dating back to 1989. These data are taken from final budget documents and financial systems, illustrating cumulative shortfall and surplus amounts over time.

HISTORY OF PELL GRANT FUNDING: AY 2000-01 EOY REPORT

Fiscal year	Award year	Total expenditures <sup>1</sup>	Appropriation	Current year surplus/ (shortfall)	Action
1973	1973-74	\$48,469,000	\$122,100,000	\$73,631,000	Stepped Reduction
1974	1974-75	361,188,000	475,000,000	113,812,000	Stepped Reduction
1975	1975-76	932,083,000	840,200,000	(91,883,000)	Full Funding
1976	1976-77	1,485,164,000	1,325,800,000	(159,364,000)	Full Funding
1977	1977-78	1,534,395,000	1,903,900,000	369,505,000	Full Funding
1978	1978-79	1,550,360,000	2,160,000,000	609,640,000	Stepped Reduction
1979	1979-80	2,369,911,375	2,431,000,000	61,088,625	Full Funding
1980	1980-81	2,400,656,660	2,157,000,000	(243,656,660)	Flat \$50 Reduction
1981	1981-82	2,313,263,380	2,604,000,000	290,736,620	Flat \$80 Reduction
1982	1982-83	2,433,130,730	2,419,040,000	(14,090,730)	Stepped
1983	1983-84	2,810,851,530	2,419,040,000	(391,811,530)	Full Funding
1984	1984-85	3,066,734,552	2,800,000,000	(266,734,552)	Full Funding
1985	1985-86	3,611,447,366	3,862,000,000	250,552,634	Full Funding
1986	1986-87	3,473,304,086	3,579,716,000	106,411,914	Linear Reduction
1987	1987-88	3,768,737,216	4,187,000,000	418,262,784	Full Funding
1988	1988-89	4,491,684,679	4,260,430,000	(231,254,679)	Full Funding
1989	1989-90	4,794,454,987	4,483,915,000	(310,539,987)	Full Funding
1990	1990-91	4,952,215,055	4,804,478,000	(147,737,055)	Linear Reduction
1991	1991-92	5,811,633,979	5,375,500,000	(436,133,979)	Full Funding
1992	1992-93	6,195,912,589	5,502,800,000	(693,112,589)	Full Funding
1993	1993-94	5,673,231,640	6,461,900,000	788,668,360	Full Funding
1994	1994-95	5,537,849,327	6,636,700,000	1,098,850,673	Full Funding
1995	1995-96	5,489,766,815	6,146,800,000	657,033,185	Full Funding
1996	1996-97	5,798,361,158	4,914,000,000	(884,361,158)	Full Funding
1997	1997-98	6,349,755,300	5,919,000,000	(430,755,300)	Full Funding
1998	1998-99	7,252,057,389	7,344,900,000	92,842,611	Full Funding
1999	1999-00	7,039,119,041	7,704,000,000	664,880,959	Full Funding
2000	2000-01	7,975,801,349	7,640,000,000	(335,801,349)	Full Funding

<sup>1</sup> Total Expenditures also include Administrative Cost Allowance (ACA) payments.  
 Note: Since prior-year unobligated funds may be used in current award years and funds from future appropriations may be used, fiscal year appropriation levels are often based on estimates of prior-year funding shortfalls and surpluses— in addition to the estimated current year program cost. Therefore, the comparison between total expenditures and appropriation level may not provide an accurate representation of funding shortfalls and surpluses. Moreover, obligation levels continue to fluctuate after the EOY Report has been printed.

HISTORY OF PELL GRANT FUNDING SURPLUSES/SHORTFALLS BASED ON BUDGET/FINANCIAL SYSTEMS: FISCAL YEAR 1989-2003

Fiscal year	Award year	Annual surplus/ (Shortfall)	Cumulative Surplus/ Shortfall	Action(s) taken for cumulative shortfall
1989	1989-90	(\$75,366,675)	.....	
1990	1990-91	(\$230,367,465)	(\$305,734,140)	Fiscal year 1991 funds used.
1991	1991-92	(\$396,568,870)	(\$702,303,010)	Fiscal year 1992 funds used.
1992	1992-93	\$18,219,444	(\$684,083,566)	Fiscal year 1993 Appropriation (\$240M); fiscal year 1993 Supplemental Appropriation (\$341M); Transfers (\$9M); fiscal year 1994 funds used.
1993	1993-94	\$459,709,140	(\$224,374,426)	Fiscal year 1994 Supplemental Appropriation (\$250M); Transfers (\$3.1M).
1994	1994-95	\$807,731,000	\$583,356,574	
1995	1995-96	\$715,845,000	\$1,299,201,574	
1996	1996-97	(\$864,440,000)	\$434,761,574	
1997	1997-98	(\$396,000,000)	\$38,761,574	
1998	1998-99	\$123,934,000	\$162,695,574	
1999	1999-00	\$474,000,000	\$636,695,574	
2000	2000-01	(\$317,283,000)	\$319,412,574	
2001	2001-02	(\$1,242,000,000)	(\$922,587,426)	Fiscal year 2002 funds used.
2002	2002-03	(\$310,000,000)	(\$1,232,587,426)	Fiscal year 2002 Supplemental Appropriation (\$1B); fiscal year 2003 funds will be used.
2003	2003-04	(\$305,353,000)	(\$1,537,940,426)	Fiscal year 2004 funds will be used.

Notes: Funding surplus/shortfall amounts reflect supplemental appropriations, rescissions, and transfers. Data for award years 2002-03 and 2003-04 are estimates based on assumptions used in the President's fiscal year 2004 Budget and final fiscal year 2003 action.

*Question.* Please outline how each of those shortfalls has been addressed?

Answer. As shown in the first table above, the Pell Grant maximum award has been reduced in eight award years, by various methods, due to insufficient funding. The additional table lists supplemental appropriations, transfers, and other steps taken during the years of cumulative shortfalls.

#### PELL GRANT MAXIMUM AWARD AND COST OF HIGHER EDUCATION

*Question.* Does your proposal to establish a maximum Pell Grant at \$4,000 for fiscal year 2004 mean that students served by the program will lose ground relative to the price of postsecondary education?

Answer. Since 2000, the increase in the Pell Grant maximum award has matched the increased average cost of attendance at 4-year public institutions. We will work with our partners in States and institutions to ensure students—especially the most needy students—retain access to quality postsecondary education.

#### FISCAL YEAR 2004 EDUCATION BUDGET REQUEST AND STUDENT ACCESS TO POSTSECONDARY EDUCATION

*Question.* The fiscal year 2004 budget request reduces funding for Supplemental Education Opportunity Grants, Federal Work-study, the Perkins loan program, GEAR UP and TRIO programs. In addition, the budget proposes reducing the maximum Pell Grant award to \$4,000. The Nation's neediest students are the ones supported by these programs. How does the Administration justify reducing and in some cases eliminating funding for these programs at a time when State budget reductions are forcing higher tuitions and fees and there is a rapidly growing population of needy students that want and should go to college?

Answer. Because the fiscal year 2004 budget request was prepared before the fiscal year 2003 appropriation was finalized, it was based on the Administration's fiscal year 2003 budget request. As a result, in a number of cases where the actual appropriation exceeded the 2003 request, the Administration's intent to provide level funding in fiscal year 2004 now appears to be a decrease in support. (This is true for the Pell Grant maximum and the Supplemental Education Opportunity Grant (SEOG), TRIO and GEAR UP programs. Our request for Federal Work-Study would be an increase over the final fiscal year 2003 level.) The Administration is prepared to work with Congress to adjust priorities in the fiscal year 2004 budget, but is committed to maintaining an overall discretionary spending limit that is consistent with the Administration's request.

That said, our priority for 2004, as it has been for the past few years, is the Pell Grant program, the largest and most need-based of Federal student grant programs. Accordingly, the President proposed a record \$1.35 billion, or 12 percent increase, for Pell Grants, for an all-time high total of \$12.7 billion. We believe that concentrating our resources in this way—the Pell increase alone is actually significantly larger than the entire SEOG or Work-Study program, or TRIO and GEAR UP combined—is the most efficient way to help the most needy students.

*Question.* What other sources of assistance are available under the budget request to continue to provide access to quality postsecondary education for all Americans?

Answer. Under the Administration's fiscal year 2004 budget request, the Federal Family Education Loan and William D. Ford Direct Student Loan programs will provide nearly \$47.6 billion in loans to help students and parents pay for postsecondary education. In addition, the request maintains support for several other higher education programs that help to provide access to postsecondary educational programs. The Byrd Honors Scholarships program would receive \$41 million under the 2004 request to provide more than 27,000 merit-based scholarships for undergraduate students. The Javits Fellowships and Graduate Assistance in Areas of National Need programs also would receive a combined \$41 million to provide merit- and need-based awards for students pursuing advanced degrees. Additionally, the Fund for the Improvement of Postsecondary Education would receive \$39.1 million to support a wide range of innovative projects, including many focused on increasing the access and retention of underrepresented students.

#### ADMINISTRATION'S PROPOSED INCOME TAX PROVISION AND REDUCTION OF ERRONEOUS STUDENT AID PAYMENTS

*Question.* The Administration has proposed to allow the IRS to match income tax return data against student aid applications, in order to reduce the number of erroneous student aid payments. According to the U.S. Department of Education, this proposal would save the Federal Government \$292 million in erroneous payments during the 2003–2004 academic year and \$346 million in the 2004–2005 academic

year. What steps have you taken to gain the support of the authorizing committees of jurisdiction?

Answer. We have been working closely with both tax writing committees as well as the Joint Committee on Taxation (“JCT”) to enact this proposal. While there is support for the goal of eliminating erroneous payments in the student aid programs, the JCT has raised questions about the privacy implications of allowing Department contractors access to applicant tax data in order to implement the data match. We are working closely with the JCT to demonstrate that the Administration’s proposal will actually strengthen protection of applicant tax data versus the current verification process.

OTHER STEPS TAKEN TO REDUCE AND ELIMINATE ERRONEOUS FEDERAL EDUCATION PAYMENTS

*Question.* What other steps is the Department taking to reduce and eliminate erroneous Federal education payments?

Answer. The Department is taking a number of steps to address the problem of erroneous payments, including working closely with the Office of Management and Budget in implementing Public Law 107–300, the Improper Payment Information Act of 2002. The Act mandates tracking erroneous payments down to the sub-recipient level for grants and all procurements, in addition to loans, loan guarantees, etc. The threshold will be 2.5 percent or \$10 million in improper payments, whichever is greater, proven by a statistical sample with a 90 percent confidence level.

LEVERAGING EDUCATIONAL ASSISTANCE PARTNERSHIPS

*Question.* Mr. Secretary, your budget eliminates the Leveraging Educational Assistance Partnership (LEAP) program. Since nearly all States are facing deficits, tuition rates are being forced up, and research by the Advisory Committee on Student Financial Assistance and others has documented the need for more State/Federal partnership program funding to close the growing college access gap between low- and high-income students, can you tell me why you think eliminating this program is a good idea?

Answer. Since LEAP was first authorized as the SSIG program in 1972—when only 28 States had undergraduate need-based grant programs—the State commitment to providing need-based student aid has grown exponentially. Today nearly all States have need-based student grant programs, with grant levels that have expanded greatly over the years, and most States significantly exceed the statutory matching requirements. For academic year 2001–2002, for example, estimated State matching funds totaled nearly \$1 billion, more than \$950 million over the level generated by a dollar-for-dollar match, and far more than would be required even under the 2-for-1 match under Special LEAP. This suggests a considerable level of State commitment, regardless of Federal expenditures.

JAVITS FELLOWSHIPS AND GRADUATE ASSISTANCE IN AREAS OF NATIONAL NEED

*Question.* Mr. Secretary, the Graduate Assistance in Areas of National Need (GAANN) and Jacob Javits programs attract exceptionally promising students into graduate study to pursue degrees in areas of national need—such as chemistry, information sciences, and engineering—as well as in the arts, humanities, and social sciences. The fiscal year 2004 budget request proposes roughly level funding for these programs at a time when supporting advanced study in these areas is of great importance to the Nation. The National Science Foundation (NSF) and the National Institutes of Health (NIH) have proposed increasing their graduate education budgets for fellowships and traineeships. Why have you not done the same, given the important niche these programs serve in the Federal Government’s graduate education portfolio?

Answer. The general approach this year was to request increases for selected high-priority programs. Our priority for 2004, as it has been for the past few years, is the Pell Grant program, the largest and most need-based of Federal student grant programs. We believe that concentrating our resources in this way is the best way to help the most needy students. The Administration supports the Javits Fellowships and GAANN programs and recognizes that they play an important role in preparing students for scholarly careers and careers in areas of national need. The funding requested for these programs would support a total of 1,116 fellowships, including approximately 400 new fellowships. However, in light of the current budget conditions, the Administration considered it necessary to demonstrate fiscal discipline and limit program increases to only the highest-priority programs.

## RECREATIONAL PROGRAMS FOR INDIVIDUALS WITH DISABILITIES

*Question.* With a success/sustainability rate of nearly 75 percent, recreational programs have proven to be an effective approach to leveraging local and private funding to support the integration of individuals with disabilities into the community. Budget documents indicate that this program has limited national impact and that funding is more appropriately derived from States, local agencies and the private sector. Doesn't the Federal Government have a specific role in stimulating and leveraging local and private funding for recreational programs that support the community integration needs of individuals with disabilities?

*Answer.* We do believe that the Federal Government has a role in helping individuals with disabilities become full and active members of society. We have targeted resources on those activities in which the Federal role is critical. For example, the Department is supporting over 20 National Institute on Disability and Rehabilitation Research (NIDRR) projects that include some attention to issues relating to the participation of individuals with disabilities in recreational, physical exercise, or leisure activities. For example, NIDRR just began support for a 5-year \$5.4 million Rehabilitation Engineering Research Center on Recreational Technologies and Exercise Physiology Benefiting Persons with Disabilities. This center will study recreational opportunities for individuals with disabilities, interventions to increase physical activity and recreation participation of individuals with disabilities, and strategies to reduce physical activity relapse and dropout rates. The center will be conducting randomized clinical trials to evaluate improvements in health and function.

Another example is the Traumatic Brain Injury (TBI) Model System located at the University of Washington's Department of Rehabilitation Medicine. The project conducts research on the effect of exercise on depression after TBI. This low-cost community intervention seeks to combat depression and emotional distress in persons with stable TBI, by employing exercise as a positive approach to improved emotional and physical functioning and socialization. This 5-year project began in fiscal year 2002 and is budgeted to receive a total of \$1.825 million.

## CONTINUED AVAILABILITY OF RECREATIONAL PROGRAMS FOR PEOPLE WITH DISABILITIES

*Question.* What evidence does the Department have that recreational programs for individuals with disabilities would continue to be available to those in need of them without the seed money provided by this program?

*Answer.* The best evidence the Department has is the track record of the programs we have funded. Grantees are required to provide an increased level of support from non-Federal sources over their 3-year project period. Of the 33 grantees whose projects received their last year of Federal support during fiscal years 1998 through 2000, 24 projects are still in operation and providing recreational services to individuals with disabilities. Even more importantly, most recreation programs have been initiated and sustained without Federal funds.

## ASSISTIVE TECHNOLOGY ACT STATE GRANT PROGRAM

*Question.* State Grant funding provided under title I of the Assistive Technology Act has been critical to building an infrastructure specifically designed to ensure that people with disabilities—regardless of age or disabling condition—have access to the technology devices and services they need to be independent and productive members of society. Without this national infrastructure, there will be unbridgeable gaps in access to Assistive technology devices throughout the country. Why does the Department's budget request propose to eliminate Federal financial support for these activities?

*Answer.* The Assistive Technology (AT) State grant program was designed to be time-limited. The authority for this program originally authorized 10 years of funding for States. However, in fiscal year 1998 Congress enacted the new Assistive Technology Act in order to provide States with an additional 3 years of funding, among other things. The Administration believes that the AT State grant program has fulfilled its original mission by providing 10 or more years of Federal funding to States to assist them with achieving the goals of AT Act. In fiscal year 2003, all States will have received 10 years of funding and 31 States will have received at least 13 years of funding.

## HELPING PEOPLE WITH DISABILITIES ACHIEVE INDEPENDENCE

*Question.* Numerous technological and policy changes such as the Olmstead decision, Section 508 final guidelines, and the Telecommunications Act Section 255 were not anticipated when the sunset provisions related to Federal support of Tech Act

Projects were originally conceived. Does the Department believe that Assistive Technology State grant projects have a role to play in building an infrastructure that ensures that people with disabilities can be independent and productive members of society?

Answer. The AT State grants program has helped States to increase access to AT services and devices through changes in State laws, regulations, policies, practices, procedures, and organizational structures. State AT Act programs have had over 10 years of experience in developing and implementing AT policies, procedures, and programs that support community integration and full participation of individuals with disabilities in home, work, education, and community settings. States now have a much greater capacity to deal with changes in policy and technology that have occurred since the AT Act was first enacted. The Administration is committed to helping people with disabilities achieve independence through such efforts as the New Freedom Initiative. It has targeted Federal investments on such activities as research and development, through the National Institute on Disability and Rehabilitation Research's Rehabilitation Engineering Research Centers, the AT alternative financing program, which makes loans for purchasing assistive technology available to individuals with disabilities, and dissemination and technical assistance efforts like the NIDRR's Disability and Business Technical Assistance Centers (DBTACs <http://wwwadata.org/dbtac.htm>), which provide information, materials, technical assistance, and training on the ADA and accessible information technology.

*Question.* If so, what is that role and how will it be carried out without Federal financial assistance?

Answer. Federal support provided under the AT State grants program has played a role in building an infrastructure specifically designed to ensure that people with disabilities, through assistive technologies, have full access to home, work, education, and community activities. States are well positioned to continue to identify consumer needs and address changing trends.

#### PROGRAMS ELIMINATED IN FISCAL YEAR 2004 BUDGET

*Question.* The fiscal year 2004 budget request proposes to eliminate 48 categorical grant programs funded at \$1.6 billion last year, ranging from the Smaller Learning Communities program and Arts in Education to Rural Education. Many of these programs are programs that were just reauthorized last year as part of the No Child Left Behind Act and have strong congressional backing. Can you explain why you propose to eliminate these programs?

Answer. Major program increases in the 2004 President's budget are offset in part by these proposed program terminations, nearly all of which are narrow categorical activities that have achieved their purpose, have a limited impact, or may be funded through other more flexible State grant programs. Without these reductions, it would be impossible to provide significant increases to major Administration and Congressional priorities such as Title I, Special Education Grants to States, and Pell Grants. In addition, the Administration believes it is more effective to deliver scarce Federal education resources to States and school districts through large, flexible formula grant programs rather than small, categorical grant programs mandating particular approaches to educational improvement.

#### ASSESSING EDUCATION PROGRAM EFFECTIVENESS

*Question.* Please provide the subcommittee with the names of and primary findings from the evaluation studies used for identifying ineffective programs. If it is the Department's view that these programs are duplicative of other broader authorities, please provide a list of the eliminated programs, categorized by the broad authorities under which the activities may be undertaken.

Answer. The primary vehicle for assessing program effectiveness during the development of the 2004 President's budget was the new OMB "Program Assessment Rating Tool" (PART), which was developed to help integrate budget and program performance. The PART instrument rated programs based on responses to 26 questions in four areas, including program purpose and design, strategic planning, program management, and program results. PART also relied on evaluation results whenever they were available for the programs under review.

The PART process identified 4 of the Department's programs as ineffective: Even Start, Safe and Drug-Free Schools and Communities State Grants, TRIO Upward Bound, and Vocational Education State Grants. For the Even Start program, the evaluation findings provided the basis for the ineffective rating. The PART assessment found, among other things, that 3 national evaluations of the program (National Evaluation of the Even Start Family Literacy Program (1995), Second Na-

tional Evaluation of the Even Start Family Literacy Program: Final Report (1998), and Third National Even Start Evaluation: Program Impacts and Implications for Improvement (2003)) show that the program has had no significant impact on the children and parents served.

Below is a list of programs authorized in NCLB that the 2004 budget proposed for elimination because they are duplicative or the activities authorized can be carried out under other programs, such as the Title I Grants to Local Educational Agencies, Improving Teacher Quality State Grants, Educational Technology State Grants, and Safe and Drug-Free Schools and Communities State Grants. Also, if States and districts chose to do so, activities supported by most of these programs can be carried out under State Grants for Innovative Programs (Title V–A).

Comprehensive school reform; Close Up fellowships; Dropout prevention programs; School leadership; Advanced credentialing; National writing project; Preparing tomorrow's teachers to use technology; Elementary and secondary school counseling; Smaller learning communities; Javits gifted and talented education; Star schools; Ready to teach; Community technology centers; Parental assistance information centers; State grants for community service for expelled or suspended students; Alcohol abuse reduction; Rural education.

#### FISCAL YEAR 2004 BUDGET VS. FLEXIBILITY AND ACCOUNTABILITY

*Question.* Under the State and Local Transferability Act enacted as part of the No Child Left Behind Act, States and local school districts are provided with additional flexibility to target certain Federal funds to Federal programs that most effectively address the unique needs of States and localities, and to transfer Federal funds allocated to certain State grant activities to allocations for certain activities authorized under Title I. How did the Department consider this authority in making its fiscal year 2004 budget request?

*Answer.* The 2004 budget request maintains high levels of funding for the programs that are included in the transferability authority (Improving Teacher Quality State Grants, Educational Technology State Grants, State Grants for Innovative Programs, and Safe and Drug-Free Schools and Communities State Grants). Supporting State and local efforts to transfer funds is consistent with the Administration's belief that the most effective use of Federal funds is to provide them to States and districts through flexible formula grant programs that target funds to the classroom and allow local districts to use the funds in a manner that best meets their needs. Federal formulas cannot deliver funds to all school districts in amounts that align with their priorities.

#### STATE AND LOCAL TRANSFERABILITY ACT AUTHORITY

*Question.* How will the authority be considered in assessing the relationship between Federal funding provided and the performance outcomes achieved with such funds?

*Answer.* The Department plans to collect information, through program performance reports and a study of resource allocation, on the amount of funds transferred among programs under the transferability authority. Unlike the other flexibility demonstration options, transferability does not require States or districts to submit applications or to meet additional performance goals or separate accountability requirements. Through the statewide accountability system, districts are accountable for making adequate yearly progress (AYP). Transferability is a tool best used as part of a larger strategy for improvement.

As for the relationship between Federal funding and performance outcomes, in general, we believe that it is often not possible to isolate the separate impact of many Federal programs on student outcomes, in due to the fact that Federal programs frequently seek to leverage broader State and local improvements in education programs. However, we will also continue to collect and report information on trends in student outcomes in order to assess the overall impact of Federal, State, and local reform efforts on student achievement.

*Question.* How will this authority shape decisions on future budget requests for affected programs?

*Answer.* The transferability authority supports the Administration's emphasis on rationalizing and consolidating the delivery of Federal education resources in order to give States and school districts maximum flexibility in using these resources to meet local needs and improve student achievement while reducing administrative, paperwork, and regulatory burdens. As with the 2004 budget request, I expect that we will work to maintain or increase funding for the flexible State grant programs included in the transferability authority, while reducing budget support for smaller

categorical programs with limited impact and more complex administrative requirements.

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QUESTIONS SUBMITTED BY SENATOR TOM HARKIN  
FISCAL YEAR 2004 BUDGET REQUEST FOR EDUCATION

*Question.* Mr. Secretary, during the March 27 hearing, you agreed after much discussion that the President would be willing to support funding cuts in other Cabinet agencies in order to increase funding for the Department of Education, as long as overall discretionary appropriations do not exceed the total in the President's budget. You stated that you did not have any recommendations at that time about where to make cuts in the other Cabinet agencies, but that we could expect some guidance later.

Given that the Senate Appropriations Committee could begin marking up appropriations bills very shortly, we need that guidance as quickly as possible. Do you have any suggestions for how much money the Committee should add for education, and where it should offset those increases with cuts?

*Answer.* The President does not intend to change his 2004 Budget that was prepared and submitted to Congress, prior to Congress completing action on the 2003 Omnibus bill. The President's 2004 Budget was developed within a framework that set a proposed total for discretionary spending in 2004, and each agency and program request reflected the Administration's relative priority for that operation within that total. We recognize that Congress may believe there is a need to reorder and adjust some of these priorities, and the Administration intends to work with Congress to develop alternative figures for education programs as you go through the 2004 appropriation process, always within the requirement, however, that whatever is done for Education must fit within the overall President's 2004 budget total for discretionary programs. As Congress considers Education and related programs, I would urge you to consider our recommendations for reducing or eliminating individual categorical programs that have fulfilled their original purpose, proven ineffective, or which are duplicated by other larger, more flexible grant programs. That is a good way to stretch the education dollar.

FISCAL YEAR 2004 BUDGET AND TITLE I FORMULAS

*Question.* According to the Congressional Research Service (CRS), the Education Finance Incentive Grant funding (EFIG) stream authorized under Title I of the ESEA provides a modest financial reward, or incentive, to those States with education finance systems that minimize disparities in the distribution of State funding. CRS also reports that, in fiscal year 2002, the EFIG formula targeted a higher percentage of its funds to the two highest-poverty quintiles of needy students than any other funding formula (50.4 percent of EFIG funds, compared to 49.8 percent of targeted grant funds).

EDUCATION FINANCE INCENTIVE GRANT FUNDING (EFIG) VS. TITLE I TARGETED GRANT FORMULA

*Question.* The Department of Education Appropriations Act, 2003, included \$1.5 billion for EFIG, while the fiscal year 2004 President's budget reduces this funding to the fiscal year 2002 level of \$793 million and instead provides additional funding under the Targeted Grant formula. Given that the education finance funding stream is more targeted to the neediest students than any other formula and provides an incentive to States for reducing disparities in funding streams, why does the Administration propose reducing this funding stream and providing all of its proposed fiscal year 2004 Title I increase under the Targeted Grants program?

*Answer.* The budget requests the entire increase under the Title I Targeted Grants formula because the formula delivers a larger share of Title I funds to high-poverty local educational agencies (LEAs) than the Education Finance Incentive Grant (EFIG) formula. Increasing the funding for Incentive Grants would simply divert more resources away from the highest-poverty States and districts with the greatest need for Title I funds.

For example, the 10 poorest States by poverty rate account for 41.4 percent of the total population of children in poverty aged 5–17. Based on fiscal year 2003 Preliminary allocations, these 10 States would receive 45 percent of the Targeted Grants funds and only 40 percent of the EFIG funds. By contrast, the 10 States with lowest poverty rate, which account for 6.7 percent of children in poverty aged 5–17, would receive 6.5 percent of the Targeted Grants funds and 7.9 percent of the EFIG funds.

The EFIG formula, added to Title I in the 1994 ESEA reauthorization, includes “effort” and “equity” factors intended to benefit high-poverty districts by encouraging States to spend more on education and to improve the equity of the State funding systems. However, the formula unfairly shifts money from high-poverty States to low-poverty States, and has a very limited impact.

The “effort” factor reduces the targeting of Title I funds to the highest-poverty States, primarily because the lower level of resources available for education in these States (at least on a per-capita basis) produces a lower level of “effort” in the formula. This reduced targeting is diametrically opposed to the purpose and design of the Title I program.

States with the largest and highest-poverty urban centers—including New York, Texas, and California—receive a significantly reduced share of funding under the Incentive Grants formula when compared to the Targeted Grants formula. For example, New York would receive 9.65 percent of Incentive Grants funding compared to 12.65 percent of Targeted Grants funds and California’s share of Incentive Grants funding is 13.72 percent compared to 15.7 percent of Targeted Grants.

The “effort” factor also could adversely affect States experiencing a local recession, which may have to reduce education spending in response to declining local tax revenues. A further decline in Title I support—as would occur under the Incentive Grants formula—would only exacerbate the problem faced by local districts and schools.

The “equity” factor, which produces highly variable patterns of gains and losses among States, suffers from flaws that seriously undermine its validity. These include the absence of any adjustment for cost-of-living variations among LEAs and reliance on a single measure of equalization.

Finally, the Education Finance Incentive Grant program does not provide a significant incentive for States to increase education funding or improve the equity of their funding systems. Even the \$11.7 billion currently spent on Title I LEA Grants contributes only about 3 percent of national spending on elementary and secondary education.

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#### QUESTIONS SUBMITTED BY SENATOR THAD COCHRAN

##### POVERTY DATA FOR FISCAL YEAR 2003 TITLE I ALLOCATIONS

*Question.* Since fiscal year 1997, Elementary and Secondary Education Act Title I funds have been allocated on the basis of estimates of school-aged children from poor families provided by the Census Bureau’s Small Area Income and Poverty Estimates program, with updates every two years. Until the 2000 Census became available, Mississippi’s poor student number was underestimated and using that method would have decreased the amount of Title I money for our State.

For 2003, the Department has a choice of using these updates, or school district population estimates from the 2000 Census. Which source of data do you plan to use for fiscal year 2003?

*Answer.* In determining Title I school district allocations for fiscal year 2003 (SY 2003–04), the Department will use the model-based poverty estimates provided by the Census Bureau. These estimates reflect sample data from the 2000 Census, which looks at income year 1999, and 1999 estimates provided through the Bureau’s Small Area Income and Poverty Estimates (SAIPE) program.

We believe that the updated poverty estimates produced through the SAIPE model provide a more valid measure of school district poverty levels than the Census 2000 data and a more reliable basis for determining Title I allocations. These estimates factor in other, more up-to-date poverty measures such as Federal tax return and Food Stamp data, and address problems in the Census 2000 school district estimates resulting from sampling error.

*Question.* Are there significant differences in State shares using these two population data sources?

*Answer.* Overall, the total poverty count from the SAIPE model-based estimates is about 2.5 percent greater than the counts from the 2000 Census. Both sources produce State shares that are very similar for most States. For example, South Carolina’s State share of the total 5–17 poverty with the 2000 Census is 1.54 percent, compared to 1.48 percent with the SAIPE model-based estimates. This translates to a 3.9 percent difference in South Carolina’s State share when comparing the two. Over half of the States have State share differences less than 4 percent and three-fourths of the States have differences less than 7 percent. Only 6 States (Kansas, Idaho, Delaware, Maine, Massachusetts, and South Dakota) have State share differences over 10 percent. Massachusetts has the most significant difference

in State shares, with 1.45 percent of the total 5–17 poverty count with the 2000 Census and 1.84 percent of the total 5–17 poverty count with the SAIPE estimates (a 26.6 percent difference in State share).

NO CHILD LEFT BEHIND PROVISION FOR ANNUAL UPDATES ON CHILDREN IN POOR  
FAMILIES

*Question.* Finally, the No Child Left Behind Act allows for the use of annually updated data on children in poor families, rather than every second year—when do you expect to begin implementing this provision?

*Answer.* We plan to use annually updated model-based poverty estimates of children ages 5 through 17 by school district beginning with the fiscal year 2004 (SY 2004–05) allocations. Fiscal year 2003 is the final year for which we are using data updated on a biennial basis.

SUBCOMMITTEE RECESS

Senator SPECTER. Thank you all very much. The subcommittee will stand in recess to reconvene at 9 a.m., Tuesday, April 8, in room SD–192. At that time we will hear testimony from the Honorable Elias Zerhouni, Director, National Institutes of Health.

[Whereupon, at 9:51 a.m., Thursday, March 27, the subcommittee was recessed, to reconvene at 9 a.m., Tuesday, April 8.]