

DEPARTMENT OF EDUCATION

Statement by Betsy DeVos Secretary of Education on the U.S. Department of Education Fiscal Year 2021 Budget Request

Good morning Chairwoman DeLauro and Ranking Member Cole.

I'm pleased to be here today to present the President's fiscal year 2021 Budget Request for the Department of Education. I'm excited about our 2021 Budget proposal because it puts a clear focus on helping students achieve better outcomes by ending the Washington-knows-best controls of the past and restoring authority to States and local communities. At the same time, our request would invest in supporting continued economic growth and significantly improving services to recipients of postsecondary student financial aid.

President Trump and I are asking Congress to take several bold steps in our request. As the President urged in his recent State of the Union, we ask you to help approximately one million students find the right education fit for them by creating a Federal income tax credit for voluntary contributions to state-based, non-profit organizations that, in turn, provide scholarships directly to students. To help students enter high-demand careers, we ask you to make a historic investment in Career and Technical Education State Grants so that every student has access to a high-quality CTE program. To better serve students with disabilities, we ask you to increase funding for State Grants under the Individuals with Disabilities Education Act. And to unleash innovation by giving local educators more control of their Federal K-12 funds, we ask you to consolidate most programs into a block grant for elementary and secondary education.

But before I get into those and other proposals, I want to remind the Committee that none of us should be comfortable with the dismal results in the latest "Nation's Report Card." We

have not seen meaningful progress in a decade, and worse yet, the most vulnerable and disadvantaged are actually performing worse. The failures of our education system are dooming too many students as they pursue further education, meaningful work, and successful lives.

Our education system is demonstrably not preparing all students for today's workforce, much less tomorrow's. There are nearly 7 million jobs left unfilled today because employers are unable to find the workers with the needed skills and education.

This skills gap is the inevitable result of America's antiquated approach to education. Can we really be surprised that employers have trouble finding workers with the needed education and skills when the Nation's Report Card tells us that more than 25 percent of our 8th graders cannot read a basic, grade-level passage? "The system" is failing far too many children, and they need something far better.

The Members of this Subcommittee should recognize that the answer is not merely supplying more Federal taxpayer dollars. You have nearly doubled spending on K-12 education since 2000, from \$23 billion in 2000 to just over \$41 billion in 2020. You've increased funding six-fold over 40 years. The Federal taxpayer has been asked to invest \$1 trillion over the past half-century, and the achievement gap has failed to budge. I could go on, but suffice it to say, there is no evidence at all that the Federal Government can simply spend its way to better educational outcomes.

We must try a new approach, and I have a two-part prescription for change.

First, we need to expand education freedom for all students. Every family in America should be able to choose the education setting that they believe is best for each child. Assigning students to schools based on district boundaries may be convenient for public school systems, but it clearly doesn't work for our children, our economy, or our Nation.

Second, the Trump Administration wants to empower state and local leaders and educators by dramatically reducing the Federal Government's prescriptive, compliance-driven role in K-12 education. Fifty-five years of steadily increasing Federal involvement in K-12 since enactment of the Elementary and Secondary Education Act (ESEA) has not improved outcomes or reduced the achievement gaps for our disadvantaged students. Federal rules and regulations often make it harder for local officials to target taxpayer resources optimally.

You will see both of those solutions — education freedom and local control — throughout the President's FY 2021 request.

Overall, the President's fiscal year 2021 Budget Request includes \$66.56 billion in new discretionary budget authority for the Department of Education, an 8.4 percent reduction below the fiscal year 2020 appropriation. This is consistent with the Administration's belief that we cannot continue to increase Federal spending for K-12 education and simultaneously expect to shift power and control back to local educators. Federal money inevitably comes with Federal rules, regulations, and burdens that constrain local educators and students. If you doubt this, remember that only about 3 percent of total K-12 spending is tied to the Elementary and Secondary Education Act. Any superintendent will tell you that ESEA represents far more than 3 percent of the administrative burdens placed on them.

EDUCATION FREEDOM SCHOLARSHIPS

The most transformative proposal in the Administration's fiscal year 2021 Budget is our Education Freedom Scholarship tax-credit proposal, which would encourage voluntary contributions to state-based elementary and secondary education scholarship programs. States could create scholarship programs that give families more education options, including public,

private, home schooling, or all of the above. My goal is to help States create more options for families, and the Federal Government should be agnostic about which types of options are offered. Because the scholarships would be funded by private donations, Education Freedom Scholarships would not divert a single dollar away from public school students or public school teachers, nor would they create any Federal entanglements for students or schools.

ELEMENTARY AND SECONDARY EDUCATION FOR THE DISADVANTAGED BLOCK GRANT

Our 2021 Budget also would build on the 2015 Every Student Succeeds Act (ESSA), which reauthorized the ESEA and sought to restore State and local control over education by significantly reducing the mandates from Washington that accompany Federal education funds. As ESSA expires in 2020, we ask Congress to take the next logical step and block-grant Federal funds to States and local districts, so that people closest to students can determine how best to use those funds to improve student outcomes.

Our proposed Elementary and Secondary Education for the Disadvantaged Block Grant would consolidate 29 Federal elementary and secondary education programs into a single \$19.4 billion formula grant program. Funds would be allocated to the district level through the same need-based formulas used by the Title I program, and grantees would have discretion to use those funds for any authorized purpose of the consolidated programs. We believe this would unleash new innovation at the state and local level, and continue to expand proven reforms, including public charter schools, magnet schools, and student-weighted funding.

Under the new block grant, States and school districts would continue to meet key ESEA accountability and reporting requirements aimed at protecting students, supporting meaningful school improvement efforts, and giving parents information they need to support a high-quality

education for their children. In addition to eliminating Federal overreach and empowering State and local educators, the consolidation of 29 formula and competitive grant programs into a single formula grant would allow the Department, State educational agencies, and local districts to reduce staffing and administrative costs over time by streamlining program administration.

CAREER AND TECHNICAL EDUCATION

President Trump has compiled an extraordinary record in spurring strong economic growth, creating new jobs, and increasing wage growth. The 2021 Budget would double down on this commitment to ensuring that every American can pursue success by increasing our investment in Career and Technical Education (CTE) by nearly \$900 million. In particular, a \$680 million or 53 percent increase in CTE State Grant funding supports the Administration's goal of ensuring that every high school student in America has access to CTE programs that provide multiple high-quality pathways to high-paying, in-demand jobs. The Request also renews the President's proposal to double fees under the H-1B visa program and redirect a portion of the proceeds—totaling an estimated \$117 million—to the CTE State Grants program. Finally, we are seeking \$90 million for CTE National Programs, an increase of \$83 million, to spur the development and implementation of high-quality CTE programs in STEM fields and careers, including computer science.

SPECIAL EDUCATION PROGRAMS

We also are proposing to increase support for programs that serve more than 7 million children with disabilities in our Nation's schools. The Request would provide \$12.9 billion for Grants to States under the Individuals with Disabilities Education Act (IDEA), an increase of

\$100 million over the 2020 enacted level, while maintaining level funding for all other IDEA programs. Our Budget proposal urges Congress to provide more resources for States and school districts to ensure every student with a disability receives a high-quality education.

HIGHER EDUCATION PROGRAMS

Our Request for higher education programs also reflects our continued effort to consolidate duplicative programs and funding streams, reduce administrative burden for applicants and grantees, and streamline the Federal bureaucracy. The Request renews and expands our proposal for a Consolidated Minority-Serving Institutions (MSI) Grant program, which for fiscal year 2021 would combine 11 discretionary and mandatory MSI funding authorities into a single institutional formula grant funded at \$336.3 million.

Title III funding for Historically Black Colleges and Universities (HBCUs) and Tribally Controlled Colleges and Universities (TCCUs) would continue to be delivered through existing authorities at the 2020 enacted levels.

In addition, the President's Budget would transform the Minority Science and Engineering Improvement Program (MSEIP) through a \$150 million investment—an increase of \$137.4 million. These competitively awarded grants would fund STEM activities led by HBCUs and MSIs located in Opportunity Zones, with the goals of both preparing the future generation of STEM professionals and promoting technology-based economic development in some of our Nation's most distressed communities. The expanded MSEIP would target \$50 million to HBCUs, \$50 million to Hispanic-Serving Institutions (HSIs), and \$50 million to all other MSIs.

The Request also renews last year's \$950 million proposal for a TRIO Student Supports Block Grant that would transition the TRIO programs from a complex and difficult to administer

set of Federal competitive grant programs into a single State formula grant program. Under this proposal, States would have discretion to use their funds to implement the best mix of activities, including those currently authorized under TRIO, Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP), and the College Assistance Migrant Program, that will improve postsecondary access and attainment for their low-income and disadvantaged students.

FEDERAL STUDENT AID

Finally, I want to talk about the challenges we face in rethinking and modernizing how students and families finance postsecondary education. Our 2021 Request includes proposals to simplify the Federal student loan programs and student loan repayment, establish reasonable loan limits for all Federal student loans, and afford postsecondary institutions more flexibility to help students avoid borrowing more than they will be able to repay. The Request also would expand Pell Grant eligibility to students enrolled in high-quality short-term programs offered by institutions that provide students with a credential, certification, or license in a high-demand field, make Pell Grants available to certain incarcerated students to improve employment outcomes, reduce recidivism, and facilitate their successful reentry to society, and make crucial reforms to the Federal Work Study program to support workforce and career-oriented training opportunities for low-income undergraduate students.

We hope you will continue to support our transition to the multi-year Next Generation (Next Gen) student aid platform, which includes building the technology and operational components that will help us deliver world-class services to postsecondary students and their families while continuously enhancing cyber security and improving accountability for taxpayer funds. Key enhancements include the development and implementation of an improved loan

servicing platform and the consolidation of all customer-facing websites into a single, user-friendly hub to complement our new mobile platform and the highly successful MyStudentAid mobile app. These changes will give students, parents, and borrowers a seamless experience from application through repayment. Our request includes \$1.9 billion for such improvements through the Student Aid Administration account, \$114 million more than FY 2020 enacted levels.

To carry out these reforms, we also need to ensure that the Office of Federal Student Aid has the professional leadership and independence needed to efficiently and effectively deliver each year more than \$120 billion in new Pell Grants, Campus-Based Aid, and Direct Loans, while managing a student loan portfolio of more than \$1.5 trillion held by over 42 million borrowers. In total assets, the Office of Federal Student Aid is the country's biggest lender. But unlike banks, it does not have a clear governing structure with deep financial experience to provide strategic direction and oversight. Instead, the Office relies mostly on the Secretary of Education, along with Congress and others, for these critical roles. In 1998, when the Office of Federal Student Aid was established as a performance-based organization, annual aid was less than half of what it is today, and the Office was largely tasked with overseeing and guaranteeing privately issued student loans. Many of the complex programs we are familiar with today—TEACH grants, Public Service Loan Forgiveness, most income-based repayment plans—didn't even exist. While just about everything in world of student aid has changed, the Office of Federal Student Aid's structure and governance has stayed the same. Moreover, we should all be concerned that political interference could distract the Office from what should be a laser-like focus on delivering world-class service to help students and their families finance postsecondary education.

For all of these reasons, we believe it is time to consider whether the Office of Federal Student Aid would be a stronger and more effective organization if it had a reformed governance structure. As part of this discussion, we also believe Congress should consider whether FSA would work better as a separate organization from the U.S. Department of Education. Managing one of the world's largest consumer loan portfolios requires a different set of skills than managing the distribution of grants to local and state educational agencies. Our Budget proposes to launch this overdue discussion by evaluating these issues in order to ensure that we best serve students and taxpayers alike.

Each of these bold proposals marks a significant change from the status quo. I know that will invite criticism and handwringing. But let me urge all of us to move beyond the immediate discomfort of change and instead focus on the needs of the rising generation. A generation who, by most accounts, will be less literate than the generation before it if we do not implement significant changes to our approach to education. A generation who will face unprecedented economic change and need more nimble education options. A generation who will be more mobile and more connected than any in history. What they need from American education is not the programs we fund today, simply because we funded them yesterday and the year before that and the decade before that. What they need is a complete rethinking and challenging of everything we do so that nothing stands in the way of their continued growth and success.

Thank you again for this opportunity to lay out our 2021 Budget proposals and related reforms. I look forward to discussing these proposals further with you over the coming weeks and months as we work together to improve educational opportunities and outcomes for all Americans.