DEPARTMENT OF EDUCATION

Fiscal Year 2020 Budget Request

for the

Department of Education

Witnesses appearing before the
House Subcommittee on Labor-HHS-Education Appropriations

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DEPARTMENT OF EDUCATION

Statement by Betsy DeVos
Secretary of Education
on the
U.S. Department of Education Fiscal Year 2020 Budget Request

Madame Chairwoman, Ranking Member Cole, and Members of the Subcommittee:

Thank you for the opportunity to testify on the President's Fiscal Year 2020 Budget Request for the Department of Education.

The Department's mission is to promote student achievement and preparation for global competitiveness by fostering educational excellence and ensuring equal access. We can best accomplish this when we come alongside teachers and parents in their efforts to help each student pursue the education that works for them.

This Budget supports this Administration's commitment to expanding education freedom. It maintains funding for key formula grants and makes targeted investments of taxpayer dollars in education freedom for school leaders, for teachers, and for students and their families. The Budget would also expand the opportunity to use Pell Grants for high-quality, short-term training, enhance workforce development and career and technical education, and streamline and improve student loan repayment.

Elsewhere in the President's fiscal year 2020 budget, the Administration is proposing a Federal tax credit to encourage voluntary contributions, of up to a national cap of $5 billion each year, to provide scholarships to elementary and secondary students. I would like to make three key points about Education Freedom Scholarships that we hope will help the tax credit win broad support in Congress.

First, it relies entirely on voluntary contributions to State-identified, non-profit organizations that give scholarships to elementary and secondary students. So, the proposal does not divert a single penny from public school teachers or public school students. It is merely a mechanism to empower families to choose the best educational options for their children.

Second, it is not a Federal program. States will control the design of their own programs. States will determine which students will be eligible, which educational providers can participate, how much scholarships should be, and every other detail.

Finally, the proposal is not just for students who wish to attend private schools. States can decide to use scholarships to expand public school options—such as career and technical education (CTE), apprenticeships, dual enrollment programs, or transportation to out-of-zone schools. We hope States will empower families to choose all options including private education, but I am also committed to letting States make their own decisions when it comes to their scholarship programs.

The President's 2020 Budget also demonstrates fiscal discipline. When it comes to domestic discretionary education spending over the past couple of years, Congress has ignored the Administration's recommendations. In fact, Congress has increased the Department's discretionary spending by billions of dollars.

Since President Trump took office, Congressional appropriations for U.S. Department of Education programs have increased dramatically—in spite of the Administration's call to slow spending. We are not doing our children any favors when we borrow from their future in order to invest in systems and policies that are not yielding better results. Overwhelming Federal debt may prove to be the single greatest barrier that future generations will face in trying to achieve the full potential of the American dream, and we cannot continue to kick that can down the road.

For fiscal year 2017, Congress appropriated a total of $68.2 billion in discretionary funds. For fiscal year 2019, Congress appropriated $71.1 billion—an increase of 4.2 percent.

American taxpayers cannot afford these sorts of increases. What's more, this Administration dispenses with the tired notion that more spending equals better results in education. For years, American taxpayers have been asked to send bigger portions of their paychecks to the Government, which promises more money will cure what ails education. But too many students are still left unprepared. So, the President's fiscal year 2020 Budget includes $64.0 billion in new discretionary budget authority, a reduction of $7.1 billion from the fiscal year 2019 appropriated level, or a 10 percent decrease.

American taxpayers have other reasons to be concerned about education spending. Postsecondary education discretionary and mandatory funding would make available $131 billion in new taxpayer-financed student aid to postsecondary students this year, with $100 billion of that total in new student loans, adding to the almost $1.5 trillion in the Federal student loan portfolio. Federal Student Aid's loan portfolio is the largest consumer loan portfolio in America—larger than that of J.P. Morgan and Bank of America. And 43 percent of those student loans are in default, more than 30-days delinquent, or negatively amortized. Another 20 percent of loans are in forbearance or deferment. Only 24 percent of all loans are being reduced by at least one dollar in principal, which means the rest of them are growing in size rather than shrinking, even if borrowers are meeting the terms of their repayment plan and all legal obligations. American students need to understand that they are digging themselves into a deep financial hole and taxpayers deserve fiscal restraint because they are the ones that could ultimately be left holding the bag. That is why the Budget proposes crucial student loan reforms which I will discuss in more detail below.

ELEMENTARY AND SECONDARY EDUCATION

In the area of elementary and secondary education, the Budget request reflects our continued commitment to providing States and those closest to students with the resources and flexibility to ensure that students facing the greatest challenges can pursue a great education. In particular, we have protected funding for the key formula grant programs that support America's most vulnerable children. To supplement State and local efforts to support nearly 25 million low-income children, the Budget proposes $15.9 billion for the Title I program—the same level as the fiscal year 2019 appropriation. And to help support local efforts to serve nearly 7 million students with disabilities, the Budget proposes $13.2 billion for Grants to States under IDEA. That's the same level as the fiscal year 2019 appropriation.

This Budget builds on our efforts to give families more freedom, so that families can find the best educational setting for their children. It contains more than $650 million to support public school choice, including $500 million for opening and expanding high-quality, public charter schools and for helping finance charter school facilities; $107 million for public magnet schools; and $50 million for districts that participate in a student-centered funding pilot that will help districts transition to transparent funding systems where school funding is based on student needs and money follows children to their schools.

The Budget also includes new investments to empower teachers and elevate the teaching profession. Specifically, we are proposing a $200 million demonstration project under the Education Innovation and Research program that would provide individual professional-development stipends, or teacher vouchers. These would replace district-driven, one-size-fits-all professional development activities with those that empower teachers to select training opportunities tailored to their individual needs and those of the students they are serving. In several conversations and roundtables I've recently hosted, teachers consistently criticize the quality of the professional development programs they are forced to attend. These stipends will free teachers to study and learn what they know will most benefit themselves and their students—not what's dictated to them from the district office.

The request also includes $200 million for the Teacher and School Leader (TSL) Incentive grant program to support a new competition focused primarily on the expansion of quality teacher mentoring and residency programs. Many of the classroom teachers I've met have spoken with great passion about the important role that high-quality mentors and residencies have played in helping them improve their knowledge and skill and become excellent instructors. Those who weren't so lucky describe how ill prepared they were for the classroom. We want to test whether good mentors and residency programs can cost-effectively improve both teacher induction and retention while creating compensated leadership opportunities for teacher mentors so that they choose to stay in the classroom, where their talents are most needed. The proposed fiscal year 2020 TSL competition also would test the impact of increased compensation on recruitment and retention of effective educators in high-need subjects such as STEM and computer science.

This Administration is committed to ensuring that students are able to learn in safe and secure educational environments. The Budget includes approximately $700 million, an increase of nearly $200 million compared to 2019 appropriation levels, for grant programs in the Departments of Education, Justice, and Health and Human Services, to give States and school districts resources they need should they choose to implement the recommendations of the Federal Commission on School Safety, which I co-chaired. At the Department of Education, we are proposing a $100 million School Safety State Grant program that would help build State and local capacity to identify and address the wide range of school safety and student health concerns authorized under Title IV-A of the Elementary and Secondary Education Act (ESEA). Our request also would maintain support for other school safety programs such as School Climate Transformation Grants, Project Prevent Grants, and Mental Health Demonstration Grants.

To protect formula grants and to target our investments on key priorities, the Administration reduced or eliminated funding for several programs. We recognize that taxpayer funds aren't unlimited, and that means making some tough but necessary choices. We know that every program has a constituency that is impassioned about its importance, but as American families well understand, in order to stick with the budget, tough choices must be made and even beloved traditions must be abandoned in order to remain solvent.

First, the Budget does not include funding for the Supporting Effective Instruction State Grants authorized in Title II-A of the ESEA, saving $2.1 billion compared to the fiscal year 2019 appropriation. States and local districts have primarily used these funds for teacher professional development and class-size reduction. The Administration believes such activities are better funded through State and local resources, and they could be funded through other Federal grants, including Title I of the ESEA. There is no evidence that the Federal taxpayer investments in existing professional development programs or class-size reduction have meaningfully improved student outcomes. In fact, students may be better served by being in larger classes, if by hiring fewer teachers, a district or state can better compensate those who have demonstrated high ability and outstanding results.

Second, the Budget does not include funding for Title IV-A's Student Support and Academic Enrichment Grants, saving $1.2 billion compared to the fiscal year 2019 appropriation. These flexible funds are typically used by States and districts to enrich student academic programs, improve school environments, and deploy education technology. Title IV-A is neither well-structured nor sufficiently targeted, leading to most districts receiving less than $30,000, too little money to have an impact. Title IV-A activities should be, and largely are, funded through State and local resources, as well as other Federal programs, including Title I grants.

Third, the Budget does not include funding for 21st Century Community Learning Centers, saving $1.2 billion compared to the fiscal year 2019 appropriation. Although before- and after-school programs can improve student outcomes, 21st Century Community Learning Center programs do not generate consistent student attendance or yield consistently improved academic outcomes. The Administration believes it would be more effective to have local, State, and private resources support activities that are designed to meet the unique needs of each community, as well as the needs of its students and parents.

CAREER PATHWAYS AND POSTSECONDARY EDUCATION

The fiscal year 2020 Budget supports students in continuing their lifelong learning journeys by investing in career and technical education, promoting multiple pathways to successful careers, and streamlining and improving Federal student aid programs. The Budget also continues support for Federal programs that help prepare low-income and minority students for postsecondary education and strengthen postsecondary institutions serving large proportions of minority students. These proposals support recent congressional efforts to modernize and reauthorize the Higher Education Act to be responsive to the needs of both students and employers.

The Budget includes $1.3 billion for Career and Technical Education State grants, which help ensure that students have access to CTE opportunities in high school as well as a wide array of postsecondary options including certificate programs, applied associate degree programs, and apprenticeships. The Budget also includes $20 million for CTE National activities to help students enter careers in STEM and information technology-related programs, such as advanced manufacturing, biotechnology, engineering technology, allied health, and mechanics. Additionally, the Budget proposes to double the American Competitiveness and Workforce Improvement Act fee for the H-1B program and direct 15 percent of the revenues to the CTE State Grants. The Budget includes $60 million under Adult Education National Leadership Activities to support State efforts to create pre-apprenticeship programs that increase the number of adults who are able to meet the basic entrance requirements of apprenticeship programs. We have heard from too many employers that they want to provide apprenticeship opportunities, but cannot find interested participants who have the underlying math, science, and reading skills they need to succeed.

There are many paths to successful careers, and Federal student aid programs should be flexible enough to support students on the path of their choice. The Budget would expand Pell Grant eligibility to include high-quality short-term programs, helping more Americans access education programs that can prepare them for well-paying jobs in high-demand fields more quickly than traditional degree programs. We should give students access to a credential that saves them money and gets them into the workforce more quickly, so they can enjoy the many rewards associated with performing meaningful work and making a valued contribution.

The 2020 Budget would also reform campus-based aid programs by focusing limited resources on bolstering effective workforce development opportunities for students with the most need. The Budget proposes to reform the Federal Work-Study program to support workforce and career-oriented education opportunities for low-income undergraduate students, rather than subsidizing on-campus employment, so that low-income students are engaged in work experiences while in school that will lead to higher-paying jobs when they graduate. Our proposal also ends the system that diverts the largest portion of campus-based aid to the institutions that need it least and serve the fewest high-risk, high-need students. Our proposal would focus scarce funds on institutions enrolling high numbers of Pell Grant recipients, rather than their historical participation in the program. We can no longer tolerate a system that allows advantaged students to enjoy the prized summer internships while low-income students are limited to retail, grounds keeping, office, or food service jobs on campus that likely won't improve their longer term employability.

The 2020 Budget would also save $840 million in fiscal year 2020 by eliminating the Federal Supplemental Education Opportunity Grant (SEOG) program, which currently allows institutions to provide grant aid to students that do not always have the greatest need for assistance and that provides disproportionate benefits to students already advantaged by attending more selective institutions.

Importantly, the Budget proposes to improve student loan repayment by consolidating multiple Income-Driven Repayment (IDR) plans into a single plan. The numerous IDR options currently offered to borrowers overly complicate choosing and enrolling in the right repayment plan, and provide disproportionate benefit to students who complete expensive graduate education, but are more likely to enjoy higher earning potential over their lifetime. The proposed single IDR plan would cap a borrower's monthly payment at 12.5 percent of discretionary income. For undergraduate borrowers, any balance remaining after 15 years of repayment would be forgiven. For borrowers with graduate debt, any balance remaining after 30 years of repayment would be forgiven. The Budget also proposes auto-enrollment for severely delinquent borrowers and institutes a process for borrowers to consent to share income data for multiple years to reduce the burden on an individual borrower to submit forms and proof of earnings. To facilitate these improvements and to reduce improper payments, the Budget proposes to streamline the Department's ability to verify applicants' income data held by the Internal Revenue Service. This improvement would also make it easier for students to complete their FAFSA application and would reduce the added burden to institutions when they are asked to provide additional verification of student eligibility.

To further simplify the student loan program and take the Government out of picking winners and losers among students who may have the same debt and earn the same salary—simply because their employers have a different tax status or their parents had different earnings—the fiscal year 2020 Budget proposes eliminating Public Service Loan Forgiveness (PSLF) and Subsidized Stafford Loans for new borrowers. The PSLF program is not only complicated for borrowers to navigate, partly because of how the program was designed when it began in 2007, but it also uses Government resources to encourage students to take jobs based on the tax-status of their employer, rather than on a student's unique talents or local workforce needs.

The Budget also discontinues the subsidized loan program, as it provides an after-the-fact benefit that doesn't help students complete their programs and does not take into account borrower earnings in their chosen professions. It sends the wrong message to suggest to students that just because their parents were low-income, they will be too. The President's Budget proposes to support all borrowers pursuing any career by streamlining multiple IDR plans into a single IDR plan which will allow borrowers to make affordable monthly payments based on their income.

In order to effectively implement the student aid programs, we are pursuing an innovative strategy to deliver Federal student aid services and information to our customers, and the Budget includes strong support for this initiative. Next Gen FSA, will create an improved, world-class customer experience for FSA's millions of customers, while creating a more agile, flexible model that will streamline FSA's existing operations. The key to the Next Gen FSA transformation will be a comprehensive, FSA-branded customer engagement layer that will create an environment where the Department's customers will receive clear, consistent information and readily accessible self-service options at every stage of the student aid lifecycle, something I think we can all agree is worth supporting.

The Budget proposes to restructure and streamline college preparation programs by transitioning a number of the Federal TRIO Programs into a $950 million State formula grant program and eliminating GEAR UP, which currently supports activities that could be supported under the proposed TRIO State formula grant program. These grants would support evidence-based postsecondary preparation programs designed to help low-income students progress through the pipeline from middle school through postsecondary education, and give more flexibility to States to design activities that meet the unique needs of their students. It also reduces wasteful spending by institutions on writing elaborate proposals and by the Department on hosting large proposal review panels—money that would be better spent on students than review panels.

The Budget also supports important investments in improving the academic quality, institutional management and capacity, infrastructure and student support services of Minority Serving Institutions (MSIs) and Historically Black Colleges and Universities (HBCUs). Specifically, the Budget proposes to create efficiencies and reduce the cost of applying for grants by consolidating six MSI programs into a $148 million formula grant program, which will provide funds the institutions can rely on for longer-term investments and to implement best practices proven effective by others. In recognition of the extraordinary historic contribution provided by HBCUs, the Budget includes $626 million for programs that provide funding to help these institutions strengthen their capacity to provide the highest quality education.

Finally, the Budget eliminates funding for many discretionary programs that do not address national needs, duplicate other programs, are ineffective, or are more appropriately supported with State, local, or private funds—saving the taxpayer $6.7 billion.

The Budget reflects our commitment to spending taxpayer dollars wisely and efficiently while supporting our Nation’s students of all ages. Because that’s who budgets are for—students. If this country is to remain secure, strong, prosperous, and free, we need students who are prepared to pursue successful careers and lead meaningful lives. The Government must resist the urge to pick winners and losers among students, institutions, and occupations. Instead, we must encourage and enable every student to be their best self and live their best life.

Thank you for this opportunity to testify. I will be happy to respond to any questions you may have.

Betsy DeVos
U.S. Secretary of Education

Biography

Betsy DeVos serves as the 11th U.S. Secretary of Education. She was confirmed by the U.S. Senate on February 7, 2017, after being nominated by President Donald J. Trump.

Secretary DeVos has been involved in education policy for nearly three decades as an advocate for children and a voice for parents. She is especially passionate about reforms that help underserved children gain access to a quality education.

DeVos' interest in education was sparked at an early age by her mother, a public school teacher. It grew when she sent her own children to school and was confronted with the reality that not every child in America is granted an equal opportunity to receive a great education. DeVos saw firsthand the work leaders in her hometown were doing to increase educational opportunities for students and choices for parents, and she has been involved in the fight to provide better educational options across the nation ever since.

For 15 years, DeVos served as an in-school mentor for at-risk children in the Grand Rapids (Michigan) Public Schools. Her interactions there with students, families and teachers, according to DeVos, "changed my life and my perspective about education forever."

A leader in the movement to empower parents, DeVos has worked to support the creation of new educational choices for students in 25 states and the District of Columbia.

As Secretary, DeVos will work with President Trump to advance equal opportunities for quality education for all students. DeVos firmly believes that neither the ZIP code in which a child lives nor a child's household income should be the principal determinant of his or her opportunity to receive a world-class education. As secretary, she will advocate for returning control of education to states and localities, giving parents greater power to choose the educational settings that are best for their children and ensuring that higher education puts students on the path to successful careers.

Prior to her confirmation, DeVos served as chairman of The Windquest Group, an enterprise and investment management firm. In addition to her leadership in the education arena, DeVos has also served on the boards of numerous national and local charitable and civic organizations, including the Kennedy Center for the Performing Arts, Kids Hope USA, ArtPrize, Mars Hill Bible Church, and the Kendall College of Art and Design.

DeVos is a graduate of Calvin College in Grand Rapids, Michigan, where she earned a Bachelor of Arts degree. She is married to entrepreneur, philanthropist and community activist Dick DeVos, and together they have four children and five grandchildren.