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MEMORANDUM

TO: **Interested Parties**
FROM: **Penn Hill Group**
DATE: **June 17, 2021**
SUBJECT: **Senate Appropriations Subcommittee on Labor, Health and Human Services, Education and Related Agencies Hearing on the President's Fiscal Year 2022 Budget Request for the United States Department of Education**

Senate Committee on Appropriations
Subcommittee on Labor, Health and Human Services, Education and Related Agencies
[\[List of Subcommittee Members\]](#)

“Hearing on the President's Fiscal Year 2022 Budget Request for the United States Department of Education”

Overview: On Wednesday, June 16, the Senate Appropriations Subcommittee on Labor, Health and Human Services, Education and Related Agencies (LHHS) held a hearing to discuss the President's Fiscal Year (FY) 2022 Budget Request for the U.S. Department of Education (ED).
[\[Webcast of the Hearing\]](#)

Key Issues Discussed:

Members and witness discussed:

- Key elements of President Biden's FY2022 budget request, including the overall increase in the budget, increases for the Individuals with Disabilities Education Act (IDEA) and increases to the maximum Pell Grant award;
- The possibility of making community colleges free for all and how this would impact students; and
- Ways in which ED is providing flexibility and guidance on the American Rescue Plan (ARP) Act to States and school districts.

Witness:

- **The Honorable Miguel Cardona**, Secretary, U.S. Department of Education

Opening Statements:

Subcommittee Chair Patty Murray (D-WA) began her opening statement by saying that she welcomes the proposed increase in education funding and said that the proposal includes necessary investments to help schools and students recover from the pandemic and address longstanding inequities which have been exacerbated by COVID-19. She stated that one of the biggest issues facing the nation is the need to address learning loss. She added that students of

color, students with disabilities, students in rural and tribal communities and students from families with low incomes have faced the greatest burden from the pandemic. She cited one study that found the pandemic set students of color back three to five months compared to white students who were set back one to three months.

Chair Murray stated that the budget invests \$20 billion in a new initiative intended to reduce disparities in public elementary and secondary education, including by addressing inequities in funding, expanding high-quality preschool programs and improving outcomes for all students. She added that the budget is historic, in that it proposes a \$3 billion increase for IDEA, and asserted that Congress has not fulfilled its promise to provide 40 percent of the funding to IDEA. She noted that only 13 percent is currently provided and added that States and districts are struggling to fill the gaps.

Chair Murray noted that the budget proposes a \$413 million increase for Full-Service Community Schools, an increase of \$120 million for English Language Acquisition grants, and a new \$1 billion initiative to ensure students have access to school counselors, nurses and mental health professionals. She noted that, in Washington State, there is only 1 school psychologist for every 1,000 students.

Chair Murray emphasized that the budget will also help tackle inequities in higher education and expand support for students pursuing postsecondary education, including by increasing the maximum Pell Grant. She noted that Pell Grants have gone from covering 75 percent of the average cost of a four-year degree to less than 30 percent today. She asserted that Congress needs to double the maximum Pell award over the next six years, protect Pell from being cut by budget shortfalls and expand Pell Grants to more students. She said the budget also includes funding to implement the recently passed Free Application for Federal Student Aid (FAFSA) simplification legislation, which she said will make it easier for all students to apply for financial aid. She added that the TRIO programs help first-generation college students, students with disabilities and students from families with low incomes to go to college. She said that the budget also nearly doubles funding for quality, campus-based child care to support student parents under the Child Care Access Means Parents in Schools (CCAMPIS) program.

Chair Murray continued that the budget provides increased funding for historically under-resourced colleges and universities, including \$345 million, a 44 percent increase, for Minority-Serving Institutions (MSIs) like Historically Black Colleges and Universities (HBCUs), and other institutions like community colleges that predominantly serve low-income students. She said the budget includes increases for the ED's Office for Civil Rights. She stated that she appreciates ED's public hearing on the Title IX rule and encourages ED to continue to address the concerns of survivors of sexual assault.

Chair Murray stated that she would like to see an increased investment in funding to support education for children and youth experiencing homelessness. She concluded that the budget reflects the Administration's values and ED's focus on schools and public education as an investment. [[Chair Murray's Full Opening Statement](#)]

Subcommittee Ranking Member Roy Blunt (R-MO) stated that this past year has been the most challenging for students, parents, teachers and school administrators as well as school

bus drivers and cafeteria workers. He said he is proud to support many programs in the budget including career and technical education (CTE), State grants, IDEA, Title I, TRIO programs and school-based mental health. He expressed concern over the overall increase in spending proposed in the President's budget which he said is coupled with the COVID-19 supplemental funding. He noted that last year's spending was about four times as much as ED normally receives in annual appropriations each year. He stated that this year the request of \$102.8 billion is almost \$30 billion greater than last year's spending.

Ranking Member Blunt said that, as a former university president, he is particularly concerned about the proposal to make community college tuition-free for all students. He pointed out that the average Pell Grant recipient award is \$3,946 and the average cost for tuition and fees at community colleges is \$3,700. He said there are other ways to make it possible for more people to attend community colleges and other schools without such a big cost. He continued that many States already have programs that make up the differences in costs for community college students.

Ranking Member Blunt stated that community colleges play an important role as an access point for higher education and as a way to get individuals ready for jobs. He noted his concern that free community college would unfairly subsidize higher-income students and might incentivize students to attend schools that might not be the best fit. He emphasized that most programs allow students to attend institutions that best meet their individual needs. For example, he said, the Committee worked to reinstate year-round Pell Grants, giving students greater flexibility to accelerate their postsecondary studies.

Ranking Member Blunt added that he was pleased to see the budget did not include widespread loan forgiveness but said it did not outline a plan for borrowers to get back into the repayment process. He said it is important for ED to communicate to those borrowers early and often so as to ensure all borrowers understand their responsibilities and repayment options. He said he is concerned ED has not released how student loan reservicing will be handled moving forward once the legacy servicing contracts end later this year. He asserted the Committee has spent a lot of time looking at past proposals to change the system.

Ranking Member Blunt noted that the budget proposal includes a 10 percent increase in discretionary funding for CTE along with \$1 billion in mandatory funding for a new career pathways program. He said it is critically important to provide students with meaningful information on the jobs that are available. He concluded that he looks forward to working on the budget together with Secretary Cardona.

Testimony:

Secretary Miguel Cardona stated that he was proud to testify on President Biden's FY2022 budget request because he said it makes good on the President's campaign commitment to invest in education and he said it also begins to address the significant inequities that students, primarily students of color, confront every day in pursuit of higher education and CTE. He thanked members of the Subcommittee and staff who helped ensure the passage of the ARP, which he said brought vital resources to schools and institutions of higher education (IHEs) across the country. He asserted the ARP funds will ensure that school buildings will reopen for

full-time, in-person instruction safely and quickly. He also stated that generations of inequity have led to a lack of access to high-quality learning opportunities, including in rural communities. He said education can be a great equalizer and that the Federal government must do more to level the playing field by providing a strong foundation at birth, diversity among the teacher workforce and learning pathways for all students.

Secretary Cardona stated that the ED budget proposal includes nearly \$103 billion for education programs, a 41 percent increase over FY2021, and that the FY2022 request makes a down payment towards the Administration's goal of reversing inequities. He asserted that the centerpiece of the proposal is a new \$20 billion Title I equity grant program that would address inequities and disparities between under-resourced schools and their wealthier counterparts. He explained it would support competitive compensation for teachers in Title I schools, expand access to Pre-K, increase access to rigorous coursework and support competitive compensation for teachers.

Secretary Cardona continued that ED's request would put the nation on a path to double the number of school counselors, nurses and mental health professionals in schools and significantly expand support for community schools so as to help increase the availability of "wraparound" services to students and families in underserved schools and communities. He emphasized that it is time for the Federal government to support students with disabilities and said the budget request makes a significant move toward full funding of IDEA, through a 20 percent (\$2.6 billion) increase for IDEA State grants.

Secretary Cardona said that, for higher education, the budget proposal begins the Administration's work to increase access and affordability for students. He asserted that the budget proposal, coupled with increases proposed in the American Families Plan, would provide the largest increase for Pell Grants ever, helping millions of students and families pursue their goals. He stated that the proposal would ensure that DREAMERs may also receive Pell Grants if they meet current eligibility requirements. He said the budget would increase institutional capacity at MSIs, with additional funding for HBCUs, Hispanic-serving institutions (HSIs), Asian American and Native American Pacific Islander-Serving Institutions (AANAPISI) and tribal colleges and universities (TCUs), as well as TRIO and Gear Up to help ensure underserved students succeed and graduate from college.

Finally, he said ED would prioritize efforts to enforce civil rights laws related to education, through a 10 percent increase for the Office for Civil Rights to protect students and advance equity in educational opportunity from preschool through college. He concluded by saying that the Administration hopes to improve pathways and outcomes for students across the country.

[\[Secretary Cardona's Full Testimony\]](#)

Question and Answer:

Chair Murray stated that there are significant resource disparities between schools serving more students from families with low incomes compared to schools serving their wealthier peers. She said these resource discrepancies contribute to the achievement gap and that there should be timely reporting and thoughtful review of how all education funds are being allocated. She asked Secretary Cardona about his plans for supporting and monitoring State and local

agencies conducting these reviews as well as his plans for ensuring States and school districts comply with fiscal equity reporting requirements.

Secretary Cardona asserted that opportunity gaps and disparities in achievement and outcome are significant. He stated that, with the budget proposal and the American Families Plan, there is an opportunity to recover from the pandemic and to be better than before. He said it is not only important for States to have resources but to ensure that the funds are being used as intended. He added that ED has been especially vigilant with the ARP and said ED required States to provide transparent reports on how they plan to use the money and engage stakeholders.

Chair Murray stated the pandemic exacerbated the challenges students faced in pursuing a postsecondary education and that it is important to redouble efforts to help students. She asked Secretary Cardona to explain why investments in Pell Grants, child care and TRIO are especially critical right now.

Secretary Cardona said that, if the Federal government does not act with urgency, many students who are considering higher education may no longer consider it. He emphasized that the proposed increases to Pell Grants show the President's commitment to providing equitable access to higher education. He asserted that the pause on loan repayment saved over \$5 billion a month for over 41 million borrowers.

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Ranking Member Blunt inquired why community college should be free for everyone regardless of need and how Secretary Cardona expects the Administration's plan to work.

Secretary Cardona noted that the plan would allow 5.5 million students to have access to higher education that might not have been available to them previously. He cited that graduates of two-year colleges earn, on average, 20 percent more compared to students who have a high school diploma.

Ranking Member Blunt asked if any student at any income level could go to community college for free under the program.

Secretary Cardona responded that it would be accessible for all.

Ranking Member Blunt asked what would happen if a student wanted to attend another institution that is not a community college.

Secretary Cardona said that under the proposal students will still be able to attend the college they would like and use their Pell Grants if they are eligible.

Ranking Member Blunt said the strength of postsecondary programs, including Pell Grants, is the ability to use the funding at any accredited postsecondary institution. He asked Secretary Cardona for his view on flexibility moving forward.

Secretary Cardona said ED wants to provide access to higher education for students across the country and emphasized his support for more options for students.

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Sen. Jeanne Shaheen (D-NH) said that COVID-19 relief funds may be used at a school's discretion, including for HVAC repairs and improvements. She stated she is concerned with ED's delay in issuing clear implementation guidance. She asked Secretary Cardona how ED is acting to allow for expeditious access to the funds that have been approved and appropriated by Congress.

Secretary Cardona stated that ED wants to balance flexibility with ensuring that the funds are used to safely reopen schools and address inequities. He emphasized that ED is working with States on their specific needs and that the funds are being moved quickly.

Sen. Shaheen said that this has not happened in New Hampshire. She asked for Secretary Cardona's commitment that ED will work with the State of New Hampshire.

Secretary Cardona said he would be on the phone with New Hampshire later in the day.

Sen. Shaheen asked if ED is looking to extend the COVID-19 moratorium on loan repayment.

Secretary Cardona stated ED is continuing conversations on the best time to restart loan repayment. He said that ED is sensitive to the needs of borrowers and aware of the other challenges they face as the pandemic is ending. He added that today ED is announcing \$500 million in new loan discharges for 18,000 individuals who attended ITT Technical Institute.

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Sen. Jerry Moran (R-KS) expressed support for the proposed increased funding for IDEA. He also highlighted the importance of Impact Aid in assisting school districts and leveling the playing field in the financing of education. He asked about the differences between the TRIO program and the Biden Administration's \$62 billion investment plan in new college retention and completion services.

Secretary Cardona agreed with Sen. Moran that the investment in special education is greatly needed. He said that he has heard that many students have left college due to the pandemic and that students in high school who were considering college may choose to go directly to work, instead of to an IHE, to supplement their income at home. He said purpose of the \$200 million increase in TRIO is to encourage students to pursue furthering their education.

Sen. Moran inquired why the Federal government would create new programs with new funding without fully utilizing the TRIO program, which already exists.

Secretary Cardona said ED wants opportunities for all students and said the TRIO program is more successful in getting students into college than in getting them to remain in college.

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Sen. Richard Durbin (D-IL) asked if Secretary Cardona knew the percentage of postsecondary students enrolled in for-profit universities.

Secretary Cardona said he did not know.

Sen. Durbin stated that 8 percent of students are enrolled in for-profit institutions. He then asked if Secretary Cardona knew what percent of student loan defaults in America are accounted for by for-profit college students.

Secretary Cardona said he did not know.

Sen. Durbin cited 30 percent. He said these statistics tell him for-profits are enrolling students who cannot finish their programs and students who cannot pay off their loans even if they are employed. He stated that many IHEs are struggling with enrollment, but not for-profit schools, which he asserted have seen a 3 percent increase in enrollment. He asserted that ED is one of the nation's biggest bill collectors. He cited that, under former Secretary of Education Betsy DeVos, 99 percent of those who applied for public service loan forgiveness were denied and that, out of 108,000 students who applied for "borrower defense to repayment," 80,000 were denied. He said the policies of the ECMC student loan servicer are outrageous and that students are consistently being denied access to those options. Sen. Durbin asked what Secretary Cardona and ED will do about these issues.

Secretary Cardona stated that this is a top priority at ED. He emphasized that it is time for students to be at the center of the conversation. He said it is unacceptable to have a 99 percent denial for public service loan forgiveness. He added there needs to be a consumer protection mentality at ED and that ED has provided \$1.5 billion in relief through "borrower defense" with \$1 billion in full relief for 72,000 borrowers.

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Chair Murray asked why the additional K-12 investments proposed in the President's budget are important in addition to the funds from the previous relief packages.

Secretary Cardona said that there been a consistent under- investment in education. He asserted the proposed investment means smaller class sizes and better teacher preparation. He emphasized that the pandemic exacerbated the need for additional trauma support in schools, as well as access to broadband.

Chair Murray inquired about what ED is doing to implement FAFSA simplification as quickly as possible.

Secretary Cardona responded that there is currently an outdated computer system that cannot handle the changes that are needed and stated that ED is prioritizing this issue and will continue to update Congress on its progress.

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Ranking Member Blunt stated that, according to data provided by ED, as of June 4 less than \$9 billion had been spent by schools out of \$190 billion for K-12 education provided though the

ARP and other relief packages. He asked what can be done to ensure money gets spent and that there is more transparency on how and where it is being spent.

Secretary Cardona shared that, as Connecticut Commissioner of Education, he had to help create a system that did not exist before so that local educational agencies (LEAs) could spend the coronavirus relief funds. He said he recognizes these funds will be used for multiple years and that sometimes contracts will not be paid until the contract is up, for as long as three years. He recognized the need for transparency and asked that any planning done with regard to the ARP funds is transparent and engages stakeholders.

Ranking Member Blunt said Congress assumed that a majority of the money would be used for immediate support. He asked Secretary Cardona what percentage of K-12 students he thinks will be back in school in-person in the fall.

Secretary Cardona stated he expects 100 percent of students across the country will have access to in-person learning. He noted that data from April showed 96 percent of K-8 students had an opportunity to learn in-person last school year. He said he does not think hybrid instruction is a good option and emphasized that ED is working with State educational agencies and LEAs to address any barriers to returning to in-person learning.

Ranking Member Blunt asked if Secretary Cardona will use his authority in FY2021 appropriations bill to extend student loan servicing contracts while working on a long-term servicing solution or if he expects there to be a long-term loan servicing solution in place by December of this year.

Secretary Cardona asserted that ED is working aggressively to create a system that has high standards for loan servicers. He said ED plans on providing an update in the next month.

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Sen. Mike Braun (R-IN) stated that costs of higher education and healthcare are going up more per year compared to most other sectors. He asked if Secretary Cardona believes that postsecondary education is worth the costs.

Secretary Cardona responded that there is always room for improvement and added that there needs to be more access and greater affordability. He reiterated that earnings for graduates from postsecondary education are 20 percent higher compared to those who do not attend an IHE. He stated that ED is working so that those who do attend an IHE are getting a good return on their investment.

Sen. Braun said that, to improve IHEs, Congress should not be spending more money but should be concerned about improving the current system. He asked why ED is not focused more on secondary school and matching students with high-paying jobs.

Secretary Cardona agreed there need to be changes to the system. He said that secondary schools need to evolve to meet the demands of the workforce and reiterated that the focus should not just be more funds but also a change in mindset.

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Sen. Jack Reed (D-RI) stated his belief that there need to be infrastructure repairs in schools and said he is pushing for \$100 billion in the American Jobs Plan in schools. He asked Secretary Cardona if he would be supportive of these efforts.

Secretary Cardona responded that students need better infrastructure and that facilities are oftentimes neglected for years. He agreed with including funds in the American Jobs Plan for school infrastructure and added that community colleges need the same investment.

Sen. Reed cited that one adult education provider reported that 95 percent of its students come to it with virtually no literacy skills. He asked Secretary Cardona if ED has reliable national, State and local statistics about literacy.

Secretary Cardona said that ED does have statistics but needs to do more to make them transparent and added he needs to ensure that funds from the relief packages are used for addressing literacy gaps. He said it is important to focus on early childhood education and literacy skills early in a student's life to make sure he or she has the best opportunities.

Sen. Reed added that it is important to also focus on adult literacy now.

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Sen. Cindy Hyde-Smith (R-MS) asked how much flexibility schools have with the ARP funding.

Secretary Cardona stated that COVID-19 impacted some regions more than others, and that is one of the reasons there needs to be flexibility. He reiterated that ED is balancing flexibility and the need to address the impact of the pandemic. He added that ED encourages innovation.

Sen. Hyde-Smith said there are seven charter schools in Mississippi and that charter schools allow parents to choose an educational program that fits the needs of their children. She asked Secretary Cardona how ED will support school choice to expand access to higher-quality charter schools.

Secretary Cardona responded that he is a proponent of high-quality schools across the country and added that all schools should follow specific standards of accountability.

Sen. Hyde-Smith asked if Secretary Cardona will support funding for the charter school program.

Secretary Cardona said yes but he will not be endorsing private charter school growth.

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Chair Murray asked Secretary Cardona to ensure ED will only approve high-quality State plans for the final share of the Elementary and Secondary School Emergency Relief (ESSER) funds under the ARP.

Secretary Cardona replied yes. He stated that ED ensures the plans address the issues exacerbated by the pandemic and include stakeholder involvement in different ways.

Chair Murray asked Secretary Cardona how ED plans on supporting and monitoring those plans.

Secretary Cardona said that ED is “lifting up” best practices across the country. He added ED is having an equity summit to address many concerns.

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Sen. Joe Manchin (D-WV) said that the budget for homeless children had not been increased and that he supported \$800 million going into the Education for Homeless Children and Youth program. He asked Secretary Cardona to speak on this issue.

Secretary Cardona said that the ARP funds for students experiencing homelessness are critically important.

Sen. Manchin said that the definition of students experiencing homelessness needs to be the same across the Federal government. He stated he disagrees with the Administration on free community and technical colleges. He said paying for community and technical college teaches skill sets and that students should have to earn their degree at the back end.

Secretary Cardona replied that free community college might give the opportunity to someone who did not think he or she would be able to afford a two-year institution. He said ED is widening the population of people who are considering postsecondary institutions.

Sen. Manchin said that student loans are so high because many borrowers lack financial literacy. He added the Federal government does a bad job at managing student debt.

Secretary Cardona responded that ED is going to be aggressive on the student debt.