DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, EDUCATION, AND RELATED AGENCIES APPROPRIATIONS FOR 2016

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE

COMMITTEE ON APPROPRIATIONS

HOUSE OF REPRESENTATIVES

ONE HUNDRED FOURTEENTH CONGRESS

FIRST SESSION

SUBCOMMITTEE ON THE DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, EDUCATION, AND RELATED AGENCIES

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DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, EDUCATION, AND RELATED AGENCIES APPROPRIATIONS FOR 2016

WEDNESDAY, FEBRUARY 25, 2015.

BUDGET HEARING—DEPARTMENT OF HEALTH AND HUMAN SERVICES

WITNESS

HON. SYLVIA BURWELL, SECRETARY, DEPARTMENT OF HEALTH AND HUMAN SERVICES

OPENING STATEMENT

Mr. COLE. Good morning. It is good to have you here, Madam Secretary. And let me go ahead and make an opening statement, and then we will move on from there.

So, again, good morning. Good to have you here. It is my pleasure to welcome you to the Subcommittee on Labor, Health and Human Services, and Education for our very first hearing of the year and my first hearing as chairman. So I am honored to be able to share that with you and looking forward to your testimony.

I want to add quickly on a personal note, I had the opportunity to meet you, thanks to my good friend Mr. Womack, sometime ago and facilitated that relationship when you were at OMB, and I want to tell you how much I admired and appreciated your services there.

Working with you in your current capacity when you had the challenge of the influx of illegal immigrant children in the summer, you were extremely helpful. I had 1,200 of those—or up to 1,200 that were going to be stationed at Fort Sill. You worked with us very well.

So, again, my experiences with you have all been positive and productive. So it is great to have you here.

As I have been coming up to speed as the new chairman, I have been learning more and more about the astonishing range of programs under your jurisdiction. From overseeing research that we hope will cure diseases like cancer and Alzheimer's to protecting our people from Ebola and the flu, to providing child care and early learning to our youngest Americans, to training our next generation of medical professionals and administering health insurance for our Nation's poor and aging populations, your responsibilities are broad, great, and numerous.

There are many things in your budget that I think we can all agree are priorities and that we can collectively support. There are others where we may well disagree. The challenge that will be facing this subcommittee is how we can support the most critical programs, the investments that will give Americans the greatest bang for the buck, so to speak, with the limited resources that we will have available to us.

Your budget assumes an array of tax increases, new user fees, changes in mandatory spending, and other spending sources that are beyond the purview of this subcommittee. You use these funds to pay for increases in popular programs.

In my opinion, we will not be able to do everything you are proposing. I look forward to having a discussion with you this morning about the top priorities in your department. From your perspective, where should we actually invest the taxpayer dollars that are at our disposal? If we cannot fund everything you request, where would you prefer us to focus our limited dollars?

I would also be remiss if I did not point out many of the management challenges facing you at the helm of HHS. From the continuing problems with administering Obamacare to contracting irregularities, backlogs, and complaints from medical professionals, there seem to be no shortage of areas in need to managerial improvement, an area, frankly, in which you have proven repeatedly you excel. I hope to learn more this morning on what you are doing to take positive steps in these areas and where we can assist you.

Finally, there are many external challenges facing your agency. Threats to cybersecurity, threats from diseases like Ebola and antibiotic-resistant bacteria, and the many challenges of poverty also land at your doorstep. I look forward to hearing your ideas on how to combat these this morning as well.

As a reminder to the subcommittee and our witness, we will abide by the 5-minute rule so that everyone will have a chance to get their questions asked and answered.

Before we begin, I would like to yield to the gentlelady from New York, our ranking member, for any opening statement she would care to make. I yield to the ranking. Yes, ranking member of the entire committee.

Ms. DELAURO. Oh, okay. [Laughter.]

Mr. COLE. And then—sorry.

OPENING STATEMENT

Mrs. LOWEY. Welcome. I would like to thank Chairman Cole and Ranking Member DeLauro for holding this hearing today.

Chairman Cole, welcome back to the subcommittee. It has been my pleasure working with you on these issues, so many other issues. I look forward to working together, and certainly with Chairman Rogers, Ranking Member DeLauro, to continue funding these important investments.

And to Secretary Burwell, we are so pleased to have you here today. And as I look at you and as we have talked, I think how fortunate we are to have a person of your experience and your commitment in public service. So thank you for taking on the responsibilities of this very important committee, and I know that we will

work together in a bipartisan way to ensure that the critical priorities are adequately funded.

You come before us with a budget request of $75,800,000,000, amounting to an increase of $4,200,000,000 in discretionary funding. Your request includes welcome policy proposals that will fund medical breakthroughs, provide affordable child care for working families, and create jobs.

The department's budget is symbolic of the President's budget as a whole in that it calls for investments in research, education, training, infrastructure—all vitally important and interconnected. These investments are necessary not only to the health infrastructure but are crucial to growing our economy and creating jobs.

Throughout my time in Congress, Federal funding for the National Institutes of Health has been among my top priorities. Your NIH budget would include an increase of $1,000,000,000, resulting in 1,200 new additional competitive research grants in fiscal year 2016.

The NIH budget would make welcome investments in advanced cancer treatments with the new Precision Medicine Initiative, would increase funding for the BRAIN Initiative to research the workings of the brain, development treatments to combat Alzheimer's disease, autism, and other neurological and psychiatric conditions. It would also better the lives of working families and provide children with the building blocks to succeed throughout their lives.

I was very pleased to see the President's requested increase of $1,500,000,000 to expand Head Start to full-day, full-year services and to expand Early Head Start programs for infants and toddlers.

Now, Mr. Chairman, you reference how do we save money? How do we set priorities? The President has also called for an end of the mindless austerity of sequestration, urging Congress to replace it with more targeted spending cuts, program integrity measures, and the closure of some outdated tax loopholes.

The effects of sequestration were immense, are still being felt. Across the Government, we see instances where training was postponed, routine investments were put off, and research, especially the critically important research funded in this bill, was abruptly halted. It really was a worst-case scenario for many agencies such as the NIH, and we have to make sure that it does not happen again.

As we begin the annual process of crafting a budget resolution, a fiscal blueprint, I know there will be many viewpoints represented in the debate. Many of my colleagues on the other side of the aisle will undoubtedly press on for additional cuts to leave the outdated sequester-level caps in place. But I think we all know now how dangerous that is and how we must do everything we can to avoid a repeat of sequestration.

We have forged compromise in the past. The Murray-Ryan plan was not perfect but does provide a path forward for another budget deal. Without such an agreement, our appropriations process is deeply imperiled. Discretionary funding is falling to its lowest level as a percentage of GDP since the Eisenhower administration.

So we must act again to ensure reasonable allocations for the important programs and investments funded through the appropria-

tions process, especially those under the jurisdiction of the committee. This bill provides critical Federal funding, some of the most important priorities of the American people, groundbreaking health and science research, valuable education programs, job training programs designed to keep this country globally competitive. The dollars we invest in these programs matter.

I look forward to your testimony today, Secretary Burwell, and to hear your agency's plan for the coming fiscal year.

And I thank you again, Mr. Chairman, and welcome back.

Mr. COLE. Well, I thank my friend, the gentlelady from New York.

And with that, I would like to recognize my ranking member, the ranking member of this subcommittee, the gentlelady from Connecticut.

OPENING STATEMENT

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

And good morning, Madam Secretary.

Mr. Chairman, congratulations to you, and I look forward to working with you on these—the efforts that are involved in this subcommittee.

Before I begin, let me mention to you, Mr. Chairman, that our colleague Congresswoman Barbara Lee is not here this morning and would very much like to be, but I think we know that her mother passed away just a few days ago, and so she is in California tending to personal family and so forth. And I know we send her our thoughts and our prayers.

Madam Secretary, welcome to you in your first hearing with this subcommittee. I would like to express my gratitude for the work you and your department do. I know your job can be a thankless one. Everyday successes are overlooked while the mistakes get magnified.

I want to highlight two areas of your work. First, your efforts to implement the Affordable Care Act. The Affordable Care Act is helping millions of families across our country.

Americans can no longer be denied coverage for preexisting conditions. Preventive screenings, maternity care, pediatric care are now covered. Women's health has been put on an even footing. Millions of low-income children have healthcare through CHIP.

Insurers can no longer subject families to lifetime caps on coverage. And as we heard from HHS yesterday, the Affordable Care Act is making prescription drugs more affordable for seniors every year. As a result, 9.4 million people on Medicare have saved over $15,000,000,000 since 2010.

Premiums are down. Enrollment is up. Nearly 20 million more Americans will have health insurance this year, thanks to the Affordable Care Act. This growth in coverage is particularly strong among historically underserved communities like African Americans and lower-income Americans.

The Congressional Budget Office recently cut its estimate of the cost of expanding coverage, a saving of $140,000,000,000 compared to previous estimates. That speaks to the strength of your department's leadership.

Second, I want to recognize your measured response to the Ebola outbreak. Instead of bowing to pressure for travel bans and quarantines, you and your colleagues listened to the public health experts. You helped to coordinate a Government-wide response that is both turning the tide of infection in West Africa and protecting the public health here at home.

The Ebola crisis is a horrific reminder of the need to provide adequate funding for public health institutions under the jurisdiction of this subcommittee, like the CDC, the NIH, and BARDA. Which brings me to the topic of today's hearing, the HHS budget for fiscal year 2016. Programs funded through this budget provide lifelines to millions of Americans.

LIHEAP frees working families from the impossible choice of whether to heat their homes or put food on the table. The National Institutes of Health pursue lifesaving treatments. A 30-year cancer survivor myself, I know the value of biomedical science.

Another crucial HHS program, Head Start, is 50 years old this year, and during that time, it has helped to level the playing field for over 30 million low-income preschoolers. As the father of Head Start, Ed Zigler, put it, "My politics is children." And I am very proud of Ed Zigler since he is a constituent of the 3rd District of Connecticut.

As our population grows, so does the demand for vital programs—Head Start, LIHEAP, the NIH. We need to provide them with the resources that keep pace both with need and with inflation. After years of neglect, your budget request begins to get us back on the right track. I would argue that it does so too slowly, but I recognize that the overall budget must walk a fine line in that regard.

There is a lot of good in this request. It substantially increases funding for early childhood through Head Start. It includes $500,000,000 for a multiagency effort against antibiotic-resistant superbugs. It provides an additional $1,000,000,000 for NIH, including funding for a new Precision Medicine Initiative.

Current levels of funding across HHS programs remain woefully inadequate. This is largely the result of what in Washington is called sequestration, a disastrous policy of arbitrary cuts and spending caps. Applied to the HHS budget, these cuts and caps are jeopardizing the health of millions of Americans. As is too often the case, low-income families are the hardest hit.

Since 2010, after adjusting for inflation, the Labor, HHS budget has lost almost $20,000,000,000. These cuts mean less money for medical research, less money for public health, and less money for other critical priorities across the Labor, HHS bill.

The inflation-adjusted numbers for the past 5 years tells a dismal story. The Health Resources and Services Administration has seen its discretionary budget cut by a quarter, reducing services for more than 25 million low-income patients who rely on community health centers.

Between them, the NIH and the CDC have been cut by more than $4,800,000,000. That is a disaster for American public health. We must do better. We need to eliminate the sequester caps once and for all, return to adequate levels of funding to support our Nation's health. This budget request starts to do that.

We must invest in the NIH, accelerate breakthroughs against diseases like cancer, invest in Head Start to bring benefits of a full-day, year-round service to young children whose need is greatest. We need to invest in public health, strengthen our country in the fight against measles, meningitis, Ebola, and the obesity epidemic. These are examples of critical programs that help to improve the health of our Nation.

We can and we must find the resources to support them. I do not agree with every proposal in the President's budget. I am disappointed to see reductions in cancer screening and the graduate training in children's medicine, level funding of the LIHEAP program.

But this request does at least show what is possible if we come to our senses, reverse these shortsighted sequester cuts. For the good of all Americans, we need to do this and do it soon.

I look forward to your testimony and to our questions.

Mr. COLE. We have now been joined by "the big chairman," as he is affectionately known. So I will recognize Chairman Rogers for whatever opening remarks he cares to make.

OPENING STATEMENT

Mr. ROGERS. Mr. Chairman, thank you very much for yielding, and congratulations on your very first hearing as chairman of this important subcommittee, as we discuss the 2016 budget request for HHS.

And it is great to see the Secretary join us. Thank you very much. It is a thrill to know that the new Secretary of this huge department of the Federal Government hails from just across the State line from Ashland, Kentucky.

Madam Secretary, we are proud of you and wish you well in this new venture. You did a great job over at the Budget Office and other chores.

Undoubtedly, you have taken the reins of this big department during a tumultuous time in our history. The rollout of the President's healthcare law has been undeniably underwhelming. Our healthcare costs remain among the highest in the developed world. And despite Obamacare's broad reach and unfathomable price tag, many still remain without access to basic health services, particularly in rural areas.

In the face of numerous public health challenges, from the Ebola outbreak abroad to the epidemic of prescription drug abuse here at home, we are facing a budget crunch that requires tough decisions in order to maintain continued investment in lifesaving and breakthrough medical research, as well as prevention and treatment initiatives.

Unquestionably, much of this crunch is driven by unsustainable growth in mandatory spending, which hamstrings all of us as we seek to make these tough calls. Unfortunately, we have seen no leadership from the White House on your agency to address the billion-dollar elephant in the room, and that is mandatory spending.

I want to take a moment to point out in that regard since I have chaired this committee these 4 years, we have actually cut $165,000,000,000 from discretionary spending while all the same

time, the mandatory spending has increased dramatically and continues.

When I first came to Congress, entitlements amounted to about a third of the Federal spending. Now it is more than two-thirds. We only appropriate a third of what Federal spending takes place, and that includes, of course, your department.

Your challenges are many, and I want to hear how you plan to tackle these and other issues, which play so prominent a role in the lives of every American. In particular, I would like to thank you, Madam Secretary, for your attention to the issue of prescription drug abuse, which has been designated by CDC as a national epidemic, and that is especially so in my district, all of east Kentucky.

You have personally spoken about the need to address the crisis. I know that many are anxiously awaiting your comments at this year's prescription drug abuse summit in Atlanta, put together by the organization I formed in my district called UNITE to try to stop the problem.

Your budget request reflects your commitment to doing your part in a holistic, multipronged Federal response to this problem. In fact, there is more people dying from prescription drug overdose than automobile accidents in this country, and that is just not acceptable.

I have long advocated that treatment and education need to play a critical role in this unique public health challenge. And CDC, SAMHSA, ONC, and AHRQ, along with the research branches of your agency, all have a part to play.

I am also pleased that HHS is focusing on leveraging our existing State-run prescription drug monitoring programs with new eHealth technologies to make PDMPs more user-friendly for the medical community and encouraging the development of evidence-based opioid prescribed guidelines to ensure that these powerful, addictive medications are being appropriately and safely prescribed. I look forward to hearing more about this $99,000,000 interagency initiative and working with you on this shared goal.

We also want to hear about Obamacare. As predicted since its passage, there have been many hiccups and issues with its implementation. Many of my constituents who were promised by President Obama that they could keep their plan and keep their doctor are upset because their plans have been canceled, and they no longer have access to their doctor of choice. Premiums have also increased dramatically, and my constituents are paying more for less health insurance coverage.

Hospitals in my area are starting to see more and more bad debt because patients cannot afford the incredibly high deductibles required by their new health insurance plans. Hospital bills are going unpaid. I fear, unfortunately, that this situation is not unique to my part of the world in southern and eastern Kentucky. While issues like these continue to unfold around the country, this year's budget requests more money to feed this monster.

For the Centers for Medicare and Medicaid Services program management, your budget request is $4,200,000,000, an increase of $270,000,000. That kind of growth is just not sustainable.

In addition, your request included several added user fees that will wreak havoc on healthcare providers, especially those in rural

areas. One example is the administration's proposal to collect a user fee for each purchase of 340B drugs from entities participating in the drug price reduction program.

The budget claims this money will be used to enhance the program's integrity efforts, and yet the 2015 omnibus provided $10,000,000 in discretionary funding for that very purpose. Trying to collect this fee from doctors and hospitals that are providing healthcare services to disadvantaged and rural communities just does not make sense.

Finally, Madam Secretary, the budget also proposes changes to critical access hospitals that could have a very adverse impact in rural communities. These hospitals provide care in areas with very limited healthcare access.

Many rural people depend on the 24-hour emergency services offered by these facilities in my district, sparsely populated and full of dangerous mountain roads. We have several critical access hospitals that are doing a great job providing necessary health services to their communities.

In many situations, if hospitals were not available, patients in life-threatening situations would have to drive 30 minutes at least to the closest medical facility with emergency services. This might mean life or death for someone experiencing a fatal heart attack or stroke.

Reducing the rate at which these hospitals are reimbursed and reducing the distance requirement to maintain a critical access hospital designation will have a very detrimental impact on these healthcare facilities and the people who depend on their services.

Madam Secretary, we look forward to hearing your testimony. Thank you for being here.

I yield.

Mr. COLE. Thank you.

Madam Secretary, your full statement will be entered into the record, and you are now recognized for 5 minutes.

OPENING STATEMENT

Secretary BURWELL. Thank you. Thank you, Chairman Cole, Ranking Member DeLauro, Ranking Member Mrs. Lowey, and Chairman Rogers.

Thank you all, and to the members of the committee, I want to thank you for this opportunity to discuss the President's budget for the Department of Health and Human Services.

I believe firmly that we all share common interests, and therefore, we have a number of opportunities to do common good. From preventing and treating substance abuse, as the chairman just mentioned, to advancing the promise of precision medicine, and to build an innovation economy as well as strengthening the American middle class, the budget before you makes critical investments in healthcare, science, innovation, and human services.

It maintains our responsible stewardship of the taxpayer dollar. It strengthens our work together with Congress to prepare our Nation for key challenges both at home and abroad. For HHS, it proposes $83,300,000,000 in discretionary budgetary authority, $75,800,000,000 of which is for activities that are under this subcommittee.

This $4,800,000,000 increase will allow our department to deliver impact today and lay a strong foundation for tomorrow. It is a fiscally responsible budget, which, in tandem with accompanying legislative proposals, would save taxpayers a net estimated $250,000,000,000 over the next decade. In addition, it is projected to continue slowing the growth in Medicare costs, and it could secure $423,000,000,000 in savings as we build a better, smarter health delivery system.

In terms of providing all Americans with access to quality affordable healthcare, it builds on our historic progress in reducing the number of uninsured and improving coverage for families who already had insurance. We saw a recent example of this progress with the about 11.4 million Americans who have either signed up or re-enrolled in health insurance through the marketplaces in this past open enrollment.

Our budget extends CHIP for 4 years. It covers newly eligible adults in the 28 States, plus D.C. which have expanded Medicaid. And it improves access to healthcare for Native Americans.

To support communities throughout the country, including underserved communities, it invests $4,200,000,000 in health centers and $14,200,000,000 to bolster our Nation's health workforce. It supports more than 15,000 National Health Service Corps clinicians serving nearly 16 million patients in high-need areas, and it helps with health disparities.

With the funding streams ending in 2016, millions stand to lose access to primary care services and providers if we do not take action. To advance our common interest in building a better, smarter, and healthier delivery system, it supports improvements to the way care is delivered, providers are paid, and information is distributed.

On an issue for which there is bipartisan agreement, it replaces Medicare's flawed sustainable growth rate formula and supports a long-term policy solution fix to the SGR. The administration supports the type of bipartisan, bicameral efforts that Congress undertook last year.

To advance our shared vision for leading the world in science and innovation, it increases funding for NIH by $1,000,000,000 to advance biomedical and behavioral research. In addition, it invests $215,000,000 for the Precision Medicine Initiative, a new cross-department effort focused on developing treatments, diagnostics, and prevention strategies that are tailored to an individual's genetic makeup.

To further our common interest in providing for Americans the building blocks of healthy and productive lives at every stage of life, this budget outlines an ambitious plan to make affordable quality child care available to every working and middle-class family. It supports evidence-based interventions to protect youth in foster care, and it invests to help older Americans live with dignity in their homes and communities.

To keep Americans healthy, the budget strengthens our public health infrastructure with $975,000,000 for our domestic and international preparedness, including critical funds to implement the Global Health Security Agenda. It also invests in behavioral health services and substance use prevention.

Finally, as we look to leave our department stronger, the budget invests in our shared priorities of cracking down on waste, fraud, and abuse. We are also addressing our Medicare appeals backlog, and taken together, we believe this budget advances our broader goals of bringing middle-class economics to the 21st century, providing Americans with those building blocks of healthy and productive lives.

As I close, I want to make one final point, and that is that I am personally committed to responding quickly and thoughtfully to the concerns and communications with Members of Congress and especially this committee. And since I have been confirmed, I have made it a top priority for our department to do that.

And lastly, I also just want to take a moment to thank the employees of HHS. From their work combating Ebola to their compassion assisting those unaccompanied children, to the commitment they show every day to help our fellow Americans, I look forward to working closely with you on behalf of the American people.

And with that, I look forward to your questions. Thank you.

[The information follows:]

OPENING STATEMENT

Chairman Cole, Ranking Member DeLauro, and Members of the Committee, thank you for the opportunity to discuss the President's FY 2016 Budget for the Department of Health and Human Services (HHS).

The Department has made historic strides towards ensuring that all Americans can lead healthy and productive lives. Today, thanks to the Affordable Care Act (ACA), middle class families have more security, and many of those who already had insurance now have better coverage. In the past year alone, about 10 million uninsured Americans finally gained health insurance. In the private market, millions more now have access to expanded coverage for preventive health care services, such as a mammogram or flu shot, without cost sharing. At the same time, as a nation we are spending our health care dollars more wisely and starting to receive higher quality care.

In part due to the ACA, households, businesses, and the Federal Government are now seeing substantial savings. Today, health care cost growth is at exceptionally low levels, and premiums for employer sponsored health insurance are about $1,800 lower per family on average than they would have been had trends over the decade that preceded the ACA continued. Across the board, the Department has continued its commitment to the responsible stewardship of taxpayer dollars through investments in critical management priorities. We have strengthened our ability to combat fraud and abuse and advance program integrity, further driving savings for the taxpayer while enhancing the efficiency and effectiveness of our programs.

The Department has done important work addressing historic challenges, including the coordinated whole-of-government responses to Ebola both here at home and abroad and to last year's increase in unaccompanied children crossing the Southwest border into Texas.

The President's FY 2016 Budget for HHS builds on this progress through critical investments in health care, science and innovation, and human services. The Budget proposes $83.8 billion in discretionary budget authority, an increase of $4.8 billion from FY 2015 appropriations. This additional funding will allow the Department to make the investments that are necessary to serve the millions of American people who count on our services every day, while laying the foundation for healthier communities and a stronger economy for the middle class in the years to come. The Budget also further strengthens the infrastructure needed to prevent, prepare for, and respond to future challenges effectively and expeditiously.

The Department's Budget request recognizes our continued commitment to balancing priorities within a constrained budget environment through legislative proposals that, taken together, would save the American people a net estimated $228.2 billion in HHS

programs over 10 years. The Budget builds on savings and reforms in the ACA with additional measures to strengthen Medicare and Medicaid, and to continue the historic slow-down in health care cost growth. Medicare proposals in our Budget, for example, more closely align payments with the costs of providing care, encourage health care providers to deliver better care and better outcomes for their patients, improve access to care, and create incentives for beneficiaries to seek high value services.

Providing all Americans with Access to Quality, Affordable Health Care

The President's FY 2016 Budget request builds on progress made to date by focusing on access, affordability, and quality – goals that we share with Congress and hope to work on together, in partnership, moving forward. The Budget also continues to make investments in Federal public health and safety net programs to help individuals without coverage get the medical services they need, while strengthening local economies.

Expanding Options for Consumers through the Health Insurance Marketplaces. The ACA is making quality, affordable health coverage available to millions of Americans who would otherwise be uninsured. As of mid-February more than 10 million consumers selected a plan or were automatically re-enrolled through the Health Insurance Marketplaces for coverage in 2015. At the same time, consumers are seeing more choice and competition. There are over 25 percent more issuers participating in the Marketplace in 2015 compared to 2014. Not only that, in 2015, nearly 8 in 10 Federal Marketplace customers can get coverage for $100 or less per month after applicable tax credits.

Partnering with States to Expand Medicaid for Low-Income Adults. The ACA provides full Federal funding to cover newly eligible adults in states that expand Medicaid up to 133 percent of the Federal poverty level through 2016, and covers no less than 90 percent of costs thereafter. This increased Federal support has enabled 28 states and the District of Columbia to expand Medicaid coverage to more low-income adults. Just recently we saw another state, Indiana, join us to bring much needed access to health care coverage to a state-estimated 350,000 uninsured low-income residents. Across the country, as of November 2014, over 10.1 million additional individuals are now enrolled in Medicaid and CHIP compared to the fall of 2013. As Secretary, I am personally committed to working with Governors across all 50 states to expand Medicaid in ways that work for their states, while protecting the integrity of the program and those it serves.

Extending the Children's Health Insurance Program. The Budget includes an additional four years of funding for CHIP through FY 2019 to provide comprehensive and affordable coverage for children and families across the United States. This extension will help bring stability to state budgets and continuity of coverage for children. We believe there is bipartisan support for CHIP and look forward to working with Congress to extend this program for the millions of children who depend upon it.

Improving Access to Health Care for American Indians and Alaska Natives (AI/AN). Reflecting the President's commitment to improving health outcomes across tribal nations, the Budget includes $6.4 billion for the Indian Health Service to strengthen

programs that serve over 2.2 million American Indians and Alaska Natives at over 650 health care facilities across the United States. The request fully funds estimated Contract Support Costs in FY 2016 and proposes to modify the program in FY 2017 by reclassifying it as a mandatory appropriation, creating a longer-term solution.

Bolstering the Nation's Health Workforce. The Budget includes a $14.2 billion investment in our Nation's health care workforce to improve access to healthcare services, particularly in rural and other underserved communities. That includes support for over 15,000 National Health Service Corps clinicians, who will serve the primary care, mental health, and dental needs of nearly 16 million patients in high-need areas across the country. The Budget also creates new funding for graduate medical education in primary care and other high-need specialties, which will support more than 13,000 residents over 10 years, and advance the Administration's goal of higher-value healthcare that reduces long-term costs.

To continue encouraging provider participation in Medicaid, the Budget invests $6.3 billion to extend the enhanced Medicaid reimbursement rate for primary care services, and makes strategic investments to encourage primary care by expanding eligibility to obstetricians, gynecologists, and non-physician practitioners. A January 2015 study by University of Pennsylvania and Urban Institute researchers found that the share of Medicaid enrollees who successfully got appointments with primary care providers grew by nearly 8 percentage points between 2012 and 2014, when the program was fully implemented. The Budget also supports the provision of primary care services in the Medicare program by permanently incorporating the temporary 10 percent primary care incentive payment program into the Medicare physician fee schedule.

Investing in Health Centers. Health centers are an essential primary care provider for America's most vulnerable populations, including nearly 163,000 individuals in Oklahoma and 327,000 individuals in Connecticut, while reducing the use of costlier care through emergency departments and hospitals. The Budget includes $4.2 billion for health centers, including $2.7 billion in mandatory resources, to serve approximately 28.6 million patients in FY 2016 at more than 9,000 sites in medically underserved communities throughout the country. The Budget also provides the resources to open 75 new health center sites in areas of the country where they currently do not exist.

The Department's requests for health centers and the National Health Service Corps are vitally important, as the existing mandatory funding streams for these programs end in 2015. Without renewed funding in 2016 and beyond, we estimate that more than 7 million Americans would lose access to essential cost-effective primary care services provided through our Nation's health centers and approximately 40,000 jobs would be lost. This loss of capacity will cause some health center sites to scale back hours, reduce services, or even close. Further, efforts to ensure provider access in underserved rural and urban areas across the country through the National Health Service Corps will come to a halt.

Delivering Better Care and Spending our Health Care Dollars Wisely

If we find better ways to deliver care, pay providers, and distribute information, we can receive better care and spend our dollars more wisely, all the while supporting healthier communities and a stronger economy. To build on and drive progress on these priorities, we are focused on the following three key areas:

Improving the Way Care is Delivered. The Administration is focused on improving the coordination and integration of health care, engaging patients more fully in decision-making, and improving the health of patients – with an emphasis on prevention and wellness. HHS believes that incentivizing the provision of preventive and primary care services will improve the health and wellbeing of patients and slow cost growth over the long run through avoided hospitalizations and additional office visits. The Administration's efforts around patient safety and quality have made a difference – reducing hospital readmissions in Medicare by nearly eight percent, translating into 150,000 fewer readmissions between January 2012 and December 2013 and reducing hospital patient harm by 17 percent from 2010 to 2013, saving 50,000 lives and $12 billion in health spending according to preliminary estimates.

Improving the Way Providers are Paid. The Administration is testing and implementing new payment models that reward value and care coordination – rather than volume. HHS has seen promising results on cost savings with alternative payment models: already, existing Accountable Care Organizations (ACOs) programs have generated combined total program savings of $417 million to Medicare. To shift Medicare reimbursement from volume to value, and further drive progress in the health care system at large, the Department has announced its goal of making 30 percent of traditional, or fee-for-service, Medicare payments value providers through alternative payment models by 2016 and 50 percent by 2018.

The Budget supports progress in this area by including proposals targeted at changing provider incentives and payment mechanisms. For example, the Budget puts Medicare's payments to physicians on solid ground by replacing Medicare's flawed Sustainable Growth Rate (SGR) formula. The Budget would establish new annual physician payment updates to provide certainty and consistency to providers; create incentives for providers to participate in proven alternative payment models; and streamline other value-based incentives. The Administration supports a long-term policy solution to fix the SGR and applauds the bipartisan, bicameral efforts that Congress undertook last year. The Administration looks forward to working with Congress to build on that effort and reform Medicare physician payments in a fiscally responsible manner.

Improving the Way Information is Distributed. The Administration is working to create transparency of cost and quality information and to bring electronic health information to the point of care – enabling patients and providers to make the right decisions at the right time to improve health and care. The Centers for Medicare & Medicaid Services (CMS) is making major strides to expand and improve its provider compare websites, which empower consumers with information to make more informed health care decisions,

encourage providers to strive for higher levels of quality, and drive overall health system improvement. To improve communication and enhance care coordination for patients, the FY 2016 Budget also includes a substantial investment ($92 million) in efforts supporting the adoption, interoperability, and meaningful use of electronic health records.

Leading the World in Science and Innovation

Investments in science and innovation have reshaped our understanding of health and disease, advanced life-saving vaccines and treatments, and helped millions of Americans live longer, healthier lives. With the support of Congress, there is more that we can do together. The President's FY 2016 Budget request lays the foundation to maintain our Nation's global edge in medical research. This Budget for NIH supports ongoing research and provides real investments in innovative science.

Advancing Precision Medicine. The FY 2016 Budget includes $215 million for the Precision Medicine Initiative, a new cross-Department effort focused on developing treatments, diagnostics, and prevention strategies tailored to the genetic characteristics of individual patients. This effort includes $200 million for the National Institutes of Health (NIH) to launch a national research cohort of a million or more Americans who volunteer to share their information, including genetic, clinical and other data to improve research, as well as to invest in expanding current cancer genomics research, and initiating new studies on how a tumor's DNA can inform prognosis and treatment choices. The Department will also modernize the regulatory framework to aid the development and use of molecular diagnostics, and develop technology and define standards to enable the exchange of data, while ensuring that appropriate privacy protections are in place. With the support of Congress, this funding would allow the Department to scale up the initial successes we have seen to date and bring us closer to curing the chronic and terminal diseases that impact millions of Americans across the country.

Supporting Biomedical Research. The FY 2016 Budget includes $31.3 billion for NIH, an increase of $1 billion over FY 2015, to advance basic biomedical and behavioral research, harness data and technology for real-world health outcomes, and prepare a diverse and talented biomedical research workforce. This research is critical to maintaining our country's leadership in the innovation economy, and can result in life-changing breakthroughs for patients and communities. For example, that NIH estimates it will be able to spend $638 million under this Budget request on Alzheimer's research, an increase of $51 million over FY 2015, which will position us to drive progress on recent advances in our understanding of the genetics and biology of the disease, including drugs currently in clinical trials, and those still in the pipeline.

Ensuring the Building Blocks for Success at Every Stage of Life

As part of the President's plan to bolster and expand the middle class, the Budget includes a number of proposals that help working Americans meet the needs of their families – including young children and aging parents.

Investing in Early Learning. High-quality early learning opportunities both promote children's healthy development and support parents who are balancing work and family obligations. Across the United States, many American families face real difficulties finding and affording quality child care and early education. In 2013, parents on average paid more than $10,000 per year for full-time care for an infant at a child care center – higher than the average cost of a year's in-state tuition and fees at a public 4-year college. The Budget outlines an ambitious plan to make affordable, quality child care available to every low-income and middle-class family with young children; to expand access to high-quality early learning opportunities through the Head Start and Early Head Start programs; and to invest in voluntary, evidence-based home visiting programs that have been shown to leave long-lasting, positive impacts on parenting skills, children's development, and school readiness. These investments complement proposals at the Department of Education to provide high-quality preschool to all four year olds from low- and moderate-income families and expand programs for middle-class children as well.

The President's child care proposal builds on the reforms passed by Congress in the bipartisan reauthorization of the Child Care and Development Block Grant enacted last fall. The proposal makes a landmark investment of an additional $82 billion over 10 years in the Child Care and Development Fund (CCDF), which by 2025 would expand access to more than 1 million additional children under age four, reaching a total of more than 2.6 million children overall in the program. At the same time, the proposal provides resources to help states raise the bar on quality, and design programs that better serve families facing unique challenges in finding quality care, such as those in rural areas or working non-traditional hours.

The Budget includes an additional $1.5 billion above FY 2015 to improve the quality of Head Start services and expand access to Early Head Start, including through Early Head Start – Child Care Partnerships. The proposal will ensure that all Head Start programs provide services for a full school-day and a full-school-year and increase the number of infants and toddlers served in high-quality early learning programs. It will also ensure that program funding keeps pace with inflation and that the program can restore enrollment back to the 2014 level.

The Budget also proposes $15 billion over ten years to extend and expand access to evidence-based home visiting programs building on research showing that home visits by a nurse, social worker, or other professional during pregnancy and in the early years of life can significantly reduce child abuse and neglect, improve parenting, and promote child development and school readiness. More than 115,500 parents and children were served through home visiting programs in FY 2014, in addition to approximately 2,800 American Indian and Alaska Native parents and children served through tribal home visiting programs.

Research by the President's Council of Economic Advisors indicates that investments in high-quality early education generate economic returns of over $8 for every $1 spent.

Not only that, studies show high-quality early learning programs result in better outcomes for children across the board – with children more likely to do well in school, find good jobs and greater earnings, and have fewer interactions with the criminal justice system. These programs also strengthen parents' abilities to go to work, advance their career, and increase their earnings. That is why the Administration has outlined a series of measures, including tax cuts for working families, to advance our focus on improving quality, while also dramatically expanding access.

Supporting Older Adults. The number of older Americans age 65 and older with severe disabilities – defined as 3 or more limitations in activities of daily living – that are at greatest risk of nursing home admission, is projected to increase by more than 20 percent by the year 2020. With 2015 marking the year of the White House Conference on Aging, the Department's Budget request includes $1.7 billion for Aging Services within the Administration for Community Living for investments that address the needs of older Americans, many of whom require some level of assistance to continue living independently or semi-independently within their communities. The Budget includes common-sense reforms that help to protect older Americans from identity theft, while supporting increased funding to support family caregivers and to expand home and community-based services and supports.

Improving Child Welfare. The Department's Budget also proposes several improvements to child welfare programs that serve children who have been abused and neglected or are at risk of maltreatment. The Budget includes a proposal that has generated bipartisan interest that would provide $750 million over five years for an innovative collaboration between the Administration for Children and Families (ACF) and CMS that would assist states to provide evidence-based interventions to youth in the foster care system to reduce the over-prescription of psychotropic medications. There is an urgent need for action: ACF data show that 18 percent of the approximately 400,000 children in foster care were taking one or more psychotropic medications at the time they were surveyed. It also requests $587 million over ten years in additional funding for prevention and post-permanency services for children in foster care, most of which must be evidence-based or evidence-informed. It includes savings of $69 million over ten years to promote family-based foster care for children with behavioral and mental health needs, as an alternative to congregate care, and provides increased oversight of congregate care when such placements are determined to be necessary.

Keeping Americans Healthy

The President's FY 2016 Budget strengthens our public health infrastructure, invests in behavioral health services, and prioritizes other critical health issues.

Investing in Domestic and International Public Health Preparedness. The health of people overseas directly affects America's safety and prosperity, with far-reaching implications for economic security, trade, the stability of foreign governments, and the well-being of U.S. citizens abroad and at home. The Budget includes $975 million for domestic and international public health preparedness infrastructure, including an

increase of $12 million for Global Health Security Agenda implementation to build the capacity for countries to detect and respond to potential disease outbreaks or public health emergencies and prevent the spread of disease across borders.

As new infectious diseases and public health threats emerge, HHS continues to invest in efforts to bolster the Nation's preparedness against chemical, biological, nuclear, and radiological threats. This includes a $391 million increase for Project BioShield to support procurements and replenishments of new and existing countermeasures and to advance final stage development of new products, and an increase of $37 million to replace expiring countermeasures and maintain current preparedness levels in the Strategic National Stockpile.

Combatting Antibiotic Resistant Bacteria. The Centers for Disease Control and Prevention estimates that each year at least two million illnesses and 23,000 deaths are caused by antibiotic-resistant bacteria in the United States alone. The Budget nearly doubles the amount of federal funding for combating and preventing antibiotic resistance within HHS to more than $990 million. The funding will improve antibiotic stewardship; strengthen antibiotic resistance risk assessment, surveillance, and reporting capabilities; and drive research innovation in the human health and agricultural sectors.

Addressing Prescription Drug and Opioid Misuse and Abuse. The misuse and abuse of prescription drugs impacts the lives of millions of Americans across the country, and costs the American economy tens of billions of dollars in lost productivity and increased health care and criminal justice expenses. In 2009, total drug overdoses overtook every other cause of injury death in the United States, outnumbering fatalities from car crashes for the first time. In 2012 alone, 259 million opioid prescriptions were written – enough for every American adult to have a bottle. As part of a new, aggressive, multi-pronged initiative, the Budget includes more than $99 million in new funding this year in targeted efforts to reduce the prevalence and impact of opioid use disorders. The Budget also includes improvements in Medicare and Medicaid, including a proposal to require states to track high prescribers and utilizers of prescription drugs in Medicaid, which would save $710 million over 10 years and bolster other efforts to reduce abuse of prescription drugs.

Leaving the Department Stronger

The FY 2016 Budget request positions the Department to most effectively fulfill our core mission by investing in a number of key management priorities that will strengthen our ability to combat fraud, waste, and abuse, strengthen program integrity, and enable ongoing cybersecurity efforts, among other areas.

Strengthening Program Integrity. The FY 2016 Budget continues to build on progress made by the Administration to eliminate excess payments and fraud. The Budget includes new investments in program integrity totaling $201 million in FY 2016 and $4.6 billion over ten years. This includes, for example, the continued funding of comprehensive efforts to combat health care fraud, waste, and abuse through prevention

activities, improper payment reductions, provider education, audits and investigations, and enforcement. We thank this Committee for providing the full Health Care Fraud and Abuse Control (HCFAC) discretionary cap adjustment in the final FY 2015 appropriation. The FY 2016 Budget again requests the full discretionary cap adjustment be provided. This investment builds on important gains over the course of the past several years: from 2009 to 2013, programs supported by HCFAC have returned over $19 billion in health care fraud related payments. Together, the Department's proposed program integrity investments will yield $22 billion in gross savings for Medicare and Medicaid over 10 years.

Reforming the Medicare Appeals Process. Between FY 2009 and FY 2014, the number of appeals received by the Office of Medicare Hearings and Appeals has increased by more than 1300%, which has led to a backlog that is projected to reach 1 million appeals by the end of FY 2015. The Department has undertaken a three-pronged strategy to improve the Medicare Appeals process: 1) Take administrative actions to reduce the number of pending appeals and prevent new cases from entering the system; 2) Request new resources to invest at all levels of appeal to increase adjudication capacity and implement new strategies to alleviate the current backlog; and 3) Propose legislative reforms that provide additional funding and new authorities to address the appeals volume. The FY 2016 Budget includes a comprehensive legislative package of seven proposals aimed both at helping HHS process a greater number of appeals and reducing the number of appeals filed and requests additional resources for CMS, OMHA, and the Departmental Appeals Board to enhance their capacity to process appeals.

Protecting Medicare Beneficiaries' Identities: Protecting against identify theft is a top priority for the Administration. The Budget proposes a $50 million investment to support a multiyear process to remove Social Security numbers from Medicare identification cards, which will strengthen the security of millions of beneficiaries' personal information.

Protecting Unaccompanied Children. HHS is responsible for ensuring that unaccompanied children who are apprehended by immigration authorities are provided shelter while their immigration cases are adjudicated. In the summer of 2014, the Administration responded to significant increase in the number of apprehended children with an aggressive coordinated federal response focused on providing humanitarian care for the children as well as on stronger deterrence, enforcement, foreign cooperation, and border security. The number of unaccompanied children placed in ACF's custody thus far in FY 2015 is below the FY 2014 level for the comparable period, and HHS, DHS, and the other agencies with responsibilities for unaccompanied children expect arrival levels to remain stable. To ensure that ACF can care for all children referred from DHS in FY 2016, and to promote the responsible stewardship of taxpayer dollars, the Budget includes level base funding from FY 2015 of $948 million and creates a contingency fund that would only trigger additional resources if the FY 2016 caseload exceeds levels that could be supported with existing program funds.

Conclusion

Members of the Committee, thank you for the opportunity to testify today. The President's FY 2016 Budget request for HHS makes the investments critical for today while laying the foundation for a stronger economy for the middle class. I am looking forward to working closely with Congress and Members of this Committee on these priorities moving forward so that together we can best deliver impact for those we serve – the American people. I welcome any questions you may have.

Mr. COLE. Well, Madam Chairman, your reputation for responsiveness precedes you. So we know you are certainly as good as your word in that regard.

Just for the committee, I am going to—our chairman and our ranking member have very heavy schedules today, and so I am going to go ahead and recognize them first so they can ask what other questions they need to pose to you and can go on their way if they choose to do so.

So, Mr. Chairman.

Mr. ROGERS. Mr. Chairman, thank you. That is very kind of you to be so considerate.

CRITICAL ACCESS HOSPITALS

Just as a side note, we are starting our hearing season with gusto. There is five hearings today at the various subcommittees at which five different Cabinet Secretaries will be appearing. So, but we appreciate you being here, and thank you, Mr. Chairman, for that courtesy.

Let me ask you, Madam Secretary, about critical access hospitals. A licensed hospital with a maximum of 25 beds and 24-hour emergency service located in a rural area, which meets one of the following criteria—over 35 miles from another hospital or is over 15 miles from another hospital in mountainous terrain or areas with only secondary roads. I have seven of those hospitals in my district alone.

And in your 2016 budget request, you propose two major changes. One, you would prohibit critical access hospital designation for facilities that are less than 10 miles from the nearest hospital and, two, reduce critical access hospital reimbursements from 101 percent of reasonable costs to 100 percent of reasonable costs.

The proposed distance change really does not take into consideration, in my judgment, the terrain and the difficult road situation in many rural areas. And Madam Secretary, I know where you lived, and you know there are some mountainous roads and terrain that are formidable in that part of Kentucky and West Virginia.

And the economic situation in that region is almost disastrous because of the mine layoffs. I have got 9,000 laid-off miners in my district alone. So the economic situation is terrible. To encourage healthcare facilities to take root in these hard-to-serve communities, these critical access hospitals are absolutely vital.

You may be aware that we have some very unique health challenges in my area as well. Obesity, a major problem, 31.1 percent of Kentuckians classified as obese. Sixty-six percent overweight. Diabetes, unfortunately, prevalent. Ten percent rate among Kentucky adults. Cancer having a huge impact on Kentucky, where, according to the CDC and the American Cancer Society, there are 9,600 deaths out of 2,400 incidences per year.

These are very troubling statistics, and I believe the problem is magnified in these rural areas across the country, but especially in areas like my district.

In the 2015 CRomnibus report language, CMS was asked to provide a report about how the proposed 10-mile limit would impact access to services in rural communities, including the analysis and

criteria. I have not seen that report, and I think it has not yet been filed. Are you familiar with it?

Secretary BURWELL. Not familiar, that this is one of the reports, there is another report that was included in the CRomnibus that was related to language. This one I am not, but I will look into it. We have done some of the analysis around this issue, and so we will work and follow up on that.

Mr. ROGERS. Do you appreciate what I have been saying about the critical need of these hospitals and that in difficult terrained areas, the 10-mile limit is very important here?

Secretary BURWELL. Mr. Chairman, the suite of issues that you described, as you mentioned in your opening remarks, we live in areas that are very close to each other and, therefore, very similar. And the issues of rural health issues altogether, the team at HHS knows now anything that comes before me, that is one of the first questions. How does it impact rural America? So——

Mr. ROGERS. Would you—would you seek out the report that I mentioned?

Secretary BURWELL. I will do that.

Mr. ROGERS. See if we can get——

Secretary BURWELL. I will. I know that we have looked at the analysis, and what I am hearing, because the analysis for the Nation as a whole is that this would impact, the 10-mile issue would impact only 5 percent of hospitals and that what we would be doing is trying to preserve that access to emergency care, those economic issues that you are talking about, making sure that we are using the taxpayers' monies wisely, and balancing those issues.

The numbers that you are giving me in your district are disproportionate to the numbers I have seen. So I want to follow up on that.

Mr. ROGERS. Well, I think that all of that 5 percent you mentioned is in my district.

Secretary BURWELL. That is why, when you give me those numbers, those are not the numbers that I have seen as we reviewed this policy. So I want to make sure we understand that.

Mr. ROGERS. And then there is——

Secretary BURWELL. And the broader issues, I just want to recognize across the budget and whether it is how we are funding CDC, the community health centers, the issues of the Public Health Service Corps, making sure that rural America has access to the needs—to healthcare and that whether it is behavioral health or primary care or, you know, the range of care is something that I consider a very important priority.

Mr. ROGERS. And then there is the impact to the hospitals themselves, the economic impact. In my area, many of these hospitals are struggling just to keep the doors open. How would that change in the reimbursement rates affect healthcare?

Secretary BURWELL. So in terms of the broader picture as we think about these rural hospitals and what is happening in those rural hospitals, in the State of Kentucky, just about 10 days ago, there was a study that was released by Deloitte and the University of Louisville in terms of what the impact has been for both jobs and the GDP in the State. And it said that there would be 40,000 in terms of the number of jobs that will be created from some of the

health changes that have occurred—that is the expansion of Medicaid mainly that is causing that—as well as additions to the GDP that would be around $40,000,000,000 by 2021.

And so, that influx also of now having care that is paid for is something that we are seeing, both anecdotally and now analytically, through that piece of work that has been done in Kentucky in terms of those hospitals getting money. And it is across all over the country where we are seeing, as people have money to pay for insurance, that those hospitals—that is one of the things that we are working on and believe will help some of those hospitals.

Mr. ROGERS. I thank you. Briefly and quickly, travel expenses.

Secretary BURWELL. Yes, sir.

TRAVEL POLICY

Mr. ROGERS. A local paper recently pointed out that HHS has spent over $31,000,000 on 7,000 first and business class flights for employees from 2009 to 2013—CDC, NIH, FDA. Seventy percent to 80 percent of the premium tickets were due to the use of medical exceptions to accommodate a special physical need.

Those are very large numbers. I am popping this to you from the clear blue sky. You are not prepared to answer, I guess. But could you tell us what the travel policies are? That is a lot of money for flying.

Secretary BURWELL. So I think those numbers are over a period of time, and I know that we have put in more stringent review and requirements——

Mr. ROGERS. Four years. It is 4 years.

Secretary BURWELL. It is a 4-year period, and I think in the past several years, we have put in place more stringent review and requirements. So we would want to look and see if that is making a difference in the numbers.

The overall is about 3 percent, and it is in limited circumstances, as you describe, health circumstances or types of things like 14-hour trips. But I think it merits looking at if we are seeing a decline from the more stringent requirements that we have put in place.

Mr. ROGERS. Would you check into it?

Secretary BURWELL. I will do that.

Mr. ROGERS. Mr. Chairman, thank you.

Mr. COLE. Thank you, Mr. Chairman.

The gentlelady from New York is recognized.

Mrs. LOWEY. Thank you.

And again, welcome, Secretary Burwell. I just want to follow up on the hospital questions of the chairman. I am really quite shocked with those numbers. So I am glad I live in New York.

But on the hospital issue, as we saw with Ebola preparedness and the cases that were identified last year, local hospitals and doctors are on the front line during health emergencies, and Congress provided additional emergency funding for the Hospital Preparedness Program in fiscal year 2015. But hospitals in my community tell me that the funds they have received from the program in previous years are inadequate.

So if you could share with us the President's 2016 request, how are we helping the hospitals prepare for and respond to emer-

gencies? Many of them put on extra rooms just to be sure that they were prepared, and this is a very important account.

And by the way, I am delighted that you mentioned community health centers because they are providing such important services, certainly in my communities. So if you can address that account, that would be very helpful.

Secretary BURWELL. So the issue of hospital preparedness specifically, I think, is nested in the broader issue of our preparedness as a nation when we have issues like we did with Ebola. And it is across the system that we need to be prepared, and that is both in terms of the State and local public health systems that are in place, as well as those hospitals that are in place.

And so, funding across all of those pieces is important to make sure that the system works because where there is a fault in one place, I am not sure everyone here read, but many of you may have read that this morning I, of course, had a person under investigation notice in Bellevue Hospital in New York in terms of we are still tracking people that come and making sure on the Ebola front. So it is across that whole spectrum.

With the money—and thank you. First, let me express appreciation with the $2,700,000,000 that we received to work on Ebola. Appreciate it. We are moving those monies quickly. And as you probably know, on Friday, we announced the funding announcement so that requests can come in from States to do a portion of that funding that would occur to the hospitals.

So we are using both those monies, as well as the monies in the 2016 budget proposal to make sure that we get to the levels of preparedness that we need to as a nation.

And one of the things in terms of that preparedness is, and we were directed by the Congress, which we agree with, is to put in place a regional strategy for Ebola and making sure that we have a set number of hospitals that are prepared for the most extreme situation, a number of hospitals that can then support that effort and also do care.

And then what we would consider hospitals that analyze and make sure a patient is determined whether they should be somewhere. And then there is the front line. Making sure that that front line hospital knows this is something suspicious. I need to get it to someone who can handle it.

And so, there is a strategic overlay and then the financial overlay in terms of how we are trying to address the issue.

Mrs. LOWEY. I would appreciate continuing to work with you on that issue because, as you know, many of the local hospitals do not know what a person is bringing in when they come in with 105 fever. And so, they are looking at decontamination units, et cetera.

So I know we agree on both sides of the aisle that we do not want to be wasting money, but you need to invest in areas where the funding is very critical.

AUTISM

I want to mention one other area because we have been doing a lot of work with autism, ranging from research at the NIH to workforce training programs at HRSA. I would be interested if you would share with us how your fiscal year 2016 budget request

would help the increasing number of families who are living with autism.

What we are seeing is some very exciting investments in work placement for these young people, not so young, as really they age out of their school opportunities. So I am really interested in just a brief overview of what you are doing.

Secretary BURWELL. I think it is in the two areas that you have articulated. One is in the research space. And as you mentioned in your opening statement, the issue of the BRAIN Initiative and the investments we are making in research, where we can understand better the issues around autism, both cause and how we can work through it when there are cases. And so, the research is a big part of it, and that is part of the BRAIN Initiative.

The other place in the department where this sits is in the Administration for Community Living and making sure that we are working with our colleagues, in some cases, the Department of Labor, but also as we think about how people have community-based living and working on those issues there. So those are the two main areas that the funding and the budget addresses this issue.

Mrs. LOWEY. Thank you, Mr. Chairman.

And I just want to say to "the big chairman" and "the very big chairman," I know we all look forward to working with you and with the Secretary. We all want to cut out waste for programs that are not really working because your responsibilities are so very important that you do not want to cut in areas that are really critical.

And this is why the sequestration issue, and I know the big chairman and I have had many conversation on this. It just does not make any sense. So I hope as we move forward, we can address the basic funding issues that would give you the opportunity to continue to improve lives.

Thank you.

BUDGET PRIORITIES

Mr. COLE. Thank you.

Let me pick up from there. That is actually a very nice lead-in, which is not unusual for my good friend from New York and I to see these things in a similar fashion.

As I suggested in my opening remarks, I have concerns that your budget is based on financial tax increases and fees that are unlikely to pass and actually become law. So I think your number is probably a little bit higher than we are going to end up with in this committee.

Given that fact or given that possibility, and again, it could always change if there is a larger deal that involved the President and the congressional leadership, but absent that, what would be—if we had to operate on roughly the same amount of money we had last year, how would you prioritize that? What are the most important things from your perspective that you would really like to see accomplished?

Secretary BURWELL. So, Mr. Chairman, when we put together the budget, as we put together a budget, and I am now a piece of it. I used to be in a seat that brought all the pieces together. But what we have tried to do is make those choices and articulate

where we believe the choices should be made, and those are choices that I believe, you know, we all need to discuss.

But those are important choices, and one of the reasons that I think they are extremely important choices is, you know, it is a cap, but it is sequester. It is a policy that I think many did not expect to be in place. And whether you did or you did not, I actually think we should put that aside, but actually put through and view it from the lens of what is the actual impact?

And when we think about the levels when you say about the choices and what happens at these lower levels, I think it is important to hearken back to what happened in 2013 when we were, for a period of time, at what we would call a sequester level. And let me just give two examples.

One is at NIH. During that time, at NIH we had the lowest number of grants that we were doing for project research that we have in a decade's time. In Head Start, 57,000 children lost their Head Start.

And so, I understand that these are tough choices. I understand why this is not, you know, in terms of the jurisdiction, it goes well beyond this committee to many other committees as well. But I just think we have to—you know, part of what we tried to do in our budget is be responsible about saying—you know, and as a percentage of GDP, when you think about our discretionary spending, and we can have the mandatory conversation that the chairman raised. I am not sure, you know, we want to do that here.

But that we do need to recognize in terms of the investments we need to make as a nation, and let us just look at the year in review. When Ebola happened, what were the expectations of the executive branch and the Federal Government? And with regard to the issue of when the children came, how do we take care of those children in an appropriate fashion in terms of the unaccompanied children?

Measles right now. Right now, we read in the newspapers the issues of the superbug and the question of are we, you know, aggressive enough about that, and is the Federal Government aggressive enough on measles? You know, those are State responsibility.

So my answer to the question is we believe that we have put forward what we believe are the right choices, and those choices extend across and beyond committee jurisdiction, and I know that. But those are the choices, and they are tough choices. They are—you know, and we know that some will be disagreed with, just as the critical access issue we just discussed or, you know, what I heard from Ranking Member Lowey is perhaps you did not put enough in the hospital.

And so, we have throughout made choices. And in the discretionary, over $750,000,000 worth of cuts.

WELDON AMENDMENT

Mr. COLE. Well, again, I do not disagree with that. But just for the record, this is not a policy. It is the law. It is a law that Congress passed. It is a law that the President signed.

And again, absent a larger agreement, we will be living within the law, I suspect. So I think we are going to have to make those choices, and I look forward to working with you as we go forward.

Let me quickly move to one other matter because I cannot enforce the 5-minute rule if I do not keep it myself. I know you are familiar with the Weldon amendment, which has been carried in the Labor, HHS bill since fiscal year 2005. The amendment prohibits Federal funding of—excuse me, prohibits funding to any Federal, State, or local government that discriminates against a health plan for refusing to cover abortion.

The Obama administration has issued regulations designating the HHS Office of Civil Rights to enforce the Weldon amendment by receiving complaints and violations. I understand, I have been informed, perhaps misinformed, but informed that the State of California, recipient of funds under the bill, recently began requiring all health plans sold within California to provide coverage for abortion on demand through all 9 months of pregnancy.

It is a clear violation of the Weldon amendment. However, 6 months after the mandate was issued, your Office of Civil Rights has failed to take corrective action. The mandate went into place immediately in August of 2014. So real harm is actually occurring now.

Complaints have been filed by several entities, including a number of evangelical churches that oppose abortion and are currently being compelled to fund it through their health insurance. So time is the essence. Could you tell us where we stand in this matter and when your Office of Civil Rights Compliance intends to act?

Secretary BURWELL. With regard to the implementation of the Weldon amendment, it is something that we take very seriously. And the complaints came in, and we opened the investigation with the Office of Civil Rights. We are moving to do that investigation expeditiously.

With regard to my ability to say and tell the Office of Civil Rights when to finish the investigation, that is something we want to let the investigation run its course so we can use its results. And so, we are working expeditiously. The Office of Civil Rights knows this is an important issue, as you have said, and that time is of the essence with regard to——

Mr. COLE. So the investigation is underway right now?

Secretary BURWELL. It is and—yes, sir. It is right now. We had—we heard from organizations, and when we heard from organizations with regard to the issues that you have raised, we opened an investigation.

Mr. COLE. Well, thank you very much, Madam Secretary, and we will be following up with you on that to make sure that investigation does get carried through.

With that, I am sorry I ran over a little bit, but I recognize my good friend from Connecticut, the ranking member.

AFFORDABLE CARE ACT

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

And just for the record, I might just note that since 2010, after adjusting for inflation, the Labor, HHS budget has lost almost $20,000,000,000. And with regard to the allocation affecting Labor, HHS, I have stated this many times in the past that I believe that it really is Labor, HHS has taken one of the biggest hits of any of the appropriation subcommittees, and we need to remedy that.

Madam Secretary, Bureau of Labor Statistics released data that show that hospital prices are declining over the past 12 months. The largest decline in prices comes in the Medicare program. Score one for single payer.

Prices paid by private insurers grew by only 1.6 percent, which is substantially lower than the 6 to 7 percent annual increases that we used to accept as the cost of doing business. How much of the decline in healthcare cost is attributable to the Affordable Care Act? Can you talk about some of the Affordable Care Act's cost containment measures that have led to such a dramatic change in the healthcare cost curve?

Secretary BURWELL. So with regard to the Government pay part of this, the portion of it, there are or were changes that were part of the act that we moved to implement, and there are types of things that we will continue to work on. As we know when—in 2009, when CBO was predicting Medicare expenditures over the period, we know that we are $116,000,000,000 less than we have been, than we would have been on that trajectory. And those are changes, you know, attributable both to the market and to changes that were put in place.

With regard to the market, you also mentioned the actual broader marketplace beyond Medicare, and one of the things that I think is happening is the issue of competition with regard to how that puts pressure on these issues. And we know that there were 25 percent more issuers that came into the marketplace and in terms of that price pressure that we see.

I think we are starting to make progress, and we have seen some progress. We have seen through Medicare some of our efforts on patient safety. So we have seen a 17 percent reduction in patient harms through efforts that we have partnered with physicians on testing ways that you can reduce harms. Those are infections and falls in the hospital.

And those kinds of things reduce and then not only lives do they save, but it is savings. And so, this is all part of the broader part of when we think about that issue of the Affordable Care quality, access, and affordability, we are forming our system so that we deliver better quality at a lower price has been a priority.

We have made some progress. But in I believe that we can make more progress, and that is an announcement that we made recently. For the first time, we have set the goal that in Medicare by 2016, there will be 30 percent of all payments will be in an alternative payment form so that we can continue to build on those kinds of savings just as well as quality.

Ms. DELAURO. Just a couple points. You know, I will just mention medical loss ratio, which has really worked to make sure insurance companies are spending 80 percent of their collections on the premiums, and that has resulted in billions of dollars in rebates to American families.

Secretary BURWELL. Two-point-eight.

Ms. DELAURO. A value effort and shifting that cost in Medicare for value, as opposed to simply paying for volume of services.

Just briefly, because I would love to get another question in, the department plans to make 50 percent of payments through alternative payment models by 2018. What is——

Secretary BURWELL. That is part of the delivery system. Reform will get to 30 percent by 2016 and then 50 percent. At that point, it will be—people will be doing the alternative payment models, paying for value, not volume.

Ms. DELAURO. So we can conclude that if the ACA continues to constrain the growth of healthcare costs, will that not wipe out a significant portion of the projected future deficits?

Secretary BURWELL. We want to continue both through the implementation of delivery system reform and the proposals we have to reduce that spending in the entitlement space.

Ms. DELAURO. Thank you.

HEAD START

I would like to move to Head Start, and I will do this quickly. I just want to say this because I think it is important.

1912, a teacher in a one-room schoolhouse in Texas made a decision that would ultimately affect the lives of over 30 million American children. She allowed a 4-year-old boy to join her class, jump-starting his education by a year at a time when the concept of preschool learning was virtually nonexistent.

That boy was Lyndon B. Johnson, and he would go on to be a teacher, President of the United States, and Head Start was established under his presidency 50 years ago this spring. Eight-week summer camp, robust year-round program, it serves a million children every year in the U.S. State and territories.

So congratulations on 50th anniversary, but can you tell us briefly about the expansion of full day, full services for Head Start and Early Head Start and the gains you expect to see?

Secretary BURWELL. So, in this budget, I will just focus on three things. One is that expansion of full day, that expansion of full year, because we know that that is an important way to maintain the gains. And then the second thing is the quality implementation, and those have been conversations making sure that we have standards.

Those two steps will help us improve quality, but also making sure that those Head Start providers in the program are meeting quality standards.

Ms. DELAURO. Thank you, Mr. Chairman.

Mr. COLE. Thank you.

The gentleman from Idaho is recognized.

Mr. SIMPSON. Thank you, Mr. Chairman, and congratulations on taking charge of the chairmanship of this committee and for your first hearing.

Mr. COLE. Can I just say for the record, since you suggested me for this job, I am glad you were brave enough to then join us on the committee. [Laughter.]

Mr. SIMPSON. I felt if I recommended you for the job that I should be willing to suffer with you. No——

Secretary BURWELL. Wait——

Mr. SIMPSON [continuing]. I do not mean that. This is a very important committee. Ralph Regula used to call it "the people's committee" because it affects so many people, and programs in it are very important.

But congratulations to you, and welcome to your first hearing before this most friendly subcommittee. You know, I read your testimony last night, and I actually agree with an awful lot of what is said in there and a lot of the programs that you have emphasized and put the resources into.

The problem is, as the chairman has said, it is dollars and how many dollars we are going to have to spend and stuff. And I agree with my colleagues here who have suggested that sequestration and you have suggested that sequestration is going to be devastating. It really is going to be devastating, and I wish the President had not proposed it as the hammer on the super committee that was ultimately adopted.

It was never going to happen. It was passed, and it was so ugly that we were never going to do it. But yet here we are. The problem is the President proposes doing away with sequestration and blowing the numbers off in his budget and doing it with tax increases and fee increases and everything, and very little, if anything, on the mandatory side of the program, which is driving our budget deficit.

And right now, while we applaud ourselves and pat ourselves on the back about the fact that the budget deficit is down by two-thirds essentially from the high, it is still $500,000,000,000. And if you look at the $18,000,000,000,000 in debt and the interest paid on that at historical interest rates, the interest we pay on the national debt would outspend defense spending, Labor-H spending, and much of the rest of the discretionary spending.

So it is still important we focus on the fact that we are in debt and that we have got to address that. And that is what sequestration is about. Not the best way to do it, and I hope to come up with a budget deal to ultimately deal with it.

ORAL CARE

But having said that, a couple of dental questions. You might guess the dental questions would come from the dentist on the committee. The CDC has said that one of the top 10 public health achievements of the 20th century is water fluoridation. This marks the 70th anniversary of the community water fluoridation programs.

What plans does HHS have to acknowledge this 70-year milestone and educate communities about the preventive health benefits of community water fluoridation, and when will HHS be finalizing its recommendation to set the level for optimally fluoridated water at .7 parts per million?

Dentistry supported the proposed change, but it has been waiting for 4 years to see the final recommendation.

Secretary BURWELL. This is an issue that I think—the issue of the recommendation and where we go with regard to the number is something that I expect in the relatively near future that we will come out with. A question of the anniversary, I will admit, is one that I will go back to CDC, and I am just very happy that we now have a Surgeon General who is a part of a great voice for us in a nation to do this type of thing and make sure the Nation knows.

He has been terrific on measles, been helpful on flu, having that voice with the American people as a physician. And so, now I need to add this fluoride anniversary to the list of things to find out.

MARKETPLACE

Mr. SIMPSON. Good. Currently, the Federal marketplace—in the Federal marketplace, consumers must purchase a medical plan before purchasing any dental plan. This requirement prohibits adults from purchasing dental plans, including Medicare-eligible seniors, and also creates a challenging purchasing experience for consumers who want one-stop shopping.

Will HHS consider allowing direct purchase of dental plans so that consumers are able to purchase dental benefits within the marketplace if they desire?

Secretary BURWELL. That is one in terms of considering the standalone purchase is the question I think that you are asking. And that is something I am happy to go back and look into in terms of what is—whether it is—what is the limitation currently in terms of why it does not happen.

Mr. SIMPSON. I think it would take, from everyone I have talked to, is a technical change that could happen within HHS. It would not take a statute or anything for Congress to do. But I think that it could be—could be done by your department.

As you know, HHS has mandated the replacement of the ICD–9 CM codes that are currently used by medical coders and billers to report diagnosis and procedures with the new ICD–10 code, effective October 1, 2015. This will be a significant change in the way coding is done, and I have heard from physicians in Idaho and, frankly, across the country that have small practices that the cost and overall impact that it will have on them could actually lead to them shutting down their doors.

Given that Congress has already delayed implementation, I wonder what your thoughts are on either delaying or allowing a phase-in period after the October 1st deadline?

Secretary BURWELL. So with regard to we have delayed, as you reflected, and believe that we would be ready by the October 15th deadline—October 2015 deadline this year. And we have done testing, and we are doing testing. And so, if there are providers that have concerns, if you can help us understand because we want to continue to do that testing in terms of making sure that people are ready.

The value and the benefit, when we get to more simplified coding, which I think is something that is beneficial across the system to some of the costs that we were talking about, that is why we want to go ahead and move forward with it. But we are trying to do it in a way that we make sure we listen and understand, which is a part of why we are doing the testing.

If there are specific examples that you are hearing about, we would like to know about them and hear so that we can work with folks about that.

Mr. SIMPSON. I look forward to working with you on it. Thank you.

Mr. COLE. Thank you.

I will recognize the gentlelady from California, my good friend Ms. Roybal-Allard.

Ms. ROYBAL-ALLARD. Thank you, Mr. Chairman.

Mr. COLE. And can I say I was at the CDC recently and saw the building named after your father. So it was pretty remarkable.

Ms. ROYBAL-ALLARD. Okay, thank you.

Mr. COLE. Thank you.

HEALTH PROFESSION TRAINING PROGRAM

Ms. ROYBAL-ALLARD. Madam Secretary, in today's increasingly diverse population, HRSA's Title VII health professions training programs have really been an invaluable tool in creating a pipeline of minority primary care professionals who overwhelmingly return to practice in diverse and underserved areas.

So I truly wanted to commend the administration for its support of the minority Centers of Excellence and Nursing Workforce Diversity Programs and for allocating the $14,000,000 for a new program to build on that experience gained from the Health Careers Opportunity Program.

However, I am disappointed with your proposal to eliminate the Area Health Education Centers Program, which has successfully recruited students and provided training opportunities for residents and practitioners both in rural and urban underserved areas. This program, as you know, has been repeatedly cited by HRSA as exceeding the agency's goals and objectives.

Therefore, if you could explain why the AHEC program was not funded, despite its long successful history, and what funding sources are you referencing in your budget justification as being able to support ongoing AHEC activities? And I will give you the other two questions. I have related questions so you can answer all at once.

Also, how will the new Workforce Diversity Program differ from the old HCOP program, and will the new program continue to target minority and disadvantaged high school and college students? And how will you ensure that its results and similar increases in the numbers of minority health professions?

Secretary BURWELL. So with regard to the first issue in the program, I think one of the things that we are trying to do is make sure that in this important time, as you reflected, that we do get diverse workforce into the communities. And that is about the training and then getting them there into the communities.

And I think one of the most important anchors of making that concept, which we agree upon, become a reality is actually the National Health Service Corps. Because when we look at those numbers and you see that expansion that we are proposing in our budget, 30 percent of all of the National Health Service Corps are actually minorities, and I am sure many of you, because there are a number of physicians present and folks who focus on this issue, only 10 percent of the population. So we overrepresent, and by working and adding there, we believe that is an important step.

With regard to that specific program, what we believe is that there are—it has been an important program, but one of the things, as we set up the program, we asked the grantees and oth-

ers to have sustainability plans so that this would be a program you got up and running.

With regard to the second issue, the issue of the HCOP and that question of who will be trained. One of the things that we are trying to do is make sure that we are getting those individuals who are both interested in clinical practice as well as research. We are doing this in the piece you are talking about, but also as we look at NIH.

There are individuals who have expressed that interest, so we are focusing on the people at that level who have expressed that interest, want to be scientists, want to be doctors and physicians, but we lose along the way. And so, we are putting our emphasis in our budget on those individuals that we know are in. So we do not lose those people who are already there versus focusing on some of the very early years they are in the program.

So it means there is overlap, but some of the earliest years, I think we believe that if we can get more people who are interested in starting to do the training in this space to stay in, that we get our numbers up and more people into the communities more quickly, number one. And we create the role models that help create pull later on.

So it is overall in terms of that is how we are trying to think about the spending of the dollars in the priority area that we are focused on.

Ms. ROYBAL-ALLARD. Okay. So just so that I understand. So, but you still need that pipeline? In other words, I understand what the endgame is, but how do you—what is in the program that will continue to feed that pipeline so that you will have those——

Secretary BURWELL. I think right now what we are focusing on is the point at which there are people in the pipeline in terms of how we are putting emphasis with our dollars.

Ms. ROYBAL-ALLARD. I guess what my question is that is fine in the short term, for the next year, maybe 2 years. But as we go down, you know, to 5, 10 years from now, how is that pipeline going to be fed?

Secretary BURWELL. You know, I think the question in elementary school and children's exposure in terms of diverse children and other children in terms of STEM issues across the board, in terms of the place where I think we believe that there are issues that we see happening with regard to minorities is at that level when they become engaged and may not have the support that they need to stay engaged in that way.

And that is where we are going to emphasize in terms of what the budget does at this point.

Ms. ROYBAL-ALLARD. I see my time has expired.

Mr. COLE. Okay. The gentleman from Arkansas, my good friend is recognized.

OPIOID

Mr. WOMACK. Thank you, Mr. Chairman. And I, too, want to join the chorus of people congratulating you on your chairmanship and the skill at which you execute your duties as chairman of this very important subcommittee.

And I want to welcome my friend the Secretary here today. I would expect that her background over at Budget is probably an invaluable asset when considering the matters that we are talking about here today.

The overall chairmen, to no surprise, talked a little bit about the problems combating drug addiction. And Madam Secretary, you are well aware of the State that I represent, part of the State that I represent, and the fact that drug addiction, particularly prescription drug abuse, is a major issue facing our country. And I am glad that we are recognizing that it is of such major proportions that we have to put a higher priority on it.

As a matter of fact, in the couple of hours that we are going to be in this room today, on average, 10 people are going to die as a result of some kind of a drug overdose. Nearly 7,000 a day are going to be treated in ERs around the country.

There is no question when I talk to my job creators back in my district, they talk to me about the fact that they have jobs available, but they have very difficult times finding people who can do something as simple as pass a drug screen for an employment opportunity. So, I mean, without belaboring the point, we do not need to have a debate about that. That debate has taken place.

Last September, nearly 50 of my colleagues and I sent a letter to you and the Administrator of SAMHSA calling for a modernization of our Government's response to this crisis. We did not receive a response initially, and I am glad in your testimony you talk about responding to Members of Congress is a high priority of yours.

But our CRomnibus included report language asking SAMHSA to update all of its professional education and training programs for opioid treatments and office-based treatment programs. Do you know at this stage of the game what steps have been taken to fulfill this congressional request in the CRomnibus?

Secretary BURWELL. I will have to look and see in terms of where we are exactly, but it is a major part of the three-part strategy that we are pursuing in terms of this issue of opioids, heroin, and overdose.

In terms of the first part being about prescribing in terms of the place where we need to focus, as Chairman Rogers mentioned, in terms of the State-by-State plans, this is an important part of giving that instruction on prescribing. And so, we are moving forward on it. Exactly where we are in the process related to the exact language of the CRomnibus, I want to get back to you.

But it is a very important part of the three-part strategy that we are pursuing in this space, which is first the issue of prescribing; second, the issue, as you mentioned, of things like naloxone and how we have access to those; and then, third, the treatment issue are the three places that we are working.

Mr. WOMACK. Do we have any other real barriers to our ability as a nation to elevate the discussion to recognize its significance from loss of life to productivity? I cannot—I cannot underemphasize—or overemphasize the impact that it is having. And are there other barriers that this panel, that this Congress needs to know about?

Secretary BURWELL. So some of the things we have mentioned in terms of the budget, and I think the chairman spoke to in terms of the funding issues, and I think those are articulated. I think the other thing, and I just spent time with the Governors this weekend when they were in town on this issue specifically. Because one of the things that we have to do is we have to have tracking mechanisms with regard to the prescribing.

We can teach people about the prescribing, but one of the things that is happening, and to add to your statistics, in 2012 to 2013, there were 259 million prescriptions for opioids. And I think you all know the population of the United States so you understand what that means in terms of—so getting that prescribing, tracking that prescribing and the filling of those prescriptions.

That is a place that we have seen progress in places like Florida and some other States that are taking action, and that is a place we are going to need to work with the States and making sure there is interoperability with the States, when the chairman mentioned the Office of National Coordinator of electronic medical records. So those are some of the critical path issues.

We need people to know about the prescribing. We need them to abide by that. And then we need to do the quality tracking, and we need to be willing to take the steps in terms of payers and others when people are not abiding by.

And we need partnerships with the private sector. CVS tracks within their own system, but you can go to Wal-Mart, Walgreens, or others. And so, those are some of the critical things we need to do.

Mr. WOMACK. Well, even in our own State, there has been a major discussion, and I am sure this is happening in every State. But particularly in Arkansas, the fact that it is a small State with a limited budget, and now we have got so much of this phenomenon happening, it is crowding our prisons. We are putting people behind bars at an extremely high cost while other violent-type criminals are competing for that type of bed space.

And so, somehow, some way, our Nation has to wrap its arms around this increasing phenomenon that is directly affecting our economy.

I see my time is out, and I will come back later in the next round.

Thank you, Mr. Chairman.

Mr. COLE. Thank you.

My friend the gentleman from Tennessee is recognized.

Mr. FLEISCHMANN. Thank you, Mr. Chairman, and I want to join in the praise and thankfulness for you taking chairmanship of this most important subcommittee.

This is my third term in Congress, my second term on this most important subcommittee, and I appreciate serving with you and your chairmanship, sir.

Madam Secretary, good morning.

Secretary BURWELL. Good morning.

AFFORDABLE CARE ACT

Mr. FLEISCHMANN. I want to thank you as well for stepping up. This is an arduous task that you have to chair HHS, and I also

want to thank you for your phone call yesterday and for your civility. And we all have a very difficult role in governing this great nation, and I want to thank you for being here today.

I am going to ask some questions about Obamacare and then RAC audits. But in candidness, I believe Obamacare is inherently flawed. I thought it was flawed from the beginning. I was not in Congress when it was passed. It has had a lot of frailties, and I come to the debate after having seen this now in my third term in Congress just so frustrated with this issue.

So I want to let you know that on the onset as I ask you these questions. And I know you have inherited this role, and I thank you for stepping up and taking that.

Last March, your predecessor was before us in this committee, and I asked her questions. And she testified before this panel that the administration would not delay the individual mandate or any of its penalties. Yet less than 2 weeks later, the enrollment deadline was extended.

Last week, HHS announced that it had sent 800,000 people incorrect tax forms. We learned yesterday that has led to approximately 50,000 inaccurate tax returns filed by Americans on which the Treasury Department has announced it will not act. Separately, HHS announced that you would open a special enrollment period in order for people to avoid paying penalties for missing all the previous deadlines.

Madam Secretary, my first question, and it is a two-part question, is what authority does the administration have to set its own policy each time Obamacare is implemented incorrectly? And as a follow-up to that, I would specifically like to know what authority you believe your department has to declare a new enrollment period and set arbitrary deadlines?

Secretary BURWELL. With regard to the issue of—I will address the special and the most recent special enrollment period. Special enrollment periods occur for people when they have life-changing events, and they are able to enter in the system. You know, we have a marketplace-based system, and the marketplace is based on private insurance.

And so, insurers actually have periods when you have a life change, when something happens that is unique, that you can come in not during their set period. And so, that is with regard to the issue of special enrollment periods, that is what we have done.

With the one that you are referring to specifically, for those individuals who did not recognize that there would be a fee, that they did not understand, that they did not this first time through, what we have said is for those individuals that there will be a special enrollment period for that limited group of people. And that is what this particular one that you just referenced that we just did is about.

RECOVERY AUDIT CONTRACTORS

Mr. FLEISCHMANN. Okay. Thank you.

Madam Secretary, I would like to ask you some questions about your plans regarding recovery audit contractors, the RAC audits.

Secretary BURWELL. Yes.

Mr. FLEISCHMANN. These have wreaked havoc on Medicare reimbursement processes. I understand you are considering establishing a fee-for-claims appeals to raise revenue and discourage appeals in light of the huge backlog which remains.

I cannot see that as anything more than encouraging my constituents to succumb to a broken RAC system. What plans do you have to address the underlying problem of the number of audits resulting in the denial of claims that should have actually been paid?

Secretary BURWELL. So with regard to this issue, when I came in, it is an issue, and there is a large backlog. So put together an approach to working through that backlog as quickly as possible and are very appreciative that there is bipartisan, bicameral engagement in the issue with us because I think it is going to take us working together to get through.

Three things we need to do to get those numbers down. The first thing that we need to do is where there are administrative things that we can do at CMS in terms of making that go more quickly or, where appropriate, settling through with providers, that we do that.

The second thing is we have asked for the funding to help us get more specialists. This happens through the Office of Medicare Appeals and Hearings—Hearings and Appeals. And so, this is a body that is part of HHS, but they are specialized appeal judges that have to hear these, and so we need the help to work through the backlog. That is item two in terms of getting rid of this backlog.

Number three is we actually are asking for legislative changes from you all to try and make sure that we discourage. A couple things about the fee. One, never on a beneficiary. Number two, if you win your appeal, the fee comes back.

Because what we are seeing is in this appeal process because it is easy and it is simple, part of the reason we have it skyrocket is there is not a cost. If I think I might possibly be able to get the money, I am going to appeal because there is the time issue, but what do I—you know, in terms of that.

And so, that is why we believe it is something that could help us with the overall issue.

Mr. FLEISCHMANN. Thank you very much, Madam Chairman. And I yield back.

Mr. COLE. I thank the gentleman.

And I now recognize, move on to the gentleman from Maryland, probably the one real expert we have on this committee that knows something about what he is talking about. So, Dr. Harris.

MEDICARE

Mr. HARRIS. Thank you, Mr. Chairman, I think.

Thank you, Madam Secretary, for coming before the committee, and welcome.

First, a couple questions that are just very short because my time is limited. With reference to the Independent Payment Advisory Board, or IPAB, you know, the budget document says that this is one of the mechanisms that is going to reduce long-term drivers of Medicare cost. Do you intend to appoint members to that board this year?

Secretary BURWELL. If the Congress makes recommendations, we would welcome those.

Mr. HARRIS. You do not need—you do not need congressional recommendations. Do you intend—the law, the ACA very specifically says you have the authority to appoint the board. Do you intend to appoint a board?

Secretary BURWELL. It says "in consultation with the Congress," and that is the part we would like to have.

Mr. HARRIS. Just a follow-up to Mr. Simpson's question on ICD–10. Since the CMS Web site says that you can run ICD–9 and ICD–10 parallel, pretty clearly says it can be done, would you consider creating a hardship exemption for ICD–10 for physicians whose practices just cannot afford to convert to ICD–10?

Secretary BURWELL. I would want to understand how that would actually work in terms of those physicians, if that is something that, you know, happy to understand and take a look at that question. I think we believe everyone should switch and that people are ready.

Mr. HARRIS. Well, I fully understand how the Government thinks everybody should switch to the regulatory scheme proposed by the Government. I am telling you this is one of the largest concerns of small physician groups, the ones we want to help, the small rural physicians who cannot afford to convert to ICD–10.

The CMS Web site clearly says they can be parallel. I would hope you would be opening to creating a hardship exemption.

Maryland's health exchange was a disaster. They are now in court. They are going to try to recover money from contractors. I just want to ask you, Madam Secretary, if Maryland recovers money from contractors, are you going to seek the return of that money to HHS?

Secretary BURWELL. With regard to the issue of how these contracts were done, it is a matter of when the contracts that we had with the States in terms of the agreements we had with the States. Depending on why the money comes back and what was done wrong is the answer to that.

Where we have the ability to in terms of our relationship, sometimes those actually have to do with the contract with the State, not with their relationship in terms of fulfilling their commitments to the Federal Government. Where there are cases where that can happen, that is something we would like to understand.

Mr. HARRIS. Thanks.

Secretary BURWELL. And our IG is working on it.

Mr. HARRIS. The overall budget increase proposed was an increase of 6 percent to HHS, that is right? Round numbers.

Secretary BURWELL. Yes.

NIH BUDGET

Mr. HARRIS. Why is NIH only 3 percent? I mean, you know, if the administration always talks about the importance of research and all, why actually would you disproportionately not raise the primary driver of basic medical research in the country?

I mean, why would you choose to expand other parts of HHS and not—or not to expand NIH at the same extent?

Secretary BURWELL. So with regard to the increases across the department, we believe that a $1,000,000,000 increase for NIH is a healthy increase. And NIH, in terms of what it has seen over the period of time, has been different in different areas.

Some of the increases that are larger, we just actually spoke about one of the ones with your colleague in terms of some of our program integrity efforts have larger increases in percentage terms than, say, NIH does. Another area is we are working very hard to implement the Congress, the legislation that you all gave us with regard to FSMA and food health safety, and so there are increases that are larger in other parts of the department.

Mr. HARRIS. So a decision was made to not prioritize NIH for their share of the 6 percent increase. I mean, again, I mean, the numbers are the numbers. The administration says we need 6 percent more for HHS, but you only need 3 percent more for NIH.

Secretary BURWELL. With regard to how we put a budget together, I think area by area and operating division by operating division. We ask, determine the needs, and then we have to make choices and tradeoffs in terms of how we do that.

In terms of taking a percentage and giving everybody a percentage increase, that is actually not how we put our budget together. What we did was work through, as I said, whether it is particular needs that we have in program integrity or the implementation of laws that we have, there are places where we need larger increases.

Mr. HARRIS. I fully understand the prioritization. I am a little disappointed that the administration, and let us face it, this is kind of a make-believe budget because it does not accept the budget caps that are in current law. So at least in your make-believe budget, I would have hoped that you would give the NIH the average increase in HHS.

With regard to the Strategic National Stockpile, can you assure the committee that your fiscal year 2016 budget request for the SNS will be sufficient for procurement of both newer medical countermeasures and for the replenishment of the existing stockpiled medical countermeasures?

Secretary BURWELL. We have proposed the budget that we believe will meet those needs, as well as what we believe we can adequately spend in terms of making sure we are managing the taxpayers' money well.

Mr. HARRIS. And will that be enough to procure the 75 million dose of anthrax vaccine that would be needed?

Secretary BURWELL. With regard to the specific of that particular procurement, that is something I want to get back to you on.

Mr. HARRIS. And I would appreciate that. Thank you.

Mr. Chairman, I yield back.

Mr. COLE. Just following in order, I am going to skip down actually to Mr.—yes, Mr. Rigell, who was here at the beginning of the hearing, and then we will come back.

MEDICARE APPEALS

Mr. RIGELL. Thank you, Mr. Chairman.

And Secretary Burwell, thank you for being here today. It is a pleasure.

I want to call your attention to page 16 of your testimony, which I read carefully, and let me just highlight in here. "Between fiscal year 2009 and 2014, the number of appeals received by the Office of Medicare Hearings and Appeals has increased by more than 1,300 percent." And I read carefully where you are going with your response.

And I say this in a constructive way, but it seemed to me like a circular loop. The first action was to take administrative action. And the second part was to request new resources, and then third was to implement new strategy. So the strategy is to implement a new strategy.

And I am going to give you just a moment to respond, but then the third part says propose legislative reforms that provide additional funding. So it was taking administrative actions, finding new resources, which are funding, and then to implement a new strategy. The strategy was to implement a new strategy. And then the third one was additional funding.

So I felt like I ended up right where I started, and there was no explanation at all that I saw, perhaps I missed it, as to what was causing it, nor was there a satisfactory answer as to what you will be doing about it.

Secretary BURWELL. So with regard—I apologize if I used the word "strategy." Policies and the policies that your colleague referred to are some of the types of policies that we believe are important. We think in terms of what is happening is that, first of all, we have a backlog, and part of what we need to do is work through the existing backlog.

And in terms of administrative actions and whether that is settlements or additional funding to work through that backlog, it is very important. As we think through the question of how to deter those kinds of numbers in the future, what we do think is it is important to put in place certain types of deterrents, and also I think we believe that there are places where the amounts and what people are appealing should be changed.

Mr. RIGELL. Okay. I guess you are somewhat answering the question on what is driving this, the causal factors that led—I mean, it was a stunning increase in the number of appeals, and I am sure many of them need to be paid, and then some of them are probably fraudulent, of course.

But help us to understand has the department—has the agency, have you been able to understand why the sharp increase?

Secretary BURWELL. I think we think that some of the reason that there has been a sharp increase is because there actually has been the development of a number of people who see this as an opportunity and an economic opportunity to help providers appeal. And so, one of the things, and that is why we want to do some of these policy changes, is to put in place deterrents to that.

Mr. RIGELL. Deterrents from the third parties being able to engage in that or deterrents——

Secretary BURWELL. Frivolous appeal.

Mr. RIGELL. There you go. Well, we are in complete agreement on that.

Secretary BURWELL. Frivolous appeal. Frivolous appeal is all we are trying to get at, which is why in the proposal we have, if you

win, you do not pay. So what we are trying to do is get to a place where—you know, appeals are important. We understand that.

Do we get it right 100 percent of the time? When you look at the numbers, actually they are quite—the appeals are actually small. Relative to the number of transactions in Medicare, it is still relatively small. But what we want to get at are the frivolous appeals.

MANDATORY SPENDING

Mr. RIGELL. Okay. I am just going to make a comment here at the end, and that is just as it relates to what Chairman Rogers said, and I was very encouraged to hear him say this. This, he was speaking about the failure really of us as a nation, all branches—although I am proud of what we have done as House Republicans on this matter—but the failure to address mandatory spending.

There is going to be compression on the rest of the budget, discretionary part, into perpetuity because of the sharp increase in the number of seniors over the next 10 years. And I really have not seen anything from the administration on this, and I considered it a real special opportunity, if you will, to meet with the President just briefly on this.

And he said, "Scott, what is on your mind?" I said, "Mr. President," I said, "I am just deeply concerned about we have not as a nation, and I have not seen from the administration enough leadership on this topic."

Because the math, it needs to be faced by the American people and all of us that we have got to come up with meaningful reforms on mandatory spending. So I would implore you and your colleagues to lead in this. It is something that has got to be done for us to have a bright future for our children and grandchildren and all of us, actually.

Secretary BURWELL. I think it is an issue of importance, and we look forward to hearing the response to our $450,000,000,000 worth of cuts that are represented in the HHS budget specifically on the mandatory side. And while one can say we should do more, I think I hear that is your point, I guess I would say——

Mr. RIGELL. Mathematically, the math leads me to this conclusion. That is why I bring it up.

Secretary BURWELL. And I think we have $450,000,000,000 worth of changes on the table as part of our overarching budget, and the question is, is we have an approach to work on those issues. And I think we look forward to hearing how people think about those.

Mr. RIGELL. Well, I appreciate the spirit in which that is offered, and I will learn more about it. It is just my experience has been to this point that the administration has just not really led in this area. And just as a fellow American, I am just asking that that take place.

But I appreciate your testimony today and your service at the agency. Thank you.

Secretary BURWELL. Thank you. Thank you.

Mr. RIGELL. I yield back.

Mr. COLE. Just for the gentleman's information, Mr. Delaney and I will be dropping a bill next week that actually deals with the en-

titlement issue and Social Security. You might have a look at it, and we would welcome your input.

Mr. RIGELL. And thank you for your leadership on this. It needs to be done. Thank you.

Mr. COLE. Absolutely. I yield now to my good friend, the gentlelady from Alabama.

MARKETPLACE

Mrs. ROBY. Thank you, Mr. Chairman.

Madam Secretary, thank you for being here today.

If you will just bear with me a minute, I will get to the question. But the IRS requires the HHS-managed marketplace and State-operated exchanges to report account level information, including the identity of all individuals who obtained coverage and the amount of assistance received by that person. We are all aware about the administration's failed healthcare.gov Web site launch. However, I am not sure that most Americans are aware of the fact that the critical backend data reporting and payment systems used by issuers in CMS were not operating effectively as of last spring.

HHS's inability to provide timely and complete transmission of the required reconciliation data to the IRS seems to indicate that the critical backend systems continue to function at less than optimal levels and are still not fully operational. So we understand that HHS's first transmission of this required data was not provided to the IRS until October of 2014. In addition, we understand that the data that has been provided on a monthly basis has not been shared in full and in a routine manner.

Our understanding is that as of January 20th of 2014, the start of the tax filing season, HHS provided the IRS with the following partial data from the 36 States participating in the Federal facilitated marketplace, and this data only covers 2.8 million of the 4.2 million policies purchased through the Federal facilitated marketplace, limited data from HHS-managed, State-based exchanges for the 9 of the 15 State-based exchanges.

So given the fact that over 86 percent of the individuals participating in the marketplace or an exchange are eligible for advance premium tax credit, how can the IRS and HHS ensure that taxpayers are not subject to overpayment, underpayment, or fraud in light of the lack of accurate data for individuals who purchased insurance through the marketplace or exchange?

Secretary BURWELL. The data for the 1095s with regard to that issue have been provided to the IRS in terms of that is what is happening as part of this tax season. So the question and the number that you have with regard to the number of people and the data that the IRS received is not a number I have.

Love to take it back, love to understand where it came from. Because in terms of the IRS receiving the information as part of this tax season, they have. And so, I am not sure where that number is coming from, and maybe if you can help me——

Mrs. ROBY. Well, if you can correct that for me, it would be really helpful——

Secretary BURWELL. Sure. Sure.

Mrs. ROBY [continuing]. Because that is the information that we have——

Secretary BURWELL. I would love to follow up and understand where that came from because the IRS has the tax information. And certainly, we are responsible for the Federal marketplace. With regard to the State data, you know, that is a State responsibility.

Mrs. ROBY. Sure.

Secretary BURWELL. But those numbers were not at all what I would have—you know, what I have reviewed in terms of the State numbers. So if we can understand that, love to follow up.

Mrs. ROBY. Okay. That would be appreciated. I think, well, in light of the fact that you have differing numbers than I do, I guess the follow-up question would be these backend systems, I mean, are they fully operational? I mean, is that the position that you are taking?

Secretary BURWELL. So there are two different issues when we talk about I think that reference the backend systems. Because at one point, you referenced the insurers and the question of their relationship, you know, this is about the individuals in terms of the IRS. Because I thought when you started and you mentioned the insurers.

The question of the backend system with regard to the insurers, everything is automated. Do we believe it should be done in a way that is more technologically easier? Yes. And we are going to continue to work to do that, and we are going to work every day to make that.

But the automated system that we are currently using is a system that we use for Medicare Advantage and Medicare Part D, and so the system that we are currently using is a system we have used in other ways for other things. Do we believe this can be made easier? Yes. Let me be clear about that, and we want to work towards that.

Mrs. ROBY. As it relates to consumer data hacking or unauthorized activity, can you talk about do you all have a number of events that have occurred, and can you give the scope of the events and then what you are doing to protect consumers on this?

Secretary BURWELL. With regard to personally identifiable information, we at this point have not had a malicious breach of the marketplace with regard to that data.

Mrs. ROBY. Okay. All right.

Secretary BURWELL. You know, it is an important issue, as we have seen with private sector companies. It is something we stay on top of. We have come in and put in place a strategic approach that actually is about the how you set up the systems, the prevention, and the constant monitoring to make sure that we are staying on top.

I guess I just want to emphasize it is a very important issue. We have not had a breach, but it is something we want to make sure that we continue to focus on. It is also a part of the funding. So an important thing.

Mrs. ROBY. Okay. My time has expired. But if you would please follow up on the first question, and I will make sure and give you——

Secretary BURWELL. Be happy to.

Mrs. ROBY. [continuing]. Where we received information.

Secretary BURWELL. That would be helpful. That would be helpful. Thank you.

Mrs. ROBY. Thank you.

Thank you, Mr. Chairman.

Mr. COLE. Thank you. We have two gentlemen from Pennsylvania who have yet had an opportunity to ask questions, but in the interest of partisan balance, I want to——

Ms. ROYBAL-ALLARD. I thought you had forgotten me. [Laughter.]

Mr. COLE. Well, no, we are just moving down, giving everybody an opportunity. But my friend Mr. Fattah is recognized for 5 minutes.

Mr. FATTAH. Thank you, Mr. Chairman.

And in great congressional fashion, I am going to say a group of things, and then I am going to ask a question. All right?

First of all, I want to thank you for your extraordinary leadership at the department in a great many things in particular, but first and foremost, your visit to Philadelphia on Dr. King's birthday and at the Project HOME with Sister Mary Scullion. And it was great to have you.

The work that you have done on the Affordable Care Act, Pennsylvania has been extraordinarily benefited by the enrollment process. We have hundreds of thousands of people who now have coverage that in the latest enrollment process, with over 11.4 million people signed up. So I want to congratulate you on that.

I want to mention that the work that the department is doing as part of the BRAIN Initiative that I have been so involved with. Francis Collins and NIH, but across the board, the administration has done just some very important work. We have some 15 million Americans suffering from one of the 600-plus brain diseases or disorders, and we have a lot of progress that we could make in this regard.

Obviously, it is a tremendous cost, but beyond the cost of, you know, things like Alzheimer's, it is really the families involved. I mean, just so I want to thank you for that.

And then I want to ask my question, which is about our new Governor in Pennsylvania, Governor Wolf, who wants to proceed now in terms of Medicaid expansion as part of the Affordable Care Act. And our previous Governor had wanted to do—had a proposal that had been—the department and the State had been jostling back and forth for about, and there was some agreement.

And I want to know how we can now transition and how you see the transition to full Medicaid expansion?

Secretary BURWELL. The Governor can come, and it actually can happen really, I think, two different ways. It depends on how the Governor does or does not want to implement the existing agreement, and he has that opportunity to do that.

If he wants to do anything different in terms of the agreement, we welcome that conversation and look forward to it.

Mr. FATTAH. Thank you very much.

Thank you, Mr. Chairman.

Mr. COLE. Thank you.

The long-suffering other gentleman from Pennsylvania, Mr. Dent.

OPIOID

Mr. DENT. Thank you, Mr. Chairman. I am not suffering, but thank you just the same. And congratulations on your chairmanship.

Secretary, great to be with you this morning. I want to follow up on some questions I think that Mr. Womack just discussed. And I came in during the middle of it so I may be a little redundant. I hope I am not.

But my home State's legislature, like yours, has taken up action to expand access to naloxone, or Narcan. I know you had gotten into that. In fact, I am holding a hearing in my own district on this very important subject in rural Berks County, Kutztown, to discuss this. We have had numerous deaths of overdose from heroin.

How would you, I guess, describe the HHS budget proposal, how would it help States like mine, and how the department plans to reduce overdose deaths through ensuring broader access to naloxone?

Secretary BURWELL. So I think it is both about the access to naloxone, but one of the other parts of the budget is the importance of supporting the States in their prescription monitoring plans because that gets to this core issue of the starting point of the prescription.

And so, it is both about naloxone, making sure that we understand its use and make its use easier in communities and support that. That is some of the work in SAMHSA that we will be doing.

At the same time, we need the stronger prescription deadlines—guidelines, and so those are two different things that we are working on. One is more from CDC and that part of the organization. The other is SAMHSA working with communities as they are trying to work through the issues and do the implementation of the naloxone and things like that on the ground.

EBOLA

Mr. DENT. Thank you. As we discussed yesterday—thank you for your call—Ebola, of course, is a very important issue. And I am pleased to say that there is a lot of activity in my congressional district on that issue. One company, OraSure, is developing a rapid diagnostics working with CDC and others and NIH.

But I am also pleased to say that there are two health systems in my district, too, that volunteered to make investment to become designated Ebola treatment centers. What advice should I give them about the process to take the next step to be considered a regional center?

Secretary BURWELL. With regard to the consideration of a regional center, I mean, that is something that coming through ASPR, the Assistant Secretary for Preparedness and Response, and working with HHS's regional office would be the next step on that part.

The other part that I think they should do is be in close contact with their State health departments because the State health departments are going to play a role in two things. One, as we work through where the regional location will be. But second, some States will actually also have additional hospitals that will be

treatment facilities, in addition to the issue of the one—you know, the regional designate.

And that is so that we have a capability to expand if we ever need it. At the point at which we were in the middle of the Dallas situation, we did not know. You know, we thought we had a sense, but one had to plan for the worst case.

So those are the two places that I would encourage those hospitals to speak.

LIHEAP

Mr. DENT. Thank you. And we will follow up.

And just briefly, too, Madam Secretary, move to LIHEAP. Given the low cost of crude oil, which has translated into heating oil prices being on par with and sometimes lower than the equivalent natural gas price, why would HHS be using valuable LIHEAP program dollars to switch recipients' fuel systems at a cost of $10,000 on average when there is no real need, given the current price of fuel?

Current LIHEAP funds could go to help consumers make simple, cost-effective upgrades that immediately reduce emissions and save them on their monthly bills to help pay for the fuel they are currently using. And do you really think it is appropriate for HHS to use LIHEAP rules to discriminate against homeowners based on the fuel they use at this time?

Secretary BURWELL. With regard, I have focused on actually the movement of the money in terms of LIHEAP during this winter season since I have been at the department. With regard to this specific issue, it is not one that I have looked at and I will look into.

Mr. DENT. Yes, I would appreciate it because there is some concern that why make the conversions now when the price of fuel oil is comparatively low. And it seems like there is some type of discrimination based on type of fuel used, and I think there is a better way to allocate those LIHEAP dollars. So I would appreciate you getting back to me.

Secretary BURWELL. And as a part of our budget proposal, I think as the ranking member mentioned, we are flat. But I think one of the things that is important is actually we are trying to put in contingency and other monies that would be more targeted to when there are changes so we can act and react in terms of pricing.

And so, that is an important part of what we have done, and I will look at this. But as we think about this in the context of the budget, we have tried to create a situation where the additional funds would be something that would help us be more flexible in reacting to situations that we always cannot always predict, which is why I am attaching it to your issue of the changing price.

Mr. DENT. Well, I am going to yield back since I have time left and just doing my duty here, Mr. Chairman.

Mr. COLE. Thank you very much. I appreciate your generosity.

Just in the interest of trying to get as many questions in as we can in the limited time that we have left, I am going to reduce the question time to 2 minutes, if I may, for all concerned for a second round.

So, with that, I recognize the gentlelady from California.

PSYCHOTROPIC DRUGS

Ms. ROYBAL-ALLARD. Madam Secretary, I have had a long-standing concern about the use of psychotropic drugs to treat children with behavioral problems. And in the past, my colleague Representative DeLauro and I asked the GAO to issue a report. And what GAO found was that the children on Medicaid are prescribed these medications at twice the rate of privately insured children and that 18 percent of foster children were prescribed psychotropic medications often in amounts that exceed the FDA guidelines.

So I was pleased that your budget calls for a 5-year demonstration project to encourage States to provide evidence-based psychosocial interventions that could be used hopefully in place of or in combination with the drug treatment. So very quickly, I have three related questions.

First, has the department considered reaching out to organizations like a Boys Town Hospital that have had considerable success in reducing these psychotropic medications? And also because, according to the GAO report, psychotropic drugs represent the single largest expenditure in Medicaid. That is over $2,800,000,000 in 2007. So has CMS done any research to determine whether reimbursement policy may be feeding this problem?

And also what research has been undertaken to address the problem that is so critical to children's long-term development, and what percent of research is focused on looking at this?

Secretary BURWELL. So, first, I just want to say thank you. It is that study that I read when I was at OMB that led me to very strongly support this and then, when I got to HHS, worked to expand the effort. So thank you for that. That piece of work is part of what made this policy.

The policy is actually to pursue and that is what the dollars are, to pursue, so that we get to the best practices. I want to check specifically if we are working with not-for-profits. I know that we are working with States. But you have raised an issue of not-for-profits. We need to check on that.

With regard to the issues of the payment, it is an issue that we are looking at if in terms of how we are doing our payments, if that is a part of the issue that is exacerbating it. So that will be a part of what we are doing.

Ms. ROYBAL-ALLARD. Thank you.

Mr. COLE. Madam Chairman, I have other questions, but I am going to hold mine and submit them for the record to you so we can indulge the other Members.

Mr. COLE. I want to move to the gentleman from Idaho.

CONTRACT SUPPORT COSTS

Mr. SIMPSON. Thank you.

Quickly, I appreciate the fact that your budget fully supports the estimated contract support costs for Native Americans.

Secretary BURWELL. Yes.

Mr. SIMPSON. You say that you want to modify the program by reclassifying it as a mandatory appropriation in 2017, not this year's budget, but next year's budget. Whenever I try to do some-

thing on the mandatory side or try to put something in mandatory, I have to find the pay-for.

How are you going to pay for it? Have you come up with that yet? Have you thought about how we are going to make it mandatory?

Secretary BURWELL. So with regard, because we have done the entire budget and we have paid for everything within the budget. And so, the question of one-for-one pay-fors, we have our pay-fors throughout the budget in terms of both on the mandatory side, as well as on the discretionary side in terms of puts and takes.

So it is embedded within the budget our payment for it. There is not a specific pay-for for it, but we believe it is the right place to be with regard to this issue of the contract support cost.

Mr. SIMPSON. I do not disagree with you. On the other side of that, the mandatory funding for community health centers is ending October 1st. Have you proposed continuing making that mandatory funding in the future?

Secretary BURWELL. Yes. It is a mix. And our budget is a mix, and we believe it is important to continue that on the path that was done as part of previous legislation.

Mr. SIMPSON. Thank you.

Mr. COLE. Thank you.

The gentlelady from Connecticut.

Ms. DELAURO. Thank you.

CHILD CARE

On child care just very quickly, pleased to see a $370,000,000 increase for child care. A portion is requested is $100,000,000, pilot programs. Can you talk a bit about that?

And then if you can just talk about the consolidation on food safety from your perspective of that effort under HHS and those responsibilities?

Secretary BURWELL. So the $370,000,000 is to implement the bipartisan child care reauthorization that you did. With regard to the specific of $100,000,000, there are populations, parents who actually work differing hours, people who work at night, and so there are a number of different populations that are not being reached by our child care.

And so, we need to make sure that for working Americans who may have circumstances that are not the traditional circumstance, that we are thinking about it. That is what that money is about.

With regard to the food safety issue, what we are trying to do is get a system that is simpler and higher quality. And because pieces sit in a different place, you know, everyone uses the pizza example that if it is a cheese pizza, it is at one place. If it is a pepperoni pizza, it is regulated by two different parts of the Government. That is a part of what we are doing as we propose this effort.

Ms. DELAURO. Well, you are putting legislation forward?

Secretary BURWELL. At this point, I think this is an issue that we want to hear and understand where the Congress is.

Ms. DELAURO. Thank you.

Mr. COLE. The gentleman from Arkansas.

EBOLA

Mr. WOMACK. Yes, just a couple of real quick questions. I want to go back to Ebola for just a minute because we knew that it was on the material threat determination list for more than a decade, but therapeutics and vaccines not fully developed.

Can you tell us, and I am not asking you to pull out your crystal ball and predict the next Ebola, but what else is not on that—that is on the threat assessment list we are still not entirely prepared for and where we should focus maybe some of that concern?

Secretary BURWELL. So I think the most important place for us to focus our preparedness in terms of we need to continue working on those lists. And whether it is airborne things or things like Ebola, we need to continue that. But the place where I think we can make the most progress to protect the homeland is by putting in place the things that are part of the Global Health Security Agenda.

And why that is the case is because when you saw what happened in Nigeria, we all know Nigeria had the cases. They had up to almost 20 cases, but it did not spread, and it is because they had the ability to do the prevention, detection, isolation, and contact tracing.

And so, putting those pieces in place in the places where these things will come from is a very important step and one of the ones that I think we need to emphasize most.

Mr. WOMACK. Assuming that there is always going to be insufficient funding—and I think that is an accurate assumption that we can all make—to deal with these kinds of issues, how would you prioritize?

Secretary BURWELL. With regard to—I think with regard to the Global Health Security Agenda monies, we prioritize those by country need. And the other thing we have to do and we are doing is we have got to get other countries to help pay.

Mr. WOMACK. If all the smart people in your organization calculated the total cost to deal with all possible threats, what would that number look like?

Secretary BURWELL. I do not think we have done it in an aggregate fashion in terms of all total costs in terms of modeling it that way. I think what we do is on the pieces we prioritize, and the area you were talking about are the anthrax issue or those issues, we prioritize that way.

Mr. WOMACK. Just as an aside, you know, Mr. Chairman, we were all, most of us were treated to a visit up to NIH, and I found it pretty impressive that there was a young lady there—I want to say her name was Sullivan—that was working back in the vaccine area that had pulled out her—in fact, you made the comment that must have been her——

Secretary BURWELL. Her notebook.

Mr. WOMACK [continuing]. Junior high notebook.

Secretary BURWELL. It was her notebook, and she had worked on the Ebola vaccine. I have met with her.

Mr. WOMACK. Amazing.

Secretary BURWELL. Yes.

Mr. WOMACK. That what was truly—what stood out to me and to her credit was the fact that she had done all of this work before, when it was not even really——

Secretary BURWELL. No one cared.

Mr. WOMACK. It was more of an afterthought than anything else, and she was able to go back to that research and expedite by as much as I think 6 months the time it would take to respond.

Secretary BURWELL. Yes.

Mr. WOMACK. I just thought that was a credit, and it speaks well of the NIH.

Mr. COLE. And Mr. Harris, you will have the last questions.

Mr. HARRIS. I guess I sit between us and lunch. [Laughter.]

GRANTS

Just very quickly, you know, as you know, the ORR grants—provides grants to institutions that provide housing for the UACs. And you know, I was very disappointed by the Christmas Eve regulation that basically set regulations on some of these faith-based. You know, six of the nine grantees are faith based, and they do feel that their religious freedom is going to be impinged by these regulations.

And you know, you find yourself at the department that is really the tip of the spear in what many people, myself included, feel is a war on religious freedom in this country. I would hope that you take their comments, the comment period ended Monday, into account for the final regulation.

When your predecessor was here last year, I asked her about the nontransparency of abortion coverage in exchanges, you know, and the department comes out with their definition of separate payments that is just mind-boggling because it is not a separate payment, which would add to transparency.

So I would hope that you would take some steps to modify the rule to make it really a separate payment which provides some transparency.

And just finally, a question for you, what has come to my attention is that a lot of the plans on the exchanges are putting all the drugs for a given disease in their top tier. So what you are doing is you are basically giving people a plan that covers a routine physical, but God forbid they get a disease where they require an expensive medication.

Tiering is actually doing two things. One, it actually discourages them from taking a plan. So it actually—it puts high-risk people and it does not allow them access to really all the plans.

And the other one is, strangely enough, tiering is actually supposed to discourage people from taking the top tier drugs because a lower tier drug would do the same thing. But what we are finding is that all the drugs for a disease are being put in the top tier.

Is this adverse tiering something that the department is going to do something about in these plans?

Secretary BURWELL. With regard to the issue as these issues have come in and been raised, they have been raised in some specific actual disease areas, HIV and some others. We are continuing to look at them on a case-by-case basis and overall.

And so, when these have come in, we are having the conversations and understanding and working with the States and the insurers to talk about these issues. As these things come in, we want to work on and figure out how we can create a situation where people do have the access, which I think is your point, to the quality care they need. We agree with that.

Mr. HARRIS. Thank you very much. I yield back.

Mr. COLE. Madam Secretary, I want to thank you for your testimony today. They did not lay a glove on you. I am not surprised. But we very much appreciate your taking the time——

Secretary BURWELL. I have a long to-do list.

Mr. COLE. Well, I suspect it will get longer once the questions for the record arrive.

Secretary BURWELL. I do as well.

Mr. COLE. But seriously, thank you very much for your service. Thank you for your cooperative and open attitude. We very much look forward to working with you as we sort through these issues and find the appropriate balance.

Secretary BURWELL. Thank you.

Mr. COLE. So have a good day, and thanks for being here.

Secretary BURWELL. Thank you. Thank you.

Department of Labor, Health and Human Services and Education and Related Agencies

Budget Hearing with Secretary Burwell

February 25, 2015

Questions for the Record – Chairman Cole

1. Conscience Protection "Weldon amendment"

I know you are familiar with the so-called "Weldon amendment" which has been carried in the Labor HHS bill since fiscal year 2005. The amendment prohibits funding to any federal, state or local government that discriminates against a health plan for refusing to cover abortion. The Obama administration issued regulations designating the HHS Office for Civil Rights to enforce the Weldon amendment by receiving complaints of any violations.

I understand the State of California, a recipient of funds under our bill, recently began requiring all health plans sold within California to provide coverage for abortion on demand through all nine months of pregnancy. This is a clear violation of the Weldon amendment. However, six months after the mandate was issued, your Office for Civil Rights has failed to take corrective action. The mandate went into place immediately on August 22, 2014, so real harm is being done now. Complaints have been filed by several entities including a number of evangelical churches that oppose abortion and are currently being compelled to fund it through their health insurance. Time is of the essence yet no action has been taken. The FY 15 Omnibus included some statement language asking the Office for Civil Rights to respond to complaints expeditiously.

1. Please explain the process for enforcing the Weldon amendment and what the penalties are for an entity including a state that fails to comply with the Weldon amendment.
2. Please update the Subcommittee on the status of responses to these complaints.

Response to 1: HHS's Office for Civil Rights (OCR) promotes and ensures compliance with civil rights and privacy laws as well as the federal health care provider conscience protection laws. One of these laws, the Weldon Amendment, bars HHS from funding entities that discriminate against any institutional or individual health care entity on the basis that the health care entity does not provide, pay for, provide coverage of, or refer for abortions.

OCR investigates complaints filed by individuals or entities who allege they have, or someone else has, been subject to conduct that violates one of these types of laws. OCR may also provide technical assistance to covered entities to help them understand how they can voluntarily comply with the law.

Where OCR determines it has the legal authority to do so, OCR will open an investigation into an alleged incident of discrimination. In the course of an investigation, OCR solicits information, requests documents, and performs interviews to gather the full range of facts before making a determination.

If OCR becomes aware that a state or local government or other entity has undertaken activities that may violate the statutory conscience protections, OCR will work with the entity to assist them in achieving voluntary compliance. If voluntary compliance is not achieved, OCR will consider all legal options, including working with the HHS funding agency to determine whether funding should be terminated.

Additional information about the provider conscience protection laws can be found on OCR's website at http://www.hhs.gov/ocr/civilrights/faq/providerconsciencefaq.html.

OCR's complaint processes are laid out in a PowerPoint posted on its website at: http://www.hhs.gov/ocr/civilrights/provider_conscience_ppt.pdf.

OCR's website contains additional information describing the Department's program to enforce these protections and includes materials on federal provider conscience protection statutes, including a Fact Sheet on rights protected under the laws and information about how to file a complaint and OCR's investigative process. All of these materials can be found at the following link: www.hhs.gov/ocr/civilrights/.

Response to 2: HHS supports clear and strong conscience protections for health care providers and entities who are opposed to performing abortions. The HHS Office for Civil Rights (OCR) received three complaints alleging that the DMHC directive violates the conscience clause protections of the Weldon Amendment. OCR has opened an investigation to examine the allegations in these complaints and has been proceeding expeditiously. Because these are open cases, we cannot comment on the status of the review.

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2. King v Burwell

I know you are aware the Supreme Court is set to hear arguments next month in King v. Burwell, which will examine whether or not subsidies can be paid to individuals enrolled in exchanges through the federal Marketplaces. None of us knows what the Court may decide, but I am curious what the Administration's plans are if the Court determines that only individuals enrolled in a State Marketplace are eligible to receive the subsidy?

Response: The Department is confident in the Administration's position in King v. Burwell. The Department believes that the text and structure of the Affordable Care Act make clear that citizens in every state would be entitled to tax credits, regardless of whether they purchased their insurance on a federal or state marketplace.

The Department is confident in our position and a decision against the Administration in the King case would cause massive damage: first, millions of people would lose their health insurance subsidies and therefore would no longer be able to afford health insurance; second, without tax subsidies healthy individuals would be far less likely to purchase health insurance, leaving a disproportionate number of sick individuals in the individual insurance market, which would raise the costs for everyone else; and, third, states that did not establish a state marketplace would return to a time when the recourse for those without insurance was to seek

care in hospital emergency rooms, further driving up insurance costs for everyone. There are no administrative actions that could, and therefore we have no plans that would, undo the massive damage to our health care system that would be caused by an adverse decision

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3. Improving Early Education Opportunities within Current Resources

In response to the mounting evidence indicating how valuable early education is, the Administration has requested vast resources over the past few years to invest in early education programs. In response, Congress has appropriated reasonable funding increases to expand the Early Head Start program and to improve the educational value of child care opportunities provided through the Child Care and Development Block Grant program.

I see that you're requesting an additional $1.5 billion for the two Head Start programs and an additional $370 million for the Child Care Block Grant program.

Given the strong likelihood that this subcommittee won't have additional resources to support this request, I'd like to hear how HHS can improve these early education programs within current funding levels – which I might add, is still a hefty investment totaling $11 billion.

Additionally, I've heard from several sources that exposure to early education has the largest impact on children between the ages of 0-3 years. What are your thoughts on whether we'd get a larger return on our investment if we shifted the bulk of Head Start resources to focus on this age group?

Response on improving quality with current activities:
As noted by the Chairman, there is substantial evidence showing the value of early education programs, and the Budget seeks to further expand access to these important programs while supporting efforts to increase and sustain the quality of services, both in the Child Care and Development Fund and Head Start.

The Child Care and Development Block Grant Act of 2014, which reauthorized the child care program for the first time since 1996, took an important step towards strengthening the program. This bipartisan law significantly strengthens health and safety standards, including mandatory criminal background checks, increased monitoring of providers, and health and safety training. In addition, the law increases quality spending requirements from four to nine percent (to be phased-in over a period of five years) and establishes a new three percent spending requirement for activities to improve the quality of child care for infants and toddlers beginning in FY 2017. The reauthorization mandates comprehensive consumer education activities, such as the posting of monitoring and inspection reports, as well as family-friendly subsidy policies (including a 12-month eligibility period) that promote continuity of care for children and families. Many States, Territories, and Tribes will need to make changes to their programs to meet the new requirements. The FY 2016 President's Budget request will help finance those important changes, which otherwise could come at the cost of cutting subsidies to families in need. Access to CCDF-funded care has already fallen to an all-time low in FY 2013 due to funding constraints, with an average of only 1.4 million children served each month, and many States have waiting lists for assistance. Nationally, only about 17% of eligible children receive subsidies.
Since Head Start was reauthorized by Congress in 2007, the Department has taken dramatic steps to raise the bar on Head Start quality. ACF implemented the largest reform in Head Start's

history with the Designation Renewal System (DRS), which provides a structure for identifying lower performing programs that are required to compete for continued funding. Grantees that fall short on quality benchmarks, including classroom quality, health and safety, financial accountability, and program management standards are designated for re-competition. ACF is also implementing an extensive redesign of its monitoring system in order to align with the 5-year grant cycle, provide grantees information necessary for continuous program improvement, provide a multi-year perspective on grantee performance, and focus on quality in addition to compliance. Finally, ACF is in the process of revising the Head Start Program Performance Standards to reflect the best available science on early learning and development and anticipates publishing a Notice of Proposed Rulemaking (NPRM) in 2015.

Mounting evidence from early childhood research demonstrates that the proposed quality improvements to lengthen the day and year of Head Start are necessary to increase and sustain the impact of Head Start on child outcomes. A recent study demonstrated that full-day programs had stronger program impacts on children's cognitive outcomes compared to part-day programs in the Head Start Impact Study. Extending the instructional time in Head Start by lengthening the program day and year will support the development of skills important to school success, which in turn, will lead to better long-term outcomes and a greater return on the federal investment.

Response on increasing services for infants and toddlers:
As noted by the Chairman, research suggests public investment in early care and education across the birth to five period can have a large impact and return on investment. Research also finds that continuity and quality of care matter, and children need supportive, nurturing and highly-skilled caregivers from birth through school entry. The FY 2016 Budget proposes a series of investments in HHS and the Department of Education that will establish a continuum of high-quality early learning for children, beginning at birth and continuing to age five. This includes investments at the Department of Education through the Preschool for All proposal, which would ensure high quality preschool for all low-income children. The Budget also invests in our youngest children, expanding the supply of effective early learning opportunities for infants and toddlers through significant increased resources for child care, Head Start, and home visiting. While investments in our youngest children are essential, resources are needed at all stages of the birth to five continuum to build the foundation they need for success later in school and life. Currently, Head Start only serves about 38 percent of eligible preschoolers.

The Budget proposes $15 billion over 10 years to extend and expand voluntary, evidence-based home visiting services, which provide nurses, social workers, and other professionals who meet with at-risk families in their homes during pregnancy up to kindergarten entry. Voluntary, evidence-based home visiting programs have been critical in improving maternal and child health outcomes in the early years, leaving long-lasting, positive impacts on parenting skills, children's cognitive, language, and social-emotional development, and school readiness.

Investments in Head Start over the past 7 years have expanded access to the program for infants and toddlers. The newly awarded Early Head Start Expansion and Early Head Start – Child Care Partnership grants will expand high-quality services to an approximately 32,000 additional infants and toddlers. Through the Head Start competition process, applicants have the opportunity to apply for funding to serve children from birth to five, which gives communities

greater flexibility in designing programs that best suit their needs, including expanding services for infants and toddlers based on community need. In addition, outside the competition process, Head Start grantees have the flexibility to convert Head Start slots for older children to Early Head Start slots based on community need.

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4. Native American Substance Abuse and Suicide Prevention Funding

I see that your request proposes a funding increase for Native American substance abuse and suicide prevention activities. Can you walk us through what evidence based practices you'll require grantees to rely upon in implementing these programs to ensure their effectiveness?

Response: The rates of drug-induced deaths as well as suicide deaths remain elevated across Indian Country. The Administration is committed to continued funding increases for health care services to reduce these disparities and ensure healthier tribal communities.

As part of this U.S. government wide effort, the Indian Health Service and the Substance Abuse and Mental Health Services Administration will make investments ($25 million each) as part of the Administration's Generation Indigenous Initiative, created to remove the barriers to success for Native youth. IHS funds will be used to expand the Methamphetamine and Suicide Prevention Initiative (MSPI), which over the past six years, has promoted the use and development of evidenced-based and culturally-appropriate prevention and treatment approaches to methamphetamine and suicide prevention.

MSPI projects rely on a number of evidence-based practices, including: Question, Persuade, and Refer, an approach to confronting someone about their possible thoughts of suicide; Applied Suicide Intervention Skills Training, which is designed to help caregivers prevent the immediate risk of suicide and train them in suicide first aid; motivational interviewing, a goal-oriented, client-centered counseling style for eliciting behavior change; and Cognitive Behavioral Therapy, a form of psychotherapy in which the therapist and client work together to identify and solve problems.

Culturally specific evidence-based practices utilized by MSPI funded projects include American Indian Life Skills (a school-based suicide prevention curriculum designed to address and reduce suicide risk and improve protective factors among American Indian adolescents 14 to 19 years old), Gathering of Native Americans (a youth substance abuse prevention curriculum that is based on four core principles of belonging, interdependence, mastery, and generosity), Native Hope (which prepares American Indian/Alaska native/first nations individuals to strengthen their facilitation and leadership skills so that they can replicate the curriculum successfully in their communities and reduce suicide), and Project Venture (an outdoor experiential youth development program designed primarily for 5th- to 8th-grade American Indian youth focused on preventing alcohol and other substance use).

Common practice-based models utilized among MSPI programs include 12 Step (an approach to early recovery based on 12-step fellowships such as Alcoholics Anonymous), White Bison, and Red Road To Recovery (which integrates Native American healing methodologies, philosophy

and values with contemporary methods of chemical awareness, education and chemical addiction therapy processes).

Newly funded MSPI projects will choose from a menu of proven interventions, practice-based models, and evidence-based practices to address their individual community needs.

To complement these IHS investments, the Budget expands a promising demonstration grant program in the Substance Abuse and Mental Health Services Administration (SAMHSA) from $5 million to $30 million for tribal entities to promote mental health and address substance abuse among American Indian and Alaska Native young people. In collaboration with IHS and in consultation with tribal leaders, this funding will help to address the disproportionate burden of mental illness, substance abuse, and suicide faced in many American Indian/Alaska Native communities by helping tribes implement evidence-based suicide prevention programs and integrate systems that address issues of child abuse and neglect, family violence, trauma, and substance abuse.

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5. Unaccompanied Alien Children

I'd like to understand how you arrived at both the estimated number of arriving Unaccompanied Alien Children (UAC) for fiscal year 2016 and the requested funding level. Please explain what data or other factors you took into account in building both the arrival estimate and the request level.

I presume HHS learned some lessons from the enormous wave of UAC arrivals that occurred last summer, so please explain how you plan to respond differently this year. Do you believe that relying on military installations will be necessary?

Response: Predicting future flows is an inherently difficult exercise. The number of unaccompanied children (UC) who are apprehended is driven by a complex mix of variables. Over the last year, the annual increase and month-to-month trends have not followed historical patterns. Therefore, continuing to project referrals solely using historical data, as HHS did in the past, is no longer sufficient.

The projections of referrals of unaccompanied children to HHS included in the FY 2016 President's Budget are based on an interagency consultation on both the quantitative and qualitative information available. Several key drivers need to be considered in projecting caseload levels, and the interagency stakeholders continue to monitor and analyze these factors, which include information about the situation in the relevant Central American countries from which the majority of children arrive, trends in migration patterns and immigration enforcement in Mexico, and the potential impact of Administration efforts to address root causes of migration in Central America.

In part due to actions taken by the Administration over the past eight months, including increased border security and assistance to Central American governments to curb the flow of unaccompanied children, the rate of apprehensions at the border in FY 2015 is significantly below the FY 2014 rate.

In light of these efforts and the recent fall in the number of children placed in ACF's custody, DHS, HHS, and the other agencies responsible for monitoring and serving unaccompanied children expect arrivals to remain stable in FY 2015 and FY 2016. (Given current numbers of arrivals, this is conservative, since arrivals so far in FY 2015 have been below FY 2014 levels.) Therefore, the FY 2016 President's Budget requests $948 million, flat funding from the FY 2015 enacted level. Given the range of external factors that may impact the number of children coming into HHS care, it is prudent to provide access to additional funding that would allow ORR to accommodate higher than expected caseloads. Therefore, the Budget also creates a contingency fund that would allow the HHS to accommodate higher than expected caseloads.

Given current caseload levels and available bed capacity, there is a diminished likelihood that HHS will need to bring on temporary bed space this year. While current trends are well below the number of children apprehended last year, HHS has taken steps to prepare in the event that there is a sudden increase in the number of children needing care, including increasing the base level of shelter capacity available and developing mechanisms to deploy temporary capacity shelters if necessary. These efforts are coordinated by the Unified Coordination Group (UCG) whose members include HHS, DHS, and DOD. The UCG has developed indicators, which are tracked daily, to ensure sufficient capacity will be available to process and house children humanely and in accordance with law. Indicators include apprehensions, time children remain in DHS custody and occupancy rates of HHS shelters. HHS has also been pursuing several contracting mechanisms that would allow the agency to increase its bed capacity if caseloads are higher than anticipated. One of these potential contingency options involves using Department of Defense facilities, but at this time HHS does not anticipate that will be necessary this year. The Secretary of Defense has agreed to make space available if needed.

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6. Status of ObamaCare Analysis Report

The FY 2014 Appropriations Act included a general provision (FY 2014 Appropriations Act SEC. 226) that required HHS to submit an analysis on how ObamaCare coverage of preventive health services will impact the discretionary programs funded through this bill as part of the FY 2016 budget request. The thought behind this is if more people are getting coverage for preventative screenings, vaccinations, and well-visit checkups, perhaps some of the individual line items we fund that support some of these activities can be reduced. I would think this information would be of interest to the Administration as well, so I was disappointed that the budget justification documents did not include this analysis, as required by law.

Can you tell us why it was not included and advise me when we should expect to receive this report?

Response: Since the Affordable Care Act was enacted in 2010, the United States health care system has taken important steps towards providing Americans with quality, affordable health care. Since several of the law's coverage provisions took effect, about 16.4 million uninsured people have gained health insurance coverage.

The FY 2016 President's Budget includes several proposals for public health safety-net programs to adapt to expanded access to health insurance. The Budget dedicates additional funding to

support the ability of health departments to bill private insurance for services provided, particularly for HIV/AIDS screenings and immunization services. Within CDC, the Budget includes resource reallocation for the breast, cervical, and colorectal cancer screening programs due to the decrease in size of the populations eligible for these services as a result of expanded insurance coverage under the Affordable Care Act. Similarly, the total proposed for the CDC 317 immunization program reduces the amount of vaccine to be purchased in light of anticipated reductions in the number of uninsured and underinsured Americans relying on Section 317 purchased vaccines.

The FY 2016 Budget dedicates resources to continue outreach and enrollment activities for 1,200 existing health center grantees nationwide as well as new health centers funded for the first time. As of September 30, 2014, health centers have helped over 7 million consumers to understand options for gaining affordable health insurance. Similarly the Budget will maintain support for Title X grantees to initiate or expand enrollment assistance activities and facilitate eligible clients' enrollment into affordable coverage, as well as continue activities to raise awareness of coverage options among rural residents. Finally, the Budget supports the Ryan White AIDS Drug Assistance Program and encourages states to monitor impacts from expanded insurance coverage to more effectively deliver services to those in need.

HHS is committed to continuing to assess programs and conduct longer term impact analysis to ensure that we are most effectively and efficiently serving the American people. As ACA implementation progresses and more program data become available, HHS will conduct further analysis on the impact of coverage expansion and use that information to inform future program decisions.

7. HHS OIG Report "Federal Marketplace": Inadequacies in Contract Planning and Procurement

The report HHS OIG reviewed documents for 60 contracts and noted a number of concerns. It found CMS did not always meet contracting requirements. CMS did not develop an overarching acquisition strategy for the Federal Marketplace. CMS missed opportunities to leverage all the available acquisition planning tools and approaches to mitigate risk. Plus, CMS made decisions that may have limited the number of acceptable contractors and shifted risk/costs on the tax payer. In fact the reported stated "The Director of the OAGM acknowledged that there was no acquisition strategy for the Federal Marketplace".

I appreciate that HHS has concurred with all the OIG recommendations. Its response does not provide a timeline to address these issues. Plus, the many of the CMS decisions appear to be deliberate by management to expiate the process and side step HHS and federal acquisition rules.

Please explain what steps, if any you have ordered to review and address any willful or deliberate violations of acquisition policies, guidelines, and requirements by any CMS, or HHS employees or contractor employees. Further, please provide a timeline and the estimated cost to implement all the OIG recommendations.

Response: CMS has moved aggressively to implement extensive contracting reforms, bring in leadership to oversee Marketplace operations, hire a systems integrator, and end our largest contract with CGI and move to a new type of contract with Accenture that rewards performance

and reduces risk to the federal government. CMS is working to ensure effective management of the Marketplace with a focus on clear lines of authority, prioritization of requirements and deliverables, and metric-driven quality reviews for its Healthcare.gov contracts and for contracts across the agency. A task force has been appointed to develop a program-wide view of the cost of the Marketplace in order to strategically manage Marketplace acquisitions. Additionally, CMS is enforcing a strict governance structure for contracts and is strengthening its training for its acquisition workforce. CMS has brought in new leadership to oversee the Marketplace, with an eye on focusing on Marketplace operations such as contract management. CMS is working to develop a strategic and unified view of the Marketplace and its other major IT contracts and costs.

CMS is taking the HHS OIG's findings and recommendations seriously, and is using the report as an opportunity to make change. CMS has or is in the process of implementing all of the OIG's recommendations. CMS anticipates that it will be able to implement these recommendations within its current resources.

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8. Exchange Cyberattack Procedures:
In light of the major cyberattack against Anthem, I have a few general questions to understand the issue relative to the Exchanges and HHS procedures.

a) **Does HHS requires encryption of consumers data in or used to support the Exchanges (Federal and State) and Exchange insurance plans.**
b) **If not, please explain why not and if there is a positive law to strictly prevent HHS to encrypt this data.**

Response (to A and B): The security of individuals' personal information is a top priority for the Department. To date, no person or group has maliciously accessed personally identifiable information from HealthCare.Gov or Medicare.gov. The Computer Matching Agreement (CMA), between CMS and the States, establishes the terms, conditions, safeguards, and procedures under which CMS will disclose certain information to the Administering Entities (AEs).

Specific to the Federally Facilitated Marketplace (FFM): The authority to collect, use, maintain, or disclose Personally Identifiable Information (PII) that is contained in a Privacy Act-protected system of records is documented in a System of Record Notification (SORN). The SORN serves as the formal notice to the public, published in the Federal Register, that identifies the purpose for which PII is collected, from whom, what type of PII is collected, and how the PII is shared externally.

Specific to the State-based Marketplace (SBM): The authority to collect, use, maintain or disclose PII is documented in a Privacy Impact Assessment (PIA). The authority may also be included in other applicable documentation such as the CMA described above.

All health plans, including Medicare, Medicaid, private health insurance issuers and plans using the exchanges, must comply with the HIPAA Privacy, Security and Breach Notification

Rules. Where a regulated entity engages a business associate to help carry out its health care activities and functions, the business associate is also covered by the HIPAA Rules. These rules require the health plans and their business associates to implement appropriate safeguards. A health plan must encrypt electronic protected health information if it determines that encryption is a reasonable and appropriate safeguard. The HHS Office for Civil Rights (OCR) has authority to investigate potential noncompliance with the HIPAA Rules by any health plan or business associate.

c) **In the case of a hacking or unauthorized release of Exchange related data, is it under the jurisdiction of the HHS Office of Civil Rights like other insurance data releases (per news reports on Anthem).**

Response: The HHS Office for Civil Rights (OCR) has authority to investigate potential breaches and other unauthorized releases of health plan member information, including breaches affecting health plans that participate in the exchanges. OCR is committed to ensuring protections for the privacy and security of personal health information. OCR enforces the HIPAA Privacy, Security and Breach Notification Rules, which apply to covered entities (health plans, health care clearinghouses, and most health care providers). Where a covered entity engages a business associate to help carry out its activities and functions, the business associate is also covered by the HIPAA Rules. State or federal Marketplaces themselves are not subject to HIPAA unless they are acting as a business associate of a health plan, which is assessed on a case by case basis. OCR would have jurisdiction to investigate health plans participating in the Marketplaces where there is a potential breach of personal health information of consumers participating in the Marketplace. In addition, there are other authorities that may apply.

d) **Relative to Exchange (including input data and insures) -- how many and what is the scope of consumer data hacking or unauthorized releases that have occurred over the past year (if any)?**

Response: To date, no person or group has maliciously accessed personally identifiable information from HealthCare.gov or Medicare.gov.

e) **Are there different rules on encryption or who is responsible to investigate unauthorized data releases for Exchange, Exchange insurance plans, Medicare, Medicaid, and non Exchange private market insurance plans?**

Response: All health plans, including Medicare, Medicaid, private health insurance issuers and plans using the exchanges, must comply with the HIPAA Privacy, Security and Breach Notification Rules. Where a regulated entity engages a business associate to help carry out its health care activities and functions, the business associate is also covered by the HIPAA Rules. These rules require the health plans and their business associates to implement appropriate safeguards. A health plan must encrypt electronic protected health information if it determines that encryption is a reasonable and appropriate safeguard. The HHS Office for Civil Rights (OCR) has authority to investigate potential noncompliance with the HIPAA Rules by any health plan or business associate. Other laws, such as the Privacy Act, may also apply to some health plans, like Medicare.

9. HHS wide IT Security Risks

In light of the increasing data security breaches across the county, the Committee is concerned about government agencies maintaining appropriate information technology security, in particular with respect to portable devices. To that end:

a) Across all HHS operating divisions, including NIH and FDA, please describe the security platform used for portable devices, including BYOD, cell phones, tablets, and laptops, and other portable devices.
b) How are you using mobile security tools to enable your mission and increase job efficiencies?
c) How do you ensure the end-user (in all environments including BYOD) is not using government data inappropriately?
d) What security changes have you made to address the dynamic differences of the mobile environment versus the historical desktop/laptop environments?

Response: The Department of Health and Human Service (HHS) Cybersecurity Program within the Office of the Chief Information Officer, under the Assistant Secretary for Administration (ASA) provides a centralized approach to developing, implementing and measuring compliance with Departmental policies.

The HHS Office of Information Security establishes policies to ensure that all automated information systems throughout HHS are designed, operated, and maintained with the appropriate information technology security and privacy data protections. Maintaining public trust is a primary objective of the HHS Office of the Chief Information Officer Cybersecurity Program. As a result, every general purpose computing environment and every specific program application system must be subjected to risk-based security control testing prior to implementation and must be persistently monitored to guard against an increasing number of sophisticated threats.

The *HHS Information Security and Privacy Policy* (2014) puts in place requirements governing the use of government data. Supplemental policies and documents such as the *Rules of Behavior For Use of HHS Information Technology Resources*, *Usage of Unauthorized External Information Systems to Conduct Department Business* and the *HHS Standard for Encryption of Computing Devices*, among others, govern how HHS information and information systems are used and protected. OpDivs must follow this guidance but have discretion as to the detailed implementation of some security decisions and policies. This includes the HHS approach to mobile computing, accessibility and device management. Additionally, the Federal Information Technology Acquisition Reform Act (FITARA) established new mechanisms for IT acquisition oversight; the Department is currently developing its implementation plan for FITARA.

a) **Across all HHS operating divisions, including NIH and FDA, please describe the security platform used for portable devices, including BYOD, cell phones, tablets, and laptops, and other portable devices.**

As noted above, HHS has not adopted a single platform to govern the management and security for Bring Your Own Device. Instead, each OpDiv must work within the policy framework developed at the HHS level in order to implement their own solutions.

b) **How are you using mobile security tools to enable your mission and increase job efficiencies?**
Since these programs are new across HHS, and implemented differently across the OpDivs, we are still examining the impact of these efficiencies. As these programs mature, HHS will identify lessons learned across the OpDivs to inform enterprise solutions and future policies.

c) **How do you ensure the end-user (in all environments including BYOD) is not using government data inappropriately?**
As described above, HHS has developed multiple security policies and requirements for the use of government data. OpDiv policies are required to be at least as stringent as those established by the Department.

d) **What security changes have you made to address the dynamic differences of the mobile environment versus the historical desktop/laptop environments?**
HHS continues to identify emerging requirements, security guidance and trends to anticipate changes to the HHS infrastructure and computing environment. Because each OpDiv has a different mission – and that mission directly impacts their security environment and practices – each is empowered with the ability to create Bring Your Own Device programs that reflect their mission requirements while working within the parameters of the HHS security policies and requirements.

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10. Anthrax Vaccine Purchases

My understanding is that anthrax, while infectious if spores are inhaled, is not contagious on a person-to-person basis. So if I'm sitting here, infected with anthrax, can I transmit it to the person next to me? If my understanding is correct, what value exists to the taxpayer by procuring a vaccine for the Strategic National Stockpile for a disease that cannot be communicated on a person-to-person basis? I understand that BARDA plans to continue and dramatically expand its purchase of anthrax vaccine over the coming years, but if we have sufficient antibiotics and anthrax antitoxins to treat those exposed to this deadly disease, is there truly a public health need for a mass expansion of an anthrax vaccine in the Strategic National Stockpile if we're not proposing to vaccinate every American in advance of a potential anthrax attack? Is BARDA proposing that we implement a mandatory anthrax vaccination program for the entire country? If not, would we not be smarter to dedicate BARDA's scarce resources to address diseases that can be transmitted from person-to-person?

Response: Anthrax is the only known biological terrorist attack that has occurred on American soil. Public health officials have been concerned about anthrax for decades because Bacillus anthracis spores are resilient and can persist for decades in extremely harsh environments. Because of uncertainty in the overall risk that any individual may face within a given anthrax release scenario, our public health modeling, combined with scientific-based information from

animal models, suggests that the most comprehensive approach to protect the affected population is through both post-exposure provision of effective antibiotics, and post-exposure prophylaxis of the population with effective vaccines. Given anthrax's resilience, another factor to consider is the long term consequences for individuals living in a contaminated environment for some period of time. An anthrax vaccine reduces the risk for persistence factors. And it reduces the level of non-compliance for the utilization of antibiotics.

Anthrax vaccination post-event is a voluntary decision at the patient level, as is the decision to accept and use antibiotics that will be made widely-available through public health distribution methods.

While anthrax is not a contagious disease, the lack of human-to-human transmission does not play a factor in the decision for the HHS approach to mitigate large-scale public health needs and protect vulnerable individuals.

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11. Advanced Development Funding

For about the last ten fiscal years Congress has statutorily permitted BARDA to use a specified portion of the BioShield Special Reserve Fund, which was originally intended solely for the purchase of medical countermeasures (MCMs), to conduct advanced development activities to facilitate the government's acquisition of necessary MCMs to protect the American public from chemical, biological, radiological and nuclear threats. For fiscal years 2012-2015 please provide a complete list of all grants, contracts, cooperative agreements or other funding mechanisms for each obligation under BARDA's "Advanced Research and Development" program. For each response, please include (in tabular format) the date of award, the amount awarded, the funding recipient, the purpose of the award and specify the material threat (as identified by the Department of Homeland Security through the formal material threat determination process) each such award is intended to address. For fiscal years 2012 and 2013 please identify funds Congress carved out of the appropriation for the Special Reserve Fund. For fiscal years 2014 and 2015 (to date), please identify funds specifically appropriated for "advanced research and development" separate from funds appropriated for the Project BioShield Special Reserve Fund.

Response: Provided in the tables on the following 4 pages.

Table 1. BARDA Advanced Research and Development Program spending in FY2012 using funding transferred from the Special Reserve Fund.

Table 1. FY 2012 BARDA Advanced Research and Development Programmatic Projects (Special Reserve Fund funding)

MCM Project	Award Date	Funds Obligated	Recipient	Threat	Project Description
Biodosimetry diagnostics	12/6/11	8,284,603.00	SRI	Radiological/Nuclear	Protein Biomarker Panel Assay
Broad spectrum antimicrobials	1/15/12	11,462,414.00	CUBRC-Tetraphase	Multiple biothreats	AD Tetracycline-derivative TP-434
Radionuclide decorporation drug	3/31/12	5,493,100.00	Heyltex Corp.	Radiological/Nuclear	Pediatric formulation for Prussian Blue
Acute radiation syndrome therapeutic	4/10/12	9,136,267.00	Aeolus Pharma.	Radiological/Nuclear	ARS - lung MCM Angiotensin II
Anthrax Vaccines	4/12/12	5,794,316.00	Pfizer	Anthrax	Recombinant Protective Antigen advanced development
Animal model development	4/23/12	706,763.00	Univ. of Illinois/Chicago	Radiological/Nuclear	Devlqual. H-ARS mini-pig animal model
Animal model development	4/23/12	812,335.10	Lovelace Biomedical	Radiological/Nuclear	Devlqual. H-ARS mini-pig animal model
Radionuclide decorporation drug	4/30/12	100,000.00	Akorn	Radiological/Nuclear	Added potency/stability testing CA-DTPA & Zn-DTPA
Smallpox antiviral drug reagents	5/1/12	2,000,000.00	CDC/NCED	Smallpox	Cell Banking and Variola PRNT Assays
Animal model development	5/31/12	405,567.00	Batelle	Anthrax	Blinded viable Bacillus anthracis spore assay eval
Animal model development	6/6/12	690,835.00	Health Protection Agency	Anthrax	Qualification of Viable B. anthracis spores
Animal model development	6/8/12	383,145.00	MRI Global	Anthrax	Devlqual of viable B. anthracis spores
Animal model development	6/8/12	384,738.00	Univ. of Texas Med. Branch	Anthrax	Devlqual of viable B. anthracis spores
Thermal burn ARS therapeutic	7/1/12	3,376,090.00	Keranetics	Radiological/Nuclear	Keratin based hydrogel
Radionuclide decorporation drug	7/1/12	2,944,496.00	LBNL/DOE	Radiological/Nuclear	HOPO Decorporation agent
Broad spectrum antimicrobials reagents	7/2/12	1,193,534.00	Batelle	Multiple biothreats	Reagents repository Glanders
Acute radiation syndrome therapeutic	7/6/12	36,391,719.93	Cellerant	Radiological/Nuclear	ARA290 hematopoietic drug
Smallpox antiviral drug	7/6/12	4,638,693.00	Chimerix	Smallpox	Smallpox Antiviral - Development of CMX001
Anthrax vaccines	7/13/12	38,299,999.00	Emergent	Anthrax	AVA Vaccine Expanded Mfg. Capacity
Thermal burn ARS blood therapeutic	7/30/12	8,960,833.00	Velico	Radiological/Nuclear	Freeze Dried Plasma Technology
Biodosimetry diagnostics	8/8/12	4,566,441.00	Northrop Grumman Opt 1	Radiological/Nuclear	DNA damage; micronuclei
Acute radiation syndrome therapeutic	8/15/12	8,834,141.00	Neumedicines	Radiological/Nuclear	HemaMax (rhuIL-12)
Animal model development	8/15/12	6,862,812.86	Lovelace Biomedical	Radiological/Nuclear	Test to failure for Neulasta to support EUA
Biodosimetry diagnostics	8/16/12	4,473,311.00	Duke Univ.	Radiological/Nuclear	Gene expression biomarker panel
Animal model development	8/16/12	265,140.00	Univ. of Texas Med. Branch	Glanders	AMD against Burkolderia pseudomalei strains
Biodosimetry diagnostics	8/20/12	9,444,865.00	MesoScale	Radiological/Nuclear	Protein Biomarker Panel Assay
Anthrax antitoxin therapeutics	8/29/12	60,304,952.00	Elusys IV	Anthrax	Monoclonal Antibody ETI 204 IV
Anthrax antitoxin therapeutics	8/29/12	4,469,172.00	Elusys IM	Anthrax	Monoclonal Antibody ETI 204 IM
Biodosimetry diagnostics	8/29/12	9,337,888.00	Arizona State U.	Radiological/Nuclear	Gene expression biomarker panel
Biodosimetry diagnostics	8/29/12	9,163,700.00	Dartmouth	Radiological/Nuclear	EPR Biodosimeter
Anthrax vaccines	8/30/12	19,974,300.00	Emergent	Anthrax	rPA program
Acute radiation syndrome therapeutic	9/1/12	4,683,680.00	Cytori	Radiological/Nuclear	Celution - Harvesting
Chemical agent decontaminants	9/12/12	5,975,494.00	Univ. of Hertfordshire	Chemical	Nerve agent decontamination R&D
Animal model development	9/14/12	1,981,877.01	Batelle	Glanders	NHP testing of reference strains
Biodosimetry diagnostics	9/14/12	1,997,865.00	DOD/AFRRI	Radiological/Nuclear	Developmental support
Animal model development	9/14/12	448,131.00	Univ. of Texas Med. Branch	Glanders	Support task order RTOR BURK-BIO-0008
Chemical agent antidote	9/14/12	38,455.00	SWRI	Chemical	Contract base year modification
Animal model development	9/14/12	1,996,789.05	Batelle	Chemical	Cyanide non-clincal testing
Animal model development	9/18/12	1,136,932.02	DOD/USUHS	Radiological/Nuclear	GLP Radionuclide Facility
Animal model development	9/18/12	1,690,414.00	Batelle	Smallpox	Rabbit pox animal model development
Animal model development	9/18/12	7,058,049.75	Lovelace Biomedical	Radiological/Nuclear	Test to failure for Leukine to support EUA
Animal model development	9/19/12	2,554,602.82	Lovelace Biomedical	Tularemia	BSA Tula Model Develop
Innovation technologies	9/20/12	2,503,538.00	Path	Innovation	Vaccine Stabilization
Anthrax antibiotic medkits	9/20/12	236,087.56	SNLB	Anthrax	label comprehension study
Biodosimetry diagnostics	9/20/12	12,725,242.00	Northrop Grumman	Radiological/Nuclear	DNA damage; micronuclei
Broad spectrum antimicrobials	9/21/12	15,838,885.00	Achaogen	Multiple biothreats	New aminoglycoside
Animal model development	3/29/13	618,305.00	Pacific Northwest Lab	Radiological/Nuclear	Devlqual. H-ARS mini-pig animal model
Animal model development	9/17/15	1,100,925.00	Defense Science/Tech Lab	Melioidosis	NHP testing of reference strains
Smallpox antiviral drug	3/30/12	3,370,044.00	SIGA	Smallpox	PEP indication & new i.v. formulation

Table 2. BARDA Advanced Research and Development Program spending in FY2013 using funding transferred from the Special Reserve Fund.

Table 2. FY 2013 BARDA Advanced Research and Development Programmatic Projects (Special Reserve Fund funding)

MCM Project	Award Date	Funds Obligated	Recipient	Threat	Project Description
Radionuclide decorporation drug	9/23/12	100,000.00	Akorn	Radiological/Nuclear	Additional potency and stability testing
Smallpox antiviral drug	11/8/12	1,497,322.00	Chimerix	Smallpox	Equitable adjustment for new Fee and G&A
Animal model development	12/10/12	2,086,399.00	Pacific Northwest Labs	Radiological/Nuclear	Minipig natural history H-ARS
Smallpox antiviral drug	12/19/12	27,526,401.00	SIGA	Smallpox	Non-clinical & clinical studies ST246
Broad spectrum antimicrobials	1/23/13	13,874,723.00	CUBRC/Tetraphase	Multiple biothreats	Contract option 1, next generation tetracycline
Anthrax vaccine	2/1/13	1,025,949.00	Battelle	Anthrax	ELISA/TNA for Antigen/Dose Spacing samples
Animal model development	3/18/13	303,989.14	Lovelace	Radiological/Nuclear	ARS Mini Pig task order
Biothreat diagnostics	4/3/13	1,800,000.00	CDC/OPHPR IAA	Anthrax	CDC IAA continuation
Smallpox antiviral drug	4/3/13	798,000.00	CDC/NCEZID	Smallpox	CDC IAA to support smallpox vaccines (Vaccia PRNT Assays)
Broad spectrum antimicrobials	4/23/13	60,410,306.00	Achaogen	Multiple biothreats	Development of novel aminoglycoside Phase III study
Animal model development	5/1/13	1,257,615.93	AFRRI (IAA)	Radiological/Nuclear	ARS MCM efficacy in mini pigs
Medical devices	5/1/13	1,377,835.00	Covidien	Anthrax	Next generation ventilator development/ortfolaire
Radionuclide decorporation drug	5/2/13	5,584,105.00	Heyltex	Radiological/Nuclear	Prussian blue reformulation, CS-137 decorporation
Broad spectrum antimicrobials	5/7/13	3,170,273.00	CUBRC/Tetraphase	RSA	Option for hepatic impairment based on FDA recommendations
Biothreat diagnostics	5/15/13	2,717,301.00	CDC/NCEZID/LRN IAA	Anthrax	Develop of biothreat assays
Animal model development	5/20/13	1,093,086.00	Battelle	Smallpox	GLP LD50 trigger for treatment ectomelia
Broad spectrum antimicrobials	5/20/13	40,000,000.00	GSK	Multiple biothreats	Consolidated program on GSK944, GSK322, GSK 266
Chemical agent antidote	5/23/13	280,000.00	Counterval	Chemical	Galantamine post-exposure against nerve and OP agents
Animal model development	5/23/13	1,018,417.00	Southern	Smallpox	GLP LD50 trigger for treatment ectomelia
Broad spectrum antimicrobials	5/24/13	17,710,427.25	Cempra, Inc.	Multiple biothreats	4th generation macrolide
Acute Radiation Syndrome therapeutic	5/29/13	8,309,760.00	Neumedicines	Radiological/Nuclear	IL-12 for He-ARS
Smallpox antiviral drug	5/30/13	5,900,000.00	Chimerix	Smallpox	Continued development of broad spectrum antiviral CMX001
Acute Radiation Syndrome therapeutic	5/31/13	3,107,698.12	U.S. Biotest	Radiological/Nuclear	non-hypertensive angiotensin analog, NLE-A(1-7), ARS skin
Broad spectrum antimicrobials	6/3/13	200,507.00	CUBRC/Tetraphase	Multiple biothreats	Clinical studies for eravacy cline
Broad spectrum antimicrobials	6/24/13	16,765,438.00	Basilea	Multiple biothreats	next generation beta-lactam
Animal model development	7/11/13	5,274,460.00	Vax Design	Innovation	In vitro immunity assay development
Biodosimetry diagnostics	7/12/13	525,435.00	DSYL	Glanders	Burkholderia Mamosets option
Animal model development	7/12/13	11,676,305.00	SAI	Radiological/Nuclear	Protein Biomarker Panel
Animal model development	7/18/13	1,998,636.39	Battelle	Melioidosis	Burkholderia NHP option
Animal model development	7/19/13	119,071.00	Battelle	Melioidosis	NHP model
Anthrax antitoxin	7/22/13	24,552,980.00	Elusys	Anthrax	IV and IM anthrax antitoxin formulation development
Thermal burn skin replacement	7/30/13	9,875,753.00	Stratatech	Radiological/Nuclear	StrataGraft [a universal skin substitute for treatment of thermal burns]
Animal model development	8/9/13	828,891.00	Battelle	Anthrax	NHP animal model for anthrax (samples to CDC)
Acute Radiation Syndrome therapeutic	8/13/13	4,018,035.00	BCN	Radiological/Nuclear	YEL002 GI ARS
Thermal burn skin therapeutic	8/23/13	7,868,915.00	Novan	Radiological/Nuclear	Thermal Burn Ancillary
Biodosimetry diagnostics	8/24/13	10,078,760.00	Duke University	Radiological/Nuclear	Gene Expression biomarker panel
Animal model development	8/26/13	2,293,164.00	UIC	Radiological/Nuclear	Minipig natural history H-ARS
Acute Radiation Syndrome therapeutic	8/27/13	304,417.00	Avaxia	Radiological/Nuclear	ARS therapeutic development - Adjust indirect cost rate
Thermal burn skin therapeutic	8/29/13	358,122.93	Keranetics	Radiological/Nuclear	Thermal Burn
Animal model development	9/1/13	1,379,355.00	Battelle	Glanders	B. mallei in small animal
Animal model development	9/2/13	3,561,774.00	Battelle	Glanders	B. mallei in NHP
Anthrax vaccine	9/10/13	7,984,891.00	PharmAthene	Anthrax	development of rPA candidate
Acute Radiation Syndrome therapeutic	9/11/13	6,000,000.00	Aeolus	Radiological/Nuclear	Broad Spectrum catalytic anti-oxidant for lung injury
Thermal burn skin therapeutic	9/16/13	7,839,193.00	Argentum	Radiological/Nuclear	Repurposing of a commercially available burn dressing for vesicants
Thermal burn skin therapeutic	9/16/13	11,892,256.00	Artelocyte	Radiological/Nuclear	Magellan [autologous therapies for definitive thermal burn wound care]
Acute Radiation Syndrome therapeutic	9/16/13	7,500,000.00	UAMS	Radiological/Nuclear	somatostatin analog for ARS GI
Anthrax vaccine	9/16/13	7,962,902.00	Plenex	Anthrax	development of rPA candidate
Acute Radiation Syndrome therapeutic	9/16/13	782,768.84	LBERI	Radiological/Nuclear	test to failure for Neulasta
Animal model development	9/16/13	1,976,649.00	UIC	Radiological/Nuclear	RN MTA testing - RADNUC-11
Animal model development	9/16/13	1,976,649.00	UIC	Radiological/Nuclear	Testing Antibiotic Supportive Care for He-ARS- RADNUC-12
Chemical agent antidote	9/18/13	9,399,348.00	Counterval	Chemical	Galantamine post-exposure against nerve and OP agents
Anthrax vaccine	9/18/13	8,699,132.00	Vaxin	Anthrax	development of rPA candidate
Vaccine adjuvant development	9/19/13	823,406.00	IDRI	Innovation	Comb. Adjuvant delivery system for vaccines
Biodosimetry diagnostics	9/19/13	2,612,846.18	Lovelace	Radiological/Nuclear	DX NHP Hematop Model
Biothreat diagnostics	9/20/13	1,638,052.00	MRI Global	Multiple biothreats	Need IPT agreement Anthrax, Plague, Tuli
Acute Radiation Syndrome therapeutic	9/20/13	10,686,683.00	Soligenix	Radiological/Nuclear	OrbeShield Candidate for GI injury
Thermal um diagnostics	9/20/13	2,368,083.00	Spectral MD	Radiological/Nuclear	Deepview thermal imagining system for depidement of burn
Acute Radiation Syndrome therapeutic	9/20/13	899,736.00	UIC	Radiological/Nuclear	Testing Omeprazole
Thermal burn skin therapeutic	9/23/13	10,998,437.00	Celprine	Radiological/Nuclear	Regenerative Medicine
Animal model development	9/23/13	124,998.45	Battelle (Pacific Northwest Labs)	Radiological/Nuclear	Minipig natural history H-ARS
In vitro immunity diagnostics	9/25/13	722,666.00	Meso Scale	Innovation	Multiplexed Immunity Assay

Table 3. BARDA Advanced Research and Development Program spending in FY2014 using FY2014 Annual Appropriations for BARDA ARD programs.

Table 3. FY 2014 BARDA Advanced Research and Development Programmatic Projects (Annual Advanced Research and Development funding)

MCM Project	Award Date	Funds Obligated	Recipient	Threat	Project Description
Animal model development	11/19/13	714,469.00	SRI	Radiological/Nuclear	Rad/Nuc MTA testing (Athersys)
Smallpox antiviral drug	12/11/13	306,831.00	Chimerix	Smallpox	Additional funding to complete PK studies
Animal model development	1/11/14	153,608.15	PSC/Perry Point	Radiological/Nuclear	Sample storage at Fisher Biosenices
Animal model development	1/31/14	1,077,137.67	DoD/AFFRI	Radiological/Nuclear	GLP compliance capability
Broad spectrum antimicrobials	2/13/14	19,798,741.00	Rempex	Multiple biothreats	Novel beta lactamase inhibitor+ biapenem
Biodosimetry diagnostics	2/14/14	663,656.00	DoD/AFFRI	Radiological/Nuclear	Continue Mesoscale Support
Animal model development	2/24/14	1,983,910.22	Lovelace LBERI	Radiological/Nuclear	Continuation of minipig model
Biothreat diagnostcis	3/4/14	1,839,455.00	CDC/LRN/Merlin	Multiple biothreats	LRN support services
Biodosimetry diagnostics	3/25/14	500,048.00	Arizona State Univ	Radiological/Nuclear	Biodosimetry device development
Ebola diagnostics	4/1/14	281,786.57	DOD/USAMRIID	Viral Hemorrhagic Fever (Ebola)	Early markers for filovirus infection
Animal model development	4/10/14	1,773,500.00	DoD/AFFRI	Radiological/Nuclear	Pilot proof of concept studies for ExRAD in NHP Anim. Models
Animal model development	4/14/14	552,575.50	CDC/NCEZID	Botulism	MS replacement for Mouse bioassay for Botulism
Anthrax vaccine	4/15/14	13,480,625.00	Emergent	Anthrax	Recombinant protective antigen (rPA)
Chemical agent antidote	4/16/14	8,323,245.00	Southwest Research Institute (SwRI)	Chemical	Development of isoamyl Nitrite non clinical and manufacturing
Smallpox antiviral drug	4/17/14	1,200,000.00	CDC/NCZID/Damon	Smallpox	Variola research, support licensure of MVA
Smallpox vaccine	4/17/14	21,960,232.00	Bavarian Nordic	Smallpox	Bavarian Nordic Lyo manufacturing and CSR
Radionuclide decorporation drug	4/24/14	100,000.00	Griffon Pharmaceutical/Akorn	Radiological/Nuclear	DTPA stability testing
Acute Radiation Syndrome therapeutic	5/12/14	1,777,882.00	Aeolus	Radiological/Nuclear	ARS drug adjustment to indirect rates
Thermal burn blood product	5/13/14	983,979.00	Cellphire	Radiological/Nuclear	Platelet Product
Broad spectrum antimicrobials	5/16/14	8,689,336.00	CUBRC/Tetraphase	Multiple biothreats	Development of Eravacycline
Biothreat diagnostcis	5/22/14	1,118,654.00	CDC/NCIRD/Conrad Quinn	Anthrax	POC diagnostic for anthrax
Chemical agent anti-convulsive	5/22/14	453,588.00	NIH/NINDS	Chemical	Additional analysis of RAMPART data - Midazolam
Biothreat diagnostcis	6/2/14	692,345.00	CDC/NCIRD/Conrad Quinn	Anthrax	POC diagnostic for anthrax
Animal model development	6/4/14	2,023,452.94	DoD/AFFRI	Radiological/Nuclear	Minipig model development
Broad spectrum antimicrobials	6/10/14	40,000,000.00	GSK	Multiple biothreats	3 antibiotic candidate products, nonclinical, clinical (AMR) and manufacturing
Biodosimetry diagnostics	6/10/14	9,000,000.00	Arizona State Univ	Radiological/Nuclear	Development of gene array high throughput bidosimetry device
Animal model development	6/20/14	2,072,306.34	DOD/ICD	Chemical	Development of animal models
Animal model development	6/25/14	871,313.00	Battelle	Smallpox	Development of mouse pox models for antivirals
Biodosimetry diagnostics	6/27/14	1,899,934.00	SRI	Radiological/Nuclear	option exercise; continued dosimetry development
Smallpox vaccine	7/3/14	980,884.00	Bavarian Nordic	Smallpox	Long term bulk stability studies
Biodosimetry diagnostics	7/17/14	1,797,985.00	Duke	Radiological/Nuclear	option exercise; continued dosimetry development
Anthrax Antitoxin	7/29/14	7,438,892.00	Elusys	Anthrax	Development of Anthim anthrax antitoxin, manufacturing
Anthrax Vaccine	7/30/14	10,800,000.00	Emergent	Anthrax	AVA maxx - non clinical and manufacturing efforts
Broad spectrum antimicrobials	8/2/14	570,495.00	Cempra	Multiple biothreats	antibiotic development
Broad spectrum antimicrobials	8/2/14	517,005.00	Rempex	Multiple biothreats	antibiotic development
Acute Radiation Syndrome therapeutic	8/4/14	13,999,818.49	Neumedicines	Radiological/Nuclear	Assay development and lowest efficatious dose experiment
Animal model development	8/5/14	590,401.00	Battelle	Smallpox	rabbit bridging studies to support model development
Thermal burn blood product	8/8/14	1,999,974.00	Cellphire	Radiological/Nuclear	Platelet Product
Animal model development	8/11/14	134,454.00	Battelle	Radiological/Nuclear	Per diem and care of 59 NHPs
Biodosimetry diagnostics	8/18/14	130,090.00	MRI	Radiological/Nuclear	Bridge funding
Thermal burn regenreative tissue	8/18/14	12,080,934.00	Cyton	Radiological/Nuclear	Development of cell elutriation systems for burns, nonclinical and device development
Broad spectrum antimicrobials	8/20/14	9,899,946.00	CUBRC/Tetraphase	Multiple biothreats	Development of Eravacycline - CLIN 9
Acute Radiation Syndrome therapeutic	8/28/14	47,459,107.00	Cellerant	Radiological/Nuclear	CLT-008 - phase 2 study for radiation treatment
Smallpox antiviral drug	8/28/14	16,951,226.00	Chimerix	Smallpox	CMX001, nonclinical and manufacturing activities
Ebola monoclonal antibody therapeutic	9/2/14	24,884,265.00	MAPP	Viral Hemorrhagic Fever (Ebola)	Antibody therapy for VHF
Animal model development	9/9/14	826,221.41	Lovelace LBERI	Radiological/Nuclear	Biomarkers for biodosimetry in older NHP
Animal model development	9/10/14	378,484.00	Battelle	Smallpox	Ectromelia time to treat natural history
Animal model development	9/10/14	1,999,424.00	Battelle (RTOR in process)	Anthrax	head-head-head anthrax antitoxins
Anthrax Antitoxin	9/16/14	57,110.08	PSC/Perry Point	Anthrax	Storage of cell banks for anthraxantitoxin hybridoma cell lines
Thermal burn regenreative tissue	9/16/14	1,999,773.00	Arteriocyte	Radiological/Nuclear	Non-clinical development support
Biodosimetry diagnostics	9/16/14	5,491,655.00	Northrop Grumman	Radiological/Nuclear	Development of micro nuclie assay for high throughput biodosimetry

Table 4. BARDA Advanced Research and Development Program spending in FY2015 using FY2015 Annual Appropriations for BARDA ARD programs.

Table 4. FY 2015 BARDA Advanced Research and Development Programmatic Projects (Annual Advanced Research and Development funding)

MCM Project	Award Date	Funds Obligated	Recipient	Threat	Project Description
Ebola-CR/Vaccine	10/15/14	5,767,064.00	Profectus	Viral Hemorrhagic Fever (Ebola)	Ebola Vaccine
Broad spectrum antimicrobials	10/28/14	17,482,928.00	Rempex	Multiple biothreats	Carbavance
Smallpox vaccine	11/5/14	412,242.00	Bavarian Nordic	Smallpox	G&A adjustment
Broad spectrum antimicrobials	11/13/14	15,999,772.37	Cempra	Multiple biothreats	Solithromycin
Ebola-CR Therapeutics	11/19/14	3,033,079.00	Nanotherapeutics/Baxter (FFMN)	Viral Hemorrhagic Fever (Ebola)	Fill-finish manufacturing of zMAPP
Ebola-CR Vaccine	12/16/14	12,983,501.00	GSK	Viral Hemorrhagic Fever (Ebola)	ChAd3 - Commercial mfg. scale up development
Thermal burn regenerative tissues	12/17/14	1,999,319.00	Cyton	Radiological/Nuclear	Option 1 supplemental funds
Anthrax Vaccine	12/18/14	1,394,958.00	Pfenex	Anthrax	Stability and immunopotency studies
Thermal burn therpeutics	12/31/14	7,578,287.00	Spectral MD	Radiological/Nuclear	Burn-Surgery imaging
Ebola-CR Vaccine	2/5/15	200,674.16	CMI	Viral Hemorrhagic Fever (Ebola)	CMI activities for Ebola
Ebola-CR Therapeutics	2/20/15	1,985,733.00	Medicago, Inc	Viral Hemorrhagic Fever (Ebola)	Nicotiana benthamiana expression system-task order A
Ebola-CR/Therapeutics	2/20/15	1,775,268.00	Fraunhoper USA, Inc	Viral Hemorrhagic Fever (Ebola)	tobacco-based mAB production and testing - task order B
Biodosimetry diagnostics	2/25/15	1,800,000.00	CDC/LRN/Merlin	Radiological/Nuclear	LRN Assays - biothreat Dx (FY 14/15 CO funds)
Thermal burn therpeutics	2/26/15	309,743.28	KeraNetics	Radiological/Nuclear	Exercise mod 5 to extend current POP and allow regulatory strategy activities
Cemical agent decontaminnats	2/27/15	476,164.00	University of Hertfordshire	Chemical	US based mass casualty decon exercise-3 month extension
Anthrax vaccines	3/23/15	31,398,579.00	Emergent	Anthrax	Enhanced AVA (adjuvenated AVA)
Ebola-CR Vaccine	12/19/15	29,967,985.00	Newlink/Bioprotection Systems Corp	Viral Hemorrhagic Fever (Ebola)	rrVSVrG EBOV
Ebola-CR Therapeutics	2/23/15	570,858.00	IIT Research Institute	Viral Hemorrhagic Fever (Ebola)	Efficacy studies of monoclonal antibodies

12. CMS Request for FY 2016 Questions

a) **Please describe within the CMS Program Management account operations and maintenance activities, what is the reason for the 15.6% increase in HICLAS from FY 2015 to FY 2016?**

Response: The Healthcare Integrated General Ledger and Accounting System (HIGLAS) is an important management and accounting tool that processes the mission critical payment calculation for Medicare benefits to Part A and Part B, Medicaid, and CHIP. HIGLAS implementation has significantly improved the ability of CMS to perform Medicare accounting transactions, and has further strengthened Medicare fiscal management and program operations. CMS has requested an increase in HIGLAS operations in order to transition the four Durable Medical Equipment (DME) Medicare Administrative Contractors (MACs) into HIGLAS. Currently, the DME MACs are not using HIGLAS, and CMS is unable to use automated features to offset payments where a DME provider owes CMS. Until the transition is complete, CMS relies on a manual process to invoice and collect for this subset of providers.

b) **Please explain and provide more details on why a 10 percent increase in QIC Cost requires a 43% increase in resources?**

Response: CMS contracts with the Qualified Independent Contractors (QICs) to process second level Medicare appeals. CMS has requested $144.3 million for Quality Independent Contractor (QIC) operations. Of this amount, $108.1 million supports ongoing QIC work. This is an 8 percent increase over the FY 2015 operating level which supports the projected 10 percent increase in workload and the completion of appeals within the required 60-day timeframe. The remaining $36.2 million is not currently part of the base and is for new initiatives to help address the backlog of Medicare appeals; this investment also explains part of the percentage increase. This investment will improve the efficiency of the Medicare appeals process, enabling OMHA to more quickly and efficiently adjudicate its current backlog by reducing the number of claims appealed beyond the CMS levels.

c) **Please provide the specifics on how the $36.2 million for the participation in appeals will breakout and the projected impact on the appeals turnover rate and impact on the number of appeals filed based on this initiative?**

Response: $20.0 million supports allowing QICs to engage in discussions with providers to resolve disputes at the earliest stage in the appeals process. Currently, the QICs only engage in a paper review with no opportunity available for the appellant to present oral testimony before a decision is made. Appellants have requested the opportunity to discuss their claim with the QICs before a decision is made, and the additional funding will allow appellants an opportunity to engage in discussions with the QICs for a limited number of DME claim types. The remaining $16 million supports greater CMS participation in Administrative Law Judge hearings at the Office of Medicare Hearings and Appeals (OMHA), which has been demonstrated to result in lower overturn rates.

d) **Please explain why the work previously funded within HCFAC is being proposed to shift out of that account and into CMS Program Management (pg 62)?**

Response: The Medicaid and CHIP Business Information Solution (MACBIS) has historically received funding from a number of different accounts that stand to benefit from these critical systems updates. The Health Care Fraud and Abuse Control (HCFAC) Program has been a major contributor because these systems updates are necessary for effective auditing and payment oversight, but, as CMS completes the system updates in coming years and transitions to maintaining these systems, we believe it is appropriate to have Program Management bear at least some of the ongoing cost of maintaining these systems. The $4 million in CMS Program Management money for MACBIS represents an investment in maintaining MACBIS systems.

We are requesting to shift activities previously funded by HCFAC under the heading State Readiness, Enrollment, and Eligibility to Program Management. These activities are important to the federal/state partnership for Medicaid and ensure that States properly adjudicate eligibility for the Medicaid program. However, CMS faces pressure to prioritize HCFAC funding on statutory mandates and other activities that reduce the incidence of fraud, waste, and abuse. Consequently, we are requesting Program Management funding so that these activities may continue as CMS focuses HCFAC funding on other program integrity priorities.

e) **Please explain why the Oversight and Management of Marketplaces program requires an increase of $160M over FY 2015 to support this activity? Specifically, describe the functions (and associated costs) are not established prior to FY 2014.**

Response: As the Marketplace continues to evolve and mature, CMS anticipates stabilization in enrollment user fee collections that will be used to fund a majority of the activities discussed below. In FY16, CMS is requesting a program level increase of $42 million over the FY 2015 plan for Marketplace activities. This includes an increase of $160.3 million to ensure a high quality experience for users of the Marketplace as more issuers and consumers enroll. This increase is offset by a reduction of information technology costs as systems development winds down.

Of the increase, a $20.4 million program-level increase supports Health Plan Benefit Review, Management, and Oversight activities. As the program evolves, more issuers will be providing more Qualified Health Plans (QHPs) in the Marketplaces. CMS will need to support this growth, while continuing to enhance the integration of the oversight processes within the Federally-facilitated Marketplace (FFM). This includes establishing routine processes for transmitting QHP certification results, growth in users, and planned enhancements outlined in the 2016 Notice of Benefit and Payment such as network adequacy and drug formulary changes.

Of the increase, a $28.0 million program-level increase supports Payment and Financial Management activities. The majority of the increase is related to the risk adjustment data validation processes, which will first be performed in 2016. The risk adjustment user fee calculation supports these additional costs.

Of the increase, a $100.2 million program-level increase supports eligibility and enrollment functions. These increases correspond with anticipated increases in Marketplace applications and enrollment including many new consumers who will be unfamiliar with the process. As the Marketplace matures, CMS expects to handle a larger volume of complex eligibility issues, mailing new notices types, and improving the consumer experience.

The remaining $11.7 million increase supports Marketplace Quality and the Small Business Health Options Program (SHOP) activities. 2016 is the first year CMS will be publicly displaying Marketplace Quality data as part of the plan selection process on Healthcare.gov and additional funding will support the business needs for publicly reporting these data. Additionally, as the SHOP program continues to grow, CMS expects to require more resources to support small employers and their employees in reviewing and selecting plans.

f) **How much of the funds being requested by CMS (and in which accounts/sources) are being used to support processes with IRS to allow the Exchanges to ensure individuals who did not provide accurate estimates in the prior year to the Exchange based on reconciliation data from IRS tax filing data?**

Response: CMS does not break out funding amounts related to coordination with IRS on eligibility for the premium tax credit, but these costs are reflected primarily in the requests for Payment and Financial Management as well as Eligibility and Enrollment.

g) **Please provide the annual average cost CMS (using all sources) obligates (including admin time) to pay for Consumer Outreach for each cohort of beneficiary 1) Medicare; 2) Medicaid; and 3) Enrollee in the Exchange for each FY 2014, FY 2015, and FY 2016. Plus, provide the average industry cost of an insurance plan in the exchange for marketing and outreach cost and the industry average for a private market plan not in the exchange for each of the same years. Finally, what is the total cost of funds to be spent on the activity from all CMS sources (including collections) for FY 2014, FY 2015, and FY 2016?**

Response: HHS is committed to working with consumers to help them understand their options for quality, affordable health coverage. The table below provides total consumer outreach obligations for Medicare, Medicaid, and the Marketplace excluding the consumer call centers and web portal. Marketplace consumer outreach activities are higher than Medicare due to the introduction of a new program and benefit that requires educating potential consumers on eligibility and the more complex nature of the application and eligibility determination. Marketplaces also play a larger role in eligibility and enrollment processes, which impact the need for outreach. In the case of Medicare, eligibility rules are simpler. In Medicare as well as Part C and D, issuers play a much larger role in directly enrolling consumers, reducing the burden on CMS.

Consumer Outreach by Program

in thousands	FY 2014 Actual	FY 2015 Enacted	FY 2016 PB
Total Medicare (Program Operations)/1	**$67,900**	**$68,400**	**$86,900**
Total Medicaid (CHIPRA)	**$2,991**	**$503**	**$0**
Total Marketplace	**$158,536**	**$171,790**	**$263,349**
Navigator Grants & Enrollment Assisters (non-add)	*$97,152*	*$101,771*	*$137,000*

1/ The HHS Administration for Community Living runs the State Health Insurance Assistance Program (SHIP) that includes targeted outreach to Medicare eligible beneficiaries. Program cost is approximately $52 million.

We do not collect Marketplace plan cost data on marketing and outreach efforts, which may be considered proprietary information. This data would need to be obtained directly from the issuers.

g) **Please provide a table that show the full cost for each of FY 2014, FY 2015, and FY 2016 of the ACA Marketplace backend functions (to include IT costs). Please include annual percentage status of operational readiness for these functions.**

Response: The total amount for the FFM IT system, also called FFM HIX, is shown in the table below. This system supports not only the back end payment functions, but also eligibility and enrollment, qualified health plan display, and SHOP functions. CMS does not separately track expenses related to the payment functions within the FFM HIX. By Plan Year 2016, CMS expects that the majority of "back end office" FFM functions for the automated payment and reporting system between issuers and CMS will he in an operations and maintenance (O&M) state.

in thousands	FY 2014 Actual	FY 2015 Enacted	FY 2016 PB
Total Cost of FFM HIX	$174,437	$186,000	$140,000

h) **The Explanatory Statement of the Consolidated and Further Continuing Appropriations Act of 2015 (P.L. 113-235) requested that the Centers for Medicare and Medicaid Services (CMS) and the Internal Revenue Service review federal regulations to determine who "is eligible as an Indian for the benefits and protections provided to Indians." The agreement directs CMS to submit a report with the ageney's findings to the Senate and House Appropriations Committees within 180 days of enactment.**
   a. **What is the status on this report?**
   b. **How has the ageney consulted with Tribes on the writing of this report?**

Response: CMS is currently in the process of drafting this report and is working to meet the requested deadline. HHS consulted with tribes regarding the development of the proposed and final regulations governing eligibility for the henefits and protections provided to Indians.

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13. ObamaCare FY 2016 Funding

a) **Please provide specific details on how CMS expeets to use all the funds requested and the offsetting collections to support ObamaCare activities funded in the CMS Program Management account? Specifically, what are these funds to be used for?**

Response: The discretionary budget includes $629 million for CMS activities and administrative expenses to support Marketplace operations in FY 2016, including $85 million in Federal Administration. In addition to the Budget request, CMS will collect an estimated $1.6 billion in user fees from issuers in the Federally-facilitated Marketplace, as well as reinsurance and risk adjustment administrative collections, for a total estimated program level of $2.2 billion.

Marketplaces provide affordable, quality health insurance options to individuals and small businesses,

and CMS operates some or all Marketplace functions in over 30 states through the Federally-facilitated Marketplaces. Specifically, CMS performs eligibility and appeals work, certification and oversight of qualified health plans, payment and financial management functions, and operates the Small Business Health Options Program (SHOP). Some states in the Federally-facilitated Marketplaces assist with plan management functions or operate their own SHOP. Additionally, CMS oversees operations of State-based Marketplaces and provides technical assistance as needed.

CMS provides Marketplace consumer assistance through a call center and website, as well as in-person support through Navigator grants. Additionally, CMS conducts an outreach campaign during the open enrollment season to inform consumers of their insurance options.

Finally, CMS operates a number of IT systems to support the Marketplaces, such as the system that operates core Marketplace functions including eligibility, plan management, and payment functions. The data services hub provides eligibility verification services to all Marketplaces through interfaces with trusted data sources in other federal departments. Other IT costs include hosting services and data management systems.

Page 345 of the CMS Congressional Justification provides additional information on costs for the following Marketplace activities from FY 2011 to the present: Federal Payroll and other Administrative Costs; Marketplace-related Information Technology (IT); Non-IT Program Costs, including Health Plan Benefit and Rate Review, Marketplace Oversight, Payment and Financial Management, Eligibility and Enrollment; Consumer Information and outreach, including the Call Center, Navigator Grants and Consumer Education and Outreach; Marketplace Quality Review; Small Business Health Options Program and Employer Activities; and other Marketplace Activities.

b) **What is the current assumption of ObamaCare related Offsetting Collections for CMS Program Management in FY 2014, 2015, and FY 2016 given new knowledge on enrollment since the budget was released? Please describe what these funds were used for in FY 2014 and projected for FY 2015 and FY 2016.**

Response: HHS projects to collect $870 million in FY 2015 and $1.6 billion in for FY 2016 in Federally-facilitated Marketplace user fees. HHS projects to spend fees on a variety of Marketplace activities including Marketplace-related Information Technology (IT); Non-IT Program Costs, including Health Plan Benefit and Rate Review, Marketplace Oversight, Payment and Financial Management, Eligibility and Enrollment; Consumer Information and outreach, including the Call Center, Navigator Grants and Consumer Education and Outreach; Small Business Health Options Program and Employer Activities; and other Marketplace Activities.

c) **What is the current estimate from all sources that CMS will use to support ObamaCare activity in FY 2015 and FY 2016 (include the FY 2014 actual for each source)? Please provide an itemized list of activities with the cost and amount of funds obligated or planned for each year? Please ensure it includes funds transferred in from other agencies, offsetting collections, etc (all sources).**

Response:

Marketplace Sources FY 2014 to FY 2016

(dollars in millions)

Funding Source	FY 2014 Actuals	FY 2015 Spend Plan*	FY 2016 Budget
Program Management	$1,259	$1,064	$629
Nonrecurring Expenses Fund	387	200	-
$1 Billion Implementation Fund	19	-	-
Secretary's Transfer Authority	109	-	-
User Fees/1	252	870	1,560
Other	6	12	-
Total	**$2,033**	**$2,146**	**$2,189**

Totals may not add due to rounding.
* FY 2015 spend plan includes estimates that are subject to change.
/1 User fee totals include reinsurance administrative collections and risk adjustment user fees. Projected user fees for FY 2015 and 2016 are based on estimates and are subject to change.

Page 345 of the CMS Congressional Justification provides cost information for the following Marketplace activities from FY 2011 to the present: Federal Payroll and other Administrative Costs; Marketplace-related Information Technology (IT); Non-IT Program Costs, including Health Plan Benefit and Rate Review, Marketplace Oversight, Payment and Financial Management, Eligibility and Enrollment; Consumer Information and outreach, including the Call Center, Navigator Grants and Consumer Education and Outreach; Marketplace Quality Review; Small Business Health Options Program and Employer Activities; and other Marketplace Activities.

d) Please provide a breakdown of the total amount of CMS Program Management Funds to be used to support ObamaCare Activity in FY 2014, 2015, and 2016, with a breakdown of the activities supported and amount per year.

Response: Total CMS obligations for the Marketplace from Program Management in FY 2014 were $1.3 billion. The approximate break down per activity was $77 million for Federal Administration costs, $466 million for consumer outreach activities such as the call center, $258 million for eligibility and enrollment activities, $36 million for plan management activities, $347 million for information technology activities, and the rest for activities to support the Federally-facilitated SHOP, payment management functions and technical assistance to stakeholders. The FY 2015 and FY 2016 Program Management funding for Marketplaces will support payment and financial management, enrollment, outreach and education and information systems operations.

e) What are the assumption used to develop the FY 2016 budget request for ObamaCare in FY 2016; to included enrollment, participating providers, states using the federal exchanges, and other key assumptions? Please provide the specific number and attribute for each as well as how it calculated in to the total request. Further, provide the FY 2014 and FY 2015 data for each FY 2016 assumption.

Response: CMS operated a Marketplace in 34 States and the eligibility platform for 2 State-Based Marketplaces (SBMs) in plan year 2014, and will continue to operate the Marketplace in 34 States and the eligibility platform for three SBMs in plan year 2015. We expect a similar level of participation in FY 2016. Although many of the Federally-facilitated Marketplace operations are workload-driven,

there is not a one-to-one impact of increased enrollment on workload and therefore costs. The FY 2016 request represents an assessment of needs, as well as continued costs for administration of programs such as reinsurance, risk adjustment, and risk corridors.

f) **How much do you expect the full cost of implementation of ObamaCare from when it passed to complete implementation to cost the taxpayer?**

Response: From enactment of the law through FY 2013, HHS obligated just under $2 billion to implement the Federal Marketplaces. Federal Marketplaces became operational in FY 2014 with the initial open enrollment, and CMS obligated approximately $2 billion for operational and continued development costs in that year. CMS expects to obligate roughly $2 billion on Federal Marketplace operations in fiscal years 2015 and 2016, consistent with FY 2014, and reflecting the ongoing operational costs of a complex, nation-wide program that is still growing. By FY 2016, the majority of costs will be funded through user fees.

g) **What steps have you put in place to ensure there is full accountability for all the ObamaCare funds and how do you validate that these funds are spend appropriately?**

Response: HHS takes seriously its responsibility to protect taxpayer dollars and ensure that programs are conducted efficiently and effectively. Funding for Marketplaces is subject to the same types of financial controls that CMS employs for compliance with OMB Circular No. A-133 in its other programs. CMS is also subject to a separate audit as part of the HHS-wide Chief Financial Officer's audit. Additionally, the FY 2016 President's Budget includes a request for $25 million in discretionary HCFAC funding for program integrity activities related to the Health Insurance Marketplace and other private insurance programs. This investment builds on ongoing progress made to date, with the support of Congress, to ensure that our healthcare dollars are safeguarded and spent wisely.

h) **Does the FY 2016 request for CMS Program Management assume:**
   a) **Use of the Implementation Fund? If so, how much?**
   b) **Use of the Nonreoeurring Expense Fund (NEF)? If so, how much?**
   c) **Use of the HHS 1 Percent Transfer Authority? If so, how much?**
   d) **Use of Prevention and Public Health Fund? If so, how much?**
   e) **Realignment of any FY 2015 CMS Program Management Funds being used for non-ObamaCare activities? If so, how much?**
   f) **Use of the special funds provided to CMS for traditional Medicare activities in the FY 2015 Appropriations Act General Provision? If so, how much?**
   g) **Use of any mandatory funds to support CMS Program Management activities related to ObamaCare? If so, how much?**

Response: The Budget includes $629 million in Program Management funding for CMS activities and administrative expenses to support Marketplace operations in FY 2016, including $85 million in Federal Administration. In addition to the Budget request, CMS will collect an estimated $1.6 billion in user fees from issuers in the Federally-facilitated Marketplace, as well as reinsurance and risk adjustment administrative collections, for a total estimated program level of $2.2 billion. The Budget does not assume funding from other sources to support Marketplace activities.

i) **Please describe if HHS assumes any Risk Corridor receipts to be collected and out of the CMS Program Management account and the source of any outlay funds in FY 2015 and FY 2016. Further, what is the assumption of how HHS will fund any expected shortfalls for the Risk Corridor program in FY 2015 and FY 2016? If HHS expects to use mandatory funds, please provide the legal opinion to justify such action? Can these requirements be shifted to another fiscal year? And finally, what is the impact of the program if these receipts are not at the anticipated requirement level?**

Response: The temporary risk corridor provision in the Affordable Care Act is an important safety valve for consumers and insurers as millions of Americans transition to a new coverage in a brand new Marketplace. For consumers, the program will play an important role in mitigating premium increases in the early years as issuers gain more experience in setting their rates for this new program.

Although we cannot yet calculate the risk corridor payments for plan years 2014 through 2016, current budget projections, including those by the Congressional Budget Office, reflect money collected from the risk corridor program will be sufficient for payments, allowed the program to be administered in a budget neutral manner during the three years for which it is authorized. In the unlikely event of a shortfall for the 2016 program year, HHS recognizes that the Affordable Care Act requires us to make full payments to issuers. In that event, HHS will use other sources of funding for the risk corridors payments, subject to the availability of appropriations.

HHS has determined that risk corridors is a user fee that can be collected and spent under general user fee authority, and that funds appropriated or transferred pursuant to the FY 2015 continuing appropriation act (PL 113-235) shall not be used to make risk corridor payments, per Division G, General Provisions Section 227.

j) **What is the maximum amount of funds that could be available for the NEF in FY 2016? What is the FY 2016 budget request expected level of NEF funds available for FY 2015 and FY 2016?**

Response: The Department notified the Committees on Appropriations on February 13, 2015 for $650 million in planned uses of the Nonrecurring Expenses Fund (NEF). HHS expects to transfer and obligate the full amount of the notification, though exact timing is dependent on contracting procedures and subject to variability. The Department is currently beginning the process to determine how much will be available for use in a future notification, and as the year of execution approaches, HHS will be able to make more reliable and precise estimates. The variability and unpredictable nature of eligible balances for the NEF comes from the requirements in 31 U.S.C. 1551 – 1558 to maintain expired unobligated balances in accounts for routine adjustments to previously recorded obligations. As an account nears its time of cancellation, HHS is able to identify amounts to transfer.

k) **Please describe the mechanisms in-place to ensure fiscal responsibility of the state exchange funds and the funds used to support the federal exchange? What is changing in FY 2015 and FY 2016 to increase oversight?**

Response: Our primary goal is to ensure that people in every state have access to quality, affordable

health care coverage. We remain committed to working with all states to determine how to best operate a Marketplace that meets their needs to ensure all Americans can easily shop for affordable coverage.

Operating within the bounds of guidance and grant requirements issued by CMS, State-based Marketplaces (SBMs) have played a critical role in ensuring access to affordable, high quality private health insurance plans. HHS takes oversight of the section 1311 grant process seriously, and is committed to the efficient and effective stewardship of federal dollars. CMS follows an established grant-making process to oversee and monitor section 1311 spending. Like other grant recipients, states receiving 1311 grants are subject to post-award monitoring with respect to whether they are meeting the grant's terms and conditions. CMS monitors grantees' progress toward the establishment of a Marketplace through face-to-face meetings with policy and operations experts, calls to monitor progress and provide assistance, semi-annual progress reports, quarterly financial reports, and monthly budget reports.

In addition, CMS has designed and developed a framework for the on-going oversight of SBMs, including overseeing SBMs as they transition from grant funding to self-sustainability. CMS's oversight and monitoring program of SBMs includes the continued monitoring of state oversight activities and review and assessment of required reports on operations. CMS will continue to require that each SBM submit several types of reports that demonstrate SBM performance, including financial statements, reports on eligibility determination errors, non-discrimination safeguards, accessibility of information, and incidences of fraud and abuse. Each SBM must also submit performance monitoring data, including financial sustainability and operational efficiency.

l) Please describe the Transition Reinsurance Program, cost, and how the ObamaCare would be impacted if this particular activity did not exist? Please provide the same for Risk Adjustment Program and separately for the Risk Corridors activities.

Response: The three premium stabilization programs were established by Congress in the law to mitigate volatility of insurance premiums in the individual and small group markets beginning in 2014 when Marketplaces and new market rules take effect. The programs serve as an important safety valve for both consumers and issuers as millions of Americans transition to new coverage in a new Marketplace. For consumers, the programs play an important role in mitigating premium increases in the early years as issuers gain more experience in setting their rates.

- *Reinsurance*: The transitional reinsurance program provides protection to plans that comply with the new market rules in the individual market when enrollees experience high claims costs. For the 2014 plan year, CMS expects to make $10 billion in reinsurance payments for the 2014 benefit year, which is funded through collections from issuers and group health plans.
- *Risk Corridors*: The risk corridors program exists to help stabilize premiums in qualified health plans and reduce the potential impact of uncertainty in rate setting in the early years of the Marketplaces. In FY 2016, the President's Budget assumes that CMS will collect $6.4 billion of risk corridors payments from issuers for the 2015 program year, and will pay out the same amount to issuers.
- *Risk Adjustment*: The permanent risk adjustment program transfers funds from plans with lower-risk enrollees to plans with higher-risk enrollees to protect against the potential effects of adverse

selection inside and outside the Marketplace in the individual and small group markets. CMS estimates $5.9 billion will be paid in risk adjustment payments in FY 2016, which are funded through charges to plans with lower-risk enrollees.

m) How much money are you requesting from this subcommittee in FY 2016 to support Obamacare Marketplaces as compared to FY 2015?

CMS is requesting a total of $629 million in FY 2016 to support Marketplace operations. This is consistent with the amount requested in FY 2015. This amount will be supplemented by collected user fees to comprise a $2.2 billion program level for FY 2016.

n) What other sources of funding does your budget assume will be used to support the Marketplaces in FY 2016? For example, do you plan to use funds from the Nonrecurring Expenses Fund in FY 2016 to support Obamacare? How much? Do you plan to use your 1% transfer authority to move money out of biomedical research and public health activities to support administration of Obamacare as you have the past two years?

Please see our response to question 13(h) above.

o) If user fees do not meet your estimates, as they did not last year due to the low numbers of enrollees, will HHS seek additional funding to administer the Marketplaces program from this Subcommittee?

CMS estimates collecting $1.6 billion in user fees in FY 2016. Current collections for FY 2015 are on track to reach our estimated amount of $870 million when including risk adjustment fees. If available resources are not sufficient to support Marketplace activities, HHS will evaluate all available resources and options at that time.

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14. HHS Block Grant Programs

a) HHS Administers 10 block-grant programs through its various agencies. Often, this money is distributed to states, who then pass the funds to other areas in their jurisdiction. The Committee has heard from Tribal communities that they are often left-out of block grant funding from states or have to meet specific criteria at odds with their status as sovereign nations.
   - Please provide the Committee a table of the following:
     1) Name the specific HHS blocks grants that allow the direct funding of Indian Tribes /or Tribal organizations.
     2) Which block grants are currently funding Tribes directly?
     3) Which grants funding Tribes indirectly through state pass through funds?
   - What resources are available from HHS for Tribes who wish to apply directly for block grant funds?

b) In 2000, P.L. 106-260, included a provision for designating HHS to conduct a study to determine the feasibility of a demonstration project extending Tribal Self-Governance to HHS agencies other than the IHS. The HHS Study, submitted to Congress in 2003, determined that

a demonstration project was feasible. A second study was completed in 2011 by the HHS Self-Governance Tribal Federal Workgroup, but the agency did not move forward on a specific legislative proposal. We understand that self-Governance may represent efficiency, accountability and best practices in managing and operating Tribal programs and administering Federal funds at the local level. We have heard that transferring self-governance authority to all of HHS agencies could represent elimination of bureaucratic obstacles and cost-savings for the federal government.

- What statutory authority does the agency currently have to expand self-governance within HHS?
- What plans and how could HHS work with Tribes to expand self-governance at HHS, to include developing of any needed legislative proposal?

Response to A: As shown in the table on the following pages, HHS funds 59 formula/block grants providing funds to states, and in some cases to other political sub-divisions. Of these, 24 include statutory provisions allowing Indian Tribes or Tribal organizations to receive funding directly. Other HHS programs, such as Head Start, include similar statutory provisions but are not included on this table because they are not formula grants. For additional information on tribal eligibility for HHS grants, please visit www.hhs.gov/iea/tribal. HHS is working on developing a more robust website on Tribal grants at HHS through the Interdepartmental Council on Native American Affairs.

Programs Distributing Funds by Formula to States (and other political sub divisions)

Agency or Program	Tribes Funded Directly	
Administration for Children and Families		
Discretionary Programs		
Low Income Home Energy Assistance	X	
Child Care & Development Block Grant	X	
Promoting Safe and Stable Families	X	
Runaway and Homeless Youth, Basic Center Program		
CAPTA State Grants		
Community-Based Child Abuse Prevention	X	
Child Welfare Services	X	
Chafee Educatinn and Training Vouchers	X	
Adoption Incentives		
Community Services Block Grant	X	
Family Violence Prevention and Services	X	
Mandatory Programs		
Child Support Enforcement	X	
Temporary Assistance for Needy Families	X	
Child Care Entitlement	X	
Foster Care	X	
Adoption Assistance	X	
Guardianship Assistance	X	
Chafee Foster Care	X	
Tribal Training and Technical Assistance Grants	X	/1
Promoting Safe and Stable Families	X	
Personnel Responsibility Education	X	
Abstinence Education		
Social Services Block Grant		

Agency or Program	Tribes Funded Directly	
Substance Abuse and Mental Health Services Administration		
Protection and Advocacy for Individuals with Mental Illness	X	/2
Substance Abuse Prevention and Treatment Block Grant		
Projects for Assistance in Transition from Homelessness		
Community Mental Health Services Block Grant		
Health Resources and Services Administration		
Maternal and Child Health Block Grant		
Maternal, Infant, and Early Childhood Home Visiting Program	X	
Ryan White Emergency Relief Grants - Part A		
HIV Care Grants to States - Part B		
Administration for Community Living		
Native American Caregiver Support Services	X	/1
Native American Nutrition and Supportive Services	X	/1
Home and Community-Based Supportive Services		
Nutrition Services - Congregate		
Nutrition Services - Home-Delivered		
Nutrition Services Incentives Program		
Preventive Health Services		
Family Caregiver Support Services		
Long-Term Care Ombudsman Program		
Prevention of Elder Abuse & Neglect		
State Councils on Developmental Disability		
Protection & Advocacy - Developmental Disabilities	X	/2
Protection and Advocacy - Assistive Technology	X	
Assistive Technology State Grants		
Independent Living State Grants		
Voting Access for Individuals with Disabilities		
Centers for Disease Control and Prevention		
Immunization Cooperative Agreements		
HIV Prevention with Health Departments Grants		
HIV Surveillance Grants		
Sexually Transmitted Disease Prevention Cooperative Agreement Grants		
TB Prevention and Control Cooperative Agreement Grants		
Tobacco Prevention and Control		
Rape Prevention and Education Grants		
Public Health Emergency Preparedness Grants		
State Public Health Actions Grants		
National Breast and Cervical Cancer Early Detection Program Grants		
Preventive Health and Health Services Block Grant		

/1 All funds for these programs go to tribes.
/2 Legislation reserves funds for a tribal consortium.

Response to B: HHS does not have legal authority to expand self-governance to programs outside the Indian Health Service but is committed to advancing the principles of tribal self-determination and of tribal self-governance throughout the day-to-day work we do under existing authorities. For example, ACF is currently looking at existing demonstration authority within individual programs to identify areas, such as early childhood development and education, where demonstration or pilot projects can be implemented within existing legal authority. The 2003 Feasibility Study did conclude that a self-governance demonstration project was feasible for non-IHS programs, but this conclusion was predicated on a number of program-specific statutory changes.

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15. National Epidemic of Prescription Drug Abuse

The committee is concerned about the national epidemic of prescription drug abuse, particularly the abuse of opioid-based pain medications. It is the committee's understanding that the Department's Centers for Medicare and Medicaid Services may not be following congressional intent in its interpretation of the term "line extension" in ACA (PL 111-148 Section 2501) when it published Covered Outpatient Drugs Proposed Rule (CMS–2345–P) over 3 years ago. It appears that CMS' interpretation may be in conflict with FDA's approval of New Drug Applications (NDA) for pain medications containing abuse deterrent technologies (formulations). It seems inconsistent that an NDA can be approved by FDA and yet still potentially be considered a "line extension" for purposes of determining Medicaid rebates. The committee is concerned that applying "line extension" Medicaid rebates to drugs approved based on NDAs will discourage the further development of abuse deterrent formulations for drugs that can be abused.

Therefore, I request the Secretary commit to reviewing the "line extension" definition in the proposed rule (CMS–2345–P) and perform a comparison analysis of new drug approvals for opioid-based drugs containing abuse deterrent formulations as defined by FDA to ensure the proposed rule does not create further confusion and that it promotes the joint desire to further halt the prescription drug abuse epidemic. Specifically, please provide a timeline and projected competition date for the review and provide the appropriate Committees of the House a copy of the request analysis.

Response: As you know, in 2010 Congress amended the law to include an alternative rebate for line extension drugs. Section 1927(c)(2)(C) defines line extension as "a new formulation of the drug, such as an extended release formulation." As we stated in the notice of proposed rulemaking (CMS-2345-P), the statute does not exclude reformulated drugs that include abuse deterrent technology from the definition of a line extension drug. We requested feedback from the industry, the public, and other stakeholders on the rebate treatment of abuse deterrent formulations. We received a number of comments on our proposed definition of line extension drugs. As we continue to work on the Medicaid Covered Outpatient Drug final rule (CMS-2345-F), we are evaluating the comments we received on this and other provisions in the proposed rule. Where appropriate, CMS considers the policies of other agencies at the Department of Health and Human Services and how those policies impact the Medicaid program.

As you know, I believe that opioids misuse and abuse is an area where those of us from the federal government, Congress, states and the private sector can come together to make progress. I look forward to working with you on this important issue.

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16. Lobbying

In the past year, what steps has HHS and each OpDiv taken to prevent and measure the effectiveness of its steps to ensure no federal funds are used to support lobbying activities prohibited by law.

Response: The Department is committed to ensuring the proper use of federal funds and compliance with all applicable restrictions on lobbying, and has in place long-standing Department-wide guidance to grantees, which has always prohibited lobbying at both the federal and state level. The Department has upheld this prohibition for years.

In April 2012, HHS revised the Department-wide guidance to reflect differences between the lobbying restriction provision in the FY 2012 Appropriations act and the analogous provision in prior years' acts. This updated guidance was provided to grantees. The Department takes these requirements very seriously.

Additionally, in line with a July 2014 Office of the Inspector General report, the Assistant Secretary for Financial Resources is working to facilitate increased information sharing across the Department about methods to identify the use of grant funds for legally prohibited lobbying activities, as well as centralize relevant guidance on its website. HHS expects to complete implementation by early July, 2015.

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17. Allocation Criteria & Procedures

Please provide the resource allocation criteria and procedures used by the Secretary to make the funding allocation decisions for FY 2015 and FY 2016 for each of the following: Health Reform Implementation Fund; Transfer Authority; Prevention and Public Health Fund; and Nonrecurring Expense Fund.

Response:

Health Insurance Reform Implementation Fund

HHS is authorized to use the Health Insurance Reform Implementation Fund to support ACA implementation efforts assigned to HHS or its federal partners within the Act. HHS allocates resources from this fund each year in consultation with its federal partners based on needs that arise in implementing the Act in a coordinated manner. HHS anticipates that this fund will be exhausted by the end of FY 2015.

Transfer Authority

The Secretary's transfer authority allows the Department to respond to emergency needs or unforeseen events which would otherwise adversely affect a program or agency. The transfer authority may also be used to carry out Departmental priorities. Transfers are not used to permanently alter base resources but, instead, are authorized to cover current funding requirements. The Department ensures that use of the transfer authority is the only appropriate arrangement or remedy for the funding need.

The Prevention and Public Health Fund

In accordance with its statutory authorization, the Prevention and Public Health Fund supports ongoing, core public health activities, and new innovative efforts at the state and local level.

The Prevention and Public Health Fund allocation in the budget request is determined as part of the annual budget process. In developing the Budget request, HHS considered the FY 2015 appropriations levels and Prevention Fund allocation in making decisions for FY 2016. The FY 2015 appropriation allocated Prevention Resources to selected preventive health activities. The FY 2016 Prevention allocation was generally consistent with the allocation in the FY 2015 Omnibus appropriations bill. For FY 2016, the budget request allocates $1 billion from the Prevention and Public Health Fund to support a broad portfolio of effective and evidence-based prevention efforts to help Americans live healthy and productive lives, reduce health care costs, and improve public health.

Nonrecurring Expenses Fund
The Nonrecurring Expenses Fund (NEF) authority is restricted to capital acquisitions necessary for the operation of the Department, including information technology and facilities infrastructure. The Department identifies critical infrastructure needs and prioritizes investments across the Department.

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18. Management Controls Oversight
What actions have been taken over the past year by each OpDiv and HHS to improve oversight of management controls of federal funds to ensure federal funds support only the stated purposes authorized by law.

Response: HHS is committed to ensuring effective the oversight and prudent use of Federal funds across our programs. In accordance with the Federal Managers' Financial Integrity Act (FMFIA) of 1982 and OMB Circular A-123, HHS and its operating divisions annually assess management controls to achieve the objectives of and mitigate risks related to effective and efficient operations, reliable financial reporting, and compliance with applicable laws and regulations.

To support the improvement of management control oversight, the Assistant Secretary for Financial Resources released updated guidance, FY 2014 HHS FMFIA Guidelines, which addresses responsibilities for oversight and management controls.

Specifically, HHS guidance requires each Op-Div's management to establish management controls and conduct assessments designed to provide reasonable assurance that:
(i) obligations and costs are in compliance with applicable law;
(ii) funds, property, and other assets are safeguarded against waste, loss, unauthorized use, or misappropriation; and
(iii) revenues and expenditures applicable to agency operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the assets.

19. Title 42
Please update all the tables and dates provided in the fiscal year 2013 HHS Secretary hearing questions for the record under the title "Continued Excess Use of Special Title 42 Pay Authority." The

update should add a column for fiscal year 2012, FY 2013, FY 2014 actuals and projected for fiscal year 2015 and FY 2016.

Response: This information is being compiled and will be provided under separate cover.

20. Improve Recovery Audit Contractor (RAC) Program

a) **Please provide a timeline and the specific steps CMS and OMHA are jointly taking to implement a process across all operations to increase its focus on preventing improper payments and paying claims right the first time. Specifically, how is CMS engaging the stakeholders to evaluate the program, identify challenges and make reforms. Finally, provide an update how HHS established a systematic feedback process with the OMHA, CMS programs, and the RACs to prevent the appearance that RACs are selecting determinations to increase their fees and how effectiveness is measured?**

Response: CMS is committed to paying claims in an accurate and timely manner and has a strategy in place to address Medicare and improper payments. These strategies include strengthening provider enrollment safeguards to confirm only legitimate providers are enrolled and preventing improper payments by using edits to deny claims that should not be paid.

As required by the Consolidated and Further Continuing Appropriations Act of 2015 (H.R. 83), the Department will be submitting a Report to Congress detailing our strategy to analyze and improve the entire appeals process. This Report will detail the systematic feedback process within HHS and outreach efforts the Department is taking to safeguard stakeholder confidence in the system. That Report will be provided to the Committee in the near future.

To address the backlog of Medicare appeals, the Department has developed a comprehensive strategy that involves additional funding, administrative initiatives, and legislative proposals. Additionally, the President's FY 2016 Budget includes seven legislative proposals that would provide additional funding and new authorities to address this need. When combined with the administrative actions, these efforts will ensure beneficiaries and providers receive timely resolution of their appeals, reduce the backlog of cases, and reduce the number of new cases from entering the system or escalating to higher levels of appeal. I look forward to working with the Committee on these budgetary requests and legislative proposals.

b) **Please provide a table for each of the past five years with the number of improver claims identified through any program that that were appealed at any level in the process (to include the lengthen of time prior to being assigned to an ALJ or adjudicator), the overturn rate at each step, and the value of the overturned rate. Please provide a separate breakout for all improper payments identified through the RAC process with the same criteria as above for each of the past five years.**

Medicare Administrative Contractor Appeals Processed (in claims):

Fiscal Year	Number of Appealed Claims Processed (RAC)	Number of Appealed Claims Processed (non-RAC)	Total Appealed Claims Processed	Overturn Rate
2009	1,612	2,705,359	2,706,971	49.0%

2010	20,847	2,592,512	2,613,359	45.7%
2011	106,291	2,759,502	2,865,793	46.9%
2012	279,455	3,231,950	3,511,405	40.4%
2013	500,629	3,518,331	4,018,960	33.9%
2014	432,796	3,808,119	4,240,915	35.0%

Qualified Independent Contractor Appeals Processed (in claims):

Fiscal Year	Number of Appealed Claims Processed (RAC)	Number of Appealed Claims Processed (non-RAC)	Total Appealed Claims Processed	Overturn Rate
2009	14,471	459,040	473,511	21.8%
2010	342	492,917	493,259	19.2%
2011	8,026	486,462	494,488	20.0%
2012	80,661	705,089	785,750	18.5%
2013	299,186	963,456	1,262,642	15.6%
2014	337,019	1,118,090	1,455,109	14.9%

* Based on all Original Medicare (fee-for-service) appealed claims processed in the fiscal year. Combined and deleted appeals are excluded. Overturn rate includes dismissals in the processed totals.

Office of Medicare Hearings and Appeals (OMHA) Appeals Processed (in appeals) /1:

Fiscal Year	Number of Appeals Received (RAC)	Number of Appeals Received (non-RAC)	Total Appeals Received	Overturn Rate
2009	2,904	32,927	35,831	61.5%
2010	198	44,163	44,361	63.2%
2011	1,830	57,770	59,600	55.6%
2012	30,331	86,737	117,068	59.6%
2013	193,159	190,992	384,151	49.5%
2014*	258,579	257,421	516,000	39.5%

* Estimates

Departmental Appeals Board, Medicare Appeals Council (in appeals) /2:

Fiscal Year	Number of Appeals Received (RAC)	Number of Appeals Received (non-RAC)	Total Appeals Received	Overturn Rate
2009	101	2,002	2,103	11.4%
2010	42	2,181	2,223	11.2%
2011	14	3,397	3,411	14.1%
2012	674	2,757	3,431	13.4%
2013	1,628	2,891	4,519	15.4%
2014	1,263	2,936	4,500	14.7%

Note: The value of the claims overturned on appeal is particular to each individual claim based on the amount allowed for payment and whether the claim was fully or partially overturned. There is no aggregate amount available.

1/ OMHA Footnotes

- Receipts include appeals with Request for Hearing Date in listed fiscal year and exclude combined and reopened appeals.
- FY 2014 receipts are estimated.
- Overturned rate is the total of Favorable and Partially Favorable dispositions divided by the total appeals with Favorable, Partially Favorable, Unfavorable, and Dismissed dispositions.

2/ DAB Footnotes

- FY 2014 receipts are estimated.
- RAC data is estimated as cases are not always identified as RAC until later in the process
- Overturned rate is the total reversed dispositions divided by the total dispositions.

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21. Reduce Duplication Across HHS

Please identify the performance measures and process used by the Secretary to review, monitor, reduce duplication across HHS programs and OpDivs. Please provide the specific date of the Secretary's last review and the schedule for the FY 2015 reviews.

Response: The Department is committed to streamlining programs to ensure efficiency and effectiveness. The primary vehicle the Department uses to identify and eliminate duplication across programs is the annual budget process. The process begins in the spring of each year, when HHS operating divisions are required to submit budget justifications, which include detailed budget and performance measures information, to the Assistant Secretary for Financial Resources. Those justifications undergo rigorous examination, including review by the Secretary's Budget Council (her senior staff), as well as the Secretary herself. Once Departmental decisions are finalized, revised justifications are submitted to the Office of Management and Budget. The result is a streamlined budget request to Congress.

The FY 2016 Budget proposes $780 million in net reductions to discretionary funding through targeted terminations, decreases, and consolidations across the Department. For example, the Budget proposes to discontinue ACF's Community Economic Development and Rural Community Facilities programs because there are other more significant federal resources at HUD, Treasury, USDA, and the EPA that support many of the same activities.

HHS agencies work collaboratively on many of the same problems and issues, but each has a unique role and mission and brings its own separate expertise and experience to bear on various public health challenges. The Department's work on Ebola is a prime example of such collaboration. CDC represents the Department's public health presence on the ground, responding through surveillance, contact tracing, and educating the public both at home and abroad. NIH and BARDA work to advance the development, testing, and availability of potential vaccines, diagnostics, and therapeutics. ASPR helps to provide hospitals and healthcare coalitions with funding for personal protective equipment and training and for enhanced healthcare infrastructure.

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22. HHS Communication Expenditures

Please provide a table the displays how much each HHS Office of the Secretary Office and each OpDiv spent on communication and public relations related activities for each year from FY 2013 through FY 2016 estimate (by OpDiv and year). Further, please explain how each HHS and each OpDiv measures the effectiveness of its activities and what steps were taken in the past year or planned for FY 2015 and FY 2016 to reduce the overall cost and further improve effectiveness.

Response: HHS is responsible for promoting transparency, accountability and access to critical public health and human services information to the public, media, and constituency groups. Many of the Department's communications efforts are embedded in agency operating budgets and program operations, so a breakout of HHS-wide communications activity will take time to compile and HHS will provide additional information.

The annual budget process is the Department's primary method to identify and eliminate redundancy and duplication across programs. The process begins in the Spring of each year, when HHS operating divisions are required to submit budget justifications, which include detailed budget and performance measures information, which undergo rigorous examination, and includes review by the Secretary's Budget Council. Once Departmental decisions are finalized, revised justifications are submitted to the Office of Management and Budget. The result is a streamlined budget request to Congress.

Over the past year the Office of the Secretary has analyzed the effectiveness of its activities and sought to make improvements in the following areas:

- Replaced an ineffective FOIA tracking system contract with a more comprehensive technology solution that will increase the ability of the FOIA staff to respond to FOIA requests efficiently.
- Migrated digital communications activities from expensive hosting systems to flexible and easily-accessed Cloud Services that have significantly reduced costs by taking advantage of new technology
- Improved the effectiveness of media monitoring activities by increasing level of detail of information to HHS public affairs staff.
- Implemented Strategic Communications system to reduce redundancies, increase consistency of messaging HHS-wide, and measure effectiveness of publications released.
- Restructuring studio services contracts to provide greater flexibility, cost savings, and efficiency in servicing customers HHS-wide as well as other government bodies and the public.

Overall the Office of the Secretary reexamines existing activities frequently to consolidate and reduce wherever possible. As part of the Administration's Executive Order on efficient spending, HHS continues to review categories of administrative spending to find ways to improve efficiency and lower cost.

Office of the Secretary Communications Expenditures				
	FY 2013	**FY 2014**	**FY 2015 (estimate)**	**FY 2016 President's Budget**
Communications	**$10,086,33**	**$ 10,091,688**	**$ 9,346,568**	**$ 14,063,147**

	1			
Public Relations	$ 2,127,837	$ 1,556,077	$ 3,101,248	$ 1,827,000
Travel (Outreach)	$ 30,908	$ 63,659	$ 90,000	$ 77,500
Total	$12,245,076	$ 11,711,424	$ 12,537,816	$ 15,967,647

*Includes all funding sources, GDM, ACA, SSF, and individual reimbursable agreements. FY 2013 and 2014 are actuals; FY 2015 and 2016 are estimates.

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23. Centers for Disease Control and Prevention

a. The past several years have seen an increased investment by the Centers for Disease Control and Prevention (CDC) in public health scientific services, which indicates a key interest in strengthening this valuable component of public health function. Funds under Center for Surveillance, Epidemiology, and Laboratory Services (CSELS) are used to support various surveillance systems, sharing best practices in collecting, managing, and using information. However, it is unclear how much of that funding, if any, is directed toward Tribal communities. Tribal Epidemiology Centers (TECs) are funded nominally by the Indian Health Service, but as noted in the Indian Health Care Improvement Act (P.L. 111-148), the CDC also has the responsibility for this supporting the work and capacity of the TECs.
   i. Could CDC please provide the committee with specific information on how it uses funds within CSELS to provide support for TECs or other health information surveillance systems in Indian Country?

Response: The Center for Surveillance, Epidemiology, and Laboratory Services (CSELS) provides cross-cutting support for health information surveillance systems and epidemiology, which complements the efforts of other CDC and HHS programs to build capacity related to specific health issues. As you know, CDC as well as the Department as a whole is committed to strengthening health in Indian Country. More detailed information regarding CSELS and other CDC program support is below.

Center for Surveillance, Epidemiology, and Laboratory Services (CSELS) Support:

Through the CDC Surveillance Strategy, CSELS is making investments with existing resources to improve surveillance by addressing data availability, system usability, redundancies, and incorporation of new information technologies. Advancing the Surveillance Strategy has been a priority for CSELS, and this effort will have a substantial positive impact on the availability of high-quality health information for American Indian and Alaska Native (AI/AN) populations. The CDC Surveillance Strategy, when fully implemented, will support standards-based electronic data exchange and interoperable systems that should substantially improve reporting and enhance access to data by TECs and other public health partners.

CSELS also supports technical assistance to tribes through our work with state and local health departments to enhance surveillance and to the Indian Health Service.

Other CDC Program Support:

Other CDC programs support TECs. For example, CDC's National Center for Chronic Disease Prevention and Health Promotion (NCCDPHP) is working with the TECs as part of the recently funded Good Health and Wellness in Indian Country program. Under this five-year program, CDC is supporting tribes and tribal organizations to support and prevent heart disease and prevent and manage type 2 diabetes and associated risk factors, such as tobacco use, physical inactivity, and unhealthy diet in American Indian tribes and Alaskan Native villages. Currently, CDC funds 10 of the 12 TECs and the Urban Indian Health Institute with nearly $2 million annually to assess improvements in health status as a result of activities funded under the program. In addition, the Center is working with the TECs to provide technical assistance to tribes and tribal organizations for recognizing health problems, and developing feasible and cost effective solutions to improve the health of tribal members.

Funding to Tribal Epidemiology Centers through the Good Health and Wellness in Indian Country program

Tribal Epidemiology Center	*FY14 Funding*
Alaska Native Epidemiology Center	*$100,000*
Albuquerque Area Southwest TEC	*$127,600*
California TEC	*$127,600*
Great Lakes Inter-Tribal Epi Center	*$191,400*
Intertribal Council of Arizona TEC	*$127,600*
Northwest TEC	*$191,400*
Northern Plaines TEC	*$191,400*
Rocky Mountain TEC	*$127,600*
Southern Plains TEC	*$127,600*
United South and Eastern TEC	*$127,600*
Urban Indian Health Institute	*$450,000*
	Total funding to TECs: *$1,889,800*

CDC's Office for State, Tribal, Local and Territorial Support (OSTLTS) provides support to tribes and tribal organizations, including support related to health information.

- **CDC's Public Health Law Program (PHLP) offers technical assistance to tribes and tribal organizations free-of-charge upon request.** In response to one such recent request, PHLP developed an issue brief summarizing recently-enacted tribal epidemiology center provisions, especially pertaining to tribal epidemiology centers' designation as public health authorities. PHLP expects to publish the brief on its website (http://www.cdc.gov/phlp/publications/) in mid- to late-April 2015.

- **Data into Action Training – 101 for Tribes/Urban Indian Programs in How to Access and Utilize Available Data for Local Level Public Health Action:** Through the OSTLTS cooperative agreement "Building Capacity of the Public Health System to Improve Population

Health through National, Nonprofit Organizations," OSTLTS is funding the Association of American Indian Physicians (AAIP) to train Tribal health departments on how to access and utilize available data for local level public health action. Funding for FY 2014 – $75, 000; FY 2015 awards for this cooperative agreement are pending.

- **Public Health Associate Program (PHAP):** PHAP helps health departments fill workforce gaps and deliver critical services to the community, provides new graduates from a number of fields with jobs and crucial on-the-job training in public health, and provides a pipeline for producing the next generation of public health leaders. CDC currently has six associates embedded in tribal health organizations and serving tribal members. CDC is working to increase tribal participation in these fellowships, which benefits tribes in two ways – tribal members can apply for these fellowships and tribal organizations can apply to host and be supported by a fellow.

Examples of Collaboration with IHS

- NCCDPHP has periodic discussions with IHS regarding activities in tribal communities related to diabetes and pre-diabetes.
- The Tribal Support Unit is working with IHS to gather information about ongoing collaborations between the two agencies, both formal agreements and informal activities.
- NCIPC works directly with IHS and tribal communities to provide science-based, on-site assistance in data collection, analysis, and training to prevent motor vehicle-related injuries and deaths among AI/AN populations.

ii. Could CDC please detail their plans for providing future support for the TECs?

Response: CDC recognizes the important role that TECs play in managing public health information systems, investigating diseases of concern, managing disease prevention and control programs, and coordinating activities with other public health authorities. We are committed to working with this Committee to continue our efforts on this important issue.

b. The unintentional injury program is not receiving any additional funding in the FY 2016 request. This is problematic for Tribes, as unintentional injury is the 3rd leading cause of death among American Indian and Alaska Native people. While a limited amount of funding reaches Alaska Natives, the opportunities to expand these efforts into other parts of Indian Country will be severely limited by flat funding.
   i. How does CDC currently direct funds to Tribal communities under its unintentional injury program?

Response: From 2010-2014, through a cooperative agreement, CDC funded eight tribes to tailor and implement effective interventions in their communities to prevent alcohol-impaired driving and improve seat belt and child safety seat use, which are among the leading causes of injury and death in Indian country. The Tribes included: Caddo Nation (OK), California Rural Indian Health Board, Colorado River Indian Tribes (AZ), Hopi Tribe (AZ), Oglala Sioux (SD), Rosebud Sioux (SD), Sisseton Wahpeton-Oyate (SD), and Southeast Alaska Regional Health Consortium. Currently, CDC and IHS work together to provide critical science-based, on-site technical assistance in data collection,

analysis, and training to prevent motor vehicle-related injuries and deaths, but CDC no longer provides direct funding to tribal communities for unintentional injury prevention.

ii. What does CDC do to ensure that funds allocated to states under this program are reaching the Tribes?

Response: CDC provides support to tribal programs and to grantees who work with tribes as well as resources aimed at preventing violence and injury. For example, through collaboration with the existing Federal Highway Administration (FHWA) Tribal Technical Assistance Program (TTAP), CDC is funding three TTAP locations. The pilot, modeled after the state Safety Circuit Rider (SCR) Program developed in 2005 by the Department of Transportation, will address the need for tribal injury prevention technical assistance while emphasizing best practiees and effective strategies for reducing motor vehicle injuries.

c. It is stated in the FY 2016 budget congressional justification that CDC will work to improve program collaboration and service integration across HIV, viral hepatitis, sexually transmitted infections and tuberculosis. However, this collaboration has been focused at the state level. The justification goes on to state that the CDC will support efforts to facilitate the development of state-wide plans for prevention, care and treatment, but there is no mention of Tribal-level work or even inclusion.
   i. What projects does the Center focus on support within Indian Country for HIV, viral hepatitis, sexually transmitted infections and tuberculosis?

Response: CDC supports surveillance and prevention programs in Indian Country through federal funding to state and large city health departments for HIV/AIDS, viral hepatitis, sexually transmitted infections (STIs) and tuberculosis prevention. Upon request, CDC also assists Indian Country by collaborating to mitigate and stop outbreaks; for example, CDC supported an Epi-Aid to investigate recent increases in early syphilis among AIs attending Area Indian Health Services (IHS) Tribal/Urban Health Care programs. Below are other examples of programs targeted to Indian Country:

- **Ensuring a High-Impact Prevention approach to HIV prevention among American Indians and Alaska Natives**
  In line with the goals of the National HIV/AIDS Strategy, CDC activities to maximize the effectiveness of current HIV prevention methods and improve surveillance among American Indians and Alaska Natives (AI/AN) include:
  - Published Improving HIV Surveillance among American Indians and Alaska Natives in the United States (http://www.cdc.gov/hiv/pdf/policies_strategy_nhas_native_americans.pdf).
  - Work with the IHS and tribal leaders of the CDC Tribal Consultation Advisory Committee to discuss methods for developing and implementing scalable, effective prevention intervention approaches that reach those at greatest risk for HIV/AIDS, including young gay and bisexual AI/AN men.
  - Provide support and technical assistance to health departments and community-based organizations to deliver effective prevention interventions for AI/AN.
  - Ensure that capacity-building assistance providers incorporate cultural competency, and linguistics and educational appropriateness into all services delivered.

- Provide capacity building assistance directly to IHS so it can build HIV testing capacity.
- Consulted on the Red Talon Project, which works to achieve a more coordinated national and Northwest tribal response to HIV and STIs.
- Collaborated with National Association of State and Territorial AIDS Directors to release an Issue Brief: Native Gay Men and Two Spirit People HIV/AIDS and Viral Hepatitis Programs and Services.

- **Building Capacity of the Public Health System to Improve Population Health through National, Non-Profit Organizations**
  Working with a broad range of partners, CDC leads and supports efforts to: improve surveillance of STI infections among AI/AN populations; respond to STI outbreaks among AI/AN populations through epi-AIDS; standardize the implementation of STI/HIV policy and protocols developed for IHS, Tribal, and Urban Indian healthcare organizations; and build STI prevention capacity in Indian Country..

- **Support for Lead Public Health Advisor (PHA)**
  CDC assigned a liaison to assist in planning, implementing, and monitoring activities aimed at reducing STI disparities among AI/AN populations. The liaison provides technical advice and assistance, and facilitates intra-and inter-agency communications, as well as coordinates with external stakeholders and partners.

- **Quality Improvement Project to Evaluate Human Papillomavirus (HPV) Vaccination among Indian Health Service-funded Facilities**
  In collaboration with IHS, CDC developed an evaluation of strategies to improve human papillomavirus (HPV) vaccination initiation and series completion in IHS, Tribal and Urban Indian (I/T/U) healthcare facilities in the United States. The anticipated date for the written results of this evaluation study is September 2015.

- **STI/HIV Prevention Training Center AI/AN Workgroup**
  The STI/HIV Prevention Training Centers have a long-standing AI/AN workgroup. The workgroup continues to support numerous training and capacity building activities among tribes and tribal-serving organizations.

- **Liver and Hepatitis Disease Program**
  The study is a multi-year collaboration with the Alaska Native Tribal Health Consortium (ANTHC) that aims to improve efforts to prevent hepatitis A and B through vaccination and study interventions to reduce illness and death from chronic hepatitis B and C.

- **Tuberculosis**
  CDC supports tuberculosis (TB) surveillance and prevention programs in Indian Country through federal funding to 62 state and large city health departments. Upon invitation, CDC also assists Indian Country by providing technical assistance to state and local TB programs responding to outbreaks. Since 2011, CDC has assisted with two outbreaks involving Native American populations; In both instances, risk factors were similar to those in other large outbreaks among vulnerable populations: delays in diagnosis in infectious case(s), missing

contacts in initial investigation(s), close prolonged contact among people who are sick, and substance and alcohol use.

ii. How much of the Division of HIV/AIDS Prevention's annual budget goes directly to Tribes or Tribal organizations?

Response: In FY 2014, CDC's Division of HIV/AIDS Prevention did not fund any Tribes or Tribal organizations directly. However, CDC supports Tribes and Tribal organizations through its HIV prevention and testing programs with state health departments and community-based organizations, surveillance efforts, training programs, and technical assistance to build capacity for prevention program development and implementation.

iii. How does CDC support HIV treatment and prevention for Tribes and Tribal organizations within currently funded projects?

Response: CDC supports Tribes and Tribal organizations through a number of ways, as listed above. For many of these programs, decisions for where efforts are targeted are dependent on community planning groups' priorities.

Other examples of specific activities include CDC efforts to ensure American Indian and Alaska Native participation in research conducted through its Medical Monitoring Project, which is an ongoing surveillance project designed to learn more about the experiences and needs of people who are receiving care for HIV, and through its National HIV Behavioral Surveillance System, a comprehensive system for conducting behavioral surveillance among persons at highest risk for HIV infection. CDC also features American Natives in several Act Against AIDS prevention campaigns, designed to raise awareness around this important issue.

iv. What efforts are planned to specifically address the growing hepatitis C epidemic in Indian Country and improve access to hepatitis C treatment?

Response: CDC's Arctic Investigations Program (AIP) supports efforts to address Hepatitis C among Alaska Natives by providing in-kind epidemiologic, laboratory, and statistical expertise to the Alaska Native Tribal Health Consortium's (ANTHC) Liver Disease and Hepatitis Program. These efforts include studies to improve surveillance and detection of hepatitis C, program evaluation studies, and evaluation of risk factors for liver-related health outcomes among persons with hepatitis C. AIP also provides laboratory and office space to ANTHC researchers and provides long-term specimen storage in the secure CDC specimen bank in Anchorage, Alaska. CDC has funded the ANTHC program since the 1990's and is currently in year three of a five-year $1.2 million cooperative agreement that includes hepatitis C projects.

CDC funds three community-based programs to test and cure hepatitis C. The FY 2016 Budget request would provide sufficient funding to expand viral hepatitis programs into Indian Country (e.g., in Cherokee Nation). Given the relatively small number of cases, the defined population of the Cherokee Nation within the 14 counties of eastern Oklahoma, and the support of the Cherokee Nation leadership to build capacity to reduce HCV-related illness and death, the goal of eliminating HCV from the

Cherokee nation is feasible. We look forward to working with Congress and this Committee on this goal.

Questions from Representative Simpson
for Secretary Sylvia Burwell
March 25th, 2015

1. CDC oral health grants are an important source of funds to assist states in improving their oral health programs. Given the scarce resource available, does the CDC use "oral disease burden" as a factor in determining which states receive grants?"

Response: CDC's current funding opportunity announcement (FOA) to state oral health programs provides $6 million per year over five years to 21 states. The program is in the third year of the funding cycle. This FOA includes evaluation criteria related to the awardee's proposed approach, organizational capacity, and performance management but does not include a factor based on oral disease burden.

In 2015, The CDC Division of Oral Health (National Center for Chronic Disease Prevention and Health Promotion) reassessed and revised its strategic priorities to assure a focus on the burden of oral health disease and disparities. To implement this priority, the Division has decided to direct resources toward surveillance, research and evidence based interventions on populations that have the highest burden of oral disease. Many of these activities are already in place. For example, CDC-funded school based sealant programs are concentrated in schools with high percentages of low income and Medicaid enrolled children. Future funding opportunities will reflect this new strategic direction.

CDC is committed to working with Congress and this Committee to continue to make progress in this work.

2. The HHS Oral Health Coordinating Committee has submitted a federal oral health framework to you for your signature. We all agree that public/private collaboration is important, and I appreciate efforts to streamline and coordinate within the various HHS agencies to help us move forward. So, when will this framework be made publicly available to help guide our collective efforts?

Response: HHS anticipates releasing the HHS Oral Health Strategic Framework, 2014 – 2016 late-Spring 2015. HHS plans to engage the national dental public health community in the release of the plan to further promote the Framework. HHS is committed to working with Congress and this Committee on improving the oral health of the nation by providing a roadmap with actionable goals for U.S governmental agencies and community stakeholders.

Questions from Representative Dent
for Secretary Sylvia Burwell
March 25th, 2015

1. Madame Secretary, my home state's legislature, like yours, has recently taken action to expand access to naloxone to prevent overdose deaths, but faces challenges in implementation. Would you describe how the HHS budget proposal would help states like ours, and how your department plans to reduce overdose deaths through ensuring broader access to naloxone?

Response: Thank you for writing about this important issue, and one that is personally very important to me. As you may know, in my home state of West Virginia, we have the highest drug overdose rate in the U.S., more than double the national rate.

Naloxone is an important component of my plan to address opioid-related overdoses and deaths. The Budget provides +$99 million above FY 2015 to reduce the prevalence and impact of opioid use disorders, including for prescription drugs and heroin, through three priority areas:

- naloxone development, access, and distribution;
- improved prescribing practices; and
- expanded implementation of medication-assisted treatment.

To support the important role of naloxone in overdose death prevention, HHS is focused on three objectives:

- **Expand utilization of naloxone** by for example including $12 million in new funding in the FY 2016 President's Budget for Substance Abuse and Mental Health Services Administration grants to states to purchase naloxone, equip first responders in high-risk communities, and provide education and the necessary materials to assemble overdose kits; and by promoting state use of Substance Abuse Prevention and Treatment Block Grant funds for additional naloxone support expanding on July, 2014 information provided to states here.
- **Accelerate the development and availability of new naloxone formulations and user friendly products** through for example FDA's use of its expedited review programs to support the development of new opioid overdose treatments; and
- **Identify and disseminate best practice naloxone delivery models and strategies** through for example additional support within the National Institute on Drug Abuse in the National Institutes of Health for research trials exploring the efficacy of prescribing take-home naloxone for individuals who are at high risk of prescription opioid or heroin overdose or who are at high risk of witnessing an overdose.

As I have told several of your colleagues in Congress, I believe that opioids misuse and abuse is an area where those of us from the federal government, Congress, states and the private sector can come together to make progress. I look forward to working with you on this important issue.

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2. Madam Secretary, according to the CDC, since 2010 there has been a 75 percent increase in new cases of hepatitis C or HCV, including among 35 of the 41 states reporting. These new cases have primarily been concentrated among those under 30 and apparently in close correlation to the prescription painkiller and heroin epidemics impacting communities all across the country. How would an increase in funding be used to stop the spread of new HCV cases among our youth?

Response: The emerging HCV epidemic is an urgent health problem for the nation. To make progress on this important issue, CDC is working to improve the detection of the spread of this infection among

young persons; to understand risk behaviors, drug use patterns, and networks of injection drug users; and, to develop and implement an integrated approach to providing screening, diagnosis, care, treatment, and prevention of HCV. These interventions will also serve to stop transmission of other blood-borne viruses, including HIV.

To address the epidemic of hepatitis C (as well as hepatitis B), efforts are needed to stop disease transmission and to prevent viral hepatitis-related illness and death. With the proposed budget increase of $31.5 million – a doubling of the Viral Hepatitis budget – for FY 2016, CDC will:

- Expand adoption of CDC/US Preventive Services Task Force recommendations for hepatitis B and hepatitis C testing and linkage to care by health systems and providers to prevent disease and premature death;
- Develop monitoring systems and prevention strategies to stop the emerging hepatitis C epidemic among young persons and others at risk;
- Enhanec vaccination-based strategies to eliminate mother-to-child transmission of hepatitis B;
- Strengthen state and local capacity to detect new infections, coordinate prevention activities, provide feedback to providers for quality improvement, and track progress toward prevention goals; and
- Partner with state and local health departments, universities, medical centers, community-based organizations, and others to achieve prevention priorities, placing the nation on a path toward the elimination of hepatitis B and hepatitis C. CDC will continue to collaborate with the World Health Organization and other partners to advance viral hepatitis epidemiology, prevention, control, and laboratory diagnostics globally.

CDC will direct additional surveillance and prevention capacity to the ten states reporting the largest increases in new HCV cases. The enhanced projects will support HCV education and testing in clinical settings providing services for high-risk populations (e.g., emergency departments, rural community health centers, and primary care providers treating drug addiction) to assure HCV- infected persons and their contacts are linked to clinical preventive services. To further eliminate the risk of mother-child transmission, the identification of HCV-infected women of child bearing age will also be a particular focus.

CDC will also develop collaborations with drug treatment programs, correctional organizations, and non-governmental organizations to better promote the adoption of HCV education, testing, and prevention. The results of these various activities will guide the development of model community-based projects to eliminate HCV transmission and disease. The integration of HCV treatment with early HCV testing and other prevention services raises the possibility of dramatically reducing and ultimately eliminating HCV transmission.

I appreciate you raising this important issue, and look forward to working with you to make progress.

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3. Last summer during your confirmation hearing before the Senate Finance Committee, you stated for the record:
"It is my understanding that in Federally-facilitated Marketplace states, CMS will now assess provider networks using a "reasonable access" standard, and will identify networks that fail to provide access without unreasonable delay, as required by federal regulations. In order to determine whether an

issuer meets the "reasonable access" standard, CMS will focus most closely on those areas which have historically raised network adequacy concern- for example: hospital systems, oncology providers, primary care providers and mental health providers."
Madam Secretary, skin cancer is the most commonly diagnosed cancer in the U.S. However, with adequate access to dermatologic care most cases are manageable. Do you consider melanoma cancer? Do you believe dermatologists are included in the definition of "oncology providers?"

Response: Yes, Melanoma is considered a form of cancer. As noted in the 2016 letter to issuers in the Federally-facilitated Marketplace, in order to determine whether an issuer meets the "reasonable access" standard, each issuer will submit detailed network provider data as part of its QHP certification application, including information on its physicians, facilities, and pharmacies as part of the certification process. CMS will analyze each issuer's network data and will focus most closely on those areas which have historically raised network adequacy concerns, including oncology providers.

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4. Madame Secretary, I'm pleased to say that two health systems in my congressional district in Pennsylvania volunteered to make the investment to become designated EBOLA treatment centers. What advice should I give them about the process to take the next step to be considered a regional center?

Response: The Department appreciates these health systems, amongst other cities, states, hospitals, and public health communities across the country, for stepping up and taking action throughout the Ebola preparedness and response effort. Building upon this progress and meeting Congress' regional directive, HHS seeks to establish a nationwide, regional treatment network for Ebola and other infectious diseases, which balances geographic need, differences in institutional capabilities, and accounts for the potential risk of needing to care for an Ebola patient.

On February 20th, the Department released the Hospital Preparedness Program (HPP) Ebola Preparedness and Response Activities Funding Opportunity Announcement (FOA). This FOA will award a total of $194.5 million to states and other awardees for Ebola health care system preparedness, which includes $32.5 million for the development of a regional network for Ebola patient care. This network strategy includes the establishment of approximately ten regional Ebola and other special pathogen treatment centers with significantly enhanced Ebola and other infectious disease capabilities that will accept a confirmed Ebola patient from their region, across the U.S., or medically-evacuated from West Africa, as necessary. All HPP jurisdictions are eligible to apply for this regional Ebola treatment center funding. The four facilities already designated as Ebola treatment centers by the Pennsylvania health official are eligible to serve in a regional capacity, although Children's Hospital of Philadelphia would need to partner with an adult care facility to achieve all of the project outcomes. If these health facilities have not done so already, they should contact the Pennsylvania Department of Health, HPP's awardee, to express their interest in serving in a regional capacity for Ebola. If the Pennsylvania Department of Health and the interested facility agree to work together to serve in this regional capacity, which includes developing regional plans, such as patient transport plans, then Pennsylvania would submit an application to HHS for review. Once applications are submitted, HHS will establish an objective review panel to evaluate and score competitive proposals.

Regardless of the competitive process to serve as regional Ebola and special pathogen treatment centers, facilities that have been designated as Ebola treatment centers, as of February 14, 2015, will receive no less than $500,000 in HPP funding. Awardees may also, at their discretion and as their allocation allows, provide additional funding to their Ebola treatment centers, and support their designated Ebola assessment hospitals. Funding may also be used to support both future preparedness efforts and to compensate Ebola treatment centers, Ebola assessment hospitals and coalitions for preparedness activities undertaken since July 2014.

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5. Madam Secretary, as you know health centers have been a crucial part of our nation's primary care infrastructure for fifty years, and have earned truly bipartisan support.
With a portion of the health centers funding set to expire at the end of this fiscal year, I'm concerned for the 13 health center sites in my district and the nearly 50,000 individuals served by these health centers.

As this Committee works on health care issues in the coming year, will you work with us to see that this problem is addressed, and that access to care in communities such as mine are not put at risk?

Response: Thank you for your commitment to this critical program which nearly 22 million Americans, including more than 680,000 Pennsylvanians, rely upon for comprehensive, high quality, cost-effective primary care. As you know, the FY 2016 Budget put forth a proposal to extend mandatory funding for the Health Centers Program at $2.7 billion in FYs 2016, 2017, and 2018. This amount, in addition to $1.5 billion in discretionary funding and FY 2015 funding reserved for use in FYs 2016-2018, will help sustain health center funding in future years and ensure that current health centers can continue to provide essential health care services to their patient populations.

If only the FY 2015 discretionary funding level was provided for the Health Centers Program in FY 2016, HRSA projects that over 7 million patients may lose access to care. In addition to inhibiting vulnerable patients' access to health care services, the projected loss of this funding could have significant economic ramifications in communities across the country, resulting in the potential loss of an estimated 40,000 jobs. This loss of capacity will cause some health center sites to scale back hours, reduce services, or even close. The Department is eager to work with Congress to ensure that additional resources are provided so that health centers can continue to provide essential health care services to individuals and families living in medically underserved communities.

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6. Madam Secretary, An estimated 3.5-5.3 million Americans live with chronic viral hepatitis – including more than 160,000 people with hepatitis C in Pennsylvania.

The President's budget proposed an increase of $31.5 million FY2016. If appropriated, this would bring the Division of Viral Hepatitis budget to a total of $62.8million.

- Please tell us more about how the proposed funding would support the Division's response to the hepatitis b and hepatitis c epidemics?

- How would funding be used to more accurately estimate the prevalence both hepatitis B and C, two very different disease states?

Response: Thank you for raising this important issue. Viral hepatitis is the leading cause of liver cancer and the most common reason for liver transplantation in the United States. An estimated 4.4 million Americans are living with chronic hepatitis; most do not know they are infected. In addition to causing substantial morbidity and mortality, viral hepatitis infection has adverse economic consequences.

As you noted, the Budget includes nearly $63 million for CDC's Viral Hepatitis program, a doubling over the FY 2015 funding level. With the requested increase, as noted in the response to question 2, CDC will undertake a series of actions and priorities that are aligned with the HHS Action Plan for the Prevention, Care, and Treatment of Viral Hepatitis.

CDC's primary goal is to assure all hepatitis C infected persons are aware of their status, receive counseling to prevent transmission and protect their liver from further damage, and get referred for appropriate medical care and evaluation. Many hepatitis C-infected persons have not even received the most basic care, including an assessment of their infection, the health of their liver, and whether they would benefit from treatment. To improve the HCV testing, care, treatment, and cure of affected persons (also known as the care cascade or continuum of care), the CDC-funded community-based programs to Test and Cure Hepatitis C are strengthening health-care capacity to diagnose and cure hepatitis C infection among those most impacted by hepatitis C infection. Key stakeholders -- including health departments, primary-care providers, and hepatitis C treatment specialists -- have formed a coalition to develop and implement these services. These projects were designed to test at least 10,000 people; increase primary-care provider capacity to diagnose and cure hepatitis C infection; use evaluation data to demonstrate the community impact; and, test, diagnosis, and cure more people unaware of the hepatitis C infection. The increase in funding will allow CDC to expand these efforts and reach more people with needed prevention, care and treatment.

Additionally, the increase will enable CDC to improve hepatitis B prevention in multiple ways, including strengthening surveillance and monitoring to better identify communities in need; using data to target and evaluate prevention services for hepatitis B; implementing culturally appropriate education and outreach to reduce these health disparities; increasing the number of community-based testing and linkage to care projects; and advancing efforts to eliminate perinatal transmission of hepatitis B.

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7. Madam Secretary, as you know the Affordable Care Act expands small group market from 1-50 to 1-100 starting January 1, 2016.
I am concerned that the immediate impact of this expansion will increase premiums on employers currently in both of those markets. Further, over time, the expansion will incentive mid-sized employers to self-insure, leaving other employers in a highly volatile small group market.
Have you considered allowing states to keep their small group market at 50 beyond this year?

Response: Section 1304 of the ACA defines a "small employer" as an employer with an average of at least 1 but not more than 100 employees on business days during the preceding calendar year and at least 1 employee on the first day of the plan year. There are many things that need to be taken into account in the functioning of an insurance market, and we will work towards implementation of the

ACA in a way that promotes affordability, access, and quality. We appreciate hearing the various perspectives on this issue, and will look into this.

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8. Madam Secretary, state health officials, agents and brokers have an important role assisting individuals enrolling in the marketplace; unfortunately, there have been several flaws with the Healtcare.gov website. What can HHS do to create a dedicated customer service hotline for certified agents, brokers, navigators, marketplace assistors and state health officials to ensure that problems with enrollment are addressed quickly and effectively? I believe that by utilizing the expertise of state health officials, insurance agents and brokers it would ease the process for our constituents.

Response: Agents and brokers, state health officials, Navigators, and other types of in-person assistors play a vital role in enrolling individuals and businesses in coverage. Agents and brokers act as trusted counselors, providing service at the time of plan selection and enrollment and customer service throughout the year. CMS provides training for agents and brokers to help them better assist consumers at purchasing coverage through the Federally-facilitated Marketplaces.

For 2015 Open Enrollment, CMS launched the Assister Help Resource Center (AHRC) Pilot Program, which provides a "help desk" for in-person assisters. The AHRC serves Navigators, Certified Application Counselors, and Enrollment Assistance Program (EAP) in all FFM states, and based on capacity projections, the AHRC is expected to successfully serve approximately 2,800 Navigator and EAP assisters in the FFMs. We established the AHRC in an effort to improve assister-support services, and to respond to assister community feedback on lessons learned from the first Open Enrollment period. The pilot Resource Center serves as a centralized, complementary service to the Marketplace Call Center to provide support to assisters in their efforts to help consumers with complex issues related to applications, eligibility determinations and redeterminations, and re-enrollment.

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9. Madam Secretary, given the low cost of crude oil which has translated into heating oil prices being on par with and sometimes lower than the equivalent natural gas price, why would HHS be using valuable LIHEAP program dollars to switch recipient's fuel systems at cost of $10,000 on average, when there is no real need given the current price of fuel? Current LIHEAP funds could go to help consumers make simple, cost effective upgrades that immediately reduces emissions and saves them on their monthly bills to help pay for the fuel they are currently using.
Also, do you think it's appropriate for HHS to use LIHEAP rules to discriminate against homeowners based on the fuel they use?

Response: HHS encourages States to use LIHEAP allocations in the manner that most effectively serves the low-income population of their state. By law, the federal government distributes LIHEAP funding through a formula to States, as well as tribes, and territories. States have broad discretion over the use of their allocations in the operation of their energy assistance programs and may provide different benefit levels to households based on the cost of the fuel they use. While the LIHEAP funding formula does take in to account average heating and cooling expenditures in a state, which reflect individual fuel prices and combinations of those fuels in a state, HHS does not prioritize specific fuel types for block grant funding.

With regard to energy efficiency efforts, the LIHEAP statute encourages states to implement weatherization programs, recognizing a combination of approaches as the most effective means for reducing the energy burdens of low-income households. Local weatherization agencies carry out energy audits to assess the performance of a home's energy use and to recommend cost-effective energy conservation measures that could be made to the home in order to make the home more energy efficient. In areas that have natural gas mains, one cost-effective approach may be for low-income households to switch from fuel oil to natural gas. This type of conversation may be the lowest cost change in some regions of the country, and may be particularly advantageous since fuel oil and natural gas systems can use the same types of heat distribution systems. In addition, switching to natural gas systems can deliver indirect household savings benefits related to using a natural gas water heater.

Despite recent decreases in the cost of heating oil, the Department of Energy's Energy Information Administration (EIA) forecasts that the average cost to heat a home with natural gas or electricity this winter was well below the cost of heating it with oil. This trend has been consistent for a number of years.

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10. I understand that the National Center for HIV/AIDS, Viral Hepatitis, STD, and TB Prevention (NCHHSTP) is in the process of creating a strategic plan to guide the Center's activities and set priorities through 2020. I also understand that throughout the draft plan there is a clear lack of focus on HBV infection with no indicators or measurable outcomes for Hepatitis B. When the HHS Action Plan recognized the seriousness of hepatitis B and included the need for improving community and provider education, screening and linkage to care for this liver disease, as well the elimination of mother to child transmission of hepatitis B why is it that the proposed NCHHSTP strategic plan through 2020 does not include any of these important strategies for hepatitis B?

Response: National Center for HIV/AIDS, Viral Hepatitis, STD, and TB Prevention (NCHHSTP) is developing a strategic plan to help guide the Center's activities over the coming years. The plan sets overall goals for the Center to decrease incidence, morbidity, and mortality as well as related health disparities across groups affected by HIV, viral hepatitis, STDs and TB. The plan articulates a guiding principle of high impact prevention, and outlines broad, cross-cutting strategies that are important to achieving health impact across the Center. The plan also provides indicators to measure progress towards cross cutting goals and examples of activities the Center will undertake.

Unfortunately, little data is available to develop accurate indicators that are reflective of the national scope of chronic viral hepatitis. However, NCHHSTP is working to further assess available data sources related to chronic hepatitis B. This information will allow staff to identify measurable indicators that could be incorporated into the plan. A new strategy to reflect important public and provider education is also being incorporated.

Additionally, CDC's Division of Viral Hepatitis is developing a strategic plan on viral hepatitis that will outline CDC's prevention efforts, including those related to chronic hepatitis B. This plan will align with the goals of the overarching NCHHSTP plan, while also representing many of the goals and strategies of U.S. Department of Health and Human Services' Viral Hepatitis Action Plan. A draft framework for the strategic plan was shared relatively broadly for comment; and, a draft of the more detailed strategic plan will also be shared for comment. The framework incorporates goals and

objectives for addressing hepatitis B, including decreasing the number of new infections and people living with viral hepatitis overall and among populations disproportionately affected by viral hepatitis, and decreasing illness and deaths – particularly by eliminating vaccine-preventable viral hepatitis, and identifying persons with viral hepatitis infection early and linking them to care and treatment.

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11. Secretary Burwell, the Surgeon General issued A Call to Action to Prevent Skin Cancer states that states skin cancer is now the most prevalent type of cancer in the United States impacting more than 5 million Americans a year -- more than lung, breast and colon cancer combined. As a result the Call to Action calls for the federal government to work with stakeholders to address this public health crisis. And yet the last time a new sunscreen was approved in the U.S. was the 1990s leaving Americans without access to broad spectrum sunscreens that have been used safely all over the world for over a decade.

Last Congress, Congress worked on a bipartisan basis to respond to the Surgeon General's Call to Action by enacting the bipartisan Sunscreen Innovation Act by unanimous consent. Despite these historic and bipartisan reforms, FDA announced on February 24th it will be years before FDA begins to clear its 13-year backlog in sunscreen applications. How is it that within HHS the Surgeon General has declared that skin cancer is a public health crisis and yet on the other side of HHS FDA has said it will be years before new broad spectrum sunscreens used around the world will be available in the United States? What are you doing to ensure FDA considers the public health benefits of new sunscreens and expedites new sunscreens to market in the United States to prevent future skin cancers?

Response: The FDA is committed to ensuring that consumers have access to safe and effective sunscreens.

The Sunscreen Innovation Act (SIA) did not change FDA's standard for general recognition of safety and effectiveness. The SIA requires strict deadlines for FDA to take action on sunscreen active ingredients, but does not relax FDA's scientific standards for evaluating the ingredient's safety and effectiveness, or our need for adequate data on which to base such determinations.

Since enactment of the SIA last fall, FDA has met statutory requirements to act on the 8 sunscreen active ingredient applications that had been pending. In each, FDA tentatively determined these ingredients are not generally recognized as safe and effective for use in over-the-counter sunscreen products and that FDA needs more data to make a final determination. In addition, as the SIA also provides, sponsors have requested, and FDA has held, meetings to discuss the additional data needed.

As to the question of why ingredients marketed for many years in other countries cannot be marketed in the U.S., these countries may not have the same regulatory classification and standards as the U.S. For example, the European Union classifies sunscreens as cosmetics and not as drugs. In addition, marketing experience alone cannot provide the data that FDA needs to evaluate the safety and effectiveness of these ingredients. FDA has requested additional data to determine the extent to which the ingredients are absorbed through the skin and the effects of long-term exposure such as the development of cancer or reproductive problems. A panel of scientific experts at a September 2014 public Advisory Committee meeting on sunscreens unanimously supported FDA's data requirements for sunscreens.

U.S. consumers currently have access to a great number of sunscreen products including broad-spectrum products with an SPF value of 15 or higher, which, if used as directed with other sun-protection measures, decrease the risk of skin cancer and early skin aging caused by the sun.

The FDA is committed to doing its part to provide consumers with additional options for safe and effective sunscreens and is working to provide industry with additional guidance and consultation on sunscreen ingredients.

Questions for the Record for Secretary Burwell from Rep. DeLauro

1. HEALTH CENTERS

Secretary Burwell, the President's fiscal year 2016 budget includes $2.7 billion in mandatory funding for Health Centers. In a worst-case seenario, if new mandatory funding is not provided in fiscal year 2016 – and discretionary funding remains at the same level as fiscal year 2015 – what would be the impact to the Health Centers program?

Response: As you know, health centers are a critical part of the health system and economic health of underserved communities and currently serve nearly 22 million patients, including over 327,000 patients in Connecticut. If only the FY 2015 discretionary funding level was provided for the Health Centers Program in FY 2016, HRSA projects that over 7 million patients may lose access to care. In addition to inhibiting vulnerable patients' access to health care services, the projected loss of this funding could have significant economic ramifications in communities across the country, resulting in the potential loss of an estimated 40,000 jobs. This loss of capacity will cause some health center sites to scale back hours, reduce services, or even close. The Department is eager to work with Congress to ensure that additional resources are provided so that health centers can continue to provide essential health care services to individuals and families living in medically underserved communities.

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2. PUBLIC HEALTH EMERGENCY FUND

In 1983, Congress created the Public Health Emergency Fund to be available to the HHS Secretary upon declaration of a public health emergency by the Secretary. The Public Health Emergency Fund, however, has received only limited funding over the past three decades. If Congress were to robustly fund the Public Health Emergency Fund, would HHS be better equipped to quickly respond to public health emergencies such as the recent outbreak of Ebola?

Response: The Public Health Emergency Fund requires a declaration of Public Health Emergency to be made before funds may be accessed. There was no domestic Public Health Emergency declared in the ease of Ebola.

However, the FY 2016 Public Health and Social Services Emergency Fund budget request includes a new initiative of $110 million in no-year funds to bolster the nation's capacity to plan for and manage

the response to public health emergencies, including outbreaks of infectious disease that may require both domestic and international response capabilities. These funds would be available for quick response to emerging public health crises which are not eligible for Stafford Act funding and for instances in which a Public Health Emergency has not been declared in the United States. Additionally, up to $20 million of this would be available to rapidly begin response efforts so that the Department is well prepared for a potential large-scale emergency response. Stafford Act funding or other funds contingent upon an emergency declaration do not afford this flexibility.

Additionally, a continued focus on all-hazards preparedness is necessary to develop, mature, and maintain high-capability response systems. The FY 2016 Budget supports hospital and state and local preparedness ($255 million and $644 million respectively), invests strongly in continued medical countermeasure advanced development ($522 million), and bolsters resources for strengthening available products in the Strategic National Stockpile ($571 million).

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3. RISK CORRIDOR PROGRAM

According to the Department's analysis, did the Risk Corridor program – established in section 1342 of the Affordable Care Act – result in lower premiums in Qualified Health Plans offered through the ACA marketplace in 2014?

Response: The temporary risk corridor provision in the Affordable Care Act is an important safety valve for consumers and insurers as millions of Americans transition to a new coverage in a brand new Marketplace. For consumers, the program will play an important role in mitigating premium increases in the early years as issuers gain more experience in setting their rates for this new program.

The changes promoted by the Affordable Care Act broadly speaking are contributing to a change in the trajectory of healthcare costs. Employer premiums for family coverage grew just 3.0 percent in 2014, tied with 2010 for the lowest on record back to 1999. Just more than a decade ago, surveys by the Kaiser Family Foundation frequently registered double-digit premium increases in this category.

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4. MATERNAL VACCINES

Vaccines play a critical role in ensuring the health of children and society. Within the vaccine arsenal, maternal immunization has become an important mechanism, particularly over the last decade, as data have shown that maternal immunization works to reduce the disease burden in newborns. Recognizing that, in June 2013, the Advisory Commission on Childhood Vaccines recommended that you:

- work to expand coverage under the Vaccine Injury Compensation Program (VICP) to include vaccines that are recommended for categories other than children (such as pregnant women) and are not specifically recommended for routine administration in children; and
- support eligibility to pursue compensation for injuries sustained by a live-born infant whose mother receives a vaccine while the infant is in utero.

Further, the Omnibus for 2015 included report language that directed HHS to implement the Advisory Commission on Childhood Vaccines' recommendations on maternal immunization.

Can you provide the Committee with an update on the status of implementation of the ACCV recommendations? Will HHS implement the recommendations in 2015? If not, what are the reasons for the delay?

Response: Thank you for raising this important issue. Immunizing pregnant women has the potential to protect the mother and/or the fetus from certain infections. CDC currently recommends the following immunizations for routine use among pregnant women: seasonal inactivated influenza vaccines and tetanus, diphtheria, and acellular pertussis vaccines (Tdap). While these vaccines are 'covered' under the Vaccine Injury Compensation Program (VICP), it should be noted that the Advisory Commission on Childhood Vaccines (ACCV) recommendations to expand VICP eligibility to vaccines administered solely to pregnant women are under review. There are currently at least two such vaccines under development.

With regard to implementation of the ACCV recommendations, there are numerous, complex legal and programmatic issues. HHS is analyzing these issues, identifying options for implementation, and does not yet have a position on how to move forward with the recommendations. Likewise, the Assistant Secretary for Health recently charged the National Vaccine Advisory Committee (NVAC) with reviewing the current state of maternal immunizations and existing best practices to identify programmatic gaps and/or barriers to the implementation of current recommendations regarding maternal immunizations. The report entitled, "***Reducing Patient and Provider Barriers to Maternal Immunizations***," outlines five major areas of opportunity to strengthen maternal immunization programs and increase uptake of recommended vaccines among pregnant women.

Questions for the Record for Secretary Burwell from Rep. Roybal-Allard

Maternal, Infant and Early Childhood Home Visiting Program (MIECHV)
Home visitation programs are critical to support and promote the successful transformation to new parenting, so I was very pleased to see that your budget proposes $15 billion to continue the MIECHV program for FY 2016 through FY 2025.

Questions:

1. Can you share some of the benchmarks you will be using to demonstrate that the program improves the health and well-being of participating families?

Response: Thank you for your commitment to this important program. The authorizing statute requires that Home Visiting Program grantees demonstrate measurable improvement among eligible families participating in the program in at least four of the six following benchmark areas:

1. Improved maternal and newborn health, which includes constructs such as preconception and prenatal care, well-child visits, and screening for maternal depressive symptoms;

2. Prevention of child injuries, child abuse, neglect, or maltreatment, and reduction of emergency department visits, which includes constructs such as visits for mothers and children to the emergency room and reported substantiated child maltreatment;
3. Improvement in school readiness and achievement, which includes constructs such as child cognitive skills, parent knowledge of child development, and child social behavior and emotional well-being;
4. Reduction in crime or domestic violence, which includes constructs such as screening and referrals for domestic violence and completion of a domestic violence safety plan;
5. Improvements in family economic self-sufficiency, which includes constructs such as income, benefits, employment, health insurance and education; and
6. Improvements in the coordination and referrals for other community resources and supports, which includes constructs such as identification, referral and receipt of necessary services.

2. What is the long term goal of reaching a certain percentage of the US population with home visitation programs?

Response: The Home Visiting Program seeks to reach as many children and families at risk for poor outcomes as possible. In FY 2014, the Home Visiting Program served 115,545 participants, including pregnant women, infants, mothers, and other caregivers.

3. Will you be able to reach that goal with the funding you have requested by FY2025?

Response: The President's Budget proposes a total of $15 billion for the Home Visiting Program from FY 2016 to FY 2025, with $2.5 billion proposed for FY 2025. Assuming those funding levels, HHS estimates approximately 775,000 individuals would be served in FY 2025, greatly expanding Home Visiting Program grantees' ability to reach at-risk children and families with evidence-based home visiting services.

4. I know that the statute calls for a full evaluation of the home visitation program to be completed in 2018. Will you be providing Congress any interim reports before that time, and if so, what will they include and when can we expect to see them?

Response: Yes, the authorizing statute required HHS to evaluate the program and provide a report to Congress by March 31, 2015. To fulfill these requirements, the Mother and Infant Home Visiting Program Evaluation (MIHOPE) was launched in 2011 by the Administration for Children and Families and the Health Resources and Services Administration (HRSA). The initial Report to Congress, which was submitted earlier this year, presents the first findings from MIHOPE. It includes an analysis of the states' needs assessments, as well as baseline characteristics of families, staff, local programs, and models participating in the study. The final implementation and impact reports are expected in 2018. The statute also requires HRSA to submit a Report to Congress, currently under development, by December 31, 2015 to include information on grantee improvement in the benchmark areas and technical assistance.

THURSDAY, FEBRUARY 26, 2015.

OVERSIGHT HEARING—THE VITAL RESPONSIBILITY OF SERVING THE NATION'S AGING AND DISABLED COMMUNITIES

WITNESSES

CAROLYN W. COLVIN, ACTING COMMISSIONER, SOCIAL SECURITY ADMINISTRATION

KATHY GREENLEE, ADMINISTRATOR, ADMINISTRATION FOR COMMUNITY LIVING, HEALTH AND HUMAN SERVICES

Mr. COLE. We actually really will open, but I want to thank everybody for being here on a very bad day and very difficult weather wise. Let me just go through my formal opening remarks.

But good morning, and welcome to the Subcommittee of Labor, Health and Human Services, and Education, and we look forward to your testimony today.

The Social Security Administration and the Administration for Community Living both share a particularly important mission serving two of the Nation's most vulnerable populations, the aging and disabled communities.

I welcome and thank the Commissioner of Social Security, Carolyn Colvin, and the Administrator of the Administration for Community Living, Kathy Greenlee, for their participation in today's hearing. And it really is good to have both of you here. I really, frankly, appreciate the job you do, and these are some of the more important agencies we have.

The hearing is focused on the fiscal year 2016 budget requests of these agencies, as well as the quality of the services they provide to these two communities. While the roles of SSA and the ACL play in supporting the aging and disabled differ, the services they provide are vital to each community and ought to be held to the highest standards.

With regard to the budget request the SSA submitted, it appears that you have taken a number of steps in the past year to improve the quality of services available to the public, both at your local offices and online. And I am pleased to see that your fiscal year 2016 budget proposes to continue that progress, Commissioner Colvin, and really appreciate your efforts in working on this vital program.

I am additionally encouraged by your recent decision to stand up a new anti-fraud office to tackle the constant threat of misuse of taxpayer dollars. Yet the number of individuals applying for disability insurance, with that number at an historically high level, SSA continues to struggle with managing the disability claims workload.

I have a number of questions about the actions you are taking to overhaul SSA's management of this program. With the Disability Trust Fund on the brink of insolvency, it is all the more crucial

that SSA is wisely using the resources Congress provides to improve its management of the disability insurance program.

In reviewing the budget request of ACL, what first struck me was the sizable increase you are seeking, Administrator Greenlee. I am interested in understanding what impact those additional services will have on the valuable programs the elderly, the disabled, and their caretakers rely upon.

My question for you is what can the ACL do within its current level of resources to improve and modernize these services in partnership with the State and local governments and numerous nonprofits that carry out the very work that we will be discussing today?

I look forward to our discussion of all these matters. And in just a moment, I am going to yield to my good friend, my ranking member from Connecticut, for whatever opening statement she cares to make. But I would ask you, as we proceed to the testimony, to keep in mind we are looking at budgets that have been submitted by the President that assume, frankly, a great deal of additional revenue that this committee does not have the authority to provide.

In other words, they assume tax increases, fee increases, some changes in mandatory spending that may or may not and, frankly, I think are likely not to happen. So the reality is we may well be looking—we do not know what our allocation is yet, but a pretty flat budget full of a lot of hard choices.

So as you are going through your testimony, knowing what your priorities are, knowing, gosh, if we cannot get everything we would like to get in terms of funding, what are the most important things where the efficiencies can be achieved? I think that is going to be something we are really looking for your suggestions and advice on.

So with that, again, I want to yield to my ranking member for any statement she cares to make.

Ms. DELAURO. Thank you very much, Mr. Chairman. Thank you for holding this hearing on a set of programs that provide critical support to our Nation's seniors and to people with disabilities.

Commissioner Colvin, Assistant Secretary Greenlee, we welcome you to the committee. Pleased that you are here. It is a great opportunity to talk about and answer questions on your agencies' important programs.

For tens of millions of Americans, the benefits are critical, critical to maintaining a basic level of financial security. Now Social Security turns 80 years old this year, and before 1935, what old age meant, economic insecurity for practically all seniors. And today, two-thirds of seniors rely on Social Security as their primary source of income, and it is a vital strand in the fabric of our community.

I like to describe, Mr. Chairman, the Social Security system. I think the genius of it is its intergenerational connections. It ties me with my mother, who worked all of her life and put that money into Social Security. It is my job now to work to make sure that we keep the effort solvent, and my kids then are tied to me. And I do believe that that is the strength, which ought to be preserved.

In fiscal year 2016, the Administration, Social Security Administration will distribute more than $1,000,000,000,000 in benefits to seniors and to people with disabilities. The figure includes nearly

$800,000,000,000 in old age and survivors' benefits, $150,000,000,000 in disability benefits, and $65,000,000,000 in Supplemental Security Income benefits.

And yet SSA runs these programs on a relative shoestring. Operating expenses for SSA are less than 1.3 percent of the size of the program. Less than 1.3 percent, something I think should be noted.

And despite this laudable efficiency, we have spent the past 5 years starving its operating budget. Adjusting for inflation, that budget has been cut by more than $1,200,000,000 since 2010. As a result, SSA lost 11,000 staff between 2010 and 2013, has closed at least 64 field offices since 2010.

The cuts have consequences, real consequences. People spend seven times as long on the phone to reach an SSA agent. Five times as many callers are faced with a busy signal. The average wait for a disability hearing decision is now more than 15 months. We all believe that that is unacceptable.

I expect much of our time this morning may focus on backlogs and delays in services at SSA. I have a number of concerns myself, but I ask my colleagues to keep in mind that SSA is being asked to do its job with less funding and fewer staff. And until we eliminate sequestration, restore the proper resources to the SSA, we should not be surprised if we see growing backlogs, more cuts to seniors, and additional field office closings.

Our second agency this morning, the Administration for Community Living, administrates programs that are no less important. Programs allow seniors and people with disabilities to live active and independent lives.

Every year, ACL funds the delivery of more than 200 million meals to over 2 million seniors, most of whom are low income; provides critical support services that enable families to care for their loved ones at home. Assistant Secretary Greenlee notes in her prepared testimony that over 80 percent of long-term support and services come from family members. ACL's programs enable families to continue to provide these services at home.

The programs also save taxpayers money. Without them, many families would be unable to care for their loved ones in their homes. They would be forced into expensive nursing homes or institutional facilities, often paid for by Medicaid.

And yet we persist in shortchanging these programs, and over the past 5 years, after accounting for inflation, ACL's home and community-based support services and family caregiver programs have been cut by 13 percent. Nutrition programs cut by 9 percent. Programs for individuals with developmental disabilities slashed by 20 percent.

Devastating to millions of families across the country who are finding it harder and harder to care for the people they love. Instead of cutting services for seniors, people with disabilities, and working families, we need to invest in them.

I strongly support SSA's request for an increase of $700,000,000, which would reverse about half of the cuts to its operating budget over the last 5 years. I also support the President's proposal to increase funding for senior nutrition by $60,000,000 and support services for seniors by $40,000,000.

The increases, in my view, are not nearly enough to address the needs of American families. If we truly commit to these agencies, if we fund them in the way that keeps pace with growing need and rising costs, we can help seniors, we can help people with disabilities to live in their own homes with help from their families at a fraction of the cost of an institutional setting.

Cutting these agencies' budgets will do the opposite, and when we cut programs like the ones under discussion today, we cannot expect them to do more with less or even the same with less. They will do less with less. That is inevitable.

And I look forward to your testimony and your conversations and our discussion today.

Thank you, Mr. Chairman.

Mr. COLE. Thank you.

If we can, we will have—thank you. Sorry to make your life that difficult.

If we can, we obviously would like to have your testimony now. Obviously, anything, your entire statements, written statements will be entered into the record. And if we can, we will recognize you, Commissioner, first.

Ms. COLVIN. Thank you.

Chairman Cole, Ranking Member DeLauro, and members of the subcommittee, thank you for this opportunity to update you on what we are doing to provide quality service to the American public, including our seniors and those with disabilities.

My name is Carolyn Colvin. I am the Acting Commissioner of Social Security. I am very pleased to be here with my good friend and colleague, Kathy Greenlee.

At Social Security, our record shows that when we receive adequate and sustained funding, we deliver. We are amongst the most efficient and effective Federal agencies. Our administrative costs are only 1.3 percent of all benefit payments.

We achieve great success when our can-do attitude is matched with sufficient resources. However, in fiscal 2011 through 2013, we lost about 11,000 Federal and State employees due to budget cuts. Even though we worked hard to mitigate those losses through automation and business processes, our service suffered.

We are grateful for the funding Congress provided to us in fiscal 2014. As a result, we were able to hire new employees to replace half of those losses, and we are now seeing the results of those hires.

Thanks to our fiscal 2015 appropriation, we will be able to restore some field office hours, improve wait times to our National 800 Number and enhance our online services, and handle more hearings. The fiscal 2016 President's request of $12,513,000,000 for our administrative account will help us address wait times and backlogs, reduce improper payments, protect the public with a variety of anti-fraud initiatives, and hire employees who can best serve the public.

It will allow us to modernize our service delivery for the millions of people who count on us. It will also allow us to hire more Administrative Law Judges so we can complete a record number of hearings.

However, resources alone will not be enough to address our backlogs. The current ALJ hiring process has not operated as efficiently as needed to fill vacancies. The Administration is creating a workgroup to review the process of hiring ALJs. In addition, within our agency, we are looking for ways to process hearings as efficiently as possible.

We remain committed to protecting the integrity of our programs. Our continuing disability reviews and SSI redeterminations save billions of program dollars with only a small investment of administrative funds. With the President's request, we plan to complete more of these cost-effective reviews.

We must position our agency for future success. Sustained and adequate funding will help us meet our challenges and enable us to provide service the public expects and deserves.

I thank the subcommittee for your support, and I will be happy to answer your questions.

[The information follows:]

APPROPRIATIONS COMMITTEE
SUBCOMMITTEE ON LABOR, HEALTH AND HUMAN SERVICES, EDUCATION, AND RELATED AGENCIES

UNITED STATES HOUSE OF REPRESENTATIVES

FEBRUARY 26, 2015

STATEMENT FOR THE RECORD

CAROLYN W. COLVIN
ACTING COMMISSIONER
SOCIAL SECURITY ADMINISTRATION

Chairman Cole, Ranking Member DeLauro, and Members of the Subcommittee:

Thank you for the opportunity to update you on the Social Security Administration's (SSA) appropriations and what we are doing to successfully leverage our resources to provide quality service to the American public, including our seniors and those with disabilities. My name is Carolyn Colvin, and I am the Acting Commissioner of Social Security.

We are grateful for the funding Congress has provided in fiscal years (FY) 2014 and 2015. Our record shows that when we receive adequate, sustained, and predictable funding, we deliver on the investment. We provide services to almost 48 million retirement beneficiaries and about 15 million disability beneficiaries, including eligible family members. We are among the most efficient and effective agencies in the Federal Government—our discretionary administrative costs are about 1.3 percent of benefit payments we pay under the Old-Age, Survivors, and Disability Insurance and Supplemental Security Income programs. This is critical because we will issue nearly one trillion dollars in payments this year. We are a vital part of the economy, and our people and programs touch the life of nearly every American.

The FY 2016 President's Budget of $12.5 billion for our Limitation on Administrative Expenses (LAE) account will help us build upon the progress we are making in addressing wait times and backlogs, reducing improper payments, protecting the public with a variety of anti-fraud initiatives, and attracting, training, and retaining employees who can best serve the public. The President's Budget funding level will allow us to continue to balance our service and stewardship activities. It will also allow us to invest in and leverage technology to modernize our service delivery for the millions of people who count on us.

Our 1,231 field offices are the cornerstones of our service delivery and we are fully committed to providing face-to-face service to people who want or need it. Thanks to the funding we received in FY 2015, Social Security offices nationwide will be open for an additional hour every weekday except Wednesday, effective March 16, 2015. We appreciate the important role our field offices serve in the community, as more than 40 million people visited our offices in FY 2014.

We are also improving our National 800 Number, which remains a critical part of our service delivery. Currently our 800 automated phone service is available 24 hours each day and callers can talk to a representative 12 hours during each business day. Our National 800 Number received over 37 million calls last year. The FY 2016 Budget will allow us to significantly decrease wait times and busy signals on our 800 number.

Customer expectations are evolving due to changes in technology, demographics, and other factors. Each year, we see greater numbers of people across all demographic segments doing business with us online. About 45 percent of our 16.8 million customers who have registered for a *my* Social Security online account are over the age of 60. In FY 2014, we received more than half of all Social Security retirement and disability applications online, including over 72 percent of Medicare applications.

We will continue to expand the online services we offer, including making additional services available through our *my* Social Security portal. This month, we announced that registered users can securely obtain a replacement SSA-1099 for tax purposes that shows the amount of benefits paid in the previous year. Other online service efforts include developing a secure Internet Social Security Replacement Card application for U.S. citizens age 18 and over, adding our replacement Medicare Card services to our *my* Social Security portal, and providing

our SSI recipients with online options. We are also developing the capability for *my* Social Security users to download data from their Social Security Statement to assist them in financial and retirement planning.

I am very concerned about the growing backlog of disability appeals hearings. Several years of budget constraints, exceptionally high levels of hearing requests, and the inability to hire Administrative Law Judges (ALJs) as we awaited a new ALJ register, have challenged our ability to keep up with hearings requests. As a result, the average wait time and the number of claimants waiting for a hearing decision are increasing. With the FY 2016 President's Budget, we will be able to continue to hire more ALJs and support staff and we expect to complete a record 829,000 hearings. We will also begin to reduce the volume of pending hearings, and position ourselves to start reducing hearings processing times in FY 2017.

However, resources alone will not be enough to address our backlogs. The current ALJ hiring process has not operated as efficiently as needed to fill vacancies. The Administration is creating a workgroup, including SSA, the Administrative Conference of the United States (ACUS)[1], and the Office of Personnel Management (OPM), to review the process of hiring ALJs and to recommend ways to improve the hiring process. In addition, within our agency we are looking into ways we can process our backlogs as efficiently as possible.

We remain committed to protecting the integrity of our programs. Our continuing disability reviews (CDRs) and SSI redeterminations save billions of program dollars with only a small investment of administrative funds. With the President's Budget, we plan to complete approximately 908,000 CDRs and 2.6 million redeterminations in FY 2016. Current estimates

[1] The Administrative Conference of the United States is an independent Federal agency dedicated to improving the administrative process through consensus-driven applied research, providing nonpartisan expert advice and recommendations for improvement of federal agency procedures. Its membership is composed of innovative federal officials and experts with diverse views and backgrounds from both the private sector and academia.

indicate that CDRs conducted in FY 2016 will yield a return on investment (ROI) of about $9 on average in net Federal program savings over 10 years per $1 budgeted for dedicated program integrity funding. This includes Old-Age, Survivors, and Disability Insurance (OASDI), SSI, Medicare, and Medicaid program effects. Similarly, SSA estimates indicate that non-medical redeterminations conducted in FY 2016 will yield a ROI of about $4 on average of net Federal program savings over ten years per $1 budgeted for dedicated program integrity funding, including SSI and Medicaid program effects.

To combat fraud, we have 27 Cooperative Disability Investigation (CDI) units as of FY 2014, and plan to open five new units in FY 2015 and another five new units in FY 2016. According to the Office of the Inspector General, in FY 2014, CDI efforts nationwide generated estimated savings of $337 million to our disability programs and over $252 million to other programs, such as Medicare and Medicaid.

We continue to strengthen our disability program and test innovative strategies to help people with disabilities remain in the workforce. We plan to begin testing early intervention strategies, gearing our initial efforts toward people with mental impairments between the ages of 18-50 who may be likely to end up on disability benefits. By providing medical-vocational services prior to benefit receipt, we can evaluate whether such services can effectively help individuals with these impairments remain and succeed in school or the workforce, and perhaps avoid or delay a need for disability benefits. Building on bipartisan support for early intervention in FY 2015, the FY 2016 Budget includes $50 million in research to support our early intervention demonstration efforts, as well as a legislative proposal for an additional $350 million for additional demonstrations in FYs 2017-2020.

We have achieved great success when our can-do attitude is matched with sufficient resources. In FYs 2011 through 2013, we lost about 11,000 Federal and State employees due to budget cuts culminating in sequestration. Even though we worked as hard as we could to mitigate these losses through automation and business process changes, our service suffered. In FY 2014, we were able to hire new employees to replace half of our staffing losses since FY 2011, and nearly 40 percent of our SSA hires are veterans. We are beginning to see the results of these hires in FY 2015. In addition, with more state Disability Determination Service (DDS) employees hired, we are able to better balance service and stewardship by increasing the volume of CDRs completed while maintaining claims work.

With the FY 2015 appropriation, we are continuing to hire mission-critical staff in our field offices and teleservice centers, and hire more ALJs and support staff in our hearing offices. We will continue to actively recruit qualified veterans and people with disabilities. As we bring these new employees onboard, we will continue to be customer focused in order to provide compassionate service to millions of Americans, including the elderly and those with disabilities.

It is imperative that we maintain our momentum in positioning our agency for future success. Sustained and adequate funding will help us meet our challenges and enable us to continue to provide service the public expects and deserves. I thank the Subcommittee for their continued support, and I will be happy to answer any questions you may have.

Mr. COLE. If we can, Secretary Greenlee, we will go to you next.

Ms. GREENLEE. Thank you, Mr. Chairman.

Mr. Chairman, Ranking Member DeLauro, members of the committee, thank you for inviting us to come testify with you this morning.

As you noted, my name is Kathy Greenlee, and I am the Administrator of the Administration for Community Living, as well as the Assistant Secretary for Aging. I welcome this opportunity to talk about how ACL plans to serve Americans in this budget we have requested for fiscal year 2016.

It is also a pleasure to have the opportunity to appear with Carolyn Colvin. Commissioner Colvin and I have done multiple things together in the last few years and find this collaboration to be both pleasant and positive, in terms of work we can do together.

I am here today on behalf of a very diverse group of people. I represent the 85-year-old who lives independently with a little bit of help, such as rides to the doctor's office and lunch provided by her local senior center.

I am also here on behalf of the 25-year-old veteran. An IED in Afghanistan took away his balance and short-term memory. With the support of his wife and some in-home services, he is learning new ways to achieve his dreams.

I am here for the 19-year-old with Down syndrome who is about to graduate from high school. Like her friends, she is looking forward to college, finding a job, and starting the next chapter of life.

And ultimately, I represent most of us in this room. At some point in our lives, most of us will need assistance to maintain our independence, and many of us will provide care for a loved one.

The Administration for Community Living was created around one core idea, that older adults and people with disabilities should be able to live independently and participate fully in their communities. This work has never been more important.

By 2020, there will be more than 77 million people over the age of 60 in the United States. As many as two-thirds of them will eventually need help with dressing, showering, and similar activities. In addition, nearly 57 million people with disabilities live in non-institutional settings, and about 20 percent of them need help with daily living tasks.

We know that people enjoy a better quality of life when they are able to live at home. Community living also makes financial sense. The average cost of a shared room in a nursing home is around $75,000 a year, and residential facilities for people with disabilities can cost three times that amount. And when people cannot afford those costs, Medicaid is the primary payer.

In contrast, the supportive services ACL provides can enable people to remain in their homes and completely avoid or delay these more expensive services. With our budget request, ACL will work towards this goal in four ways.

First, we will increase access to home and community-based services and supports. A $42,800,000 increase for senior nutrition programs will help provide meals to over 2 million more older adults. An additional $38,500,000 will help States assist seniors with daily activities such as offering rides to doctors and grocery stores, and they will be able to provide adult day services.

A $5,000,000 increase will help Centers for Independent Living help people with disabilities leave nursing homes or other institutions and assist young people with disabilities as they move from high school into adult life. ACL will also invest in supporting families, who provide the vast majority of assistance to older people and people with disabilities.

When families become overwhelmed by the challenges of caregiving, Government-funded solutions, which are often far more expensive, are the only option. ACL will direct $177,000,000 to help alleviate the strains and enable families to continue to assist their loved ones.

Second, ACL will expand efforts to connect people with information about programs and services. We will invest an additional $13,900,000 in Aging and Disability Resource Centers, which work with States to improve access to resources to help people remain in their communities.

To share one success story, ADRCs have worked with the Veterans Administration to empower veterans to select and manage the supports that they need to live at home.

Third, we will expand protections for our populations at most risk. More than 10 percent of older adults are abused, neglected, or exploited annually, and people with disabilities are 4 to 10 times more likely to be abused than peers without disabilities.

With the additional $21,000,000 requested this year, ACL will advance our efforts to provide Federal support to the States for their existing Adult Protective Services programs. This will include investments in innovation and research, as well as infrastructure development for data collection.

Finally, ACL will develop and improve evidence-based programs to share best practices. We will invest $20,000,000 to modernize the senior nutrition programs, which help older adults remain healthy and independent. This will ensure the continuity of the quality of the programs and help the programs prepare to meet the changing demands of seniors as the baby boom generation ages.

In addition, this budget reflects much-needed infrastructure. The transfer of the Rehabilitation Act and Assistive Technology programs to ACL in 2014 and the transfer of other programs in earlier years has created a stronger organization that will better serve the country. But these transfers also created costs that were not fully funded.

We are committed to supporting both the transferred programs and the existing programs, such as those provided by the Older Americans Act and the Developmental Disabilities Act. As Administrator of ACL and Assistant Secretary for Aging, I have been encouraged by the collaborative and entrepreneurial spirit of our Federal, tribal, State, and local partners. We are making a difference in preserving the rights of all people, regardless of age or ability, to fully participate in their communities.

However, we are at a critical juncture. The populations we serve are growing. We must continue to work together to ensure that older adults and people with disabilities have the services and supports they need to live at home, participate in their communities, and avoid more costly alternatives. This budget will allow ACL to

continue to make and improve upon the important investments to support that goal.

Thank you very much.

[The information follows:]

Chairman Cole, Ranking Member DeLauro, and Members of the Subcommittee:

Thank you for this opportunity. I am here today on behalf of a diverse group of people. I represent the 85-year-old who lives in the home where she and her late husband raised their family. She doesn't drive anymore, so she needs help getting to the doctor's office and to the grocery store. She eats her main meal for the day at the local senior center. Twice a week, she walks to the library down the street to read to a preschool group, and her neighbors are grateful for the eye she keeps on the kids waiting for the school bus at the end of her driveway.

I also am here on behalf of the 25-year-old who is building a new life after an IED in Afghanistan took away his balance and short-term memory, along with his ability to sleep through the night. With the help of his wife and the chance to receive some services at home, he is learning new ways to achieve his and their dreams and be an active dad to their two children.

And I am here for the 19-year-old with Down syndrome who is about to graduate from high school. She has abilities doctors told her parents she would never have, thanks to dedicated teachers and inclusive schools, parents who set challenging goals and helped her achieve them, and her own determination. Just like her friends without disabilities, she is looking forward to going to college, finding a job, getting out on her own, and starting the next chapter of her life.

And ultimately, I represent most of us here in this room. At some point in our lives, most of us will need assistance with at least one of the functions that enable us to maintain our independence, or we will help care for a loved one who needs that help. Many of us will do both, and some of us will give care and receive care at the same time.

The Administration for Community Living was created around one fundamental idea – that older Americans and people with disabilities should be able to live independently and participate fully in their communities. ACL works with other federal agencies, states, tribes, and

communities to preserve that basic right by streamlining and increasing access to the services and supports that make community living possible.

This has never been more important. By 2020, there will be more than 77 million people over the age of 60, and as many as two-thirds of them will at some point need assistance with dressing, showering, or similar tasks. In addition, nearly 57 million people live with disabilities in non-institutional settings, and about 20 percent of them need assistance with daily living tasks.

During my career I have met countless older adults, people with disabilities and family members. I know that people enjoy a better quality of life when they are able to live in a home of their choosing, with people they love, rather than in an institutional setting. As it happens, community living also makes financial sense. The average cost of a shared room in a skilled nursing facility is almost $75,000 per year. Large public residential facilities for people with disabilities cost three times that. When people are unable to pay these costs themselves, Medicaid is the primary payer. In contrast, the average Medicaid waiver for home- and community-based services is just under $27,000 per year. Additionally, ACL provides supportive services that can help people completely avoid or delay these more expensive services and remain in their homes – which is clearly the right thing to do.

ACL's FY 2016 budget request of $2.096 billion would enable us to work with states and other partners toward this goal through four key areas: increasing access to services and supports, sharing information, protecting consumers, and investing in quality and innovation to ensure program effectiveness. In addition, the budget request will enable investment in much-needed infrastructure to support ACL's significantly expanded mission.

Increased access to services and supports

First, ACL would make home- and community-based services and supports available to

more people. For example, the $42.8 million increase for senior nutrition programs, together with state and local funding, will help provide 213 million meals to over 2 million older adults and help halt recent declines in services. A CL also is requesting an additional $38.5 million to help states provide over 28 million hours of support to older adults needing assistance with daily activities; more than 23 million rides to doctors, pharmacies, grocery stores and other critical activities; and nearly 8 million hours of adult day services. The $5 million increase requested for Centers for Independent Living, which provide assistance to nearly 226,000 people with disabilities of all ages, will enable the Centers to implement new requirements of the Workforce Innovation and Opportunity Act to help more people with disabilities leave nursing homes and other institutions, and assist youth with disabilities to transition from high school into adult life.

ACL will invest in supporting family caregivers, who provide the vast majority of assistance to both older adults and people with disabilities across the country. A 2014 Rand Corporation study found care provided by families and friends of older adults has an estimated annual value of $522 billion, while the cost of providing care to a son or daughter with a significant disability is estimated to range between $20,000-$60,000 per year, often for many decades. These costs often are transferred to government-funded solutions when families become overwhelmed by the strain of providing this support. The Family Support Initiative would direct $15 million to helping families to reduce stress, improve emotional well-being, develop support skills, and plan for the future; and would include efforts that help families balance work and caregiving responsibilities or assist with the dual demands of caring for older parents while raising children or supporting a family member with a disability.

Improved information sharing

Second, and closely related, ACL would expand assistance to connect people to

information about available programs and services and how to access them. ACL will invest an additional $13.9 million in Aging and Disability Resource Centers, which work with states to develop better systems of information; provide one-on-one, person-centered counseling; and streamline access to resources. For example, in partnership with the Department of Veterans Affairs, ADRCs have been helping provide veterans of all ages the services and supports they select, based on the needs that are most important to them, to enable them to move out of nursing facilities back home, or to remain at home with supports.

Consumer protections for older adults and individuals with disabilities

Third, we will expand protections for our populations at most risk. More than 10 percent of older adults are abused, neglected, or exploited annually, and people with disabilities are four to ten times more likely to be abused than peers without disabilities. With the additional $21 million requested this year, ACL will advance our efforts to provide federal leadership to states for the existing Adult Protective Services system, including investments in innovation and research and infrastructure development for data measurement that will help achieve a more comprehensive system throughout the nation for helping adult victims of abuse – including older adults and individuals with disabilities – and preventing abuse before it happens.

Evidence-based models and innovation

Finally, ACL will develop and improve evidence-based models and ensure best practices are shared across communities. For example, ACL proposes to devote $20 million to modernize its nutrition programs, which are critical to helping older Americans be healthy and preventing the need for costly medical interventions. This investment will provide competitive grants to translate research into evidence-based models for delivering services at the community level, ensuring the continued quality of these programs and helping them prepare to meet the changing

demands of seniors as the baby boom generation ages – for example, serving clients who will expect to interact with service providers over the web and via mobile apps.

Infrastructure investment

The transfer of the Rehabilitation Act and Assistive Technology Act programs from the Department of Education to ACL created a whole that is greater than the sum of its parts, and the combined organization will better serve older adults and people with disabilities. However, the increase in responsibility at ACL due to this and other factors created infrastructure costs that require increased administrative support to fully and effectively run these programs. This request will ensure a seamless continuation of these programs, and prevent disruptions to programs under the Older Americans Act, the Developmental Disabilities Act, and other legislation.

In summary, as Administrator of ACL, I have had the opportunity to see firsthand the advancement of new technologies, exciting innovations and an entrepreneurial spirit in helping to support families, older adults, veterans and people with disabilities. I have been encouraged by the collaborative spirit of our federal, tribal, state and local partners, and together, we are making a real difference in helping ensure all people, regardless of age or ability, have the right to make their own decisions and fully participate in their communities. However, we are at a critical juncture. The populations we serve are growing, and without careful investment and planning, the need for services will outstrip resources to provide them. We must continue to work together to ensure that older Americans and people with disabilities have access to the long-term supports they need, and are valued as contributing members of our integrated communities. Investing in these services and supports can help more Americans live at home and avoid more costly alternatives. This budget will allow ACL to continue to make and improve upon those investments. Thank you again for the opportunity to discuss ACL's budget with you today.

Mr. COLE. Thank you very much.

And if we can, I am going to start the questioning, Commissioner, with you. And as I discussed in my opening statement, there is clearly a compelling need to reform SSA's management of disability insurance program.

And I know you are taking some steps right now to try and address the backlog with the creation of units focused exclusively on processing disability claims and the effort to bring on additional administrative law judges that you mentioned in your opening statement. Unfortunately, it appears like it is going to take quite a bit of time to actually make much progress in this area.

I am also concerned about the differences between States when it comes to the approval rate for disability application. It strikes me as something that has more to do with who is making the decision, and the lack of uniformity there is a considerable concern.

So given those two concerns, could you bring us up to date on what you plan to do this fiscal year to process disability claims and including both the initial claims and the appeals? And then could you discuss in your view some of the reasons for the disparate approval rates by States and some of the measures you might be taking to try and address that concern?

Ms. COLVIN. Okay, thank you very much.

Let me start first with what we are doing to try to address the entire disability adjudication process. Certainly, resources allow us to get hearings done and allow us to do our initial claims. But in addition to that, I have established an intercomponent committee that is looking at our process from beginning to end to see if there are efficiencies that might exist that we have not already identified.

We know that we cannot staff our way out of the backlogs that we have. I do believe we are a very efficient agency. As mentioned earlier, our overhead is only 1.3 percent. But I think there is always room for improvement, and so we are looking at that.

I think the President's budget will allow us to make some improvements. With the early intervention demonstration projects, we want to see if there is the ability to have people not come onto our rolls as quickly and to stay in the job market. We believe that perhaps with some supports, that might occur.

We have had demonstrations that have demonstrated that some interventions will allow people to return to work, but they have been very modest. So we believe that we have to do things that will stop them from coming on the rolls to begin with.

Mr. COLE. When you talk about early intervention, could you give us some of the specific things that you do when you are trying to sort of head somebody off from going onto disability?

Ms. COLVIN. We are working with HHS so that we can make certain that we select the right population, and we are looking potentially at those individuals who have been denied disability to begin with, to see if there are things that will enable them to continue to work and not have to come into our system as quickly as they normally would.

And we think that perhaps some supportive vocational and medical services, some opportunities for accommodations on the job may help. So one of the proposals would include work incentives

to employers. But also we need to really test to see what types of supports would work. I think that is one of the areas that we can certainly work with Secretary Greenlee on since she is working with the population with disabilities.

We know the people want to work, and we know that many of them are in and out of the job market. And we believe that with some support they may be able to do so. We do not have a specific answer at this time. We really need to demonstrate what will work. The $50,000,000 that has been requested would allow us to do research. We would have an evaluation component so we could determine what works and what does not work.

We would work with the local groups at the local level. And I think that with vocational rehabilitation, with Aging, and some of the other services, we would be able to come up with some solutions.

Mr. COLE. And if you could, if you could address just the issue of disparate outcomes in different States?

Ms. COLVIN. I think that my answer would be that is not unexpected. It depends upon the populations in those States.

For instance, if you are in a community that has a labor force that is doing very hard work, coal mining or some of the other types of industries, you would see a higher rate of disability perhaps as a result of aging. In your areas where you have more office-type jobs or more IT jobs, you might, in fact, see less approvals.

We have inline quality reviews. We have a strong quality review program to make sure that we are making the right decisions at both the initial as well as through the hearings process. We focus a lot on that because we want to make sure that the decisions are correct.

We do reviews of 50 percent of all allowances that are made at the DDS level, which is the first level prior to a benefit ever being paid. The accuracy rate has consistently remained high. So we do believe that the decisions that are made at the DDS level are the right decisions.

Now I know you have had some concern about at the hearings level, and that is usually because the case is probably well over a year, sometimes 2 years by the time it gets to the hearings level, and so, you have a different case. You have situations where individuals' disabilities have increased, and so you are likely to get a different decision there.

Mr. COLE. Okay. Just very quickly because I am going over my 5 minutes here, and I am going to be pretty rigorous in enforcing it on other people. So, but I will take it probably—so you are pretty comfortable in your own mind then that most of the disparities we are seeing really do reflect population differences at a State level?

Ms. COLVIN. I really am. We do focused reviews at the ALJ level.

We do pre-effectuation reviews. In addition to doing those reviews, we do policy reviews to see if the decisions are policy compliant.

Our approval rate now at the DDS level is 32 percent. Some would argue that that is too low. I try not to look at approval or disapproval, but really look at the right decision. But for the past several years, we have been consistent with the rate of disapprovals.

Mr. COLE. Thank you very much.

I recognize the gentlelady from Connecticut.

Ms. DELAURO. Thank you, Mr. Chairman.

And I want to thank our guests this morning. Just very, very quickly, with regard to early intervention that the chairman talked about, are you working with the Office of Disability Employment Policy, Department of Labor, National Institutes on Disability, Rehab——

Ms. COLVIN. Absolutely.

Ms. DELAURO [continuing]. Research, as well as with Commissioner Greenlee here? So you are working with all of those efforts?

Ms. COLVIN. Yes. Yes.

Ms. DELAURO. Is there a percentage of veterans in that population that you are working with?

Ms. COLVIN. Well, we have 1 million veterans on our disability rolls right now, and we have instituted procedures, as you know, to expedite the processing of those cases. And those numbers do grow.

Ms. DELAURO. Okay. And again very quickly, if I might, this is about the backlog that the chairman addressed. Worst-case scenario in which sequestration remains in effect and discretionary appropriations remain flat, what would happen to the hearing backlog and average processing if SSA is level funded next year?

Ms. COLVIN. Well, for me, it would be catastrophic. We already have over a million cases backlog with the 2015 budget. And if we can get the ALJ candidate register and the ability to hire judges, we expect to be on a trajectory that would allow us to begin to reduce those backlogs by 2019.

If we begin to have flat funding, we are going to have a significant deterioration because we cannot do a hearing without a judge, and we have lost a significant number of judges over the years. It takes time to train them and to get them prepared to handle a full caseload.

Ms. DELAURO. Let me address service cutbacks, Commissioner. We talked about at least 64 field offices closing. We talk about the wait time for folks and effort. Let me get to the question.

What improvements in customer service—including in-person and phone waiting times, claims processing, and other key service methods—could you provide if you receive funding at the President's budget level and the kinds of tradeoffs you have to make if the funding continues at the current level?

I am going to add another question to that. Senate report notes that, "Hiring freezes resulted in disproportionate staffing across the Nation in 1,245 field offices, with some offices losing a quarter of their staff."

Will SSA be able to address staffing shortages in offices that lost a disproportionate number of personnel, and how are field offices being affected by the difficulty Americans are having getting service on the 800 number?

Ms. COLVIN. Let me start off by saying that we have received over $3,000,000,000 less over the last 3 years than we requested, and you have seen what the impact has been. We have had a significant increase in waiting times both on the 800 Number as well

in the field offices, and there has been an impact on the claims processing.

The $700,000,000 increase that we requested will allow us to be able to replace those staff that will retire as a result of the fact that our workforce is aging. So we would be able to replace our losses, and we would hope that we would be able to have a few additional staff assigned to those field offices.

The majority of my budget is personnel. It is either personnel or IT. So when we have less money, it means we have less staff, and it means less services. We have tried to create efficiencies, and we have gotten efficiencies through our automation. But we recognize that our field office structure is always going to be our primary structure because we have individuals who need face-to-face assistance, and we have others who prefer face-to-face.

So although we are making great progress with our IT development, it is not going to replace our field offices, and we need staff to be able to keep those offices vibrant.

Ms. DELAURO. And would you have to continue to close offices or to cut back hours, and what is the plan to begin to restore those offices with additional money and to restore the hours? Each of us has a district office that relates very directly with Social Security. So when the increased complaints come in because of hours or closures, that winds up being a problem that we are faced with as well. So——

Ms. COLVIN. Social Security is the face of Government. We touch the lives of almost every American, and so we need to be in the field. There would certainly be a significant impact. Yes, we did close a significant number of offices last year, and we have a commitment that we will not continue to close offices, hopefully, if we get our 2016 allocation.

Beginning March of this year, we will be restoring 1 hour per day of service on Mondays, Tuesdays, Thursdays, and Fridays in field offices that I had to eliminate as a result of the budget cuts. That is going to allow more people to be seen and people to be seen more quickly. Now should we not get the budget, then we are going to have some challenges to be able to keep that momentum.

I will tell you that there are no plans to close offices in 2015 and 2016 as a result of our 2015 allocation, and we really thank the Appropriations Committee for that. We were able to replace about half of the 11,000 staff that we lost.

But remember, we have an aging workforce. As fast as we hire staff, we are also losing staff. We are just trying to keep up.

I would also like to point out that about $350,000,000 of our budget are increases in fixed costs, and you have that increasing each year. Those are costs that we cannot change.

We would also be able to significantly address our program integrity issues. We have demonstrated that by doing medical reviews, continuing disability reviews, that we are able to save $19 for every $1 that we spend. And those continuing disability reviews are critical because they are used to remove people from the rolls who are no longer disabled.

In FY 2014, we had a backlog of 1.3 million in that area. With the President's budget, we would be able to do 908,000 CDRs in 2016, which would be a significant reduction of the pending cases,

and about 17 percent of those individuals are projected to come off the rolls as a result of the reviews that we do.

So it is a very cost-effective activity. We believe that we should have a dedicated program integrity fund so that we do not have to continue to choose between doing program integrity and doing customer service. That is where we are right now.

Ms. DELAURO. Thank you.

Thank you, Mr. Chairman.

Mr. COLE. Thank you.

The gentlelady from Alabama is recognized.

Mrs. ROBY. Thank you, Mr. Chairman.

Commissioner Colvin, I want to go back to what—and thank you both for being here today. I want to go back to what the chairman was talking about a minute ago as it relates to the appeals. You reported in fiscal year 2014 that the allowance rate for disability appeals was 45 percent, and most of the individuals had already been subject to the initial denial review and the reconsideration process.

And I understand that this has decreased from 2010, when it was at an all-time high of 62 percent. And I want you to, if you could, elaborate on the reason for the decrease. But I want to share my chairman's concern that we are still at almost 50 percent succeeding at the hearing level after having already gone through these two processes.

So can you address those two things, please?

Ms. COLVIN. Certainly, Mrs. Roby. Thank you for that question.

As I mentioned, there are some negative consequences of backlogs. The older a case is, the more likely that it is not going to be the same case. So when someone comes into the DDS for a decision and they are disapproved, they have the right to appeal and have a reconsideration. They may be disapproved at that point.

By the time they get to the hearing level, you are talking about a case that is well over 2 years old. So if someone actually has a disability, that problem has further deteriorated. In addition, there is new medical information over that period of time that the judge is going to take a look at.

So you cannot look at the case that is first heard in the disability office and assume that that is the exact same case by the time it gets to the ALJ. At one time, we were well over——

Mrs. ROBY. Can I interrupt you for just a second? I understand that part of it, and I heard you say that to the chairman. But what can you attribute to the decrease from 62 percent to 45?

Ms. COLVIN. I think that the decrease is due to quality reviews that have been put in place. There is a system that has been developed in ODAR, "How MI Doing?", which allows the judges to get feedback, to take a look at whether or not they are making policy-compliant decisions.

We are using a lot of data analytics when we do reviews to see if there are particularly difficult areas where we need to do more training to be able to ensure that we are, in fact, getting a quality decision. We do some after the decision has actually been made, but we are always looking at how to improve the decision-making.

I know at one time, this committee was concerned about some judges' approval rates and disapproval rates. I think that those have been brought closer to a norm.

I think that it is a continuous quality improvement that we are attempting to make in the agency, the continuous training, and the improvement in our policies so that those who are adjudicating the cases clearly understand some of the more difficult decision areas.

Mrs. ROBY. Okay. Thank you.

Can we switch gears and talk about the selection of administrative law judges? It is now being done by the Office of Personnel Management. What is your confidence level in their ability to manage the hiring of these individuals?

Ms. COLVIN. The process has been challenging for us. The President's budget is establishing a workgroup that will be led by the Administrative Conference of the United States, which is an independent agency that, hopefully, will work with us, work with OPM, and try to come up with a process that works better for us.

One of the reasons that we have had such a backlog in our cases has been our inability to get judges because we have had trouble getting a registry. And as you know, last year Congress gave us funding for judges, but we were unable to bring the judges on because of the problem we had around the ALJ registry.

Mrs. ROBY. I mean, also the 1 million individuals waiting for decisions could attribute to the hardship in hiring these administrative law judges, I would suspect.

Ms. COLVIN. That is accurate.

ADULT PROTECTIVE SERVICES

Mrs. ROBY. Quickly, Ms. Greenlee, thank you for all your help with seniors and those with disabilities at ACL. I would like, and I do not have very much time left, but I would like to expand—for you to expand on the Adult Protective Service program. As GAO has expressed, collecting, maintaining, and reporting statewide case-level data for Adult Protective Service program is a challenge.

And I guess the question to you is, is the technology infrastructure that you worked on with the Assistant Secretary for Planning and Evaluation still current, and what is your biggest hurdle in getting this up and running?

Ms. GREENLEE. Thank you, Congresswoman.

The first thing to understand as we talk about APS is that we never created a Federal infrastructure for Adult Protective Services. Each Adult Protective Services system was developed at the State level, and until we started working on this very recently, there was no Federal role at all.

So what we have focused our attention on is the basics. How can we put together a way to gather information from the States so we at least have a national snapshot of what an APS case looks like, all of the details of the case? So what we have been doing with the Assistant Secretary for Planning and Evaluation is working with about 30 States to find out how we then build an architecture that would interface with the existing State programs that are all very different.

That is what the budget request is for, to be able to then take this architecture, which we have now worked on developing, and

provide grants to States so that they can start to create interoperability with the Federal system. So we are really starting from scratch, and we have been doing that for the last couple of years. But this is completely different than the approach that we took for Child Protective Services, where we created this sort of infrastructure several decades ago.

Mrs. ROBY. Thank you. I am sorry, Mr. Chairman. I went over my time.

Mr. COLE. I think I went over mine. So that is okay. [Laughter.]

If we could, by order of arrival, Mr. Fattah is next up. So——

Mr. FATTAH. Thank you, Mr. Chairman.

Now let me see if I can, monthly, how many Americans receive benefits through the Social Security Administration?

Ms. COLVIN. Well over 60 million.

Mr. FATTAH. Okay. And this is both in terms of the disability side and the income security?

Ms. COLVIN. Yes, sir. We have about 11 million who are receiving disability.

Mr. FATTAH. So, and the other 49 million are——

Ms. COLVIN. Retirees and some survivors and children.

Mr. FATTAH. Now the Heritage Foundation did a report a little while back about labor market participation and how, given the baby boomers, it is becoming lower and lower. When you talk in terms of the early intervention on the disability side about how to help people stay in the workforce, this $50,000,000 is an investment in evidence-based research models?

Ms. COLVIN. That is correct.

Mr. FATTAH. Right. That will be able to—because there has been a lot of concern about making sure that we could have as many people as possible in the workforce, right? So, and we also do not want to be paying out if we do not need to pay out, I guess, on disability.

So the plan, assuming the appropriations, would involve how many people and how many models?

Ms. COLVIN. I would need to give you that for the record——

Mr. FATTAH. Okay.

Ms. COLVIN [continuing]. Because we are working with HHS and their research and evaluation unit. We want to make sure that we develop the models correctly, and we also want to make sure we have an evaluation component. There are discussions going on, but we are not too far down the road yet with that.

This would be a proposal for 2016, so we are working so we would be ready for that.

[The information follows:]

The FY 2016 request for $50 million will provide funding for the first model, which will be a large scale demonstration to test whether employment support and other services can forestall enrollment in SSA's disability programs. The demonstration will have a treatment (or study) group that receives services and a control group that does not. Based on past demonstrations we have run at SSA, the number of individuals in the treatment group could total 2,000–5,000 individuals (the final number depends on additional technical work to determine sufficient sample sizes).

For FY 2017 through FY 2020, the President's Budget requests an additional $350 million that would support at least two other models.

Mr. FATTAH. Okay. And let us just go back to the larger group of retirees. So at some point, you know, the baby boomers will have all retired, right?

Ms. COLVIN. I hope so. [Laughter.]

Mr. FATTAH. I do, too. But that so at some point in terms of your staffing pattern I guess is the question, you know, school districts have this problem when they are trying to plan for school building usage. You know, like there is going to be a wave of kids, and then there is going to be no kids.

And then, so like as you are hiring up, you said earlier that there are a number of people retiring. Will it meet the needs as you project the agency forward, you know, say over the next 20 years or so?

Ms. COLVIN. Well, we are in process of doing our 10-year vision for 2025, and we certainly do not see the numbers going away at that point. I mean, you have individuals living longer. So you have a longer life expectancy. Even if you have people who are going onto disability, many of them rollover to the retirement program. They may roll over a little bit later since we changed the retirement age to 66.

I think we have over 50,000 people who are 100 years of age or older now. So people are living longer.

Mr. FATTAH. That is good.

Ms. COLVIN. I do not think that we have reached a point where we believe that we are going to have more staff than we need, and we each year give a projection of what the numbers of staff we need to do the workloads that we have. We are a very production-oriented agency, and we can tell you how we spend your money. Any dollar that you give us is well spent.

Mr. FATTAH. My last question. You know, in a perfect world, we want people when they retire to have, you know, private pension, some savings, some investments, and Social Security. But for many, many Americans, that is not the case. What they have is what shows up in the mail or in direct deposit from you each month, and that is the totality of what they exist off of.

Do you have an estimate about the percentage of people in which the Social Security retiree benefit is the extent of their cash?

Ms. COLVIN. I do have that. I do not think I have it before me, but it is a high number.

Mr. FATTAH. If you could supply——

Ms. COLVIN. Maybe my staff can give it to me before we leave here. But that is the importance of the Social Security program. For the majority of Americans, it is the only source of income. I know because I have focused most recently on the disability program that, you know, it is an average benefit of $1,200 a month. And for about 37 percent of the people, that is virtually all they get.

And for about 61 percent of those on disability, most of them rely more significantly on Social Security than any other type of income. And before we leave, I can give you the amount, the percentage of——

Mr. FATTAH. Or for the record. Thank you very much.

Ms. COLVIN. I can provide it for the record also.

[The information follows:]

We have estimates of the percentage of beneficiaries who are largely dependent on Social Security:

Among elderly Social Security beneficiaries, 52 percent of married couples and 74 percent of unmarried persons receive 50 percent or more of their income from Social Security.

Among elderly Social Security beneficiaries, 22 percent of married couples and about 47 percent of unmarried persons rely on Social Security for 90 percent or more of their income.

Mr. FATTAH. And thank you, Mr. Chairman.

Ms. DELAURO. Mr. Fattah, most of those are women because women live longer.

Mr. COLE. Yes, do not rub it in.

Mr. FATTAH. That is because they live better. [Laughter.]

Mr. COLE. We will go next to the other gentleman from Pennsylvania, Mr. Dent.

Mr. DENT. Thank you both for joining us this morning. Appreciate this opportunity.

ASSISTIVE TECHNOLOGY

My question is for Administrator Greenlee. The transfer of the Assistive Technology Act to ACL will bring a nice complement to many of your existing programs. As I know you understand, assistive technology devices help make it possible for people with disabilities and older Americans to live independently and participate fully in their communities.

Can we count on ACL to bring forth your leadership to support all the existing assistive technology entities and to expand opportunities for alternative financing programs so that it is possible for people with disabilities or their families throughout the United States to be able to buy the devices that they need?

Ms. GREENLEE. Yes, Congressman. We are very pleased to have the Assistive Technology program transfer to us. Another huge opportunity is that the National Institute for Disability, Independent Living, and Rehabilitation Research has also come to us, and they have a history of also investing in technology that can help people remain independent and be employed.

So we have two more opportunities as a larger organization to work to help people get access to assistive technology.

Mr. DENT. Thank you.

And the Rehabilitative Services Administration assigned priority points to applicants who competed in the most recent funding cycles for alternative financing programs. Congress did not assign priority points, but rather stated that the monies support alternative financing programs that provide for the purchase of assistive technology devices.

The goal in providing these funds is to allow greater access to affordable financing to help people with disabilities purchase the specialized technologies needed to live independently, you know, to succeed at school and work, and to otherwise live active and productive lives. If we in Congress can continue to provide designated funding for alternative financing programs, how can the Administration support and build on these programs?

Ms. GREENLEE. Congressman, of the programs that came to us with Assistive Technology, the primary support grants to States. The Alternative Financing Program was not requested as a part of

the Administration's budget. So I would like the opportunity to respond later if Congress decides to continue to fund that program, it was not part of our budget request.

Mr. DENT. Okay. I wanted to recognize that some of the current alternative financing programs, like the one in my State, the Pennsylvania Assistive Technology Foundation, and we are very proud of the work they do to help people remain independent and in their homes in many cases. They are helping, you know, thousands of residents but need our help because they are out of Federal funds or very close to it.

And so, the bottom line is would you set the competition in closer alignment to the direction we in Congress provided in this matter?

Ms. GREENLEE. I said, Congressman, we did not request funding for the Alternative Financing Program. I would be glad to follow up and because I have not ever administered the program and, did not request funding for the program, would want to know what your concerns are so that we could address them in the event that Congress decides to make that appropriation.

Mr. DENT. And we would love to have that follow-up dialogue with you. Thank you very much.

And to Administrator Colvin, a number of high-profile companies and corporations, as well as Federal agencies, have been the target of cyber attacks, resulting in the exposure and theft of personal and consumer data in the recent years. What kind of security measures are in place to protect Americans' personal information used and stored in "my Social Security" accounts?

Ms. COLVIN. Thank you for that question.

We have been very fortunate to have a very strong cybersecurity program in place. I do not know that I am technically proficient in all of the things that we do, but I will tell you that we have a review done yearly by an outside consultant to make certain that those security activities or tools are in place.

We have been very fortunate that we have not had any breaches of that information. We are probably the largest holder of data on the American public. We are very careful to make sure that we are using best practices, as cited throughout the Nation by security experts.

I would be very happy to provide you a more detailed listing of the specific activities that we take on a regular basis to ensure the security of the data. One of the biggest areas of attempts would be around identity theft when we are looking at fraud, and we are always trying to make sure that we tell our beneficiaries and the American public they need to keep their data safe. So we have to set that example.

Mr. DENT. Okay, and I see my—right on time. I will yield back.

Mr. COLE. Thank you very much.

And next, go to the gentlelady from California.

Ms. ROYBAL-ALLARD. Thank you, Mr. Chairman.

FAMILY SUPPORT AND CAREGIVING

Ms. Greenlee, as you know, many cities have repeatedly cited family caregivers as the backbone of care of older people and adults with disabilities. And having two parents who lived into their nine-

ties and were disabled, I have a real appreciation of the demands that family caregivers face.

According to findings from an AARP national survey, almost half, about 46 percent of family caregivers performed medical or nursing tasks for their loved ones and reported feeling stress or worried about making a mistake. More than half reported feeling depressed or hopeless, and more than a third reported being in poor health. So I am very interested in the Administration for Community Living's family caregiver programs.

HRSA recently reorganized their Title VII and VIII geriatrics program into a single grant, which will allow for training of family caregivers. How will this change work with the existing support programs at ACL? What is ACL doing to support the shrinking population of family caregivers? And what is it doing to build a competent geriatric workforce to meet the demand for long-term care?

Ms. GREENLEE. Congresswoman, thank you.

I share your concern about the incredible burdens and stress on family caregivers. I am familiar with the AARP report that you cited. So I think it is important that we continue to acknowledge this is the backbone of our long-term care system.

The changes I believe that you referenced were to the Geriatric Education Program at HRSA, which is focused on providing geriatric training to providers. We have many relationships with HRSA, but they are really more at the consumer delivery point, like with the community health clinics, than the geriatric education centers because we see more and more older adults coming to the federally qualified health clinics. So I think that is where the best connection is with HRSA.

We don't have specific workforce investment resources at ACL. In fact, the Affordable Care Act gave HRSA incredible new resources to reach in this particular direction. I believe the workforce support that we provide is slightly different, and that is that we provide the support for caregivers so caregivers can get the training they need, respite they need, any other type of emotional support that they need. So that if they are in the workforce, they can continue to work and provide care for their loved one.

But the companion piece to that is also reflected in this budget, providing more services to the older person who needs care, such as adult day. That also helps the caregiver because while the older person is in adult day programming, the caregiver may need to be able to go to work.

So I think it is a companion piece, and it is the centerpiece really of what we are doing in this country to provide long-term care. The tremendous, I always call it a burden of love, family caregiving. It is essential.

Ms. ROYBAL-ALLARD. Okay. Following up on that, you know, there are definitely cultural differences in family caregiving. So what does ACL, many of the programs, what are they doing to support the diverse culture and linguistic needs of family caregivers?

Ms. GREENLEE. The way the program is administered is we distribute the family caregiving money to the States, and the States then distribute this to the local Area Agency on Aging. For instance, in your part of California, to both the City and County of

Los Angeles. They then will do an assessment of both the needs of the older person and the family caregiver.

And because the assessment is person specific, it provides an opportunity to provide culturally appropriate services, regardless of the nature of the family or the family caregiving need, and also to access other community resources that are important so that you can maintain connections to community for both the older person and the family member.

Ms. ROYBAL-ALLARD. Now the President's budget includes a new family support initiative that focuses on keeping family caregivers in the workforce. Can you talk a little bit about the importance of a program like this in ensuring that family caregivers can remain in the workforce and are able to retire themselves?

Ms. GREENLEE. Are you talking specifically about the $15,000,000 request in our particular budget?

Ms. ROYBAL-ALLARD. Yes.

Ms. GREENLEE. This particular family caregiver program would allow us to provide grants to States to look at the complex needs of family caregivers in all kinds of family caregiving situations, including caregivers who are providing support for an adult with a disability in their family. There currently are no systems in place to provide comprehensive training or education to a family on what the resources are that they may be able to access in their community to help them both stay in the workforce and provide care for an adult child with a disability, who often will live with their parents for a lifetime.

Once a person with a disability leaves the educational system, the family really does not have any sort of collection of community resources. And what we are attempting to do is work with States to find a way to create models that really give the family a different pathway so they do not have to immediately turn to Medicaid and instead can keep the family unit together, independently financed, with access to a different constellation of community resources to help the family know that they can access everything to support the person with the disability and the family caregiver.

Our family caregiver programs really run the life span at ACL. They are slightly different, but also very complementary.

Ms. ROYBAL-ALLARD. Okay. Thank you.

Mr. COLE. Mr. Rigell.

Mr. RIGELL. Thank you, Mr. Chairman.

And thank you both for being here today. We appreciate your testimony. It is helpful and instructive to us. We trust that our questions are helpful to you as well.

Commissioner Colvin, I would like to direct my questions to you, at least initially, and draw your attention to SSI and its solvency or lack thereof. It would be helpful to me—I am new to the committee—but if you could explain, to me at least, what your responsibility is for providing recommendations to the President and to the others within the administration to ensure that it is solvent, and what actions are being taken, if any, by the administration in terms of proposals for Congress to consider to ensure its solvency?

Ms. COLVIN. Thank you for that question.

I think you mean the SSDI program.

Mr. RIGELL. That is what I meant.

Ms. COLVIN. Okay.

Mr. RIGELL. And thank you.

Ms. COLVIN. It is scheduled to have its reserves depleted in 2016. I am certainly a voice inside the administration to talk about what the various proposals would mean, what the impact would be on the various constituency groups, and what the impact would mean for the trust funds. I think I have an active responsibility to provide as much information to the administration as I can.

I think the President's reallocation proposal is designed to allow us time to come up with long-term solutions, but the reallocation proposal, as you know, proposes to take 0.9 percentage point from the taxes, moving it from Old-Age Survivors Insurance to DI Disability Insurance, which would give us solvency until 2033 in both programs. And I think that there are a number of long-term solutions that have been placed on the table that will require bipartisan support to reach a conclusion.

Mr. RIGELL. Have you made a definitive recommendation on any of those?

Ms. COLVIN. No. As I said, I think my role is to make sure that the consequences of the various proposals are well known and that we do the estimates and the analysis, and that is what I have been doing.

Mr. RIGELL. Do you think that the reallocation is actually a substantive reform? I mean that it solves the underlying problem? It seems like it does not to me because it then exacerbates the problems that we have got on the other account.

Ms. COLVIN. I think you are accurate. I do not think that the reallocation proposal is designed to be a long-term solution. But you are talking about 2016, which is next year. I think the reallocation proposal is designed to give Congress and the administration time to come up with the long-term solution——

Mr. RIGELL. Well, I would respectfully submit that, you know, the 6-plus years the administration has had in office is plenty of time to have done that. And I would say as well that to the extent that it is this organization's responsibility that we could move a bit faster as well.

Once someone—let us move on then on the SSDI to look at when someone is receiving the benefit. What mechanisms are in place to go back and see that if they do not need it anymore, of course, that they are moved off of it, which I think is the right intent and the intent of the program?

Ms. COLVIN. Yes, and Congress did authorize in our budget what we call continuing disability reviews. These are medical reviews that we do every 3 years when resources are available to determine whether or not that person's medical disability continues. About 17 percent of the individuals who receive a medical review, I am told, we project will come off of the rolls.

Unfortunately, we have not been funded to be able to do them on a regular basis so we had a backlog of about 1.3 million in FY 2014. Our 2016 budget, as you may know, would allow us to do 908,000 of those reviews, and we think that will result in about 17 percent of those individuals coming off the rolls.

Mr. RIGELL. Okay. You know, when I ask these questions, I want to make clear that if a fellow American needs some help, I am

ready to help. But for those who would take advantage of the system, you know, I have a real visceral reaction to that because they are really stealing from others. And I know the agency is trying to do what it can to ferret out the waste.

But the sharp increase—and I think if I get my nomenclature wrong, I will get it right by the next hearing, Mr. Chairman. But anyway, on SSDI, it seemed like there has been a sharp increase in the number of applications and things. You know, that trend is striking as I have looked at the data.

So what—and I know this was even brought up in the previous Congress, but what is driving that? Because I looked at your answer from the previous hearing in the previous Congress, and I just was not fully understanding. I was not satisfied that we really understood what is driving the demand.

And I see that my—the light is on, the red light. So I will stop at this point. If you could maybe just give a couple sentences, the chairman might allow, I do not know. It is up to him.

Ms. COLVIN. Well, I do want to emphasize that the increase in the rolls was projected. If you look back as far as 1995 with the trustees reports, our actuary always predicted that the rolls would go up as a result of the aging of the baby boomers, who would be more prone to disability, and more women in the workforce who would be earning on their own record, and their disability rate would be comparative to men.

But I will tell you that the Disability Insurance rate, the number of applications that we are receiving is declining, not increasing.

Mr. RIGELL. I see.

Ms. COLVIN. And that was projected also.

Mr. RIGELL. Okay. Well, thank you for your answer, and I thank the chairman for giving me a little grace there.

Mr. COLE. Absolutely. If we go next, I think Mr. Harris arrived next. So——

Mr. HARRIS. But I am just—I am going to be coming back. I am going to have to step out for a minute. So I will defer.

Mr. COLE. Okay, very good. Mr. Fleischmann, you are the lucky guy. You are up next.

Mr. FLEISCHMANN. Yes, sir, and thank you, Mr. Chairman. And I apologize for my delay. I was at another subcommittee hearing for the Secretary of Energy.

Ladies, good morning, and thank you for being here.

Commissioner Colvin, thank you for updating us on the excellent work SSA is doing to increase accessibility through online services. Social Security employees from my district who assist my constituents every day have expressed concerns to me about the security of users' data in "my Social Security"—and I put that in quotes—online accounts.

Their concerns center on the Administration contracting with a company that has sold personal data to a Vietnamese ID theft operation, but they do have broader concerns about the security of iClaims and SSA's online operations in general. I would like to follow up on Mr. Dent's questions on cybersecurity.

Could you please outline specific steps that you are taking to guarantee personal information entered into SSA Web sites is not

at risk of being sold or made susceptible to security breaches? That is one question.

What recommendations from the OIG have you implemented, and what recommendations are you still working on? And have any investigations been launched into the company or companies you contract with to determine how safe users' information is in their possession?

Ms. COLVIN. Mr. Fleischmann, I am going to ask that you allow me to provide that answer for you on the record. I will tell you that our information is very secure, that we work with outside experts to ensure, as I mentioned earlier, that we are using best practices.

I am not aware of any major breaches in the personal information that we use or that we secure. And so, I would like to give you a very detailed response for the record.

[The information follows:]

Social Security records and information were never at risk when Vietnamese criminal elements were able to improperly obtain data from a company owned by Experian. As we inform people when they establish a mySocial Security account, we contract with Experian to help us verify information. We share only enough information to help verify identity, which information Experian is legally prohibited from retaining. We do not share an individual's Social Security Number record with Experian. Our contracts include specific language regarding the use and protection of people's data and provide us the ability to monitor and audit the contractor's work. Based on a recent contract competition, we are transitioning to a new provider for these services.

We utilize a defense in depth approach, deploying multiple activities and technologies to ensure that we protect data in our records. We have authentication controls in place to make sure our online services are secure and customers' privacy is well protected. Our controls for identity proofing exceed applicable federal e-Authentication guidance. We verify the information customers provide against agency records as well as an external source (currently Experian). We also provide customers with the option on each log-in to have a text message sent to their cell phone as another layer of security, in addition to his or her password to access the account. Additionally, we use analytical tools based on known patterns and common characteristics of fraud to identify anomalous or suspicious behavior when we review eService transactions.

In October 2011, the Office of the Inspector General (OIG) reported on its review of the electronic authentication processes that we use to support our online services. OIG wanted to ensure that our processes provided a strong and secure authentication protocol that meets Federal guidelines and standards. OIG made several recommendations to strengthen our process, all of which we implemented. In June 2014, OIG reported on its review of the access controls to our business service online process (that businesses use to interact with us) and made several recommendations to improve them. We have already implemented most of those recommendations, and two more are still in the process of being implemented. (This report contains restricted information for official use only.) We defer to OIG concerning any investigations that may or may not have been launched into Experian, the company with which we contracted, but we are completely convinced of the safety of our users' information that is in our possession.

Ms. COLVIN. There are also some steps that we take that I do not think we want to be made public because fraudsters are always looking at how they can defraud the system. We would be very happy to brief your staff on what we are doing in those areas.

Mr. FLEISCHMANN. Okay. Thank you. I will look forward to receiving that.

Commissioner, as you have stated, SSA has a lot of work to do to continue to reduce waste, fraud, and abuse in Social Security. Your application process and investigations play an extremely important role in cutting wasteful and fraudulent spending that threatens our national fiscal sustainability.

I am interested in finding out what additional steps can be taken to help these efforts. It is my understanding that your processes do not currently involve reviewing unemployment compensation records to determine if disability insurance applicants who, by definition, cannot work and are receiving unemployment compensation, which requires that they are able to work and are actively seeking employment.

Has SSA ever considered including this step? Are there barriers in place that would keep you from being able to implement this type of review?

Ms. COLVIN. Let me answer the last part of your question. The President's budget does have a proposal that would offset any income that is received from unemployment against disability. I think that was your question. So there is a proposal in the 2016 budget for that.

I also want to stress, though, that fraud is very small in our program. The Inspector General's Office has identified that it is less than 1 percent, although even one case is too many, and we have a lot of fraud initiatives. We have established an Office of Anti-Fraud Prevention so that we could make sure that it was highly focused.

Our cooperative disability investigative (CDI) units are a partnership with Office of Inspector General, the first one was established in 1998 when I was here as the Deputy for Operations. We now have 28. We will be opening another four in 2015, and another five in 2016 if we get the budget.

So these are the ones that we think are especially important because they prevent a check from going out, where many of the other initiatives we have are going after the money once it has been paid out. This is a cooperative initiative with the local disability determination services at the State level.

They identify suspicious cases or where the information does not seem credible, and that is referred to the CDI unit that does an investigation. We are often able to intercept a payment there.

We also have a national anti-fraud committee that works with the 10 regions, and they review the cases that have been identified for lessons learned. They also look at policy changes that may be necessary or anything that would help prevent a case from occurring again.

We are really doing a lot now with disability analytics, analyzing information so we can see trends. This allows us to identify third-party facilitators, doctors or lawyers who may be in collusion to re-

ceive a benefit for their client they should not get. And we have been having a lot of success there.

We have mandatory training for all 62,000 of our employees on fraud so they know how to detect it. SSA just recently implemented new notice language so that all of our notices now have a statement urging individuals to report any suspicious fraud, and we give them our hotline as a reminder.

And then we are doing a number of things with eServices fraud, which I would prefer to report to you privately so that fraudsters will not have that information.

I think we are doing a lot. One of the things that I would ask Congress to do is pass legislation that would allow us to impose penalties against third-party fraudsters, where many times a court will not accept our cases because they do not come up to the dollar value that they want, and we then are not able to prosecute.

But if I had certain authorities, we could at least go after individuals civilly. We do have a legislative proposal in the budget, and we hope you will consider that.

Mr. FLEISCHMANN. Thank you very much. Mr. Chairman, I yield back.

Mr. COLE. Thank you. And I just for the record want to commend your fraud effort in terms of what I have seen personally, actually before I was on this subcommittee, in your Oklahoma City office. It is absolutely eye-opening, and I share Mr. Rigell's righteous indignation here when——

Ms. COLVIN. Absolutely.

Mr. COLE [continuing]. We are talking about taking people's retirements and taking money that is set aside for people that have genuine disabilities and real need. So thank you for your efforts in that way.

NATIVE AMERICAN PROGRAMS

Administrator Greenlee, if I could go to you for a moment, I have got always a tremendous interest in what is happening with Native Americans and with tribal governments, and I know you have got some initiatives underway to try and help some of the both elderly and disabled in those communities, which are quite often isolated and in many cases have very limited resources of their own.

So, number one, could you describe the relationship you have with tribal governments, which vary in capacity and, frankly, what they can do? And two, could you then go through some of the specific things, I noticed you have asked for a modest increase in nutrition and caretaker services for Native Americans in particular. So what are the sorts of efforts that you are doing to reach out and build those relationships and reach those very difficult to serve populations?

Ms. GREENLEE. Thank you, Mr. Chairman.

Yes, through the Older Americans Act, we have specific dedicated funding where we fund tribes directly for both nutrition services and caregiver services. Any time we make a request for an increase in the budget for the other Older Americans Act funds for nutrition and caregiver, we always try to make the same request for the tribal programs that we have.

For the whole time I have been here, I have conducted a listening session with our tribal grantees. For about the last 3 years, I have done that with Dr. Roubideaux, the head of Indian Health Services, and they are always sobering when you talk to the tribes.

I actually did a listening session in Oklahoma with the Oklahoma Indian Council about 3 or 4 years ago, and it is they always come back and talk about multiple things—the poverty that many tribes face, the role of the family is always paramount when we talk to tribes, the way they really have to stretch the dollars that we give them, and that anything that we can do to support the whole family helps the elders, as well as helping the elders directly through our Title VI grantees.

Elder abuse is a major passion of mine in terms of working on these issues. For the last several years, elder abuse has come out from tribes as one of their primary concerns. When we talk elder abuse, we find the same jurisdictional issues that you would have with Adult Protective Services and law enforcement with regard to the ability of tribes to deal with abuse on tribal lands.

We specifically have funded a national elder Indian—national elder indigenous project to work specifically on elder abuse with the American Indians so that we can be culturally competent as we work with tribes. It is really rewarding and sometimes heartbreaking work because of the amount of poverty the tribes have.

I think the thing that is most uplifting is really to see the value of the family and the way that in tribal communities the elder is not left behind in any way and that there is a real attention to those services. So anything that we can do to help tribes in that way we do.

There are also other funding opportunities. When we have general program announcements for any other programs, the tribes are also completely welcome to apply. So it is not just as specific as dedicated funding, but other opportunities as well. It is important work.

Mr. COLE. Well, thank you very much.

You know, one of the challenges for this particular population, too, is Native Americans are no longer living on tribal lands. And you know, in the healthcare system, we have 38 different facilities in communities with high Native American populations, but where most of that population is apart from the area of jurisdiction or the reservation, which is home.

Do you have any particular outreach efforts to those folks? And again, this is a population particularly in the disability area that has a unique—you know, will be much more likely to have diabetes, much more likely to have certain kinds of illnesses that they are genetically predisposed to have and, frankly, have quite often had a lot less in the way of care and services over the course of a lifetime that sort of help you, sustain you when you are a little bit older.

Ms. GREENLEE. It is an expectation that we have of both the State and the local Area Agency on Aging that they provide services to all older people in their communities. So for urban Indians who are living in a catchment area and an Area Agency on Aging that is not on a reservation or specific tribal land, we really fund them to do that work directly and find it is important that we con-

tinue to fund national resource centers who can work with States and Area Agencies on Aging to make sure that they provide specific information to tribes.

It is not just the responsibility of the tribes themselves because, as you say, not everyone is living on specific tribal land. It is everyone's group responsibility to serve all the diverse communities in an urban population, including American Indians.

Mr. COLE. Well, I commend you for your work in this regard and particularly am pleased to hear that you are working with Dr. Roubideaux. Because I do think those 38 healthcare centers may be an awfully good place for you to focus on as well because, again, that is where a lot of that population is going to come to in an urban setting.

And there is no doubt there is an opportunity there for cross services, obviously for medical services, but for some of these assisted living programs as well. So just thank you for looking at it.

Mr. Harris has not yet returned. So if I can, I will go to the gentlelady from Connecticut.

Ms. DELAURO. Thank you, Mr. Chairman.

And Ms. Greenlee, thank you for your focus on elder abuse. I think it is an area that has—really needs a lot of attention, and I do not know the various ways in which we have the opportunity to monitor what is happening. And you know, I have a mother who is 101 years old, and she lives with me and my husband in New Haven, and we have caregivers, you know, around the clock. And I know how well they treat her.

And we are all people who would go to various facilities and nursing homes, et cetera, and you hope that people are being cared for in the right way. But I think your attention to this issue is critical, and we need to really uncover those places and take them really more than to task, you know? Put them out of business, I swear, if they are abusing elderly, elderly people.

NUTRITION

And I want to focus and I want to move to senior nutrition——

Ms. GREENLEE. Yes.

Ms. DELAURO [continuing]. If I can because I think that is another area of real serious concern. You have asked in the budget for $60,000,000 to increase nutrition programs. And there has been a decline, as I understand it, in those services over the past 5 years. At this level, you can provide more than 200 million meals to more than 2 million seniors, most of whom are lower income.

My understanding is that more than 9 million Americans over the age of 60 face the threat of hunger. Is that number barely scratching the surface of what the problem is out there in the hunger issue? What other ways could we assist in trying to provide healthy and nutritious meals for seniors?

And in your experience, is a lack of nutritious meals a common reason that seniors need to move into assisted living facilities?

Ms. GREENLEE. May I start with your last question first?

Ms. DELAURO. Sure.

Ms. GREENLEE. Every year, we do a survey of people who have participated in Older Americans Act programs, and we ask that question specifically, if people had not been able to receive the

meals, would they have been more likely to need to move to an institutional setting? And that is always the information that we get back, that the meals themselves help people remain independent.

In fact, that is often the first service that someone will call for, either the older adult or a family member. That certainly was the case in my own family, where we called for meals. And when the Area Agency did an assessment, they often find that someone needs additional kinds of supports.

The budget request for additional nutrition funding is broken into two pieces. One to provide basic additional funding to the States through the formula grants that we have for home-delivered and congregate meals to stem the tide. We have been losing progress in the last several years and have been able to serve fewer and fewer people just because of inflation.

So the trend is this way because of inflation. If you looked at that trend overlaid with the increased number of older people, the trend line would be stark in terms of the percentage of people that we are able to reach being far less, compared to the older population as a whole.

Ms. DELAURO. And that includes the Meals on Wheels program?

Ms. GREENLEE. Yes. Yes.

Ms. DELAURO. Yes.

Ms. GREENLEE. And so, all home-delivered, all congregate meals would benefit.

We also are very interested in innovation. I do not have any innovation dollars for the nutrition program. They all go out by formulas and go to the States. So $20,000,000 of the $60,000,000 increase is to look at how we could modernize the system, look at the ongoing demand, as we have more older people come because of the age wave, and figure out if there is different types of service deliveries——

Ms. DELAURO. Do you have any thoughts on how to—innovations?

Ms. GREENLEE. We can look at the ability to use technology to order meals or to alert people if someone is not going to be home. We can try different kinds of food service. Salad bars are very popular. Can we adequately provide the daily nutritional allowance if someone is choosing more meals? And how can we change the service system itself?

Ms. DELAURO. I have taken the opportunity on several occasions to go with the people who deliver the Meals on Wheels just to ride along and then go into folks' homes. And in so many instances, I have found that they are people who are homebound, and they may or may not have a relative close by. Or even some had relatives out of State.

And that person who does go not only delivers a meal, but also checks in to see if the person well, if they have other concerns and issues. So that the extent to which we can increase that opportunity because in some instances, it is the only meal that folks get for a day. If they are homebound and they cannot get around and so forth, that is what their level of food is for a day.

I would like to work with you on the issue of hunger, which is an issue that is very, very important to me——

Ms. GREENLEE. Thank you.

Ms. DELAURO [continuing]. Both for seniors and others as well.

Ms. GREENLEE. Thank you for your interest.

Ms. DELAURO. And on tribal lands, I might add, Mr. Chairman, a big issue on tribal lands is hunger.

Mr. COLE. It is, and as my friend knows, it is not just the sustenance. It is the social contact and the interaction that you get when you are actually with a group. That support makes a lot of difference for a lot of people.

Actually, Mr. Dent was going to be next. But—— [Laughter.]

So I think Mr. Fattah is now next.

Mr. FATTAH. Thank you, Mr. Chairman.

ALZHEIMER'S AND OTHER BRAIN DISEASES

I am very interested in brain health-related issues. So you indicated earlier that over 70 million people will be over the age of 60. Degenerative brain diseases, dementia, you know, Alzheimer's, Parkinson's, Huntingdon's disease, I am interested in what you, given your footprint, what you sense about—you know, the NIH, which is also under our jurisdiction, says there are over 15 million Americans suffering from some one of hundreds of brain illnesses or diseases.

But this population, both on the disability side that you interact with, and the elderly, you know, the most you are actually touching these people in real ways each day. So I would be interested in what you think is happening about caregiving for those who have a neurological-based illness?

Ms. GREENLEE. I am glad you started by mentioning NIH. We have a close partnership with the National Institute on Aging, which has a history of specific investments in Alzheimer's related research. And it is a nice complement where we can invest in long-lead research to help look for ways to slow the disease or maybe get rid of the disease.

And then there are the programs that we have that help provide support for people who are living with Alzheimer's and related dementias and their family caregivers. So we have specific programs that are designed with an evidence base for Alzheimer's disease to help support people. We have systems in place to help States redesign their long-term services system so they are capable of understanding the unique needs of this population.

With our broader mission as ACL, we have been able to provide additional focus since people with Down syndrome as they age are at incredible risk for having a diagnosis of Alzheimer's disease. We have done an awareness campaign to reach out to individuals, and our base family caregiver program also has a lot of support for people with Alzheimer's disease.

Mr. FATTAH. Well, I would be very interested in getting as much detail as is possible about those activities, and the other things you talked about earlier is when you have younger people who are disabled and who age out of the education system. So autistic kids or kids who are in the spectrum, once they age out, they are in a situation where, you know, there are challenges for families.

And I would be interested in whether you have any interaction at that level?

Ms. GREENLEE. Yes, and the challenges for families are similar to what Congresswoman Roybal-Allard was talking about when she asked me about family caregiving. How can we find a way to build an entire community around the family to provide support for family and provide support for the young adult or middle-aged adult with the disability?

That family will age together, and the caregiving experience for families can often then last for a lifetime. This becomes very stark when the issues all converge, and you have really old people caring for middle-aged people with disabilities and really needing to do some planning for the future. So how do we take a comprehensive look at what it looks like to have community supports in place and not assume that everything is going to be a Medicaid payment?

Mr. FATTAH. Well, we should work together. I look forward to having opportunities to follow up with you on this after. We could get some information about your various programs, all right?

Ms. GREENLEE. Sure.

Mr. FATTAH. Thank you.

Thank you, Mr. Chairman.

Mr. COLE. Thank you.

We have not given you much time, Dr. Harris, but if you are ready, you are up next.

Mr. HARRIS. Thank you very much. Thank you, Mr. Chairman.

SHELTERED WORKSHOPS: CMS RULE

I have one just quick question, and it is just out of curiosity. I do not know if you know, but CMS issued a rule last year that would in effect eliminate the use of Medicaid funding at the State level for sheltered workshops. These workshops, which I have in my district, provide jobs for people who likely would not otherwise be able to work. It allows them to socialize with other individuals similar to them and the community more broadly.

Again, this is an important issue for the disabled in my district. I just want to ask, were you, as one of the lead departments that actually does work with the disabled, were you consulted by CMS prior to the rule being issued?

Ms. GREENLEE. Yes, sir. We were. We worked with CMS as they worked on developing that.

Mr. HARRIS. And do you agree with that rule? You think they really should remove the funding from these sheltered workshops?

Ms. GREENLEE. The purpose of the rule and our participation as they were developing the rule is to look at evaluating the experience of a person who is receiving Medicaid funding so that they have an integrated community-based experience. And that is really the goal of the rule. It is not specifically directed at sheltered workshops, but at how someone completes community integration.

Mr. HARRIS. Okay.

Ms. GREENLEE. And then the States are given both a challenge to make those assessments and time to make changes to their systems. So it is still primarily a Medicaid conversation, but we were involved in the conversation.

Mr. HARRIS. Okay. All I can tell you is the sheltered workshops in my districts are worried about it. I mean, you know, I think they

do a great job for the communities, and I am a little concerned that they came up with that.

Anyway, look, my other question is while I am glad to see that SSA is extending the field office hours by 1 hour 4 days a week, the wait time for an appointment at a field office is still unacceptably long. If the majority of the public were able to go online for SSA basic services, the local office staff could focus on serving those who are unable to access online services or whose needs are more complex, many of whom are in the disabled and aging communities.

Now I know that SSA has recently taken steps to make some of its services available online. While the availability of information is crucial to the public, the accessibility of the majority of SSA services is what will really drive the public's use of your Web site.

So with the $664,000,000 increase requested for LAE, could you outline SSA's plan for fiscal year 2016 to better exploit technology to make greater service automation for the public possible? And a related question, to what degree do you make public announcements about the availability of SSA's online services so as to encourage wider use?

Ms. COLVIN. Thank you, Dr. Harris.

We are very pleased with the progress that we have made with online services. Today, about 50 percent of our claims are, in fact, taken online, both retirement and disability. We also have our earnings statement now online.

We also have a "my Social Security" account for individuals working and paying into the system. They do not have to be retired to go online and get information about their benefit. They can change their address or other types of information.

In 2015 and 2016, we are going to be increasing additional services online. We are going to be putting a Social Security replacement card online. We have to do that carefully. I heard some of your colleagues' concern about security. So we have to make sure that security is in place.

We already have put the 1099 online so that individuals can get that information to do their financial planning. We are also increasing a number of the other types of services that we will have available both for the customer, as well as improving some of the systems inside that will make it easier.

We do see that this will help us to reduce the traffic into the field offices. We recognize that not all of the American public feel comfortable online, and some of them really need personal service. So what we hope is that as we are able to move more traffic out of the field offices onto online services, that will then give the people in the field the opportunity to serve people more rapidly and give them a little bit more personal attention, which we are not able to do now simply because of the shortage of staff.

Our 2015 appropriation, and we are so appreciative of that, has allowed us to hire people, but it is going to take us time to train them. It takes us about a year to get them proficient to be able to do work on their own, and so we are hopeful that 2016 will allow us to continue to do those things that I just talked about.

Mr. HARRIS. Well, what about the service kiosk pilot? Do you think that will be successful?

Ms. COLVIN. Well, we certainly hope so. We are piloting it. We are getting good reviews so far. I am hoping we can get something in the district so that some of your staff can come out and take a look at it.

We have found that the videoconferencing, particularly in the remote areas, where we still want to do face-to-face, there was some initial apprehension. But I said to the constituents, "Do you watch TV? It is just like that, except that the person in the screen talks back to you." There has been great satisfaction with the videoconferencing.

With the pilot that you are talking about, this will allow a little bit more self-servicing, and we have seven that we have placed in various areas to test that out. We are very excited. So we thank you.

Mr. HARRIS. Thank you very much. And good to see you again. Thank you, Mr. Chairman. I yield back.

Ms. COLVIN. Thank you.

Mr. COLE. Thank you.

My good friend from California is next up.

ELDER JUSTICE AND ADULT PROTECTIVE SERVICES

Ms. ROYBAL-ALLARD. Ms. Greenlee, I want to go back to the issue of elder abuse. During your tenure as the Assistant Secretary for Aging, in 2010, the Elder Justice Act authorized the Elder Justice Coordinating Council, and the Advisory Board on Elder Abuse, Neglect, and Exploitation. And the former Secretary of HHS solicited nominations for 27 appointments to the advisory board.

And then since the creation of ACL in 2012, the Elder Justice Coordinating Council fell under its purview, but we have not seen any additional information with respect to the membership appointments for the activities of the advisory board. What is the current status of the advisory council appointments and activities, and also if you could just describe a little bit more about the Elder Coordinating Council's current initiatives to improve prevention and awareness of elder abuse and whether or not your proposed budget will be sufficient enough to carry out these objectives in fiscal year 2016?

Ms. GREENLEE. Congresswoman, as you pointed out, the Elder Justice Act created two formal bodies. One would have been a Federal advisory committee, the one you mentioned that had 27 members.

When the law was passed as a part of the Affordable Care Act, it received no appropriation. We did put out a Federal Register Notice, hoping to be able to stand up that advisory council, but because there was no appropriation to help staff or provide support for the advisory committee, we were not able to move forward on that.

The second body was the Federal Coordinating Council, and this is where Carolyn Colvin and I spend a lot of time together, where there is a large group of about 12 Federal agencies that have met to talk about what we can do comprehensively to deal with both prevention and response. Because we have not had this external advisory committee, we have conducted those meetings with the

public in mind, have had many of those same experts who were nominated provide testimony to us directly.

We came up with a short list of eight recommendations on what we can do, from awareness to prosecution, and have really given the charge back to each of the individual agencies for them to lift whichever pieces they can lift.

And I think the best kind of example right now is not just the work that we are doing at HHS, but the Department of Justice has been an essential colleague in this. Justice announced a national online resource for prosecution of elder abuse that would be available to all State and Federal prosecutors around the country.

So it is really each of us who have been taking up the responsibility to go back to our agencies and do what we can do. My piece is reflected here in this budget, which is how can we help with Adult Protective Services and some research dollars?

Ms. ROYBAL-ALLARD. Thank you.

Commissioner Colvin, I understand that the Social Security Administration is drafting a long-term strategic plan that has yet to be finalized. But a draft report was circulated that indicates that by 2025, the SSA hopes to provide direct service options only in very limited circumstances, preferring to focus as much as possible on online service.

And then, recently, the New York Times reported that 20 percent of adults do not use the Internet, and only slightly more than 50 percent of Americans 65 and older use it. Is the strategic plan in the best interests of the American people?

And also earlier you mentioned that your field offices always will be the primary form of service delivery. So how do you reconcile the draft report with your earlier statement?

Ms. COLVIN. Thank you so much for that question. It allows me to clarify the report that is out.

The report you are referencing is a report that was done by NAPA, which this body asked for. The report has been released, and we will use it to inform our plan that will be coming out shortly. But that report does not reflect the vision for the agency.

I believe it goes too far. I think that certainly at some point, you will see more and more online services, but certainly not by 2025. So we are going to use the information and the research and some of the other information that was contained in that report to inform our decisions.

We also reached out to a much wider stakeholder group so we could ensure that we were hearing from everyone. It has taken me a little bit longer than I anticipated to finalize that, but we expect that to be coming out in the near term.

Our report will reflect in there that we do expect that our field offices will be a basic foundation, and that we also will be increasing our online services. We believe that we have to look at customer choice because our services are paid for by the individuals who pay into the FICA system, and so we do need to at least listen to what they want.

We do find more and more people are willing to use online services if they are easy and convenient, and so we want to certainly tap into that. But we recognize that there will always be a population that prefers to do face-to-face and in some instances really

need it. We serve the SSI population, the homeless, the mentally ill, and other individuals who will always need assistance.

Ms. ROYBAL-ALLARD. Okay, thank you.

Mr. COLE. Thank you.

My good friend from Arkansas, Mr. Womack, has been in Defense. That is why he has not been here. So he has been taking care of all of us, but certainly covering for me not being there. So——

Mr. WOMACK. I apologize for being late to the meeting, and I have had an earful from the Chief of Naval Operations and the Marine Corps Commandant.

So, Administrator Greenlee, in your testimony, you say that you "know that people enjoy a better quality of life when they are able to live in a home of their choosing with people they love rather than in an institutional setting" and that keeping the developmentally disabled in their homes is "clearly the right thing to do."

I agree with you that that is true for most individuals. But I find it extremely concerning that you have made such a definitive, all-encompassing statement because it is certainly not true for all individuals, and I want to use John Sherman as an example.

John is 46, but due to suffering severe brain injury at birth, has less cognitive ability than my 20-month-old grandson, Kaden. John is profoundly disabled. His mother, Carol, is in her seventies. She is also half his size and cannot provide the level of care necessary to care for John, much less provide him with better care.

So she had to make the tough decision to give John a new home at the Arkadelphia, Arkansas, human development center, a Medicaid-certified intermediate care facility. It was clearly the right thing to do for John.

PROTECTION AND ADVOCACY

As the Administrator for ACL, you oversee the Administration on Intellectual and Developmental Disabilities, which provides Federal funding to grantees in each State to carry out its protection and advocacy program. In Arkansas, our program has in the past brought multiple Federal lawsuits against our State using as named plaintiffs residents of long-term care facilities without notice of their legal guardian, to their legal guardians.

They have also released a report in January of this year calling for the closure of one of our State's human development centers. So I have a couple of questions in the context of this discussion.

Is it the policy of your agency to endorse activities of lobbying, the threat of litigation, and Federal lawsuits by protection and advocacy programs for the purpose of undermining and closing long-term care facilities?

Ms. GREENLEE. So, Mr. Chairman, the program you have correctly cited, the Protection and Advocacy agencies are part of the Administration for Intellectual and Developmental Disabilities. Their primary purposes are to advocate on behalf of individuals with disabilities, especially looking for people who are at risk for abuse or have been abused. And they also have been charged with or taken up the responsibility to enforce the Supreme Court decision with regard to the Olmstead case to make sure that people are served in the least restrictive setting.

I obviously cannot comment on any specific litigation that you are talking about, but that is their mission, to make sure that people are not abused and that they are in the least restrictive setting.

Mr. WOMACK. So you are not going on any witch hunts?

Ms. GREENLEE. No.

Mr. WOMACK. Okay. Are you aware that grantees are restricted from using Federal funds to attempt to influence deliberations or actions by Federal, State, or local legislative or executive branches?

Ms. GREENLEE. What are you talking about specifically? I am sorry. I do not understand.

Mr. WOMACK. It is plain English. Grantees are restricted from using Federal funds to attempt to influence deliberations. So is that your understanding?

Ms. GREENLEE. Yes, and if we are still talking about Protection and Advocacy agencies, they are charged by statute with this advocacy responsibility and litigation responsibility that you have just outlined, not with the legislative activity that you are asking me about.

Mr. WOMACK. Are there fine lines between undue influence using the Federal purse, the Federal connections there as an influential technique?

Ms. GREENLEE. Sir, I am not quite sure how to be the most responsive to you. They are charged with the responsibility of being advocates. So perhaps there are concerns that you have that they have gone too far. I do not know without having a specific situation.

But advocacy is a statutory responsibility of many of the programs that I run, and that is to bring forward the issues on behalf of the American people. That is not to lobby or talk about a specific piece of legislation, but to talk generally about the issues in front of them.

That is different than lobbying. It is about providing basic education about the people they are serving.

Mr. WOMACK. Okay. Finally, Ms. Greenlee, what are ways in which your agency supports the option of long-term care facilities for persons who cannot care for themselves, like the example that I gave in my opening remarks?

Ms. GREENLEE. Like you said in your opening remarks, the person that made this decision made a decision on behalf of their family, and this was a Medicaid-funded program. This is not an agency or a program that we administer at ACL.

We do believe in the statement that I said, that you quoted from our record, that most people want to live at home. And what we have found to be true is that we have become extraordinarily good in this country at serving people with significant disabilities in a home setting, and we continue to improve our ability to do that over time.

We think that is the right policy decision that we should continue to explore every option so that people can have their family members with them. If any family member chooses to go in a different direction, that is their particular choice as a family and is a decision with Medicaid. But for us, we want to continue to explore every option to make sure that people can stay in community.

Mr. WOMACK. So, and finally, I will leave it with this. Is it your goal to eventually, I hate to say eliminate long-term care facilities like the one I have spoken about, but is it your goal to see that the home setting is going to be the answer to the future needs of this population group, or do you see a place out there for these long-term care facilities into the distant future?

Ms. GREENLEE. Our goal is to see that the home setting is the primary venue for all the populations that we serve and that we continue to provide every support that we can to make that a reality.

We have no mechanism to require that any other setting change or close, but we will drive policy and work with families and older people and people with disabilities to explore everything we can do as a country to provide integration in the home setting because it has clearly been represented to us by older people and people with disabilities that this gives them the best quality of life and the most integration.

We are not a facility closure agency. They are not the facilities that we run.

Mr. WOMACK. Yes, I understand that. I just—my parting shot is I just think that you cannot have a "one size fits all" approach going into the future.

With that, Mr. Chairman, I yield back.

Mr. COLE. Thank you very much.

Commissioner Colvin, we have talked a little bit about some of the efforts you have made in both in the fraud area, but I would like you to elaborate a little bit more on that because I think, again, it is something we are all very sensitive on. So what are the specific things you are doing on fraud?

And the other place I would ask you to focus some attention and bring us up to date on what you are doing is obviously sometimes mistakes are made, and we either overpay or underpay. It is usually a disaster when you overpay and you find it. You have to go back and get the money. It is hard to do. The person that received sometimes is totally innocent but obviously has spent the funds and does not have very much.

Ms. COLVIN. Right.

Mr. COLE. So what are we doing to lower our error rate, which I understand is like 10 percent in over or underpayment?

Ms. COLVIN. Thank you for that question.

Mr. COLE. I want you to correct me because I would like to be wrong.

Ms. COLVIN. Right. Well, overpayment and underpayment are two areas that are especially important to me, and I focus on them a lot. I believe that we have an obligation to make certain that we recover overpayments for the taxpayers.

We do know that in some instances the overpayment can be the result of a mistake that we made, or it could be because our workload is heavy and we do not get to it on time. So Congress recognized that, and there is a waiver process.

Individuals have the ability to prove that the overpayment was through no fault of their own or that they do not have the ability to pay because they just have basic income that allows them to survive. So we do that. But once it is determined that the individual

has the ability to pay and it was their fault, we do aggressively pursue that.

I am particularly concerned about underpayments because the benefit payment is low, and we have a very complex program. So we do have situations where people are underpaid because they do not always give us all the information, and we find out later. It happens particularly with the widows and individuals like that.

We have workgroups within our agency who are focusing on those error-prone areas. But the accuracy rate for Title II is 99.7 percent. The accuracy rate for Title XVI is not as high because that is our more complex program, and it is our means-tested programs. But that is still 90.7. I have been able to get that up 1 percent in the time I have been here, and we are constantly looking at ways to do that.

The biggest area where we have the problem is with wages that are not reported, and we have had various proposals where we would get quarterly instead of yearly reporting from IRS. We have not been able to get that through yet.

But we have a program that we call Access to Financial Institutions where we are able to work with the banks and identify any assets that are not reported. That has been extremely successful. And so, we check up to 10 banks in an area to see if individuals have accounts that they have not reported. That is just a data match, and that has been very successful.

We also now have the ability to have individuals report their wages by mobile application or telephone application, and the number of people who are reporting has significantly increased. So we believe the easier we make it for people to report their wages, the more people will report.

But in the fraud area, I want to emphasize again that it is a very complex program. We pay out almost $1,000,000,000,000 a year, $940,000,000,000 this year. But we are projecting by the end of 2016 almost $1,000,000,000,000. And so, we know the fraudsters are going to go where the money is.

So we began to use data analytics to identify the trends that I talked about. You have many stories about doctors and lawyers who fabricate information and work together to try to defraud the program. We are being very aggressive in going after those kinds of cases.

One of our biggest challenges is that the prosecution is not sufficient. Our cases just are not accepted by the local States. We had when I came back——

Mr. COLE. Can I ask you on that just a specific question? I do not mean to interrupt. I apologize.

Ms. COLVIN. That is all right.

Mr. COLE. It is just so you can incorporate in your answer. You know, I am particularly interested, look, when you have got a scheme, as opposed to a person chiseling the system is bad, but it is one person. But when you have got a scheme and you have got literally dozens of people involved in these sorts of things and quite often very, you know, "high-class professionals"—doctors, attorneys, as you mentioned. Do they ever get any prison time for this?

I mean, is this just white collar crime and a fine, or do they go to jail?

Ms. COLVIN. Some get prison time, but the penalty is not where I think it needs to be. But we do not control that. It depends upon the court where they are being tried.

Some of the dollars are significant. Some people get jail time. Some get restitution. But we try to push for the maximum penalty.

Where you have the third-party fraudsters, as I mentioned, we are proposing legislation that penalties will be increased in those areas. With the smaller crime, though, where you have someone who got their mother's benefit for 15 years, and they took $500,000 that they should not have received, I think they should go to jail regardless of their age.

The court does not seem to think the same thing, so they might get home detention, or they might get restitution. We have to accept that, but we feel that there has to be strong penalties in order to act as a deterrent.

Mr. COLE. Well, I would love, just in closing here quickly, to work with you on that.

Ms. COLVIN. I would——

Mr. COLE. Obviously, that is not our jurisdiction. We are an appropriations committee, not an authorizing. But, boy, if there is ever an area for bipartisan cooperation, this is clearly it. I have never met anybody that is not outraged by this, this sort of thing and thinks you ought to be throwing the book at people that are defrauding Social Security or Social Security disability.

And let alone when it is a systematic scheme of major proportion, or it is I could not agree more with your remarks and your obvious indignation at somebody collecting a check for 15 years on somebody that is deceased. I mean, that is a criminal activity, and it actually dishonors the person's memory as well, in my view. But just not appropriate.

So thank you for the——

Ms. COLVIN. And you know, 99.9 percent of our beneficiaries are honest people, and I do not want the program jeopardized because of a few who get a benefit to which they are not entitled.

Mr. COLE. Well, good for you.

I will go next to my good friend from Connecticut.

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

I would add to your comment I think it is just outrageous of trying to game the system in Social Security. I think we have to be equally concerned about the penalties that are imposed with regard to the Medicare system and what we find by way of fraud in the scales that exist in the Medicare system and would love to work with you on that as well. Because I think that that is, you know, not the direction we want to go in.

CAP ADJUSTMENT: HOME AND COMMUNITY BASED SERVICES

Administrator Greenlee, I just wanted to ask you, I have heard the end of the conversation on the community-based support services and the home and community-based support service, and obviously I am for your approach and where you want to go.

But the issue in terms of practicality and looking at money saved, and I do not know if that is in your purview, but I think we need to take a look at as appropriations committee about if we move in that direction from whether it is long-term care, short-

term care, whatever it is, to a home-based setting and what would the savings in that effort be?

Have you looked into that? Have you calculated that? It may not be within your purview, but where is the discussion about the amount of money that we might save as a result of moving to home-based and community-based support services?

Ms. GREENLEE. I think there are two conversations, one that is more pertinent specifically to my agency. But the other one is the Medicaid conversation——

Ms. DELAURO. Right.

Ms. GREENLEE [continuing]. That you very much see about rebalancing the Medicaid system so that we provide Medicaid services in the community because it is so much less expensive than in any institutional setting. We are a companion piece, and if you start talking about the types of services that we provide, whether it is through the Centers for Independent Living and Area Agencies on Aging, they are so much less expensive. I mean, we start talking about a few thousand dollars a year, instead of tens of thousand dollars a year to help someone with basic supports to stay independent.

Because of the way the budget mechanisms work, these are discretionary funds, those are mandatory. I wish I could capture all the savings that I think we could prove. But I think we can make a case that these really are wise investments, prevention investments, and keep people from seeking a more expensive alternative.

Ms. DELAURO. Okay. I would just mention this. There are two other areas in the Labor, HHS bill where we have something known as a cap adjustment. It is a special budget designation for programs to create savings in mandatory programs, such as Medicare, Medicaid, Social Security.

Given that the substantial savings that your programs—that would accrue to Medicaid, one of the things that I would like to explore is a cap adjustment for home and community-based support services and family caregivers. I would like to work on that.

HOME CARE WORKFORCE

And you talked about or I was not here when you talked about home care workers. We need a qualified and a trained workforce in this effort. I struggled for years to be able to get qualified people to take care of my mother. I now have seven people because it is——

Ms. GREENLEE. Yes.

Ms. DELAURO. You know? And to be honest, there are different levels. Some are just basically a companion. Some can take care of the needs. What more needs to be done in this area of the training in order to make—to have qualified home care workers?

Ms. GREENLEE. I think we have to keep talking to our sister agencies at HHS, such as HRSA, because that is really where they have the workforce investment dollars and investments, whether the Affordable Care Act or other direct appropriations to them, to help supply a workforce to care for an aging population.

We do not have a direct workforce kind of component. Ours, as I was saying earlier, is more to help the family, to help the person who is working with caregiver support, help the older person who

may need some assistance, help families that if they have younger people with disabilities there so they can remain in the workforce.

But the workforce investment needs to be made because, yes, to really help someone be at home, it is going to take a trained workforce. And people are assuming more complicated medical tasks ever than before. So it is a good news story.

Ms. DELAURO. Right.

Ms. GREENLEE. We really can help people with severe limitations or disabilities in community, but it takes a skill set to be able to do that competently.

Ms. DELAURO. Mr. Chairman, I have just two questions. Can I—thank you. Thank you.

With regard to I have one question for you, Ms. Greenlee, and then one for the Commissioner. On ACL, there were agencies combined, the Administration on Aging, Administration on Intellectual and Developmental Disabilities combined to create this single agency. You have taken on additional programs, independent living and the National Institute of Disability. Where do you see yourself in terms of the effectiveness of what you are doing in this combined agency over the last few years?

Ms. GREENLEE. My favorite way to describe us now is that we are a multicultural agency. And in a sense that we are really responsible for representing the cultures of all different kinds of people—older adults, younger people with disabilities. And in a multicultural sense, it means that we need to be mindful of what we have in common and also mindful of the things that are differences.

I see this as a large Venn diagram between aging and disability. And what we have gained by bringing these programs together is a much more significant presence as we talk more comprehensively about long-term supports and services.

The Older Americans Act is an essential program to provide supports, but long-term supports and services for all populations is a much bigger conversation. I think we have more expertise at the table, more of a stakeholders investment in making sure that we continue to provide services in the community that are less expensive, that are more desired.

And for that, it is an aging and disability combined conversation. It is not one or the other.

Ms. DELAURO. Okay. Thank you. Thank you very much.

And finally, Commissioner, the National Support Center?

Ms. COLVIN. Yes.

Ms. DELAURO. That you are making good progress on the center. You began to transition, the transition of IT services from the 30-year-old computer center to a new National Support Center. So I think you are about 4 or 5 months ahead of schedule in this effort.

Ms. COLVIN. Yes.

Ms. DELAURO. So are you still on track to complete the transition of IT services to the National Support Center by August of next year? Are you still on track to complete the project within its original budget?

Ms. COLVIN. Yes, yes, yes. We are excited about this. This is a project that we really received great bipartisan support on, and we

came in under budget and ahead of schedule. So it is a nice note to end on.

Ms. DELAURO. And ahead of—all right.

Ms. COLVIN. Thank you.

Ms. DELAURO. Cannot do better than that.

Ms. COLVIN. Absolutely.

Mr. COLE. I was going to say I know a set-up when I see one. [Laughter.]

That was very impressive.

Ms. COLVIN. Can I make a——

Mr. COLE. What a way to end it. I have a wily ranking member.

Ms. COLVIN. Mr. Chairman, I want to make a correction for the record because I do not want people to think I do not know this. But the new retirement age is 66.

Mr. COLE. I wondered. You really were concerning me because I turned 66 in April, and then I heard 68.

Ms. COLVIN. But 67 is the age in 2027.

Mr. COLE. Oh, I know.

Ms. COLVIN. So it is 66 now, and it is 67 for 2027.

Ms. GREENLEE. That is the year I turn 67.

Mr. COLE. Let me just in concluding make a few remarks. First of all, I want to thank both of you, honestly, for the wonderful work that you do and the people that work with you and your respective staffs. I mean, these are clearly agencies that really do touch a lot of lives, make a lot of lives better.

And frankly, these are areas where the data shows we have made considerable progress under your leadership. So thank you both for what you are doing. A lot to be done.

There is always—you could tell we have a pretty busy morning, and a lot of members were in and out. But there is a real interest in what you are doing, and they all came with very specific questions and something they wanted to know about or bring to your attention. So, again, I think that is a pretty good indication of how serious all of us take this.

I tend to judge agencies actually more less by what I hear here and more by what I hear from my case workers, who are literally interacting on ground. And I have to tell you, in both cases I get wonderful comments back for both the agencies that you are there.

They really appreciate when somebody calls with a problem the kind of responsiveness they get, Social Security or local aging communities, people that you are intimately involved with. So thank you for that very much.

Let me end with this on a somewhat sober note. I also happen to sit on the Budget Committee, which no appropriator likes to do. I mean, it is usually you have offended the chairman somehow, and you are sent to the Budget Committee.

But the grim reality is right now sequester is the law of the land. It is not a policy. It is not a choice. It is a law, and it is a law that was passed by Congress, signed by the President. And frankly, the President advocated sequester. If you go back and read Bob Woodward's book, The Price of Politics, pretty clear what happened.

Having gotten there, you know, we are now producing budgets that say, well, if it did not exist, this is what we would do. I am not convinced at all that we are going to be able to get out of this

particular thing and particularly during the appropriations process. I suspect we will end up appropriating to the law.

Now I would hope that we find a way not to do that, that there is another Ryan-Murray type agreement or some larger agreement. For that to happen, though, the President has to be engaged, and there has to be some mechanism or process set up. So, obviously, the congressional leadership does, too. I am not trying to do an either/or here.

But I do think, absent some sort of negotiation that is initiated at levels well above the pay grade of anybody on this panel, this is where we are going to end up. And so, you know, again, I know the President has a proposal, but I also know that he is politically wise and sophisticated enough to know even though I am sure he believes in the proposal he offered, that is not going to happen.

So the only way around that is some sort of negotiated agreement. We managed to do that a couple of years ago, and I think while nobody would tell you the Ryan-Murray deal was the best thing they ever saw, it was a lot better than the alternative that we would have had.

And we are going to have these tough choices in panel after panel. When I talk to my friends that are in Defense, where I also sit on that subcommittee, I know they are very worried. And I do not think the way out of this, by the way, is to rob the nondefense agencies to plus-up defense, which some advocate. We are just going to have a larger global settlement here, or we will end up living under the law.

So, number one, just again thank you for your service, and we hope that we do not make it harder on you rather than easier. But also, and I urge this to my friends on both sides of the aisle, I am going to be making this kind of statement on a regular basis in this committee and on others. People have got to sit down and start talking about this and not talking past one another or politically positioning themselves, but literally sit down saying, "Are you prepared to live with the law?" If not, what can we do to change the law and to direct resources in defense and nondefense areas where they can make a difference.

Certainly, both of you and your respective agencies have made a difference and are making a difference, very positive difference in the lives of millions and millions and millions of our fellow Americans. And we just say, you know, at the political level, the Congress and the administration need to sit down and work this thing out.

And we have done it before, but only for short periods. I would much prefer—I would never presume to draw you, Commissioner, into a discussion on what I think needs to happen long term on Social Security. Not your job, as you appropriately point out. You are there to administer the agency.

But that is the place we need to sit down and have some discussions. We know we have got, as you said, an age wave—I like that term, I am going to steal it—coming along, and it is going to put a strain on all parts and particularly the discretionary part of the budget.

But again, I just want to thank both of you. Very much appreciate the testimony. Very much appreciate your efforts on behalf of

the American people and particularly on behalf in many cases of people that do not have the ability to look after themselves.

And I can tell from your testimony how serious both of you are about this, how important a task this is for you. Clearly, when they can talk you out of retirement, Commissioner, you must feel pretty strongly about this. [Laughter.]

And I just appreciate the level of commitment to public service.

So thank you very much, and with that, we are concluded.

Department of Labor, Health and Human Services, Education, and Related Agencies

Social Security Administration Oversight Hearing
February 26, 2015

QUESTIONS FOR ACTING COMMISSIONER COLVIN TO BE SUBMITTED FOR THE PUBLIC HEARING RECORD

Representative Steve Womack

1. **I understand that over the next five years the number of SSA employees eligible for retirement will almost double, and that by 2020, 60% of supervisors will be eligible for retirement. This, coupled with the agency's increasing workload, certainly presents future service delivery challenges, and makes it more critical than ever for the agency to formulate and implement a long-term succession plan. What does your current succession plan look like? How has it evolved in recent years to ensure institutional knowledge isn't lost and the agency continues to provide quality service to beneficiaries? To help eliminate backlogs and increase efficiency, what kinds of training does the succession plan include to equip non-supervisors with the ability to effectively evaluate cases and learn best practices?**

   Our FY 2014 – 2016 Human Capital Operating Plan (HCOP) provides a roadmap to address our current and future human capital challenges, including succession planning, and identifies specific, actionable initiatives to mitigate barriers to long-term workforce sustainability. The HCOP reflects the combined human capital interests of the various stakeholders across the agency. The continued commitment, collaboration, and input of those stakeholders are essential to the success of our plan.

   Based on analyses of our current and future workforce needs as well as input from stakeholders, the following four key focus areas emerged:

   - Transform the agency into an Employer of Choice;
   - Transition to Competency-Based Human Capital Management;
   - Expand Leadership and Core Competency Skill Development; and
   - Establish an Integrated and Collaborative Human Capital Management Framework.

   We continue to increase the attractiveness of our agency to future recruits, promote employee collaboration through web-based platforms, and enhance employees' understanding of potential career paths. Additionally, we improve career agility by reviewing position descriptions for possible adjustments that allow increased mobility across components.

   We use knowledge management strategies to help mitigate the effect of continued retirements of expert employees and facilitate the transition of new employees into our

agency. Strategies include standard operating procedures, knowledge transfer resources, and knowledge management utilizing SharePoint software.

We are developing competencies, identifying gaps, and identifying training to assist in closing the gaps in mission critical occupations. As we move forward, we will create competency models for critical positions and leaders based on our transition to a contemporary service delivery model, establish competency-based hiring and promotion processes (consistent with merit system principles and union contracts), and develop competency-driven management tools. Each of these planned initiatives will help us to leverage the skills and abilities of our workforce.

We continue expanding our efforts by developing a continuous learning program for experienced supervisors and managers, expanding knowledge management solutions, supporting agency-wide initiatives aimed at infusing data analytics with decision-making, and providing developmental experiences across business units. These new programs will address the competency gaps identified across the agency, increase the agility of our staff, and improve staff opportunities for growth and development.

What is your long-term service delivery plan and how do you envision the organizational structure changing to best meet the public's needs?

As we operate under our Agency Strategic Plan for Fiscal Years 2014-2018, we are developing a long-range strategic plan, which will be the foundation for the agency's future strategic planning and service delivery, and be based on what we want our customers' experience to be in 10 years.

2. **In your FY16 budget justification, I noticed there was a 45% allowance rate for appeals to Administrative Law Judges (ALJ) in FY14. This concerns me because by the time someone's appeal is heard by an ALJ, their claim has been pending for quite some time. Obviously, we want to make sure that folks who are truly disabled are approved as expediently as possible, and that accurate decisions are made early on in the process at the DDS level. What steps have you taken to address the discrepancy between decisions made by DDS versus those by ALJ's? What reforms have you made to help ensure the correct determinations are made upfront at the DDS level in order to minimize the amount of cases overturned by ALJ's? What resources are being devoted to help improve the accuracy of the decision-making process? What metrics are you using to ensure funds are being effectively allocated for this?**

Let me emphasize that allowing a claim at the ALJ level does not mean that the claim was improperly denied at the DDS level. There are several reasons why ALJs allow previously denied claims. For example, claimants' conditions worsen over time; claimants may submit new medical evidence at the hearing level that was not previously available; they may hire an attorney or non-attorney representative who may help claimants to better present their claims; and a claimant's age at the time of the decision may require different evaluation criteria.

At the DDS, we have a rigorous quality assurance process to ensure that disability examiners are correctly applying the law. Under the Social Security Act (Act), we review at least 50 percent of DDS allowances each year on a pre-effectuation basis – using a predictive model to sample the most error prone cases. We also review a sample of DDS allowances and denials – around 15,000 allowances and 15,000 denials per year. We also conduct special studies for a state or region, when we identify trends using quality data, or when we implement new policies or medical listings.

Our quality assurance process works. We measure the overall accuracy rate of our initial level DDS decisions, and set an annual target level. As page 79 of our Annual Performance report (http://ssa.gov/agency/performance/2016/FINAL_2014_2016_APR_508_compliant.pdf), indicates, we have consistently met our accuracy targets.

3. **I understand that while the Department of Labor has deemed the Dictionary of Occupational Titles (DOT) obsolete and hasn't updated it since 1991, the Social Security Administration still uses it in the disability adjudication process. This greatly concerns me because our workforce and the jobs available today are vastly different, and technological advances have enhanced individuals' capabilities to complete different tasks. Since the inception of SSA's interagency agreement with the Bureau of Labor Statistics (BLS) in 2012 to test data collection methods in order to develop a new Occupational Information System (OIS), can you tell me what progress has been made? When do you expect the project to be complete? Once it is complete, how long will it take to fully integrate into the adjudication process?**

In FY 2013 and 2014, BLS tested the feasibility of using its National Compensation Survey (NCS) to collect data that we need. Feasibility testing indicated that the NCS survey is suitable for collecting occupational data.

On October 21, 2014, BLS started a large-scale, nationwide pre-production test to prepare for production data collection. Other events targeted include the following:

- BLS will release limited pre-production test data to allow us to begin outlining policy changes that will be necessary for implementing the new occupational data.
- We will continue to evaluate and refine the new data elements that describe the mental demands of work based on the results of the pre-production testing.
- BLS will develop an Information Collection Request to field the full-production data collection.
- We will outline system and design requirements for an OIS information technology platform. We will begin testing the platform using pre-production data.
- We will develop training and rollout plans for the OIS.

In FY 2016, BLS will complete the first round of production data collection, and release the first production estimates. We expect to begin limited implementation of the OIS in FY 2017.

4. **On the subject of service delivery, I saw that a new concept being tested is "Express Customer Service Stations." What segment of the beneficiary population are these kiosks targeting? (Disabled, middle-aged, urban populations, immigrants, etc.) What factors did you consider when choosing locations for the 7 kiosks? What feedback have you gotten back so far, if any? What future pilot projects are planned to effectively meet the needs of baby boomers?**

   When determining where to place a Customer Service Station (CSS), we worked closely with our regional offices to find sites that already had strong partnerships established within the community. We chose locations whose customers may also be SSA customers (this includes, but is not limited to lower income populations and the elderly). For instance, a CSS was placed in Bread for the City, a nonprofit located in Washington, DC because they offer a food pantry service that requires proof of income. Customers using a CSS can create a *my* Social Security account and print a copy of their benefit verification immediately.

   We are currently in a Proof of Concept (POC) phase for the SSA Express CSS project. There are 7 CSSs installed in 6 community partner locations and one field office. Feedback has been overwhelmingly positive. Customers like that the CSS offers instant access to Social Security services and offers live video support if they have any questions. We plan to continue to evaluate the POC and provide official evaluation results by the end of the Summer 2015. If we find that the POC positively impacts customer service and proves to be a feasible service delivery method, then we hope to purchase additional units in FY 2016 for a small scale pilot in FY 2017.

Representative Andy Harris

Social Security and Social Security Disability Insurance (DI) Program

1. **Commissioner Colvin I am concerned about the shortfall in SSDI's Trust Fund. As I'm sure you would agree, it is simply unsustainable in its current form. In fact, SSDI is projected to be exhausted in 2016. The number of SSDI beneficiaries has risen dramatically in recent years—37% in the last 10 years alone. In 1984 there were 3.8 million SSDI beneficiaries, but by 2014 there were over 11 million Americans receiving an average monthly benefit of an $1150. As a result, the Administration is considering reallocating a portion of the Social Security payroll tax to the disability program. How would the temporary, unconditional revenue transfer of approximately $350 billion contained in the President's Budget solve the long term problem of Social Security Solvency? Wouldn't this transfer simply rob from the Old-Age and Survivor's Insurance (OASI) program to provide temporary help to the Disability Insurance (DI) program?**

The FY 2016 President's Budget proposes to address the DI Trust Fund's projected reserve depletion in 2016 by temporarily increasing the DI payroll tax by 0.9 percentage points with a corresponding decrease in the OASI payroll tax for a five year period to avoid deep and abrupt cuts in benefits for individuals with disabilities. At various points over the course of Social Security's history, Congress has passed reallocation legislation as the need arose for reallocating revenue from DI to OASI, and vice versa. This proposed reallocation would have no effect on the overall health of the OASI and DI trust funds on a combined basis. This adjustment will allow both the OASI and DI Trust Funds to continue to pay full projected benefits for workers until 2033, thereby providing time for the Administration and Congress to consider proposals to improve long-term fiscal sustainability of the Trust Funds.

It is important to remember that the workers protected by the two parts of Social Security – the disability program and the retirement program – are the same workers. The 55 year old who becomes disabled and needs disability benefits, also needs the retirement program when the individual reaches normal retirement age.

The proposal to reallocate payroll tax collections between the Social Security trust funds is consistent with past congressional action. Once a reallocation proposal is implemented to address the short-term reserve depletion of the DI Trust Fund, the same policy options will be available to Congress to address Social Security overall. The Administration looks forward to working with Congress to ensure we act quickly to make sure DI benefits continue to be paid in full in 2016 and beyond, thus ensuring that workers who have paid into the Social Security System and become disabled get the benefits they need.

2. **In 1994, the Social Security Trustee's report proposed a similar reallocation of revenues to the Disability Insurance Program, contingent on a major review of and subsequent reforms to the program. These transfers were supposed to buy time until long-term reforms could be implemented. Those long-term reforms never happened. Isn't it time that we look at long term reforms not reallocation?**

At various points over the course of Social Security's history, Congress has passed reallocation legislation as the need arose for reallocating revenue from DI to OASI, and vice versa. It is important that Congress act to avoid deep and abrupt cuts in benefits for individuals with disabilities who paid into the system while they worked and now need help.

The Administration looks forward to working with the Congress on proposals to strengthen Social Security for Americans. The Administration has laid out six principles for strengthening Social Security in the long-term, that should be the basis for any bipartisan reform: (1) Any reform should strengthen Social Security for future generations and restore long-term solvency, (2) The Administration will oppose any measures that privatize or weaken the Social Security system, (3) while all measures to strengthen solvency should be on the table, the Administration will not accept an approach that slashes benefits for future generations, (4) current beneficiaries should **not** see their basic benefits reduced, (5) reform should strengthen retirement security for the most vulnerable, including low-income seniors, and (6) reform should maintain robust disability and survivors' benefits.

3. **The number of disability insurance beneficiaries has risen from 3.8 million in 1984 to over 11 million in 2014. What do you see as the biggest driver for the rising number of beneficiaries, and how would you recommend the program be reformed to ensure that it operates within its means and does not need revenue transfers?**

As our Chief Actuary has explained, the growth in the DI rolls has long been foreseen and, as expected, has recently slowed. Between 1980 and 2010, the number of disabled worker beneficiaries increased from 2.9 million to 8.2 million. The majority of the growth in the DI rolls over this 30-year period can be attributed to a combination of foreseen factors. The first factor is the 41 percent increase from 1980 to 2010 in the total population between the ages of 20 and 64. A second important factor is the changing age distribution of the population, due to the aging of the baby boomers. Specifically, from 1990 to 2010, the baby boomers moved from being young adults, under age 45, to older working adults, ages 45-64, the ages at which workers become more disability-prone. Another important factor is the increased participation of women in the labor force, which has also resulted in many more women being insured for disability. The growth of women in the labor force has contributed positively to economic growth, and the fact that these workers have protection against disability is a net positive for their families' economic security. Between 1980 and 2010, the percent of the working-age population (approximately 20-65 in age) that was insured rose from about 50 to 68 percent for women.

These major factors, in combination with other demographic shifts, are now stabilizing. Indeed, applications for disability benefits have fallen from peak levels of around 3.3 million in FY 2011, to around 2.8 million in FY 2014.

4. **Is it accurate to state that without meaningful reforms to SSDI beneficiaries could face a 20% cut in benefits beginning as early as next year?**

Without a reallocation enacted by Congress, such as what was proposed in the President's FY 2016 Budget, the Trustees project that in late (calendar year) 2016 the Social Security DI Trust Fund will deplete its reserves. At that point, the program will have to pay benefits from the revenues that it collects. That would mean that benefits would be cut by 19 percent.

5. **How does the Social Security Administration encourage beneficiaries who are capable of working returu to the workforce in order to preserve benefits for those who truly need them?**

We must not downplay or dismiss the very real difficulties beneficiaries with disabilities face. Because the Social Security Act stringently defines disability, only individuals with significant disabilities are eligible for DI benefits. Given the nature of disabilities faced by DI beneficiaries, only a modest share return to work or leave the benefit rolls due to substantial earnings. However, we agree that we must continue to assist those beneficiaries who can retain employment or are able to return to work to do so.

We administer several programs to help disability beneficiaries return to work, such as the Ticket to Work (Ticket) program. The Ticket Program was created by Congress in the Ticket

to Work and Work Incentives Improvement Act of 1999 (Ticket Act). Under the Ticket program, an eligible disability beneficiary may choose to receive employment support services from an Employment Network (which is a qualified State, local, or private organization) or a State vocational rehabilitation (VR) agency. Consequently, disability beneficiaries have a wide variety of choices to obtain employment services and supports, thereby increasing the likelihood that they will seek them.

We call beneficiaries who are the most likely to return to work to tell them about the Ticket program. We promote the Ticket program (and return to work in general) through various methods such as webinars, social media, email, and a return to work web site. We have a call center staffed by representatives trained in work incentives, who can refer beneficiaries to an Employment Network or State VR agency in their area.

The Ticket Act created two other programs, the Work Incentives Planning and Assistance (WIPA) program and the Protection and Advocacy for Beneficiaries of Social Security (PABSS) program, to supplement the assistance available at our field offices. The two programs authorize grants to organizations with ties to the disability community at the local level. WIPA grantees offer disability beneficiaries general information about work incentives and referrals to employment and support services; these services help a beneficiary determine his or her work goals and the best way to achieve them. Our call center can refer a beneficiary to WIPA grantee in his or her area. PABSS help beneficiaries obtain VR services, appropriate employment supports, and legal guidance and representation as needed when there are obstacles to employment and financial self-sufficiency. Both programs play a crucial role in our return to work efforts.

We also include return to work information in a number of notices we send to beneficiaries. For example, when we notify our DI beneficiaries that they will receive a cost of living adjustment (COLA), the COLA notice reminds them to report their earnings and includes contact information for requesting return to work information.

In addition to our efforts to assist current disability beneficiaries, we are also testing innovative strategies to help people with disabilities remain in the workforce. We are currently exploring potential early intervention options for people with mental impairments between the ages of 18 and 50 that may be at risk of ending up on disability benefits. By providing medical-vocational services prior to benefit receipt in a demonstration, we can test whether such services help individuals with these impairments remain and succeed in school or in the workforce, and perhaps avoid or delay a need for disability benefits. In FY 2015, Congress provided $35 million for such demonstration projects. SSA will shortly be publishing a Request for Information to solicit public feedback to inform our development of this demonstration project moving forward. Building on this bipartisan support for early intervention in FY 2015, the FY 2016 President's Budget includes a request for $50 million for early intervention demonstrations, as well as a legislative proposal for an additional $350 million for FYs 2017-2020 to support additional demonstrations.

Representative Charlie Dent

1. **A number of high profile companies and corporations, as well as federal agencies, have been the target of cyber-attacks resulting in the exposure and theft of personal and consumer data in recent years. What kind of security measures are in place to protect American's personal information used and stored in my Social Security accounts?**

   We take our obligation to protect personal information very seriously. Our regulations state that our policy is to protect the privacy of individuals to the fullest extent possible.[1] Just as technologies involved in cyber-attacks evolve and change, our defenses must rapidly adjust to these changes. Accordingly, our response to such potential threats is not a one-time event. Rather it is an ongoing process through which we work to defeat those who would attempt to steal consumer data.

   We use a "defense in depth" approach, deploying multiple activities and technologies to ensure that we protect data in our records. We have authentication controls in place to make sure our online services are secure and customers' privacy is well protected. Our controls for identity proofing exceed applicable federal e-Authentication guidance. We verify the information customers provide against agency records as well as an external source (currently Experian). We also provide customers with the option on each log-in to have a text message sent to their cell phone as another layer of security, in addition to his or her password to access the account. Additionally, we use analytical tools based on known patterns and common characteristics of fraud to identify anomalous or suspicious behavior when we review eService transactions.

   Our multi-layered approach to cyber security includes protections involving technology, access control, application security, incident response, security training and communication, as well as detailed standards, guidelines and procedures supporting our information security policy for all employees.

2. **On your website, you alert consumers of an internet phishing scheme that is encouraging victims to create my Social Security accounts on fraudulent websites potentially allowing personal data to be stolen or compromised. The nature of these scams will only continue to become more complex and sophisticated, what steps are necessary to educate a population who may not be familiar with or wary of the methods many of these scammers use to target unsuspecting Americans?**

   We agree that fraudsters will continue to attempt to scam the public and that scams will likely continue to become more complex and sophisticated.

   While we, as well as other agencies, share tips and warnings to be vigilant about potential scams, we follow the lead of the Federal Trade Commission (FTC) and the Department of Homeland Security (DHS) concerning the necessary steps to educate the public. The FTC maintains a website, OnGuardOnline.gov, dedicated to this subject. Many federal agencies,

[1] 20 CFR 401.30(a)

including SSA, promote OnGuardOnline.gov to its customers so they can be better informed on the subject and reduce their chance of being victims.

OnGuardOnline.gov provides valuable advice on how the public can avoid scams, secure their computers, protect their children online, and more. The website also provides information specifically tailored to educators, parents, technicians, small businesses, our military servicemen and servicewomen, and children.

OnGuardOnline.gov is a partner in the Stop Think Connect campaign, led by DHS, and part of the National Initiative for Cybersecurity Education, led by the National Institute of Standards and Technology.

Representative Barbara Lee

Disability Determination Backlog

1. **As you know, there is a longstanding backlog for SSA applicants that are looking to appeal their disability determination. Hearings are not being processed in a timely manner and many applicants who wish to dispute their disability rating have no other method of redress. For example in my district, the city of Oakland has a of population 390,724, making it the 8th largest city in California. Oakland was originally incorporated in 1852 and has been a central hub city for the East Bay. According to a December 2010 report by the Social Security Administration (SSA), 662,232 individuals from the state of California were receiving Social Security Disability Insurance (SSDI) benefits but there were several reports of extraordinary wait times.**

   What is your administration doing to address this backlog? What resources do you need to more quickly process these claims?

   Several years of extremely high disability appeals receipts, budget constraints, and the inability to hire ALJs have challenged our ability to keep up with new requests for hearings.

   We have taken proactive steps to address the hearings backlog. We hired 70 ALJs in FY 2014 and we plan to hire an additional 250 ALJs in FY 2015. We are working closely with the Office of Personnel Management (OPM) and other agencies to identify strategies that will enhance the ALJ recruitment and selection process. We will also continue to improve our efficiency so that we can handle more cases by continuing to expand our use of video to hold hearings and refining our quality initiatives.

   We also transfer workloads to offices with more capacity and resources to provide assistance to offices with higher receipts of requests for hearing and fewer resources to process these requests. Currently, the Oakland, CA hearing office has 10 ALJs processing a pending workload of 5,319 cases. The current average processing time (APT) for that office is 439 days. The current APT for all California offices is 405 days, whereas the national average APT is 454 days. We are hiring support staff as well as ALJs to process the pending workloads.

The FY 2014 and 2015 funding we received from Congress allowed us to begin positioning the agency to reduce backlogs in our hearings process. With the FY 2016 President's Budget, we will increase the number of hearings completed from 681,000 in FY 2014 to 727,000 in FY 2015, to a record number of 829,000 in FY 2016. With adequate, sustained funding, we plan to eliminate the hearings backlog by FY 2020.

Administrative Law Judges Recruitment and Retention

2. **I understand that your administration is attempting to recruit more Administrative Law Judges (ALJ) to help process claims and that there have been significant challenges not only in recruiting qualified ALJs but also in retaining them.**

   What is your administration doing to ensure that the SSA recruits and retains the best and the brightest and to help assist with the backlog?

   The FY 2016 President's Budget commits increased resources to hire more ALJs. The process for hiring ALJs has not operated as efficiently as needed to fill vacancies, even when funding is available. Therefore, the Administration has recently created a workgroup led by the Administrative Conference of the United States (ACUS) and OPM along with SSA, the Department of Justice, and the Office of Management and Budget to review the process of hiring ALJs and recommend ways to eliminate roadblocks, which may include proposing administrative reforms or legislative changes.

Case Assistance Center Technology

3. **In your Case Assistance Centers, I understand there has been issues with stewardship. Many of my constituents have expressed to me that they prefer to engage with your agency in ways other than the telephone, and they have asked if your administration will be utilizing more advanced technologies. How have you been using other technologies to help increase access for citizens who wish to have multiple levels of engagement with SSA?**

   Claimants have several options for access to SSA. They may contact their local office by phone, in writing, or in person. Claimants may also call the toll-free number (1-800-772-1213), or visit the website www.socialsecurity.gov. Through online *my* Social Security, claimants and beneficiaries can create an account and access a variety of services, including change of address, checking their Social Security statements, verifying benefit amounts, and make direct deposit changes.

   What funding is necessary for National Hearing Sites to be able to engage with as many people as possible?

   As the face of the Federal Government for many Americans, we want to provide better customer service, whether it is in-person, on the phone, or online. At the same time, we must uphold our stewardship responsibilities to protect taxpayer dollars and the integrity of our

programs. The FY 2016 President's Budget will allow us to balance our service and stewardship activities, complete record levels of work, and continue our recovery efforts from previous years of underfunding.

Department of Labor, Health and Human Services and Education and Related Agencies

FY 2016 Budget Hearing of the Social Security Administration
and Administration for Community Living

The Vital Responsibility of Serving the Nation's Aging and Disabled Communities

February 26, 2015

Questions for the Record for Administrator Greenlee

Assistive Technology

1) The transfer of the Assistive Technology Act to ACL will bring a nice complement to many of your existing programs. As I know you understand, assistive technology devices help make it possible for people with disabilities and older Americans to live independently and participate fully in their communities.

Can we count on ACL to bring forth your leadership to support all of the existing Assistive Technology entities and to expand opportunities for Alternative Financing Programs so that it's possible for people with disabilities (or their families) -- throughout the United States be able to buy the devices they need?

ACL is excited by the transfer of the Assistive Technology Act programs. These programs will complement existing ACL programs, and bringing them together will better enable these programs to benefit people with disabilities.

With this transfer, ACL will support existing Assistive Technology entities to the extent authorized by statute and to which funds are available. Appropriations in FY 2015 will support grants totaling $25,704,000 to 56 states and territories. These grants are distributed using a population-based formula established in the Assistive Technology Act, through which each state receives about $459,000 on average. In addition, appropriations to ACL fund $4,300,000 in grants to states for Protection & Advocacy services to assist individuals with disabilities in the acquisition, utilization, and maintenance of assistance technology devices. Additionally, $996,000 funds national resource and technical assistance centers which support the work done by the states, and $2,000,000 will be distributed on a competitive basis to states to establish or support alternative financing programs for assistive technology.

In fiscal year 2005, Congress amended the Assistive Technology Act to eliminate the separate Alternative Financing Program and establish an Assistive Technology state grant program. State financing activities, including alternative financing loan programs, are one of the four state-level activities that may be conducted by the state Assistive Technology programs. Under the statute, states retain the flexibility to choose which of these activities to undertake. ACL respects each state's decision as to how best to serve its citizens, and will maintain the Assistive Technology Program's high standards of oversight and quality improvement efforts in

order to ensure that federal dollars are used most effectively to the benefit of the populations we serve.

As ACL completes the migration of these programs from the Department of Education, we look forward to working closely with all stakeholders and will seek new opportunities to align the work done by ACL's existing programs with the Assistive Technology programs.

2) The Rehabilitation Services Administration assigned priority points to applicants who competed in the most recent funding cycles for Alternative Financing Programs. Congress did not assign priority points but rather stated that the monies support "alternative financing programs" that provide for the purchase of assistive technology devices. The goal in providing these funds is to allow greater access to affordable financing to help people with disabilities purchase the specialized technologies needed to live independently, to succeed at school and work and to otherwise live active and productive lives.

If we in Congress can continue to provide designated funding for Alternative Financing Programs AFPs, how can the Administration support and build these programs?

Do you recognize that some of the current Alternative Financing Programs – like the one in my in my state- Pennsylvania Assistive Technology Foundation are helping thousands of our residents but need our help because they are out of federal funds or very close to it?

Will you set the competition in closer alignment to the direction we in Congress provided?

ACL recognizes the important work done by Alternative Financing Programs (AFP) in assisting people with disabilities to purchase assistive technology. Since the establishment of these grants in 1994, many individuals with disabilities have been provided affordable financing to purchase specialized technologies in order to live independent, productive lives. Generally, federal funding of AFPs was designed to capitalize a loan fund that a state would use to build a sustainable loan program. For example, some AFPs take the form of revolving loan programs, and as the initial federally-funded funds are repaid to the states, they are able to be loaned again to serve more individuals in need of assistive technology.

Many states support their AFP with their state formula grant funds, and report on the use of such funds in their annual state grant plans and data reports. Under ACL's administration of the program, staff and grantees will continue to provide information, assistance, and technical support to states as they make decisions about how best to allocate their resources to serve the people in their states.
In FY 2015, Congress appropriated an additional $2 million for AFP to ACL. The appropriations language is clear that these funds are to continue furthering the goals Congress identified, and identify a number of criteria to be addressed in applications for these funds. These criteria will be included in the selection of FY 2015 grantees.

Developmental Disabilities Community

1) How has the creation of ACL worked to bridge gaps between the aging community and the Developmental Disabilities (DD) community?

The creation of ACL has increased opportunities for the aging and developmental disability communities to come together to work on common issues such as health care, housing, employment, education, long-term services and supports, and social inclusion. ACL's mission to "Maximize the independence, well-being, and health of older adults, people with disabilities, and their families and caregivers" reflects the common goals of both communities that can be furthered by joint efforts as a result of ACL's creation.

In addition, ACL has established a strategic plan with goals that bridge both the aging and developmental disabilities communities and has undertaken efforts to engage with and provide connections between stakeholders from each community. Likewise, the creation of ACL has provided countless opportunities for the combined staff to come together formally and informally to address issues such as palliative care and serious illnesses, Protection & Advocacy, Long Term Care Ombudsman, Adult Protective Services, and a number of Medicaid/Medicare related issues including the recent Home and Community Based Services rule. ACL has also begun to look at opportunities for joint funding of efforts that address needs shared by both communities, such as supported decision-making and quality measurement for long-term services and supports.

2) Are there specific programs or projects that have been established to address the unique needs of individuals with DD as they age?

Programs funded by the Administration for Intellectual and Developmental Disabilities establish goals and priorities which reflect the needs of people with disabilities within their state or territory. Consequently, many of these programs have established projects which serve the rapidly-growing number of people who are aging with a developmental disability. For example, Protection and Advocacy Systems (P&As) are often called upon to provide legal advocacy services to individuals with developmental disabilities over the age of 60.

University Centers for Excellence in Developmental Disabilities (UCEDDs) conduct training, community service, research and information dissemination on the issues of aging and developmental disabilities.

- The Illinois UCEDD is leading a community academic partnership to build an infrastructure to improve health for persons aging with developmental disabilities.
- The Sonoran UCEDD in Arizona is implementing the Aging and Transitions Project which is addressing community living issues and carrying out research on opportunities for older adults with developmental disabilities.
- The Indiana UCEDD has the Center on Aging and Community which was established in 1986 in recognition of the growing number of older adults with developmental disabilities.

Several State Councils on Developmental Disabilities are also addressing issues related to aging and developmental disabilities.

- The Connecticut Council is supporting an aging in place initiative.
- The Maine Council has a cross systems initiative that is focusing on adults with developmental disabilities and dementia related conditions.
- The New York Council is implementing a telemedicine project to support aging in place.

3) Have you been able to leverage funds to meet the needs of the DD community and the aging DD community?

In 2014, ACL for the first time published a new funding opportunity that leveraged funding from both the Administration on Intellectual and Developmental Disabilities and the Administration on Aging to support a cooperative agreement exploring supported decision making as an alternative to legal guardianship. Enabling people to maintain control over their own lives by providing them with support to make important decisions is an issue that impacts both the developmental disability and aging populations, including those who are aging with a developmental disability.

Supported decision making has shown tremendous potential to provide a significant improvement to current guardianship arrangements. In order to formalize and evaluate it as a practice, ACL funded a national resource center which will gather and disseminate data on the various ways in which supported decision-making is being implemented and generate research in the area. The information gathered and lessons learned as a result of this cooperative agreement will inform states as they seek to continue supporting individuals across the age and disability spectrums in living a meaningful and independent life.

4) How do you plan to support self-advocates (individuals living with Developmental Disabilities who speak up for themselves) in future planning and self-direction so that they and their families can plan for their needs as they age?

The self- advocacy movement has transformed the lives of millions of individuals with intellectual and developmental disabilities. It has empowered individuals to make choices in their lives, provided opportunities to speak up and have a voice, and opened pathways for leadership development. It has provided access to the disability community and for many it has contributed to development of a positive self-identity and sense of disability pride. Moreover, the movement has challenged negative attitudes about disability and achieved major advances in rights, full participation, and social justice.

The Administration on Intellectual and Developmental Disabilities (AIDD) has a rich history in helping self-advocates find their voice and speak up for themselves in many areas including future planning and self-direction so that they and their families can plan for their needs as they age. Acknowledging the importance and value that the DD Act places on self-advocacy, AIDD has supported nine regional Self-Advocacy Summits to further strengthen the self-advocacy movement in the states and learn about national priorities. The summits were organized around the following four goals:

- Assess what is currently happening in the states in self-advocacy – the support structures, activities, accomplishments, and challenges;
- Plan steps we can take to strengthen and enhance current efforts at the state level.
- Develop recommendations for actions that we can take at the national level; and;
- Develop policy recommendations that can lead to a stronger, more effective, and long lasting self-advocacy movement across the country.

Summit attendees provided AIDD with recommendations for national goals to strengthen self-advocacy, including collaborating with other federal agencies; promoting accessibility and respectable language; raising expectations and increasing public education about self-advocacy. The most common recommendation was to authorize self-advocacy and training centers as part of the Developmental Disabilities Act reauthorization. It was also suggested that AIDD consider piloting such self-advocacy activities using the Projects of National Significance (PNS) authority.

AIDD awarded three self-advocacy technical assistance projects in 2013 and another three in 2014. AIDD's ultimate goal for this initiative is to strengthen the Self-Advocacy movement by providing peer–to-peer support for organizations in all the States and U.S. Territories. A total of 28 States are participating in one of the six projects.

Currently, AIDD is working with the State Councils on Developmental Disabilities, Protection and Advocacy Systems (P&As), University Centers for Excellence in Developmental Disabilities (UCEDDs) and other community based organizations to determine AIDDs next steps to advance and support the self-advocacy movement and assist people with developmental disabilities advocate on their own behalf.

Veteran's Administration Family Caregiver Programs

1) Has HHS reached out to the Veterans Administration regarding their family caregiver programs to develop consistent best practices?

HHS has collaborated with the Veterans Administration to develop consistent best practices for family caregiver programs. Starting in 2008, ACL began a partnership with the Veteran's Health Administration (VHA) to serve veterans of all ages at risk of nursing home placement through the Veterans Directed Home and Community-Based Services (VD-HCBS) Program, with the vision of creating a long-term services and supports system that is person-centered, consumer-directed, and helps people at risk of institutionalization to continue to live at home and be engaged in community life.

The VD-HCBS allows eligible veterans to manage their own flexible budgets, decide for themselves what mix of goods and services best meet their needs, and to hire and supervise their own workers. In many cases these workers are family members who, through this program, are being compensated for their caregiving efforts and are able to receive respite if the veteran chooses to build that into their spending plan.

Veteran-Directed Respite services (VDR) are a community-based, self-directed care option that will be available to veterans enrolled in VA's Comprehensive Assistance for Family Caregivers stipend program. This limited respite service joins two vital and growing Geriatrics and Extended Care (GEC) programs: Veteran-Directed Home and Community Based Services (VD-HCBS) and Home and Community Respite. The respite offering is the product of collaborations with the Caregiver Support Program (Social Work and Care Management Services), GEC Clinical Operations and ACL. Currently, this program is being piloted by the Central Texas Aging and Disability Resource Center in partnership with the Central Texas Veterans Health Care System.

Respite care is a largely underutilized benefit by veterans and their family caregivers and is particularly underutilized by those who participate in the Program of Comprehensive Assistance for Family Caregivers in part because traditional respite care services do not meet the unique needs of the post 9/11 population. VDR is being offered as a creative alternative to traditional respite care to meet the needs of the unique population being served by the Program of Comprehensive Assistance for Family Caregivers by allowing them to hire family members, friends or others to provide this important service.

2) Has HHS examined other ways to collect data on the effectiveness of programs that support family caregivers so aging Americans can remain independent?

HHS funds a number of data collections (surveys/studies) that focus on family caregiving. One important effort is the National Study of Caregiving (NSOC). The NSOC is a national study of people who help older family members and friends with their daily activities. The study was conducted by the Johns Hopkins Bloomberg School of Public Health with Westat and was sponsored by the U.S. Department of Health and Human Services with the support of the National Institute on Aging. Another important effort is Health and Retirement Study (HRS). The HRS is a longitudinal study of health, retirement and aging. It is sponsored by the National Institute on Aging. It documents the relationships among family members and the nature of intergenerational family supports, including financial transfers, caregiving, joint housing arrangements, and time spent with family members.

ACL also collects data on the effectiveness of programs that support family caregivers. For example, ACL collects data as part of the National Family Caregiver Support Program (NFCSP - Older Americans Act, Title III-E), which provides services and supports to family caregivers. ACL currently has a major evaluation underway at the state, area agency and local provider level. The NFCSP Outcome Evaluation Focus of this evaluation asks if participants deal better with emotional, physical and financial tolls of caregiving than non-NFCSP caregivers; have less depression, anxiety, and stress attributable to their caregiving than non-NFCSP caregivers; and do they report providing care longer than non-NFCSP caregivers, which may avoid or delay the need for costly institutional care for care recipients. Additionally, the National Survey of Older Americans Act Services Participants collects data annually on 6,000 participants. A subset of this collection focuses on family caregivers. Further, the National Institute on Disability, Independent Living, and Rehabilitation Research is creating a national Rehabilitation Research and Training Center (RRTC) on Family Support. The purpose of this RRTC will be to engage in research, data analysis, knowledge translation, and development and

dissemination of informational products to improve supports and services for individuals who provide assistance to their family members with disabilities.

The Elder Justice Roadmap

1) The Elder Justice Roadmap has five priorities, one of which is caregiving. There is very little in the way of appropriations in this area and is not at all matched to the need.

Is there a common assessment that addresses/highlights risk factors for elder abuse?

Effective and comprehensive assessment is key to understanding and addressing the needs of the family caregiver, especially when the wellbeing and community tenure of the care recipient is dependent upon the presence of that family caregiver. Assessing family caregivers is a practice that is increasing in sophistication and frequency. However, there is currently no common (or standardized) caregiver assessment in use nationwide. The practice of assessing family caregivers varies greatly from state to state and sometimes within a state.

Despite the uneven practice of assessing family caregivers, consensus exists among leaders in the health and long-term services and supports arena that, to be effective, certain basic principles must be included whenever family caregivers are assessed. Included in those principles are that caregiver assessments should be multidimensional and periodically updated, be culturally competent and family-centered, and result in a plan of care with planned services and intended outcomes for both the caregiver and the care recipient.

In addition, no common assessment tools exist to identify individuals at risk for either experiencing or for committing abuse, neglect, or financial exploitation. To design an effective tool that accurately measures risk, the factors that contribute to and increase risk must be known for both victims and for perpetrators. However, there is currently limited understanding about what those factors are, and in what ways and combinations they contribute to "risk."

In FY 2012, ACL and HHS' Office of the Assistant Secretary for Planning and Evaluation (ASPE) began to take steps to build the knowledge base around risk and protective factors for abuse by partnering on two promising projects. The first is the Elder Abuse Prevention Intervention grants to states, the goal of which is to test whether a slate of secondary and tertiary elder abuse prevention strategies are promising enough for further, more rigorous study. These grants and their evaluation are anticipated to conclude by September 2016. The second is the National Adult Maltreatment Reporting System (NAMRS) project, which will collect information voluntarily submitted from state APS agencies about their abuse, neglect, and exploitation investigations. The long-term goal of this effort is to gather data about victims and perpetrators of elder abuse to understand risk and protective factors for abuse, and in turn to inform the development of assessment tools. The initial design and pilot testing of the NAMRS data collection tool is expected to finish in September 2015.

2) How adequate is the funding for caregiver support services that may mitigate stress and teach proactive skills to family caregivers in high risk caregiving situations?

In 2009, a National Alliance for Caregiving study estimated there to be approximately 43.5 million individuals over the age of 18 caring for an adult age 50 and older.[1] According to a 2014 study by the Rand Corporation, the cost of informal family caregiving of seniors by family and friends amounts to approximately $522 billion per year. It is estimated that replacing the cost of that care with unskilled care at minimum wage would cost approximately $221 billion, while replacing it with skilled nursing care would amount to $642 billion annually.[2]

Currently funded at $151 million (Title III-E and VI-C combined) the National Family Caregiver Support Program (NFCSP) enables states and tribes to establish a base of services and supports for eligible family caregivers. Many states also fund caregiver support services through a range of state general revenue funds, local service dollars and private donations. In FY 2013, the most recent year for which data is available, states reported providing 5.9 million hours of respite to more than 63,000 family caregivers and provided counseling and training to approximately 125,948 family caregivers.

When surveyed, 77 percent of family caregivers reported that the services they received enabled them to provide care longer, thus delaying or avoiding more costly institutionalization of their loved one. Further, 42 percent of caregivers of nursing home eligible individuals indicated that, were it not for the services they received, the care recipient would not be able to remain at home.[3]

Many states are developing and implementing evidence-based interventions designed to improve the coping and behavior management skills of family caregivers, including those caring for persons with dementia. Often initiated under the Alzheimer's Disease Supportive Services Program, these interventions employ science-proven approaches for teaching caregivers how to cope with their situation better, and care for their loved one for longer periods. Research has shown that efforts that target the caregiver's ability to cope and manage stressful and demanding situations are vitally important to maintaining the ability to provide care for a loved one.[4]
By 2020, it is projected that there will be 17.8 million non-institutionalized seniors age 65 and over with more than one impairments in Activities of Daily Living (ADLs), an increase of 3.2 million seniors (or a 22 percent increase between 2014 and 2020) needing caregiver assistance.[5]

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[1] National Alliance for Caregiving and AARP. Caregiving in the U.S., 2009. Bethesda, MD. 2009.
[2] The Rand Corporation. *The Opportunity Costs of Informal Elder-Care in the United States: New Estimates from the American Time Use Survey.* Published in "Health Services Research," 2014.
[3] Administration for Community Living/U.S. Administration on Aging. National Survey of Older Americans Act Participants, 2013.
[4] See: Beach, S. R., Schulz, R., Williamson, G. M., Miller, L. S., Weiner, M. F. and Lance, C. E. (2005), Risk Factors for Potentially Harmful Informal Caregiver Behavior. Journal of the American Geriatrics Society, 53: 255–261. Gorbien, M.J. & Eisenstein, A.R. (2005). Elder Abuse and Neglect: An Overview. Clinics in Geriatric Medicine, 21, 279-292. Brandl B, Raymond J. (1997). Unrecognized elder abuse victims. Older abused women. Journal of Case Management, 6(2), 62-68. Pillemer, K. and Finkelhor, D. (1989), Causes of Elder Abuse. American Journal of Orthopsychiatry, 59: 179–187
[5] U.S. Census Bureau, "2014 National Population Projections," Table 1. Projected Population by Single Year of Age, Sex, Race, and Hispanic Origin for the United States: 2014 to 2060. Released December 2014, http://www.census.gov/population/projections/data/national/2014/downloadablefiles.html. Accessed 08 January 2015.and Centers for Medicare & Medicaid Services, The characteristics and perceptions of the Medicare population. Data from the 2012 Medicare Current Beneficiary Survey. [data tables 2.5a].

To better address these growing caregiver-related needs, the Administration is requesting an increase of $23.4 million to support a range of critical caregiver and family supportive services.

Medicaid Long-term Care Pilot Programs

1) There was a proposal in the President's budget for an eight-year pilot program to create a Medicaid comprehensive long-term care state plan option for up to five states. Participating states would be authorized to provide long-term care services across the continuum of care under one authority, creating equal access to home and community-based care and nursing facility care. The Secretary would have the discretion to make these pilots permanent at the end of the eight years. This proposal works to end the institutional bias in long-term care and simplify state administration.

Can you expand on this proposal and tell us about the need for this type of program?

To ensure elderly individuals receive services in the most appropriate setting, the President's FY 2016 Budget expands access to Medicaid home and community-based long-term care services and supports. The Budget includes an eight-year pilot program that would create a comprehensive long-term care state plan option for up to five states. Participating states would be authorized to provide home and community-based care at the nursing facility level of care, creating equal access to home and community-based care and nursing facility care. The Secretary of HHS would have the discretion to make these pilots permanent at the end of the eight years. This proposal works to end the institutional bias in long-term care and simplify state administration.

As the Medicaid program falls under the purview of the Centers for Medicare & Medicaid Services (CMS), we defer more specific technical questions to CMS.

Elder Abuse

1) In December 2014, the omnibus provided $4 million for the Elder Justice Initiative to "provide competitive grants to States to test and evaluate innovative approaches to preventing and responding to elder abuse."

Could you speak about the progress/timeline/developments the Administration for Community Living has made on this?

ACL anticipates releasing a Funding Opportunity Announcement this spring for a new competition for "State Grants to Enhance Adult Protective Services." ACL has designed this grant opportunity as a demonstration to provide states one-time funding to enhance their APS systems statewide, to include improvements in practice, services, and data collection and reporting. ACL anticipates awarding $300,000 to up to 10 states through this competition. Applicants will have 60 days to submit their application package, and ACL is targeting a grant

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http://www.cms.gov/Research-Statistics-Data-and-Systems/Research/MCBS/Data-Tables-Items/2012CNP.html. Accessed 23 October, 2014.

start date of August 3, 2015. The remaining $1 million will support technical assistance to state APS agencies provided through ACL and a national APS Technical Assistance Resource Center (to be awarded by September 2015).

TUESDAY, MARCH 3, 2015.

NATIONAL INSTITUTES OF HEALTH

WITNESSES

FRANCIS S. COLLINS, M.D., PH.D., DIRECTOR, NATIONAL INSTITUTES OF HEALTH

ANTHONY S. FAUCI, M.D., DIRECTOR, NATIONAL INSTITUTE OF ALLERGY AND INFECTIOUS DISEASES

THOMAS R. INSEL, M.D., DIRECTOR, NATIONAL INSTITUTE OF MENTAL HEALTH

JON R. LORSCH, PH.D., DIRECTOR, NATIONAL INSTITUTE OF GENERAL MEDICAL SCIENCES

NORA D. VOLKOW, M.D., DIRECTOR, NATIONAL INSTITUTE ON DRUG ABUSE

GARY H. GIBBONS, M.D., DIRECTOR, NATIONAL HEART, LUNG, AND BLOOD INSTITUTE

STATEMENT OF REPRESENTATIVE COLE

Mr. COLE. Good morning. It is my pleasure to welcome you to the Subcommittee on Labor, Health and Human Services, and Education to discuss the fiscal year 2016 National Institutes of Health budget request.

We are looking forward to hearing the testimony of Dr. Collins and some of his distinguished colleagues.

I would like to publicly thank Dr. Collins and the staff at NIH for hosting me and five other subcommittee members for a briefing and tour of the NIH campus a few weeks ago.

I think it is safe to say we all left the NIH with a deeper appreciation of the exciting work your staff do every day to find ways to save lives.

The scope of biomedical research supported through and at the NIH is wide, and we are confident that, thanks to the talented staff and scientists that work there, we will one day find cures for diseases like cancer and Alzheimer's. Ensuring a sufficient basic biomedical research base and supporting the next generation of researchers is critical to pave the way for these long-term advancements.

Your budget assumes many areas of enhanced spending on genomic activity, including a focus on Ebola, universal flu vaccine, antibiotic resistance, and Alzheimer's research, to list only a few.

Of course, we all support biomedical research. Unfortunately, right now, sequester is the law of the land, and, given the reality of funding allocations, we might not be able to do everything that the administration is proposing absent a larger bipartisan budget agreement—one, quite frankly, that I hope we achieve.

I look forward to having a discussion with you this morning on your top priorities for this year given our funding constraints.

I would also be remiss if I did not point out how important it is to ensure that we continue to focus on the next generation of investigators. We know how long it takes for a new drug or treatment to make it from lab to the patient. So, without a pipeline of young researchers committed to following the scientific process of investigation and experimentation, we won't be able to find the cures we seek.

Today, we welcome Dr. Francis Collins, the NIH Director, to the subcommittee.

Dr. Collins is accompanied by five of his distinguished institute directors, who can assist in answering specific Member questions. They are: Dr. Anthony Fauci, the Director of National Institute of Allergy and Infectious Diseases; Dr. Thomas Insel, the Director of the National Institute of Mental Health; Dr. Jon Lorsch, the Director of the National Institute of General Medical Sciences; Dr. Nora Volkow, the Director of the National Institute on Drug Abuse; and Dr. Gary Gibbons, the Director of the National Heart, Lung, and Blood Institute.

As a reminder to the subcommittee and our witnesses, we will abide by the 5-minute rule.

And before we begin, I would like to yield the floor to my chairman, the gentlemen from Kentucky. After that, we will move to our ranking member, the gentlelady from Connecticut, and then to the gentlelady from New York, our ranking member on the full committee.

So, with that, Mr. Chairman, you are recognized.

[The information follows:]

Chairman Tom Cole

Subcommittee on Labor, Health and Human Services, Education, and Related Agencies
House Committee on Appropriations

FY 2016 Budget Hearing - National Institutes of Health
March 3, 2015
Opening Statement As Prepared

Good morning. It is my pleasure to welcome you to the Subcommittee on Labor, Health and Human Services and Education to discuss the fiscal year 2016 National Institutes of Health (NIH) budget request. We are looking forward to hearing the testimony of Dr. Collins.

I would like to publicly thank Dr. Collins and the staff at NIH for hosting me and our other subcommittee members for a briefing and tour at the NIH campus a few weeks ago. I think it's safe to say we all left NIH with a deeper appreciation of the exciting work your staff do every day to find ways to save lives.

The scope of biomedical research supported through and at the NIH is wide and we are confident we will one day find cures for diseases like cancer and Alzheimer's. Ensuring a sufficient basic biomedical research base and supporting the next generation of researchers is critical to pave the way for these long-term advancements.

Your budget assumes many areas of enhanced spending on genomic activity, continued focus on Ebola, universal flu vaccine, antibiotic resistance, and Alzheimer's research-- to list only a few. Of course we all support biomedical research. Unfortunately, right now sequester is the law of the land and, given the reality of the funding allocations, we won't be able to do everything the Administration is proposing. I look forward to having a discussion with you this morning on your top priorities for this year, given our funding constraints.

I would also be remiss if I did not point out how important it is to ensure we continue to focus on the next generation of investigators. We know how long it takes for a new drug or treatment to make it from the lab to the patient, so without a pipeline of young researchers committed to following the process, we won't be able to find the cures we seek.

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- Dr. Anthony S. Fauci, M.D., Director, National Institute of Allergy and Infectious Diseases;

- Dr. Thomas R. Insel, M.D., Director of the National Institute of Mental Health;
- Dr. Jon R. Lorsch, Ph.D., Director, National Institute of General Medical Sciences;
- Dr. Nora D. Volkow, M.D., Director, National Institute on Drug Abuse; and
- Dr. Gary H. Gibbons, M.D., Director, National Heart, Lung, and Blood Institute.

As a reminder to the Subcommittee and our witness, we will abide by the 5 minute rule, and before we begin, I would like to yield the floor to my Chairman, the Gentleman from Kentucky, and then to our Ranking Member, the Gentlelady from New York, and finally our Subcommittee Ranking Member, the Gentlelady from Connecticut, for opening statements.

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STATEMENT OF REPRESENTATIVE HAL ROGERS

Mr. ROGERS. Mr. Chairman, thank you very much. Congratulations on being the new chairman of this great subcommittee and the responsibilities that you have gladly taken on.

Welcome to all of you. Thank you for being here.

Dr. Collins, your leadership role in the groundbreaking international Human Genome Project is just one example of your many talents. I am told that another one of your talents is playing guitar, apparently—apparently very well. So, you know, you have something to fall back on in case this don't work out.

Unquestionably, you all are at the helm of research at NIH during a time that demands our country's interest and investment in medical research. The recent Ebola epidemic in West Africa highlights the importance of NIH's mission to gain and apply knowledge to enhance health, lengthen life, and reduce illness and disability.

Medical research is one of the most important parts of preventing future epidemics and developing cures for diseases that are not preventable. The NIH fiscal 2016 budget request highlights priorities such as Ebola, Alzheimer's disease, and antimicrobial resistance.

In addition to the public health benefits that accompany NIH work, the economic impact of medical research should not be underestimated. NIH research dollars not only impact research and facilities and researchers, but they also help get new drugs and devices to the marketplace.

And I am pleased that you have seen fit to invite Dr. Nora Volkow to join us this morning. As the Director of the National Institute of Drug Abuse, Dr. Volkow has been a true pioneer in the science of drug abuse and addiction. She was one of the first people in history to use brain imaging to investigate the effects and addictive properties of abusable drugs, and her research has undoubtedly made the world that we live in a much better place. She has been with us since day one as we have battled drug abuse in my area, in southern and eastern Kentucky, hard-hit especially early on by OxyContin and others.

And I am looking forward to seeing both of you, in fact, at the Atlanta summit on prescription drug abuse this summer. And I thank you for coming last year and helping us battle this prescription drug abuse scourge that is killing more Americans than car wrecks. And we appreciate your dedication to that, especially.

We look forward to hearing also from you today about two critical drug-related issues. First, I am pleased that NIDA, under Dr. Volkow, is pursuing an Adolescent Brain Cognitive Development Study, ABCD, to collect rigorous longitudinal data on the effects of marijuana, alcohol, nicotine, and other drugs on a young person's brain.

It is unfathomable to me that States continue to pursue policies to decriminalize or legalize marijuana in contravention of Federal law, I might add, even here in the Nation's Capital. It is ironic that in Washington, D.C., the Nation's Capital, you can't smoke cigarettes but you can smoke pot. Explain that to me. Help me out.

We don't have scientific data to tell us about the long-term impacts of marijuana use on the brain, but hopefully this will open a lot of minds. This study will help close that gap, hopefully bring some much-needed sense to the conversation about marijuana use in this country.

Secondly, Dr. Volkow, I am interested to hear about recent efforts regarding the abuse of prescription medications. As you well know, that has been characterized by your colleagues at CDC as a national epidemic. I understand that you are partnering with nine major pharmaceutical companies to evaluate the risks associated with the long-term use of opioids for the management of chronic pain. If there are non-opioid alternatives to the treatment of pain, we need to know about them and doctors need to be educated about them.

I am also hoping that you can provide us with an update on the science of abuse-deterrent medications. It is remarkable that OxyContin, the drug that caused so much difficulty—and it still is, but mostly back 5, 6 years ago. The drug was changed to make it drug-abuse-deterrent. You can't crush it, you can't snort it, you can't inject it. It still retains, though, the good qualities of relieving pain over an extended period. That is what can be done to stem the use of opioids, and I commend you for it.

In addition to our longstanding struggles with drug addiction and abuse, the research provided by NIH is critical to understanding, preventing, and developing cures for ailments like diabetes, cancer, and heart disease that continue to plague my region especially.

We are very proud of the partnerships we have established with NIH in Kentucky—for example, the Markey Cancer Center, a National Cancer Institute-designated cancer center at the University of Kentucky; and the U.K. Center for Clinical and Translational Science, which previously received your prestigious Clinical and Translational Science Award for its work to confront chronic health issues in Kentucky and rural populations, especially in the Appalachian region.

Currently, 22 of the world's 50 top-ranked universities for life sciences are in the U.S., and we must continue to foster the next generation of scientists. We look forward to continuing these important collaborative efforts as we work together to bring an end to these devastating diseases.

We thank you for being here. And, with your colleagues, Dr. Collins, we expect to hear some good stuff.

I yield.

[The information follows:]

Chairman Hal Rogers
House Committee on Appropriations

FY 2016 Budget Hearing - National Institutes of Health
March 3, 2015
Opening Statement As Prepared

Mr. Chairman, thank you for yielding. Dr. Collins, welcome. I appreciate you being with us today to discuss the Fiscal Year 2016 budget request for the National Institutes of Health.

Dr. Collins, I continue to be impressed with you personally and professionally. Your leadership role in the ground-breaking international Human Genome Project is just one example of your many talents. Unquestionably, you are at the helm of NIH during a time that demands our country's interest and investment in medical research.

The recent Ebola epidemic in West Africa highlights the importance of NIH's mission to gain and apply knowledge to enhance health, lengthen life, and reduce illness and disability. Medical research is one of the most important parts of preventing future epidemics and developing cures for diseases that are not preventable. The NIH FY 2016 budget request highlights priorities such as Ebola, Alzheimer's disease and Antimicrobial Resistance. In addition to the public health benefits that accompany NIH work, the economic impact of medical research should not be underestimated. NIH research dollars not only impact research facilities and researchers, but they also help get new drugs and devices to market.

I am pleased to see that you have invited Dr. Nora Volkow to join you this morning. As the Director of the National Institute of Drug Abuse, Dr. Volkow has been a true pioneer in the science of drug abuse and addiction. She was one of the first people in history to use brain imaging to investigate the effects and addictive properties of abusable drugs, and her research has undoubtedly made the world that we live in a better place. She has been with us since day one as we've battled drug abuse in Southern and Eastern Kentucky, and I am looking forward to seeing both of you at the Rx Summit in Atlanta this summer.

Dr. Collins, Dr. Volkow – I look forward to hearing from you today about two critical drug-related issues. First, I am pleased that NIDA is pursuing an Adolescent Brain Cognitive Development (ABCD) study to collect rigorous longitudinal data on the effects of marijuana, alcohol, nicotine and other drugs on a young person's brain. It is unfathomable to me that states continue to pursue policies to decriminalize or legalize marijuana – in contravention to federal law, I might add – when we don't have scientific data to tell us about the long-term impacts of marijuana use on the brain. This study will help close that gap, and hopefully bring some much-needed sense to the conversation about marijuana use in this country.

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In addition to our long-standing struggles with drug addiction and abuse, the research provided by NIH is critical to understanding, preventing, and developing cures for ailments like diabetes, cancer and heart disease that continue to plague my region. We are very proud of the partnerships we've established with NIH in Kentucky – for example, the Markey Cancer Center, a National Cancer Institute-designated Cancer Center, located at the University of Kentucky, and the UK Center for Clinical and Translational Science, which previously received your prestigious Clinical and Translational Science Award for its work to confront chronic health issues in Kentucky and rural populations in the Appalachian region. Currently, 22 of the world's 50 top ranked universities for life sciences are in the United States, and we must continue to foster the next generation of scientists. We look forward to continuing these important collaborative efforts as we work together to bring an end to these devastating diseases.

Dr. Collins, I look forward to hearing your testimony. Thank you, Mr. Chairman, and I yield back.

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Mr. COLE. Thank you, Mr. Chairman.

Next, we will go to ranking member, distinguished gentlelady from Connecticut, and, frankly, a tireless champion of this particular agency for many, many years.

STATEMENT OF REPRESENTATIVE ROSA DELAURO

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

And good morning to everyone. It is a little earlier than we usually start these hearings, but it is such an important topic that it was important to all of us to have the opportunity for the full 2 hours with the distinguished panel.

I am so thrilled to welcome you, Dr. Collins, the Director of the NIH, Dr. Fauci, Dr. Volkow, Dr. Insel, Lorsch, Gibbons, to discuss the 2016 budget request for NIH.

First and foremost, let me just say thank you for your work. Every scientific discovery, every medical breakthrough, the research you support advances human knowledge, and it improves the quality of our lives. And, most of all, it saves lives. And as an almost 30-year survivor of ovarian cancer, I am alive today because of the grace of God and biomedical research. When I was elected to the Congress, I made supporting that research one of my top priorities.

As well as improving health, research also drives our economy. As the chairman said, every dollar invested in NIH repays more than double that in local economic growth. NIH is the cornerstone of our life sciences industry, which employs more than 7 million Americans, adds almost $70 billion to our GDP. So there is no reason not to fund NIH as fully as possible.

In January of this year, along with the chairman, I had the pleasure of touring the NIH, and along with other members of the subcommittee. It was, as always, a fascinating visit.

While there, we met with a senior investigator, Dr. Nancy Sullivan, who is largely responsible for one of the Ebola vaccine candidates that is currently being tested in a clinical trial. That clinical trial is only possible because, thanks to NIH support, Dr. Sullivan and her colleagues have been able to pursue a vaccine over many, many years—since 1997, in fact.

Research can take a long time to bear fruit, and if we do not invest now, we will not be able to benefit from scientific discoveries 5, 10, even 20 years from now. So it is troubling to me, deeply troubling to me, to note that since fiscal year 2010, after adjusting for inflation, NIH has seen its budget erode by about $3.6 billion. That is an 11 percent cut.

Sequestration is terrible policy for any budget. It is especially cruel where there are literally lives at stake. In 2013 alone, sequestration took more than $1.5 billion from the NIH. Even after modest increases over the past 2 years, we still have not returned NIH's budget to its pre-sequestration level.

A decade ago, NIH was able to fund almost one out of every three applications for research grants. Amid sequestration, that success rate has fallen to one in six. In 2015, NIH will fund almost 1,000 fewer research projects than it did in 2010. We will never know how many scientific discoveries and medical breakthroughs

the world may have missed out on because of these budget restraints.

That is the disturbing context in which we consider the NIH budget request for fiscal year 2016.

Overall, this request starts to set us back on the right track. There are some exciting initiatives in this budget. The Precision Medicine Initiative will help doctors provide treatment finely tailored to the individual characteristics of each patient. The Combating Antibiotic-Resistant Bacteria Initiative, CARB, focuses on defending against deadly super-bugs. The BRAIN Initiative holds the potential to revolutionize neuroscience and to make advances to treat Alzheimer's, autism, and many other brain disorders.

The budget includes funding for research to develop a universal flu vaccine and potentially a cure for HIV/AIDS. It also supports basic science research that has long-term benefits across multiple fields.

As I said, I believe this is the right track, but, given the severe neglect of NIH over the past few years, I am disappointed that we are not restoring funding more quickly. This request restores less than one-third of the cuts since fiscal year 2010.

I introduced a bill in the last Congress and again in this Congress that would enable our committee to increase NIH funding by 10 percent this year and 50 percent over 5 years by providing a cap adjustment. That would ensure proper funding for research without robbing other vital programs to do so.

We have invested strongly in NIH before. In the 1990s, I was among a bipartisan group of Members of both chambers on this committee who fought to double NIH's budget over 5 years. To this day, it stands among my most proud achievements.

Instead of starving the NIH of funds, we should be seeking to repeat that achievement and double its budget again. But this investment cannot happen unless and until we undo that failed policy of sequestration and summon the courage to ask those who can, the wealthiest who have done so well in recent years, to contribute more to support our national priorities.

Biomedical research gives us the gift of life. It has done so for me and for countless others. That is what the NIH represents. We can and we must find the resources to support it.

And I thank you.

I thank you, Mr. Chairman.

Mr. COLE. I thank you.

I next go to my good friend, distinguished gentlelady from New York, for her opening statement.

STATEMENT OF REPRESENTATIVE LOWEY

Mrs. LOWEY. Well, thank you, Mr. Chairman.

It is a pleasure for me to be here today. And I would really like to thank Chairman Cole and Ranking Member DeLauro for holding this hearing today.

It is such an honor for me to have such a distinguished group of public servants: Drs. Collins, Fauci, Insel, Lorsch, Volkow, and Gibbons.

I really appreciate your being with us today, and I thank you for the lifesaving work that you do every day.

Throughout my time in Congress, Federal funding for the National Institutes of Health has been among my very top priorities. The NIH is the world's premier research institute. Its researchers have mapped the human genome.

And I do remember, Dr. Collins, that empty shape that you have filled up. It is really amazing.

You have created vaccines that are being tested to prevent the spread of Ebola, developed advances in cardiovascular disease that have reduced death rates by more than 60 percent over the last half-century, and invested in HIV therapies that turn what used to be death sentences into longer, more productive lives.

As a result, it is no surprise, but it continues to amaze me, that NIH-supported scientists have been awarded no less than 145 Nobel Prizes.

Not only does NIH's work improve the quality of life for millions of Americans, it is also a springboard for economic growth, generating $2.21 in economic activity for every dollar invested. And I remind my friends and neighbors all the time that not only are you moving ahead in saving lives but you are creating jobs.

Your 2016 budget request proposes an increase of $1 billion, resulting in 1,200 additional competitive research grants. It would make welcomed investments in advanced cancer treatments with the new Precision Medicine Initiative; increase funding, as my colleague Ms. DeLauro said, for the BRAIN Initiative to research the workings of the brain, develop treatments to combat Alzheimer's disease, autism, and other neurological and psychiatric conditions. These are the very definitions of worthy Federal investments.

The President has also called for the end of the mindless austerity of sequestration. In fact, I have even heard some of my colleagues on the other side of the aisle refer to the mindless austerity of sequestration, urging Congress to replace it with more targeted spending cuts, program integrity measures, closure of some outdated tax loopholes. I could not agree with them more.

The effects of sequestration are immense and are still being felt. In 2013 alone, sequestration reduced the NIH investment by more than $1.5 billion, and fiscal year 2015 funding is still below the pre-sequester level. Many critically important research initiatives were abruptly halted. It really was a worst-case scenario for many agencies, and we have to make sure it does not happen again.

The United States must keep pace with the rest of the world. While NIH funding is $3.6 billion, or 11 percent below the fiscal year 2010 level when adjusted for inflation, others are making substantial increases. Between 2007–2012, China increased their biomedical research spending by $9 billion—increased. While others are advancing, our investments in biomedical research are just not keeping up.

As we begin the annual process of crafting a budget resolution, I know there will be many viewpoints. Many of my colleagues may undoubtedly press for additional cuts and to leave the outdated sequester-level caps in place. But I think we all know how dangerous that is.

Discretionary funding, which includes biomedical research, education, job training, transportation infrastructure, and clean energy

development, is falling to its lowest level as a percentage of GDP since the Eisenhower administration.

We must act to ensure reasonable allocations for the important programs and investments funded through the appropriations process, especially the National Institutes of Health and those under the jurisdiction of this subcommittee.

I look forward to your testimony. Thank you again for being here before us, and I look forward to the NIH's plans for the coming year.

Thank you.

Mr. COLE. I thank the gentlelady.

And, Dr. Collins, your full statement will be entered into the record, and you are recognized for whatever opening comments you care to make.

STATEMENT OF DR. COLLINS

Dr. COLLINS. Well, thank you. And good morning, Chairman Cole, Ranking Member DeLauro, distinguished members of this subcommittee. It is an honor to appear before you today, as this panel has a long history of supporting NIH's mission to seek fundamental knowledge and apply it in ways that enhance human health, lengthen life, and reduce illness and disability.

NIH SUPPORTED RESEARCH BREAKTHROUGHS

Breakthroughs generated by NIH-supported research are behind many of the gains you see here that our country has enjoyed in health and longevity. For example, over the last 60 years, deaths from cardiovascular disease have fallen by more than 70 percent. Meanwhile, cancer death rates have been dropping about 1 percent each year for the last 20 years. And, likewise, HIV/AIDS treatments have greatly extended lives, and prevention strategies are enabling us to envision the first AIDS-free generation.

The future of biomedical research has never been brighter. Allow me to tell you about just a few of the many exciting opportunities that NIH is pursuing today.

Let's start with vaccines. Thanks to NIH research, two different vaccines against the deadly Ebola virus are being tested right now in Liberia.

Vaccine research is also making exciting progress against a virus that nearly all of us have tangled with: influenza. Currently, a new flu vaccine has to be produced every year based on our best guess of how the virus will evolve, but that approach isn't ideal, as we have learned this past season, so NIH-funded researchers are working to design a universal vaccine that will protect against virtually all flu strains. Such a vaccine could eliminate the need for annual flu shots and reduce the risk of a global pandemic. So I am excited to tell you that universal flu vaccine candidates have now moved into early-stage human clinical trials.

NIH SUPPORT FOR BASIC RESEARCH

NIH also remains strongly committed to supporting basic science, fundamental research that serves as the foundation for discoveries that have long made America the world leader in biomedicine.

One exciting example is the BRAIN Initiative. This bold, multi-agency effort is enabling development of innovative technologies—you see one here—to produce a clearer, more dynamic picture of how individual brain cells and neural circuits interact in time and in space. This initiative will give us the tools for major advances in brain diseases, from Alzheimer's and autism to schizophrenia and traumatic brain injury.

PRECISION MEDICINE

Scientific advances are also accelerating progress toward a new era of precision medicine. Historically, doctors have been forced to base their recommendations for treatments on the expected response of the average patient. But recent advances, including the plummeting cost of DNA sequencing, now make possible a more precise approach to disease management and prevention that takes into account individual differences in genes, environment, and lifestyle.

With this in mind, we are thrilled at NIH to take a lead role in the multi-agency Precision Medicine Initiative. In the near term, this initiative will focus on cancer. To accelerate efforts, this project will support research aimed at understanding why cancers develop drug resistance, using noninvasive methods to track therapeutic responses, and exploring new treatments targeted to the genetic profiles of a wide range of adult and pediatric cancers.

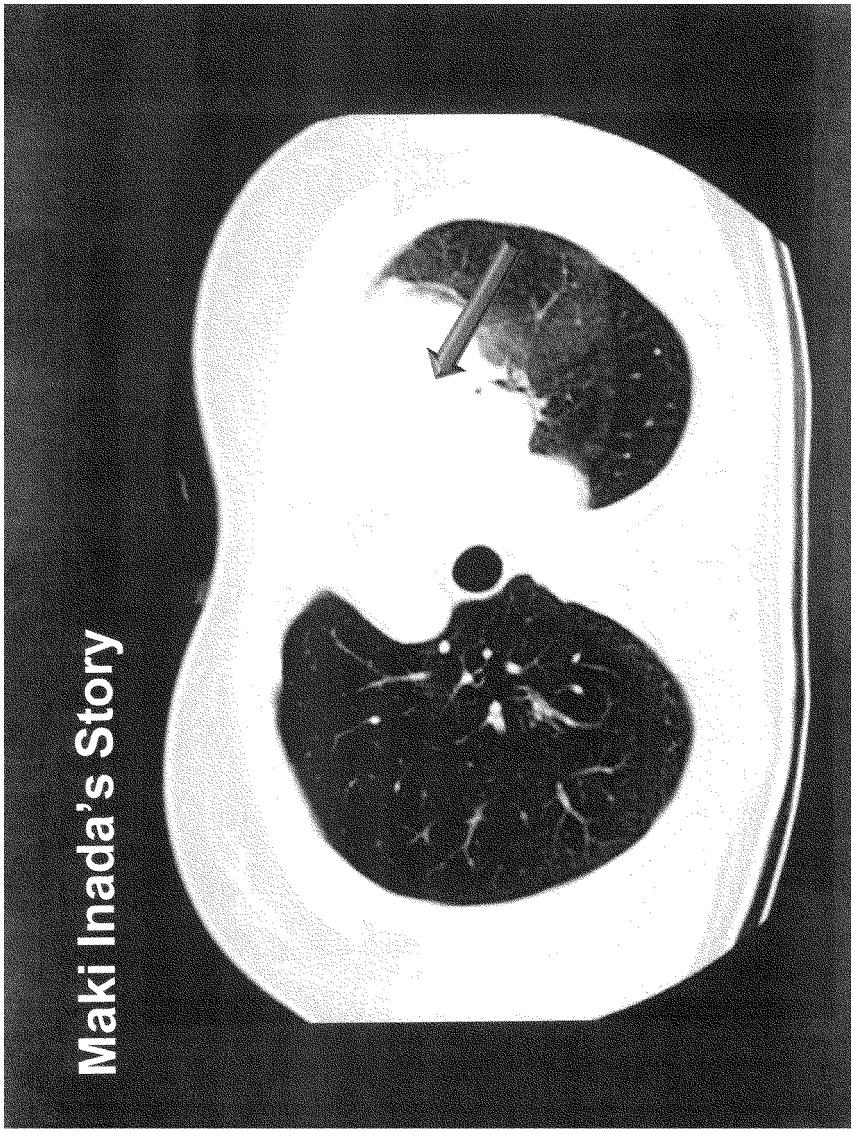
As a longer-term goal of this initiative, NIH will launch a national research cohort of 1 million or more volunteers who will play an active role in how their genetic and environmental information is used to prevent and manage a broad array of diseases. A project of this magnitude will lay the groundwork for new prevention strategies and novel therapeutics.

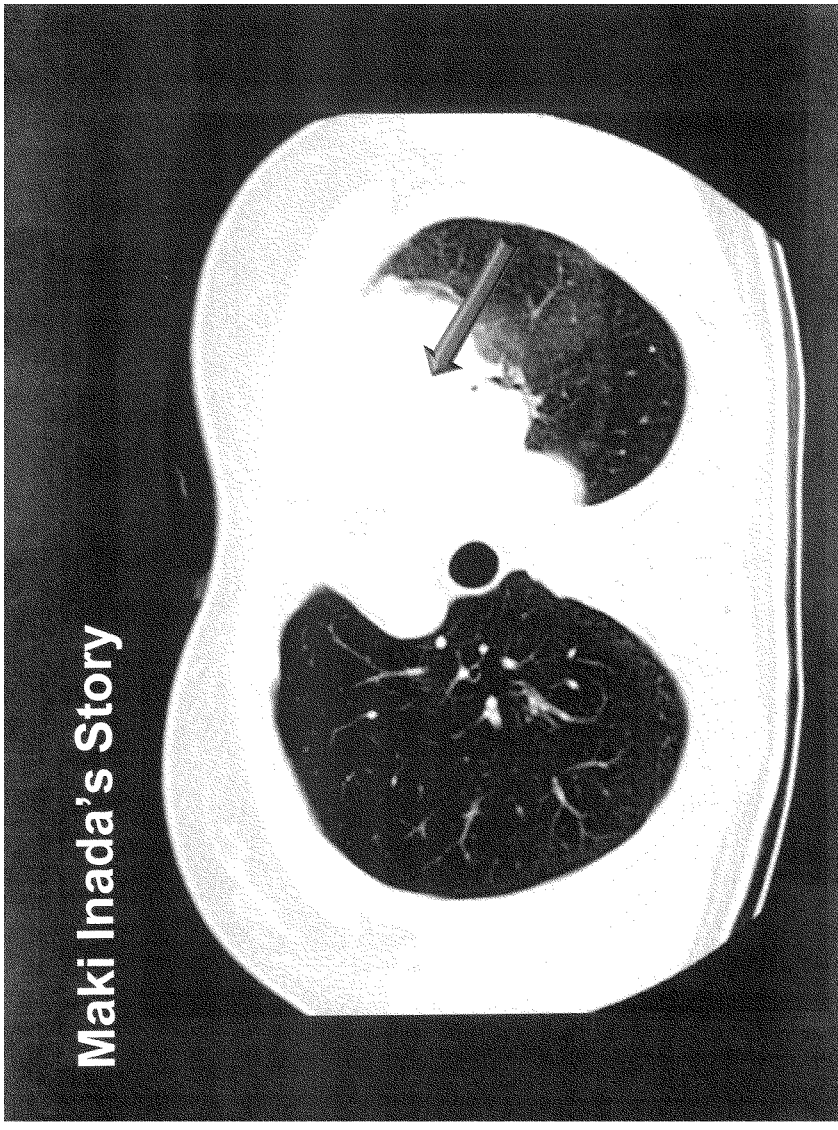
There is no better time than now to embark on this enterprise to revolutionize medicine and move this precise, personal approach into everyday clinical practice.

CONCLUSION

In closing, let me share a story that highlights the early promise of precision medicine. When Maki Inada was diagnosed with stage 3B adenocarcinoma of the lung in 2008, it was completely unexpected. She was just 36 years old, had never smoked a day in her life. Her tumor was very large, as you see here, 7 centimeters, with a very low likelihood of survival beyond a year or two.

[The information follows:]


Maki Inada's Story


Maki Inada's Story

Dr. COLLINS. As Maki began the recommended standard chemotherapy, her doctor suspected she might have a particular mutation in a gene called epidermal growth factor receptor (EGFR). Genetic testing confirmed their hunch, and Maki was prescribed Tarceva, a drug that precisely blocks EGFR's signal.

After 3 months of treatment, Maki's large tumor shrunk dramatically. This was followed by surgery to remove cancerous tissue, plus retreatment with Tarceva. Today, seven years after her diagnosis, her doctors can detect no signs of cancer.

What is more exciting during the extra time provided by this approach, Maki competed in a triathlon, landed her dream job as a biology professor at Ithaca College, and welcomed a healthy baby girl.

Clearly, we need many more stories like Maki's. That is our dream, and I am sure it is yours too.

With your support, we can realize our vision of accelerating discoveries across the vast landscape of biomedical research, from basic scientific inquiry to more precise, personalized approaches to treatments and cures.

So thank you, Mr. Chairman. My colleagues and I now welcome your questions.

[The information follows:]

DEPARTMENT OF HEALTH AND HUMAN SERVICES

NATIONAL INSTITUTES OF HEALTH

Fiscal Year 2016 Budget Request

Witness appearing before the

House Appropriations Subcommittee on Labor, HHS, Education, and Related Agencies

Francis S. Collins, M.D., Ph.D.

Director, National Institutes of Health

March 3, 2015

Good morning, Chairman Cole, Ranking Member DeLauro, and distinguished Members of the Subcommittee. I am Francis S. Collins, M.D., Ph.D., and I am the Director of the National Institutes of Health (NIH). It is an honor to appear before you today to present the Administration's fiscal year (FY) 2016 budget request for the NIH, and provide an overview of our central role in enhancing the nation's health through scientific discovery.

Before I discuss our diverse investments in biomedical research and the exciting scientific opportunities on the horizon, I want to thank this Subcommittee for the recent FY 2015 Omnibus Appropriation bill. We are truly grateful for your leadership.

As the nation's premier biomedical research agency, NIH's mission is to seek fundamental knowledge about the nature and behavior of living systems, and to apply that knowledge to enhance human health, lengthen life, and reduce illness and disability. I can report to you today that NIH leadership, employees, and grantees continue to believe passionately in our mission.

NIH has been advancing the understanding of health and disease for more than a century, and many of our contributions stem from our nation's commitment to investing in basic science research. Basic science lays the foundation for advances in disease diagnosis, treatment, and prevention by providing the building blocks for clinical applications. Basic science is generally not supported in the private sector, and NIH's focus on understanding fundamental biological processes fosters innovation and ultimately leads to effective ways to treat complex medical conditions. Our successful investment in basic science is reflected by the awarding of no less than 145 Nobel prizes to NIH-supported scientists; the vast majority of these individuals were recognized for basic science advances.

A compelling current example of how basic science is revolutionizing the future of biomedical research is in the area of genome editing. The human genome is a three-billion letter instruction book, using the four-letter DNA alphabet. Just a single typo can lead to a devastating disease. Imagine if doctors could someday act like copy editors and quickly fix any spelling errors so that your genetic text reads flawlessly. A recent, groundbreaking discovery is the development of the genome editing tool, CRISPR, which stands for Clustered Regularly Interspaced Short Palindromic Repeats. Despite its

complicated name, the concept is rather simple—CRISPR technology acts like a precise molecular scalpel that can target genetic mutations in order to correct the genome. CRISPR was discovered by basic science investigators trying to understand how certain bacteria resist infection by viruses, and has already revolutionized genetic research in cells and animal models. Combining this approach with rapid developments in induced pluripotent stem (iPS) cell biology holds out the promise of powerful new individualized treatments for diseases like sickle cell anemia.

Another way we are trying to unravel life's mysteries through basic science is with the Brain Research through Advancing Innovative Neurotechnologies (BRAIN) Initiative—and we are grateful to this committee for its FY2014 and FY 2015 support. This bold, multi-agency effort to revolutionize our understanding of the human brain will enable the development and use of innovative technologies to produce a clearer, more dynamic picture of how individual cells and neural circuits interact in both time and space. By measuring activity at the scale of neural networks in living organisms, we can begin to decode sensory experience and, potentially, even memory, emotion, and thought. Ultimately, the technologies developed under the BRAIN Initiative may help reveal the underlying pathology in a vast array of brain disorders and provide new therapeutic avenues to treat, cure, and prevent neurological and psychiatric conditions such as Alzheimer's disease, autism, schizophrenia, and addiction.

Scientific advances are also accelerating progress toward a new era of personalized medicine. Historically, physicians have had to make recommendations about disease prevention and treatment based on the expected response of the average patient. This one-size-fits-all approach works for some patients and some conditions, but not others. Technology developments, along with plummeting costs of DNA sequencing, now make it possible to develop an innovative approach to treatment that accounts for individual differences in patients' genes, environments, and lifestyles. With this in mind, we are excited to take a lead role in the multi-agency Precision Medicine Initiative (PMI). A near term goal of the PMI focuses on cancer; cancer research has been leading the way in precision medicine for many years, by defining the driver mutations in individual tumors and using this information to design the ideal therapy for each patient. To accelerate the pace of discovery, this initiative seeks to expand current cancer

genomics research to understand the development of resistance to targeted therapy, to apply non-invasive methods to track patients' responses to treatment, and to explore the efficacy of new drug combinations targeted to specific tumor mutations.

As a longer term goal of this initiative, NIH will also launch a national research cohort of one million or more volunteers who will play an active role in how their genetic and environmental information is used for the prevention of illness and management of a wide array of chronic diseases. A project of this magnitude will lay the foundation for a myriad of new prevention strategies and novel therapeutics. There's no better time than now to embark on this ambitious new enterprise to revolutionize medicine and generate the scientific evidence necessary to move this personal approach into everyday clinical practice.

Another way we are turning discovery into health is in our efforts to combat the problem of Antimicrobial Resistance (AMR). Because most bacteria, viruses, and other microbes multiply rapidly in a short period of time, they can evolve and develop resistance to antimicrobial drugs. Public health surveillance has documented an alarming increase in AMR, especially those strains that cause hospital-acquired infections. Each year in the United States, more than two million people acquire serious infections from bacteria that are resistant to antibiotics designed to treat those infections, and approximately 23,000 of these people die. As long as antibiotics are used indiscriminately to kill microbes in medicine and agriculture, resistance will continue to emerge. Recognizing the growing public health threat of AMR, NIH is engaged in a multi-agency venture, in collaboration with the U.S. Food and Drug Administration, the U.S. Department of Agriculture, and the Centers for Disease Control and Prevention, designed to reverse these disturbing trends. To this end, we will expand efforts to develop new antibiotics, like the teixobactin recently identified by an NIH grantee that shows great promise against the difficult-to-treat infection, Methicillin-resistant Staphylococcus aureus (MRSA) and resistant tuberculosis. We will work to develop a rapid diagnostic test for resistant organisms that will be of critical clinical and public health utility. We will also build a national genome sequence database on all reported resistant

human infections. And we will create a rapid response clinical trial network that is ready to test new antibiotics on individuals infected with highly resistant strains of bacteria.

Preventing disease has always been a top priority for NIH, and influenza is one area of prevention in which we are poised for significant progress. Currently, to provide protection against the rapidly evolving influenza virus, a new vaccine must be produced each year. Despite our best efforts, some guesswork is involved, and the vaccine isn't always ideal—as we know all too well after this particularly difficult flu season. In an average year, the flu claims up to 49,000 American lives and costs the U.S. economy about $87 billion. But it does not have to be that way. NIH-funded researchers continue to move forward on a universal flu vaccine—designed to produce broad protection against virtually all strains of the flu for extended periods of time and, thus, potentially reduce the need for annual flu shots and the risk of a global pandemic. I am happy to report that universal flu vaccine candidates have now moved into early stage clinical trials.

So far, I've described for you several examples of NIH's commitment to basic, translational, and clinical research. But, none of this would be possible without a diverse and talented biomedical workforce. Recruiting and retaining the brightest minds regardless of race, ethnicity, sex, disability, and socioeconomic status is critically important not only to NIH, but to the entire American scientific enterprise. That is why we are taking new and aggressive steps to attract the most talented individuals from all groups. The Building Infrastructure Leading to Diversity (BUILD) Initiative is a bold experiment, consisting of a set of training awards designed to attract a diverse array of students into the training pipeline and encourage their futures as NIH-supported researchers. In addition to BUILD, we also established the National Research Mentoring Network (NRMN). The network establishes a nationwide, interconnected set of skilled mentors linked to mentees from a variety of scientific and social backgrounds. These efforts should strongly support our goal to enhance the diversity and maximize the talent of the biomedical workforce.

While all of these exciting research efforts and scientific opportunities are leading to a much deeper understanding of health and human disease, much more work needs to be done. To this end, the

President's FY 2016 budget request for the NIH is $31.311 billion, $1 billion or 3.3 percent above the enacted FY 2015 level. This budget request reflects the President's and the Secretary's commitment to improving the health of the nation and to maintaining our nation's leadership in the life sciences. The request highlights investments in innovative research that will advance fundamental knowledge and speed the development of new therapies, diagnostics, and preventive measures to improve public health, including $200 million for the Precision Medicine Initiative and an additional $100 million to combat AMR.

The FY 2016 budget request will enhance NIH's ability to support cutting-edge research and training of the scientific workforce. Within this budget, we will increase Research Project Grants (RPGs), NIH's funding mechanism for investigator-initiated research. NIH expects to support 10,303 new and competing RPGs in FY 2016, an increase of 1,227 above the FY 2015 estimate. The budget request allocates resources to areas of the most extraordinary promise for biomedical research, while maintaining the flexibility to pursue unplanned scientific opportunities and address unforeseen health needs.

I have provided you with examples of how investments in biomedical research through NIH are advancing human health, spurring innovations in science and technology, and laying the groundwork for the future of the United States biomedical research enterprise. We have never witnessed a time of greater promise for advances in medicine than right now. With your support, the future of medicine can be very bright.

This concludes my testimony, and I look forward to answering your questions.

Mr. COLE. Thank you very much, Dr. Collins.

And just for the members of the committee, we are going to go first to our chairman and our ranking member, and then we will go through our normal order, in terms of questions.

So, Mr. Chairman, you are recognized for whatever questions you care to pose.

ADVANCES TOWARD EFFECTIVE DRUG ABUSE DETERRENT

Mr. ROGERS. Thank you, Mr. Chairman.

Dr. Collins, Dr. Volkow, thank you both for your special interest in prescription drug abuse.

As you know, every day about 105 Americans die from overdose, mostly prescription medicine. Sadly, as we have taken strides to address that challenge, we have also seen a rise in heroin use and its consequences, as people that are addicted to painkillers graduate to those drugs, that are cheaper.

I have long advocated for a multipronged approach to addressing this unique challenge, and, of course, research is one of the main prongs of that approach. I am particularly interested in the development of new technologies that will make these drugs more difficult to abuse. And we have seen some real progress in that field—effective abuse-deterrent technologies that will ensure that patients truly in need of these therapies can receive treatment, while also ensuring that these very powerful, addictive medications can't be tampered with or abused.

ADVANCES IN DETERRENT TECHNOLOGIES

Let me ask you, what investments has NIH or NIDA made to advance the science of abuse-deterrent technologies? And can you comment on the fruits of those labors?

Dr. Collins.

Dr. COLLINS. Well, Mr. Chairman, thank you for the question and for your leadership in this area, which is really quite remarkable, the way which you have shown a bright light on the importance of our addressing this, brought experts together, as you have done each year and will do again in April.

I am going to ask Dr. Volkow, who is an internationally recognized expert in this area, to address your question.

Nora.

Dr. VOLKOW. Dr. Collins, thanks very much.

Mr. Chairman, thanks very much for asking the question and for your interest in the matter.

And, as you describe it, we do use a multiprong approach also in science to address the issue of the prescription opioid abuse problem.

One of them is effectively to develop medications that, if they are opioid-based, they have the deterrent formulation so that they cannot be diverted and abused in ways that they can produce addiction and harm. And many strategies have been developed, and some of them relate to the combination of drugs. Others relate to inserting the drug into a polymer so it cannot be diverted.

In this effort, we partner with pharmaceutical companies, so it is a public-private partnership to enhance the likelihood that the

products will get into the market. And, again, here innovation has led to very different ways of solving the problem. That is one.

The other one is the development of medications and strategies to prevent deaths from overdoses because they are antidotes. In fact, Nyloxin is very, very effective in preventing overdoses. And we have again partnered with the pharmaceutical industry in order to be able to provide with Nyloxin in ways that are user-friendly and anyone can administer them.

And, thirdly, as importantly, we cannot underestimate the relevance of developing medications to treat those individuals that become addicted to opioid medications, because the proper treatment can prevent the overdoses.

In parallel, we are also working on implementation research to ensure that practitioners will provide better screening and treatment of patients with pain, minimizing risks, and as well as substance abuse disorders.

PRODUCING TECHNOLOGIES

Mr. ROGERS. NIDA is working to develop an abuse-deterrent formulation of OxyContin using what I understand is called pro-drug technology. What is that?

Dr. VOLKOW. The pro-drug technology is you administer a medication that is not active until it suffers a second conversion. In this case, the medication that we are working with Signature Pharmaceuticals is a pro-drug that will not become active until it gets into the gastrointestinal system and the enzyme trypsin then activates it.

The advantage, therefore, is someone, if they want to inject the drug, which is the way that these drugs are abused, there will not be any pharmacological effects because it will be an inactive drug. It requires the enzyme in the gastrointestinal tract to activate it.

Mr. ROGERS. What do you think about it?

Dr. VOLKOW. I think very promising. There is already evidence in the past for pro-drug stimulant medications that have shown they are much less likely to be diverted and to produce problem of the addiction.

Dr. COLLINS. I might mention that Dr. Volkow has taken a personal interest in that particular approach and has worked closely with the company to try to be sure that NIH, in a public-private partnership, can play our role in encouraging that effort to go forward, ultimately, we hope, to FDA approval.

Mr. ROGERS. Well, I mean, if this should be successful, this is a major breakthrough, is it not?

Dr. VOLKOW. It would be a very important breakthrough. And we hope that we will be hearing soon. I mean, we are expecting, hopefully, some results in the very near future.

Mr. ROGERS. About when?

Dr. VOLKOW. Well, I am on a confidentiality agreement, so I cannot give details. But let's say that we hope that we will be hearing soon.

ENCOURAGING PRIVATE SECTOR INVESTMENT

Mr. ROGERS. Well, it is an exciting thing. OxyContin, like many other of the opioids, are wonderful drugs for terminally ill cancer

patients and the like, 12-hour release. But if it can be crushed and injected, all of a sudden you get a 12-hour release in a split second, and, thus, the addictive power of this drug. So if you can find a way that we can use its great qualities while preventing it from being abused, that would be an extremely well-liked lifesaving development. A hundred and five people a day are dying from drug overdose.

How can we incentivize the private companies to invest in the development of these technologies? How can we make it so there is something in it for them?

Dr. VOLKOW. Well, to start with—and, again, it is an example about how science and policy need to work together. As these products are developed, there is research invested and dollars invested into it. So, we want to ensure that, once these products are developed, physicians will be able to prescribe it and companies will pay for those prescriptions.

So, I think that ensuring that the innovation that results in safer medications that, however, may be slightly more expensive is supported by the resources that will make it possible for patients to get access to these medications.

Mr. ROGERS. Well, I thank you for your work and your dedication.

Thank you, Mr. Chairman.

Mr. COLE. Thank you, Mr. Chairman.

TREATMENT ADVANCES FOR INOPERABLE TUMORS

The gentlelady from New York is recognized for whatever questions she cares to pose.

Mrs. LOWEY. Thank you.

Dr. Collins, the example you gave us of this woman with a growth on the lung is really extraordinary. And what I thought of immediately is every person who goes to the doctor with—what I have heard in two cases—inoperable tumors in their lung, do they all get that test?

Dr. COLLINS. That is a great question. And, in fact, one of the things we hope to achieve with the first stages of this Precision Medicine Initiative is to make that kind of experience much more available.

Increasingly, individuals who develop cancer are having some kind of analysis done of the tumor to see what is driving it. Because we are developing a long list of reasons why good cells go bad and start growing when they shouldn't. And the ability to be able, in the individual to determine what is going on in that person and then connect that up with the appropriate choice of drugs, this targeted therapy approach, is extremely exciting.

In fact, the National Cancer Institute has, for lung cancer, started such a protocol, called Lung-MAP, which aims to do that, in that case for squamous cell lung cancer, and another one for pediatric cancers and for adult cancers called MATCH.

But, so far, the development of these approaches and the implementation across all of health care is not there yet, in part because we don't know quite enough to know what is the best strategy.

The Precision Medicine Initiative, by expanding that effort in a very significant way, should make this kind of opportunity avail-

able to many more people with cancer. It should also teach us things about why it doesn't work when you think it should. I gave you a beautiful example of a remarkable cure, but we don't always see that. And we don't know why, when it doesn't work, something is responsible, or why, when it seems to have produced a remission, and then the disease comes roaring back a year later, what is that about. If we could understand the causes of relapse, that would help us.

And another thing which the Precision Medicine Initiative will focus on is the opportunity to find out, could we combine more than one targeted therapy or perhaps combine a drug therapy with immunotherapy, which is extremely exciting right now, and have a higher likelihood not just of remission but of cure?

All of those are ripe for investigation. This initiative aims to really turn up the heat in getting those kinds of answers.

Mrs. LOWEY. But it is still not widespread is what you are saying. I just recently had two friends who had inoperable lung cancer, and I just wondered if those tests were available to them. But you are saying it is not that widespread.

Dr. COLLINS. Increasingly, they are, but I would certainly say to anybody who develops cancer at this point who is interested, go to clinicaltrials.gov, find out what trials are currently being conducted all over the country, many of them supported by NIH, find out whether you qualify for one of these studies that would include this kind of DNA analysis of the tumor and an opportunity to match that up with the available therapies.

BREAKTHROUGH IN BREAST CANCER PRECISION MEDICINE

Mrs. LOWEY. I am particularly interested in how precision medicine, due to this initiative, could bolster treatment for breast cancer.

We already know that white women are slightly more likely to develop breast cancer than African-American women. But for women under the age of 45, breast cancer is more common in African-American women than white women overall. These factors, likely evident in our genetic code, are why advances in precision medicine are so very vital.

And I know there are many studies, because I was part of initiating them years ago with Senator Al D'Amato, on environmental factors. That never led to very much, frankly.

So if you could share with us, what breakthroughs for breast cancer have we seen as a result of NIH-funded research? And how will the Precision Medicine Initiative improve the chance of finding a cure once and for all?

Dr. COLLINS. Thanks for the question.

Breast cancer, obviously, is an area of major priority for the National Cancer Institute. The ability to be able to look at thousands of breast cancers and see exactly what is happening at the molecular level has taught us that this is not just one disease; this is many different diseases, with different kinds of molecular pathways activated, comparing one person to the other.

And, those have already led us to new insights about kinds of therapies that we didn't know about. Obviously, the discovery of genes BRCA1 and BRCA2 that play a major role in hereditary sus-

ceptibility is part of that, but we have a longer list now of hereditary risk factors than I would have thought possible 20 years ago.

But, of course, what we really need is better means of prevention and early diagnosis and treatment. Put all of that together.

Here is why I think, again, the Precision Medicine Initiative has a lot to offer. If, as we are claiming we can do starting next year, we could put together a cohort of a million or more individuals who are participants in a study that collects all of the data you could imagine about their medical experiences, about their DNA, about their environmental exposures, we might have sufficient power to really be able to get our hands on information that has been rather elusive about exactly what is the interaction between genes and environment that results in this disease or does not.

Electronic health records now becoming the norm in many people's medical records is going to help that hugely. That is why this is the right time to initiate a program of this sort. We couldn't have probably done it 10 years ago, but now we can.

Between electronic health records, environmental sensors, DNA analysis at an increasingly affordable cost, and the willingness of the public and the enthusiasm of the public to be part of a national effort of this sort, we could do something really groundbreaking and historic. And that is what this initiative aims to do for breast cancer and for many other diseases, as well.

SUPPORT FOR YOUNG INVESTIGATORS

Mrs. LOWEY. Well, I see the red light is on, Mr. Chairman, but I just have to tell you, this is why our investments in the NIH are so critical. I find the information we gather here so very exciting, and I am ready to double it again, as John Porter did. We could be groundbreaking here, Mr. Chairman.

Thank you.

Mr. COLE. I am very tough on the clock, except to my chairman and my ranking member of the full committee. So you take the time you need.

Let me quickly, if I may, ask one question for myself, Dr. Collins. One of the areas that I know concerns you and certainly concerns me is simply the pipeline of talented young scientists and researchers.

And I recognize and I think my colleagues have pointed out, when we are not as generous as we would all like to be in terms of our appropriations to this particular institute, you have fewer grants to award to younger researchers, and the success rate of applicants goes down.

I was really made aware of this recently by a good friend of mine, Dr. Skorton, who is the president of Cornell but the incoming president of the Smithsonian. And I asked him why in the world was he leaving a wonderful place like Cornell, this capstone job—the Smithsonian is a great job—but, actually, the thing he said that concerned him in the future of science was exactly this. He said: I have some brilliantly talented young people, and, obviously, they enjoy teaching, but they want to research, they want to get things done. And we are not giving them the opportunities that they need to have, and that is going to cost us down the road.

So I would like to know, number one, your assessment, but, number two, what are the things that we ought to do, what are the things you are doing now, to make sure that we engage the next generation of scientists that will hopefully match the accomplishments of this distinguished panel in their respective areas?

Dr. COLLINS. Mr. Chairman, thank you for the question.

This is the issue that wakes me up at night, when I try to contemplate the future of where biomedical research can go in the United States. We have such amazing scientific opportunities. Some of them, I am sure, we will continue to discuss during this hearing. But, yet, our most critical resource is not, you know, pieces of equipment or buildings; it is the people and particularly this next generation of researchers.

They are full of ideas and vision, and yet they are finding themselves facing a situation that is the least supportive for that vision in 50 years. And they look ahead of them and see the more senior scientists struggling to keep their labs going and having rejection after rejection of grants that previously would have been supported, and they wonder, do we really want to sign up for that? And many of them, regrettably, are making the decision to walk away and to do something else.

Meanwhile, the rest of the world, as has already been mentioned, is picking up steam, trying to be what America was 20 years ago, even as we seem to have lost some of our momentum. And that is going to have really significant trickle effects downstream.

So what are we doing? Again, there is no real magic here to solving what is a very difficult equation of supply and demand, where the demand for resources to do research is not currently being matched by the supply. But we are trying to adjust many of the things that we can adjust. And I have had many interesting conversations with people on this Subcommittee about this.

One thing we are doing is to try to be sure that that first application from a new investigator gets a special effort to get funded beyond what would happen if they simply competed with people of larger experience. So, new investigators, early-stage investigators, compete against each other, not against the experienced ones. That gives them a bump in terms of their likelihood of getting funded. And many of the institutes, actually, on top of that, give them an additional bump in terms of the likelihood of making the cut.

That has helped to some degree. But, of course, we don't want to set people up for that first award to be successful and then, when they come back for a renewal or the second award, we lose them because the edge is no longer there.

We are doing a number of other things. We are funding a program that provides support for post-doctoral fellows who are ready to go on in a couple of years to an independent position to compete for their award and then carry part of that award with them to an academic position, so-called K99 awards. And we are increasing the number of those, because that does seem to be a good mechanism.

And a number of other things are being done to try to free up more of the proportion of funds for more applicants. I am going to quickly ask Dr. Lorsch, the Director of the National Institute of General Medical Sciences, is a major part, of our training initiatives, to say something about some of the ideas they are pursuing.

Mr. LORSCH. Thank you, Dr. Collins.

And thanks for the question, Chairman Cole. This is an area that we are very concerned about, as are you.

We are starting a new pilot program called the Maximizing Investigators Research Award, which has as its fundamental goal to improve the efficiency of our funding mechanism, which would increase our ability to distribute funds, especially to young investigators.

It would also have several other targets. One would be to improve the stability of funding for these investigators, because if they are constantly at risk of losing their funding, clearly, that is not an ideal situation. It would improve the flexibility for investigators to follow new research questions as they arise. Additionally, we think it would improve their ability to take on ambitious research projects and follow them in a creative manner. Nontheless, I think efficiency is the key.

Mr. COLE. Thank you very much.

I want to move next to my friend, the ranking member from Connecticut.

GENDER BALANCE IN PRECLINICAL RESEARCH

Ms. DELAURO. Thank you, Mr. Chairman.

And thank all of you.

Mrs. Lowey and I just briefly talked to each other about how the level of discussion at the hearings with the NIH is inspiring. The intellectual pursuit, the science—gives you—and that the United States is on the cutting edge of these efforts. It gives us such a sense of pride, but, more than that, again, it is what you are doing to push the edge of the envelope in so my directions, in terms of saving lives.

And that leads us—we were both on the committee, Mr. Chairman, when we doubled the amount of money for the NIH, along with Mr. Porter, and it was so genuinely bipartisan. If there is an area in which we can come together and understand the value of what we have here, that I think it would serve us well to think through what we should do for the future.

I am going to address an issue that you know has been of interest to me for a while, and I know it is for my colleague Mrs. Lowey, as well, and that is the gender balance in preclinical research. We have worked to make sure that women were represented among the subjects of biomedical research, including in the preclinical research studies.

I don't have to tell you that men and women differ in their responses to medical treatments, and, oftentimes, using the models that rely exclusively on male animals can lead to serious harm. Women experience higher rates of adverse drug reactions than men do, for example.

Dr. Collins, in May of 2014, you co-authored an article in Nature with Dr. Janine Clayton, Director of the Office of Research on Women's Health. You announced that NIH would require applicants to report their plans for the balance of male and female cells in animals in preclinical studies in all future applications. And that is the quote.

You noted that the new policy would be rolled out in phases, beginning in October of 2014. Dr. Clayton noted that, quote, "the exception will truly be the exception, not the rule," end quote.

Let me just give you the two or three questions I have in this regard. If you can give us an update on NIH's new policy to require that both sexes be represented in preclinical research? What kinds of responses have you received from the research community? Are you seeing an immediate impact in applications for funding in fiscal 2015?

Will you consider requiring the analysis of data by sex and other subgroup demographics as part of grant progress-reporting? What are you doing to encourage journal editors to require an analysis of results by sex?

How are you holding institute directors accountable for funding studies on sex differences and conditions that predominantly impact women? How are the institute directors accountable for partnering with the Office of Research on Women's Health on studies?

And can we expect all future NIH-funded research to include both sexes unless there is a specific reason to not include them, such as a focus on ovarian cancer or prostate cancer?

A lot of questions, I know, Dr. Collins, but I think it is imperative, this moment, because you are moving, and we need to make sure that we get all of this as we move forward. I know we have worked in the past and some things have not moved forward, and now, I think, is an opportunity for us to address the issue again.

Dr. COLLINS. Ms. DeLauro, I appreciate the question and appreciate your leadership in bringing this to the attention of the public. And, certainly, I can assure you of my strong personal commitment to addressing this issue, as was documented in that article that you mentioned that I wrote with Dr. Clayton in Nature.

The update is, we have now had extensive conversations with all of the institute directors, the scientific community and my Advisory Committee to the Director, which is my most senior advisory group, about this issue. There is generally broad embrace for the need in preclinical studies to include males and females unless there is a compelling reason. It needs to be explained, what it is, not just that it is not traditional or not convenient.

The responses on the negative side have mostly reflected anxieties about whether this would mean that every study that previously studied only male mice, for instance, now has to be doubled in size in order to study males and females, and that will cost more and it will result in fewer studies being done. I think that is an unnecessarily negative response to this question.

The idea that you should include males and females seems really compelling. The idea you should analyze the data separately is really compelling. You will have to decide in every study how subtle a difference between the sexes are you willing to miss, because that will determine how big your study has to be. But we know how to do that; that is called power analysis, and it can be applied in this situation quite handily.

The Institute Directors, I think, are in the process now of finalizing their approval of the way in which we are going to implement this for NIH grantees, with much community input. So I can as-

sure you, this will be something which is not left neglected. We will have definitive guidelines for all grantees who are doing these kinds of studies about what their expectations are.

For reviewers who review these studies, it will be made very clear that that is part of how you are——

Ms. DELAURO. Journal editors.

Dr. COLLINS [continuing]. To review a grant that comes to NIH.

Journal editors have been in conversation with us, and we have had great interactions with them about the general area of reproducibility. And this fits within that. If you have two studies that don't get the same answer but one studied males and one studied females, that is not called lack of reproducibility; that is called interesting new data that you would want to follow up on. So they are in this mix, as well.

I think it is fair to say that the NIH is, across the board, fully committed to making these things happen. And it is time. It is over time.

Ms. DELAURO. Thank you.

And thank you for letting me go over time.

Mr. COLE. Absolutely. Thank you.

I want to go next to my good friend from Idaho, the distinguished Member.

USE OF PRECISION MEDICINE IN COMMON CONDITIONS

Mr. SIMPSON. Thank you, Mr. Chairman.

And, Dr. Collins and all of the other directors, thank you for being here today.

The bipartisan nature of this subject with this committee is pretty obvious and has been in the past, and that is good. It would be, I think, the desire of everyone on this committee to substantially increase the research we are doing if we didn't have an $18 trillion debt and a $500 billion deficit that we are having to deal with at the same time, which makes it more difficult. But, still, it is something that we put priority on and try to do in a bipartisan manner.

I would like to ask you a whole bunch of different questions, but I am going to come out and visit with you for a day and take a tour of some of the different institutes and what goes on there, so we can get down and have some real good discussions.

But there are a couple of things. This personalized medicine that you are talking about, or precision medicine, is fascinating to me. And I understand that OMNIX is the collective use of technologies, such as genomics and petro-protein—protein medics—or something like that—that explore how cells and organisms are made up.

As NIH—and I understand in your testimony you said you are going to concentrate on cancer right now. Obviously, it is a lethal disease and so forth. Is there any plans to look at broader, maybe not as lethal diseases or not as serious diseases and the effects that personalized medicine could have and the research in those arenas?

Dr. COLLINS. Absolutely. Again, let me maybe be more clear than I was. The Precision Medicine Initiative has two components: An early focus on cancer because precision medicine is so ready for this kind of really expanded effort to understand what causes cancer, what we can do about it; but the other component, which is a long-

term, ambitious, to be sure, effort is this cohort of a million or more Americans which we could be studying for virtually all diseases.

And knowing that you are a dentist, I would certainly include, in that, such things as periodontal disease and dental caries. We know there is an environment and genetic risk involved in those conditions. But we haven't really had a sufficiently large study with appropriate patient participation to be able to get those answers. This should be a way to go there, this is true for diabetes, for heart disease, and for Alzheimer's disease. For virtually every common condition, with a million people, you are going to have enough events that you should really be able to disect what were with the biomarkers that warned this might happen; what were the environmental factors that played a role? We haven't had that kind of power before. We aim to get it.

UPDATE ON NCATS

Mr. SIMPSON. That is fascinating stuff and could really advance the treatment of diseases and cure diseases. I am going to submit some questions for the record but the one I did want to ask is in our conversations in the past, you have indicated your strong support for the National Center for Advancing Translational Sciences, known as NCATS. I heard from some advocacy groups several years ago who expressed concern that putting more resources into NCATS might come at the expense of research. And I don't believe that to be the case. But you do request a $27 million increase for NCATS in fiscal year 2016. Can you update me on how things are going with NCATS and some of the benefits we have seen from this new center?

Dr. COLLINS. I am happy to. NCATS, just 3 years old, was the first new center at NIH in quite a long time and was focused in trying to identify what are the bottlenecks in going from basic science discoveries to clinical benefits that NIH could address in collaboration with our partners in the private sector. I think initially there were some concerns that NIH is becoming a drug company. That really was never the plan and is not happening now.

Instead, we are identifying areas of technology development that no single company could undertake, but working with them, we can. I will give you just one example. The effort to try to figure out when you are developing a new drugs whether it is going to be safe in humans or not has been a real difficult one. We use animal studies, small animals, large animals. It is not that accurate. It is slow. It is expensive. We probably lose drugs along the way because some mouse got a slight liver issue. And it probably would have had no relevance to humans, but we sort of lose the drug at that point.

Wouldn't it be better to be able to test toxicity against humans cells but not put humans at risk? Now with the ability to create from a skin biopsy from you or me basically cells that represent liver or heart or brain or kidney or muscle on a three-dimensional biochip, we can begin to do those experiments without putting people at risk and get very interesting data about what drugs are likely to be safe or not at a much lower cost. We are doing this with FDA and DARPA. It is now 3 years along. NCATS, though, is the place where this lives. And it is a very appropriate thing. And

pharmaceutical companies are wildly interested in this. Because if it works, it could greatly improve the likelihood of knowing whether something is safe before we get into an expensive clinical trial. I could go on with many other things that NCATS is doing. They are all quite innovative. They would not have happened without NIH stepping into this space. We have high hopes. There is high-risk, but I think they are going to be high-reward.

The other thing that is in NCATS now is all the CTSAs, the Clinical Translational Science Centers, which are present in many of your States, which is our network of 62 academically based centers that is where an awful lot of clinical research is being done.

Mr. SIMPSON. Thank you all. Thanks for the work you do and look forward to coming out and visiting with you. And as I have said many years, and I will continue to say it, NIH is, for good or bad, the best kept secret in Washington, D.C., and the American people need to know what happens out there. Thank you.

Dr. COLLINS. We would love to host you. Please come out.

Mr. COLE. Thank you.

All of us on this committee know that our good friend, the gentlelady from California, Ms. Lee, has been dealing with a difficult personal situation with the loss of her mother. And she has been in our thoughts and prayers.

And it is wonderful to have you back here with us today. The gentlelady is recognized.

OVERVIEW OF NIH ACTIVITIES

Ms. LEE. Thank you, Mr. Chairman.

And let me thank all of you and you, Mr. Chairman, for your condolences and your support and your real expressions of sympathy during this very difficult period. And I am so glad to see everyone here today. And I want to thank you all of you for your work, for your efforts, really to save lives and to ensure the quality of life for everybody in our country. My mother was 90 years old. She died of COPD, which is the—what—third largest death by disease in this country. And I have spent many a nights and many a days in emergency rooms and hospitals. Because of you and the work of NIH, she lived to be 90. She lived with COPD. And my sister has multiple sclerosis. And, again, because of you, this work, and this committee, my sister is 67 years old. And she is leading a very healthy life as a result of NIH and the research and the treatment. So I have to personally thank you all so much for the work that you do. And, of course, I want to see your budget doubled so that everybody can, first of all, be free of these diseases. And I wanted to ask you a couple questions with regard to COPD research in terms of prevention and new treatments. Also with regard to multiple sclerosis and your BRAIN Initiative, how that will impact people with MS. Sickle cell, you know, I have been working for many years now on looking at the A1C test as it relates to diabetes and the correlation between sickle cell traits and diabetes and the A1C test and see how that—are doctors and labs fully aware now that that could give a false positive, and what you are doing around that in terms of the research? Also, just in terms of your budget as it relates to HIV/AIDS, I am really pleased to see the increase. I want to see if you are coming up or if we are close to a vaccine;

what types of new treatments do you envision with this increase of $52 million?

And, finally, just as it relates to the National Institute on Minority Health and Disparity, really pleased, once again, to see an increase of $14 million in funding and want to look at how you are focusing on or looking at social determinates of health care because we know many of the health disparities in minority communities directly relate to the social determinates and how this is being framed and researched within the NIH. So, once again, personally, I just have to thank all of you.

Thank you very much, Mr. Chairman, and members for your support during this period.

Dr. COLLINS. Well, Ms. Lee, those are great questions and——

Ms. LEE. I am going back to medical school now as a result of my family.

COPD RESEARCH

Dr. COLLINS. Sure. Maybe I will ask Dr. Gibbons first to say something about COPD. And then we will try to work through as many of these as we can.

Dr. GIBBONS. Sure. As you mentioned, chronic obstructive pulmonary disease is the third leading cause of death in this country, one in which NHLBI has provided clinical trials that have provided a better course of life, particularly the nocturnal oxygen trial. But we need to do more. The challenge is that we often diagnose and treat the disease toward the latter stages. And a lot of the damage has already been done to a lung. It is primarily supportive. This is really an opportunity for precision medicine where we can diagnose and start to develop interventions earlier in the course to really prevent a lot of that deterioration that occurs.

We are excited about the opportunities that come from genomic medicine. We are starting to understand the pathways that are promoting that inexorable progression of disease toward death. And we have some exciting opportunities to develop some new therapeutics in that regard, which is very exciting.

MULTIPLE SCLEROSIS RESEARCH

Dr. COLLINS. And maybe I will ask Dr. Fauci to say something about a new trial on multiple sclerosis which his institute supported and, while he has the microphone, say something about HIV/AIDS.

Dr. FAUCI. Thank you, Dr. Collins.

Thank you, Ms. Lee, for this question. As you are probably aware, just a few weeks ago, there was published a very exciting study, one of the most important studies we have seen in multiple sclerosis, in which 25 subjects were involved in a Phase 2, open-label study of stem cell transplantation in individuals who had rapidly aggressive, progressive multiple sclerosis. You would expect by historical control that these individuals over a period of months would have continued to deteriorate.

The study was a resounding success. Greater than 80 percent of the individuals survived without any progression of their MS for a period of up to 3 years, which is really quite unprecedented. Now, it is important to note that this an open-label study that was not

controlled in the classic sense. But the historical control is so compelling because those patients, they almost invariably progress, and the patients in the study did not. We are very excited about it. And we are going to move on to the next phase of the study. I would say of all of the things we have been doing with multiple sclerosis over the last several years, in my mind, this is the most exciting.

You also asked about HIV. There are so many important aspects of HIV, as you well know, throughout the world and in this country. We are seeing several countries approaching a tipping point, where the number of new infections are less than the number of people who are going onto therapy, to the point where we are starting to see a deflection in the number of HIV infected people. The things that would prevention and the treatment as prevention programs that you are very familiar with, in which you can decrease by 96 percent transmissibility from an infected to an uninfected person by, in fact, treating them and getting their viral load to below detectible level. There have been several studies that came out at the CROI meeting in Seattle last week that showed that preexposure prophylaxis of individuals at high risk, particularly men who have sex with men, superimposed upon treatment as prevention, has provided a substantial decrease in infection rate in certain areas.

VACCINE RESEARCH

And, finally, with respect to the HIV vaccine issue, there are two major parallel pathways that are being pursued. One is the follow up of that very exciting, though modestly successful, Thai trial from several years ago that I reported to this committee, the RV144 trial, that was 34 percent effective—not enough to pursue this vaccine candidate but enough to give us some insight into the next stage of what we are going to pursue. We started a trial in Africa. And it looks like the response in Africans is quite similar to those in the Thais, which means that that is a hope of potential success in the African trial. And then there is a wide variety of research that is led by our Vaccine Research Center at the NIH, as well as a number of centers throughout the world, in looking at the ability to induce broadly neutralizing antibodies. These antibodies are difficult to induce with natural infection, but we are making headway in being able to induce them with the right immunogens. Thank you.

Mr. COLE. Thank you.

Dr. Collins, you can see your colleagues may be brilliant, but mine are very crafty at loading up questions. But they are great questions. They are great questions. And the chair is going to be as generous as he can with the clock.

With that, I am going to move to my good friend, the distinguished member from Arkansas, Mr. Womack.

COLLABORATION WITH CDC ON OPIOID ADDICTION

Mr. WOMACK. I will try to be quick. I know I will use my time. I have got two or three questions. And I, too, was one of the people that went up on the tour. And thank you. I am in awe of the presentation that is being made here today, just as I was the day when

we toured the National Institutes of Health. And I am grateful that you guys and gals are doing the great work you are doing. I want to follow up on the question from the overall chairman from earlier.

When you said you need to make sure patients can access new medications and treatments coming out of the NIH to combat prescription drug abuse, I completely agree with that. But, right now, SAMSHA's regulations for medication therapy for opioid addiction prevent this and only push two medications, buprenorphine and methadone. Can you follow up on what the NIH is doing to make sure patients can access these medications? Are you working with other agencies, such as SAMHSA, to ensure they aren't detracting from but instead complementing the efforts of the NIH?

Dr. VOLKOW. Yes, indeed. Thanks very much for your question. For us to succeed, we have to work in partnership with our sister agency, SAMHSA, so we have mechanisms by which we actually bring together the researchers and the clinicians to ensure that developments, in this case, in the area of medications for opioid addiction are implemented in the treatment setting.

Having said that, there are always problems in terms of ensuring that the patients have access to these medications, and that is why I had made the point before, including the need to ensure that insurances will be covering and providing access to them.

There is a third medication that is also available, Vivitrol, which was also developed through the NIH, with very good outcomes. And as of now, we know that not only are these medications effective in treating substance abuse, they are effective in preventing overdoses, and they are effective in preventing HIV. So they work. We need to implement them.

IDEA FUNDING

Mr. WOMACK. Dr. Collins, you would expect that I am going to have a question about IDEA funding because Arkansas is one of those States that benefits. We have a lot of underserved population. And I know a lot of our applications go wanting. And we would like to improve that.

We are pretty much a rural State, places like Dermott, Arkansas, Dr. Gibbons.

In your fiscal year 2016 budget, you ask for a 3 percent increase over fiscal year 2015. However, the budget requests level funding of $273 million for the IDEA program. I would like to know why the program that helps States like mine—the other 22 States that help this secure this funding are not prioritized. Can you walk me through that process?

Dr. COLLINS. NIH is the big fan of the IDEA program. And I appreciate your question. Certainly the things that have been accomplished through this program in States like Arkansas are truly exciting and a great opportunity for research and for training. In terms of the budget issue, there was a $50 million increment that the IDEA program received in 2011, which means that it actually over a 5-year period has grown more rapidly than the rest of NIH. This particular year did not change in its total dollars. But over that 5-year period, IDEA has been doing pretty well.

I do want to ask Dr. Lorsch, because IDEA is now managed in NIGMS, to say something about this program, which I know he is also quite enthusiastic about.

Mr. LORSCH. Thank you very much, Mr. Womack, for this question. As Dr. Collins said, the IDEA program is now housed within NIGMS. We are very proud to have it here and are completely committed to the goals of the program. I think the key is that whatever the budget, we are going to do whatever we can to make sure that those goals, that is increasing the geographic distribution and ensuring that all 50 States in the Union have cutting-edge biomedical research going on, are met. I recently traveled to Arkansas, to Little Rock, and saw some of the amazing research that is going on there and in the Southeast region of IDeA, including in your district, the University of Arkansas. We have a COBRE center there, a Center of Biomedical Research Excellence, that is focusing on determining the three-dimensional structures of proteins from viruses and bacteria and using that information to try to develop drugs to treat a variety of different diseases. What I can assure you is that we will continue to push the goals of this program forward as best we can.

Mr. WOMACK. I know I am out of time. We will submit other questions for the record. Let me just finish by saying this—as I said in my opening, I am grateful for the work that is being done by this agency. And it gives me a great deal of pleasure to be associated with a panel of experts like we have here before us.

Mr. Chairman, I yield back.

Mr. COLE. Thank you, Mr. Womack.

Next, we go to my good friend from Pennsylvania, Mr. Fattah.

JOINT PROGRAM IN NEURODEGENERATIVE DISEASES INITIATIVE

Mr. FATTAH. Thank you, Mr. Chairman.

And let me thank the panel. Let me ask first about the Joint Program in Neurodegenerative Diseases initiative the EU has created. They have participation from Canada and Israel. I know there have been some discussions about American participation. Could you tell the committee whether we plan on engaging in terms of broader clinical trials on degenerative diseases through JPND?

Dr. COLLINS. Mr. Fattah, I really appreciate your strong leadership in the area of neuroscience. I am going to ask Dr. Insel, who is colead on our BRAIN Initiative and also a major figure in neuroscience at NIH, to respond to your question.

Dr. INSEL. Thanks very much.

And thanks for all you are doing in this area. The JPND, this is the joint program that you talked about, is really an EU program. They reached out to us. What has evolved more recently is something that is going to be sitting under the G7 authority around dementia more specifically. That is really the piece we have become most involved with. So we do have a series of joint meetings. I suspect, there will be some joint initiatives. That hasn't happened yet. But that is very much in the discussion. And we are looking forward to working closely with the other G7 partners around dementia.

PSYCHOSIS RESEARCH

Mr. FATTAH. Thank you very much.

I know that Prime Minister Cameron initiated that. I met with Dr. Gillings from the World Dementia Council. But I would like to get a particular review of whether the JPND program is something we are or we are not going to join. And so you can provide that at some later point for the record.

Dr. INSEL. We will get that for the record.

Mr. FATTAH. Let me ask a question right in your alley while I have you. In the omnibus, we have put some additional dollars in for the SAMHSA mental health block grants and directed that SAMHSA work with your institute to help States implement programs that have proven effective in terms of preventing the first episode of psychosis. So I understand that in this way, research funds from your institute have come to be called RAISE, Recovery After Initial Schizophrenic Episode, and are being readily applied in communities so that patients are benefiting quickly from research findings. Can you tell us where we are right now and what the future holds?

Dr. INSEL. Sure. Thanks for that question. The RAISE program, Recovery After Initial Schizophrenic Episode, is a program that has been going on, actually originally really bolstered by the ARRA funding from 2009, 2010. The study was completed in terms of its feasibility in December of 2013. And this Committee saw fit soon thereafter, January of 2014, to ask SAMHSA to implement the findings of that study in all 50 States. It is a most extraordinary story of science to service or science to practice. Usually, it takes many years. But, in this case, it happened in just 6 weeks in 2014. There are pilot programs that were developed in collaboration between NIH, SAMHSA, and all 50 States. We are watching that now as it continues to grow in 2015.

What we would like to do now is to build on that in a very specific way. We want to be able to create a learning healthcare system out of these kinds of programs that would be really not so much research to practice but now practice to research, learning from the experience in where the care is being delivered, how to improve outcomes for people who have a first episode of psychosis, and, most importantly, how to prevent that first episode. So we are trying to actually move earlier in the cycle to make sure we reduce the number.

BRAIN BUDGET REQUEST

Mr. FATTAH. This has a great potential of preventing some of the tragedies we have seen around the country. And I know the committee will have a continuing interest as we go forward. Let me to 30,000 feet up in the air. I know you co-chaired the Interagency Working Group, which I established through language in the Commerce, Justice, Science bill, where I am the ranking member. Here I am in the junior chair. But the fact that I can just be in the same room with Tom Cole, I am happy.

You co-chaired the working group, and the BRAIN Initiative is a major inspiration thereof. But there are a number of other things in terms of imaging, in terms of the pharmaceutical industry.

I know that, Dr. Collins, you have launched the Accelerated Pharmaceutical Partnership. And there is just a lot of things that are germinating. If you could help us understand the budget requests, Dr. Collins or Dr. Insel, in terms of the BRAIN Initiative this year and how those dollars will be meaningful in terms of you moving forward, that would be helpful. Thank you.

Dr. INSEL. Sure. I will take that on. I should say at the beginning, that every time I go anywhere, I find out that Congressman Fattah has just been there—Stanford, MIT, you name it—at every neuroscience lab. I suspect you will get an honorary Ph.D. pretty soon in neuroscience.

The BRAIN Initiative, when it was first set up, we asked a group or Dr. Collins asked a group of experts to sit down with us and to give us the best idea for how to develop this. And they created this 10-year plan, which is called BRAIN 2025: A scientific vision. And in that, there is a budget. And the budget will grow to roughly $400 million a year by 2019 and will, ultimately, over 12 years, be about $4.5 billion, pretty much like the human genome project. We are not there. So in 2015, we will be around $80 million, with the President's request next year of another $70 million that will take us up. But I have to say that the question that gets asked of us over and over again, seeing how spectacular the scientific opportunities are, people look at that report and they say you have got a great road map, but is there any gas in the car? People are really concerned in the community that we have this opportunity that is unprecedented that may be underfunded. So, we are hoping that with the funds that we have got now, that we will be able to do 10 RFAs this year. We only did 58 projects last year. We would like to have another 50 or so come out this year. But going forward, whether we will be able to build this in the way that we had originally envisioned is going to depend a lot on your support.

Mr. FATTAH. Thank you, Mr. Chairman.

There are tens of millions of Americans counting on your work in this regard.

I thank the chairman.

Mr. COLE. The gentleman's gracious compliment got him extra time. It may not get him extra money. We will have to see about that.

We next go to my good friend, the gentleman from Tennessee, Mr. Fleischmann.

PEDIATRIC LOW-GRADE ASTROCYTOMA (PLGA)

Mr. FLEISCHMANN. Thank you, Mr. Chairman.

And Dr. Collins and to all the Directors, I just want to say, thank you. You all fight the maladies that face so many millions of Americans. And your research and your commitment to medicine and science is incredible. So I thank you very much. As you all know, I have been a very vocal, outspoken advocate with the fight against cancer. I lost both my parents to cancer; my mother when I was very young. And I thank you for all your endeavors in that regard.

But one of the particular sad things about cancer is children with cancer. And my question today, and I hope you can help me, a little boy came to see me. He was blind. He had had a brain tumor. And he and his dad came to see me and sat with me. I was not even

his Congressman. I believe he lives in Maryland or Virginia. But I sat with him, and I spoke with him about his cancer. So I hope you can help me with this. Pediatric low-grade astrocytoma is a slow-growing children's brain cancer that impacts over 20,000 children every year. And there is over a thousand new cases, apparently, diagnosed every year. Existing treatments for PLGA brain cancer are invasive, highly toxic, and so far relatively ineffective. The treatments themselves can cause serious permanent damage and are often life-threatening. What research is being currently conducted by the NIH on PLGA? What treatments and therapeutic alternatives are on the horizon for PLGA patients? And are there any clinical trials currently being conducted by NIH for PLGA? I would really like to respond back to this little boy.

Dr. COLLINS. Thank you for the question. Dr. Varmis, who is the director of NCI, is currently out of the country or he would be here and I am sure would be answering your question. But I will see what I can do. I agree with you, PLGA is one of those pediatric cancers that we desperately need better answers for. That it is slow-growing, it doesn't respond particularly well to the kind of approaches that attack cancers that are growing rapidly and that have made so many advances possible in pediatric cancers of other types. Clearly, there is a connection here between what we were discussing a little bit ago in terms of the cancer focus of the Precision Medicine Initiative. And as part of that, the Cancer Institute aims to enroll something like a thousand pediatric patients in this earlier stage of trying to understand what drives malignancy. And I would be very surprised if some of those are not, in fact, PLGA patients to try and understand more about the disease.

Obviously, one of the very difficult problems is access to tissue here. Because it is not an easy thing to imagine just doing a biopsy of a tumor growing in such a vulnerable place. But there are potential ways that one can begin to look at that actually by looking at DNA that is floating around freely in the blood circulation. We are learning that cancers, because they do turn over, release their DNA. And one can discover it by looking in the circulation for free DNA that is not inside a cell, in a cancer, that may tell you what is going on without having to do a needle biopsy, a so-called liquid biopsy. That would be one area of focus.

In terms of clinical trials for PLGA, I do not know right off the top of my head what is there. I am sure if I was looking, I would go to clinicaltrials.gov and see what is listed. I can certainly get for you for the record an indication of what kinds of trials are not only going on but what might be planned for this terribly difficult condition. And we share your concern about needing better answers for that boy who came to see you.

[The information follows:]

ClinicalTrials.gov
A service of the U.S. National Institutes of Health

7 studies found for: PLGA AND PLGA
Modify this search | How to Use Search Results

List By Topic On a Map Search Details

+ Show Display Options Download Subscribe to RSS

Include only open studies Exclude studies with unknown status

Rank	Status	Study
1	Recruiting	**Pilot Study of Clinical Safety of the PLGA Poly-L-Lysine Scaffold for the Treatment of Complete (AIS A) Traumatic Acute Spinal Cord Injury** **Condition:** Traumatic Acute Spinal Cord Injury **Intervention:** Device: PLGA Poly-L-Lysine Scaffold
2	Completed	**Radiographic Assessment of Bone Regeneration in Alveolar Sockets With PLGA Scaffold** **Condition:** Preservation of Alveolar Bone Height With PLGA Bioscaffold **Intervention:**
3	Completed	**Ankle Syndesmosis Fixation by Antibiotic Releasing Bioabsorbable Screw** **Condition:** Ankle Fracture **Intervention:** Procedure: A ciprofloxacin containing bioabsorbable PLGA bone screw
4	Not yet recruiting	**Experimental Study of the Vascular Prosthesis Manufactured by Electrospinning** **Condition:** ARTERIAL OCCLUSIVE DISEASE **Intervention:** Procedure: blood sampling procedure
5	Recruiting	**Evaluate Safety And Effectiveness Of The Tivoli® DES and The Firebird2® DES For Treatment Coronary Revascularization** **Conditions:** Ischemic Heart Disease; Myocardial Ischemia; Coronary Artery Lesions,Primary; Coronary Disease; Acute Coronary Syndrome; Furcation Lesion of Coronary Artery **Interventions:** Device: Tivoli® DES; Device: Firebird2® DES
6	Recruiting	**Dendritic Cell Activating Scaffold in Melanoma** **Condition:** Melanoma **Intervention:** Biological: WDVAX
7	Recruiting	**Comparison of BuMA eG Based BioDegradable Polymer Stent With EXCEL Biodegradable Polymer Sirolimus-eluting Stent in "Real-World" Practice** **Condition:** Coronary Artery Disease **Interventions:** Device: BuMA; Device: EXCEL

^ TO TOP

† Indicates status has not been verified in more than two years

Mr. FLEISCHMANN. Thank you, Doctor.

I believe I have some additional time, so I will ask a follow-up question on something else.

Dr. COLLINS. Please.

INTERNATIONAL RESEARCH

Mr. FLEISCHMANN. Our country prides itself on being at the forefront of research and development. And biomedical research is no exception. You have expressed some concern about the amount of money going toward international research. Could you please share with us why, with the budget the size of NIH's, you have these concerns? And let us know, in an effort to maintain American competitiveness, while working to make the largest strides possible to finding cures for the diseases that have the greatest impact in our population, what are you doing to take advantage of the research being done in other countries?

Dr. COLLINS. That is a great question. Science is an international effort. And certainly many major programs, including the human genome project that I had the privilege of leading, was international. Six countries were involved in that. And all the data was made immediately accessible. But it is very clear that the country that leads in biomedical research enjoys other benefits rather directly, especially in terms of commercial spinoffs. And those are wonderful ways to create jobs. America's leadership has led to the fact that we are not only great in academic biomedical research; we also have the most vibrant community of small businesses, biotech companies, and pharmaceutical companies. We would not want to lose that benefit.

And yet when you look at the trajectory that our funding is on compared to other countries, there are deep concerns. We have lost at the NIH about 22 percent of our purchasing power for biomedical research since 2003, a very substantial downturn in terms of what we can support. And other countries, on the other hand, are going the other way. China, in particular, increasing their support of biomedical research by 20 percent per year over multiple years.

The consequences of that, I would refer you to an article by Economist Hamilton Moses in JAMA, which was just published about a month ago, has a lot of data in it, pointing out a number of things that are quite alarming if you really care about the U.S. Maintaining that leadership, including the fact that China is now filing more patents in biomedicine than the U.S., not just as a proportion of their GDP but absolutely more patents. And the consequences, I think you can imagine, are going to be significant.

The final conclusion of this article, and I think this is a distinguished group that wrote this, is given the national trends, the United States will relinquish its historical international lead in biomedical research in the next decade, unless certain measures are undertaken. They see the pathway, and they don't like what is happening.

We could turn this around. What NIH desperately needs and what would be such an inspirational moment for our community, especially those early stage investigators we were talking about, is a sense of stable trajectory, that we have a chance to be able to

plan, to take risks, to do innovative research without the uncertainty about what will happen one year or the next. Maybe a doubling would be actually a nice thing. But what would be even better would be an opportunity to see a path forward that keeps up with inflation, plus a little bit, and that we could count on and that people could basically then flex their innovative muscles, and take advantage of this amazing talent that we have in this country.

Mr. FLEISCHMANN. Thank you, Dr. Collins, and everyone.

Mr. Chairman, I yield back.

Mr. COLE. Thank you very much. I now move to recognize my good friend, the gentlelady from California, Ms. Roybal-Allard.

NATIONAL CHILDREN'S STUDY

Ms. ROYBAL-ALLARD. Thank you, Mr. Chairman.

First of all, let me just associate myself with the comments that were made by my colleagues about the tremendous work that you all do and what a positive impact it has had on the quality of life of so many people, not just in this country but throughout the world.

But I do have some concerns that I would like to address. Dr. Collins, in 2000, this Congress authorized the National Children's Study to investigate how the environment influences a child's development and health. And over the last 15 years, Congress has appropriated over $1.5 billion to plan and pilot this study. Given the huge investment, Congress fully expected that the study would be carried through to its completion. And, in fact, in almost every fiscal appropriations report from the year 2000 to 2014, there have been specific instructions from both the House and Senate directing the continuation of the study.

And, in March of 2013, Congress requested a review of the revised study designed by the Institute of Medicine. And the IOM concluded that there were conceptual, methodological, and administrative challenges that must be addressed. But that the NCS still offered—and these are their words—"enormous potential." The IOM also concluded that when the study was completed, it would, and again I am quoting, add immeasurably to what we know about children's health in the United States.

So after reading the IOM's summary report and given the billion and a half dollars that have been spent, I was frankly very, very surprised by your announcement canceling the National Children's Study. And I am sure I am not alone in believing that a better outcome for the $1.5 billion investment should be a completed study.

So my question is by what authority did you use to disband the study whose authorization is still in current law and for which Congress has spent $1.5 billion over the last 15 years and for which this committee in fiscal year 2015 in the omnibus bill put in language that said, and I quote, the NIH Director is expected to use this framework, meaning the framework coming out of the IOM report, to ensure the mission and goals of the NCS are realized, to generate the anticipated returns from the years of taxpayer support. So I just would like an explanation as to what happened here.

Dr. COLLINS. Well, I appreciate the question. And this has been one of the more difficult decisions since I have been NIH Director

over the last almost 6 years. The National Children's Study was designed in various pieces over quite a long period of time. And I think, as that time passed, some of the design issues, in retrospect, maybe were not serving the need of getting the information, which we all agreed was crucial—that is, to understand environmental impact, factors that occur both during pregnancy and beyond that influence child health. We all agree, those answers need to be found. The problem that increasingly seemed clear was that the design of the Children's Study, which carried with it a certain historical legacy, was not fitting with the way in which technology was developing over the course of the last almost 20 years.

The IOM study that you mentioned was, in fact, quite critical about those issues and about administrative issues. And because of that, I asked a working group of my advisory committee to look closely at all the aspects of the Children's Study and to make a recommendation to me about whether it was still feasible. They came back and said, frankly, they did not believe that it was and that it was more responsible at this point to try to make sure that the data that had been collected through the Vanguard Studies, which were the pilots for the Children's Study, were made available and kept in place for those who could learn from it, but that we really ought to think about coming up with a new strategy to get answers to these same questions.

The Congress, in the omnibus bill, basically gave us the opportunity to take the $165 million that is in the fiscal year 2015 budget and think of new ways that we could, in fact, obtain answers to these questions about environment in pediatric health. And we have been vigorously engaged in that effort over the course of the last 2 months and will in the very near future announce what the programs will be in fiscal year 2015, which I think you will find to be quite innovative. I believe the silver lining here is that this gives us a chance to step back from the legacy of the last 14 or 15 years and say, okay, now, in 2015, with all the technology that has advanced in the interim, what could we do that would get better answers perhaps for less cost than what was originally contemplated for a 21-year study? So look at the next things we put forward. We are quite excited about it. The Institutes have all gotten very engaged in this opportunity to rethink this. And, ultimately, I think we will get to where we need to be, but in a different way than was imaged back in 2000.

Ms. ROYBAL-ALLARD. Okay. Because it is my understanding, according to a Bloomberg Business report, that Dean Baker, who was a researcher at the University of California, Irvine, who ran the pilot and was one of the lead investigators of the study, said that the IOM report, and I quote, that they did not conclude that the enterprise was beyond saving and that that was a decision by NIH. And we know a study of this nature is feasible and even identified a pathway. So that was a decision that was made by NIH, not based on the outcome of the IOM report. So just very quickly, I know my time is up, but what is the period of time and the amount of funding now that would be needed for NIH to address the recommendations that were made in June?

Mr. COLE. I would ask the gentleman to be brief. Or if you care to take it, make a quick comment.

Dr. COLLINS. Very quickly, just in terms of the process, if you read chapter 5 and chapter 6 of the IOM report—not always well reflected in the executive summary—it is actually very critical of some aspects of the study, my advisory group, led by Phil Pizzo, former dean at Stanford and a pediatrician, and a Russ Altman, a distinguished epidemiologist and computer scientist, came to a very strong and unanimous conclusion that the Children's Study was no longer feasible. I had to accept their conclusions because they were so well-founded. In terms of where we go, please look at the next proposals, which will be coming forward very shortly, about how we will address these issues. We do have a lot of things to talk about, though, I think, in terms of going forward, where should this kind of research go in the outyears. And we need to have that conversation.

Ms. ROYBAL-ALLARD. I would like to follow up.

And thank you, Mr. Chairman.

Mr. COLE. You are welcome. Now I want to go to the one member on our team up here that might actually have the intellectual firepower to stay with your team down there, Dr. Collins.

I recognize Dr. Harris.

DRUG ABUSE

Mr. HARRIS. Thank you very much, Mr. Chairman.

And thank you all for coming and appearing. First, I am just going to start with a rhetorical question first. Since the last time you were before this committee, you probably know my wife passed away from heart disease 3 days before her 58th birthday.

As you also know, the NIH and in general we have really underfunded research into heart disease on women over the years. So I went back and looked at the chart by disease breakdown what the NIH spends on. And 84 million Americans have heart disease. And yet the amount we spend per death is 100 times less on heart disease than it is on HIV/AIDS, 100 times less per death. That kind of discrepancy just needs to be justified. And this is going to be a rhetorical question. I mean, it is stunning what that discrepancy is. And the fact that we dedicate as little as we do to heart disease, the most prevalent disease in the country, you now, how that will affect the population. Anyway, rhetorical question on that one.

Dr. Volkow, I am going to ask you a question about drug use. There is obviously ongoing discussion about legalizing a dangerous, addictive drug called marijuana. Some people may not think it is dangerous or addictive. It is dangerous or addictive. It affects the human brain, including memory, motivation, a lot of things that are probably not good for people, especially our youth. Do you know what the economic impact of marijuana use is, including its effect on workforce preparedness, on education? Do we have these answers? Are these important things to study? And do you have the resources to study these things before we go willy-nilly into just legalizing a dangerous, addictive drug?

Dr. VOLKOW. Dr. Harris, thanks very much for your question. And, indeed, there have been many studies that have evaluated specifically the consequences of use of marijuana among teenagers vis—vis their educational achievement. And they have consistently shown that it actually decreases, smoking marijuana in adoles-

cents, it decreases the likelihood that you will finish school and that you will get a degree.

With respect to what is the impact in the workforce, the data there is much less clear. The studies have not been done as extensively as for education. We know in general that the use of drugs in the workforce is responsible for 30 percent less productivity on an individual that takes drugs. But that has not been distinguished with respect to whether it is marijuana or cocaine or methamphetamine. So we really do not have a precise number.

Mr. HARRIS. And just a very quick follow up, you would imagine that since marijuana actually affects motivation, something that might be important when you go to work, you would imagine it might actually have quite an influence on the workforce, wouldn't you?

Dr. VOLKOW. Yes, I would predict so. And what is shown is the contributions of the decreasing productivity, absenteeism, not showing; but when you are there, presenteeism, you are there, but you are not really working. And the same as the lack of motivation may account for the very poor outcomes in education.

Mr. HARRIS. And we should probably answer these questions before we go on. I mean, we should expect scientific answers I imagine.

Dr. VOLKOW. I completely agree.

LEVERAGING OUR INVESTMENT IN BIOMEDICAL RESEARCH

Mr. HARRIS. Dr. Collins, let me follow up with you, again, about some things that are being said about internationally what is going on and what is going on in our biomedical workforce. Again, the 50,000-foot view, because, you know, I think you actually sent something around, your article in JAMA, I guess, in January of this year, suggesting that perhaps China will actually overcome the United States in 2022, which, yes, I guess if you look statistically and you assume, you know, exponential growth continuing, things like that.

But what is interesting is the growth in China is actually in the private investment, the industry investment. There is a little bit of growth in the public investment. But the real growth is in the private industry. And as you also noted, one worrisome trend in the United States is that the industry investment in biomedical has gone down. That is not your, that is not where you have the ability to directly impact, maybe, maybe you don't. But I think that that is an important key in this that we are not talking about. And there are certain policies that do impact that.

For instance, we are undergoing aTTP negotiation where patent protection of American-manufactured biologics actually will be hindered. That doesn't help our biomedical industry here when we are negotiating a trade treaty that will actually hurt our biomedical industry because of the nature of biologics. What is the strategy? Because we can go on ad infinitum. You know, one interesting thing is the administration, in spending $35 billion additional dollars we don't have on nondiscretionary spending, decided to send only $1 billion to the NIH, only a 3 percent increase. I think that is a drop in the bucket if we don't get the larger picture of the entire biomedical research effort in the United States.

So what can we do or what can you do at the NIH to implement a strategy where we can promote industry investment, so that you have partners in industry, so we are leveraging NIH dollars, greatly leveraging them, as it appears China is doing?

Mr. COLE. Again, to be fair, try to be brief. And I would remind the questioners, let's not jamb them right up against the end of the time and then leave them hanging. That is a tough position to be put our guests in.

Dr. COLLINS. Well, very quickly, I agree that we have a responsibility and an opportunity to bring together the public and the private sector investments in biomedical research like never before. One example is this Accelerated Medicines Partnership that I spent three years working with a number of heads of R&D in big pharmaceutical companies, particularly Michael Dolsten at Pfizer, to put together, and which is now with shared expenses being covered 50/50 by the private and public sectors, doing something never attempted before for Alzheimer's disease, for diabetes, for rheumatoid arthritis, and lupus, putting the scientists around the same table, designing the experiments, holding themselves accountable with milestones, and making all the data accessible to others who might have good ideas about it. This is unprecedented what AMP is trying to do. We are 1 year into this. We are ahead of schedule. I am looking for all those opportunities that I can find where those traditional firewalls that sort of got in the way of making progress weren't really making any sense. We have to be clear about conflicts of interest, and we are. But that shouldn't be a reason not to think about creative endeavors that fly in the face of such great opportunities that we now see in front of us.

Mr. HARRIS. Thank you.

Mr. COLE. Thank you very much.

If I can, I am going to go to my very patient friend from Virginia, who was here early and has waited a long time, Mr. Rigell.

POST TRAUMATIC STRESS SYNDROME (PTSD)

Mr. RIGELL. Thank you, Chairman Cole.

And I appreciate Dr. Collins and your colleagues being here today. And I am learning a tremendous amount. And I, too, respect the work that you are doing. I want to first frame this not as a question because I will get to a question, but I did take note of your comment about how helpful it would be to have confidence in continuity of funding. And I transitioned from House Armed Services to this committee. And I was struck in my service on that committee where our senior uniformed and civilian officials would say the same thing about just how beneficial it would be for us to be on regular order.

I know Chairman Rogers and Chairman Cole and really all of us on the committee have been strong advocates for this. So I am going to continue to fight for that. And I know my colleagues will as well. But I just took note of what you said and I just wanted you to know that. I have an incredible district, highest concentration of men and women in uniform in the country, Virginia's Second Congressional District and, by the nature of the commands that are there, a disproportionate loss.

So I want to talk for a moment about PTSD. Now, I know that there is some funding for it included in your budget, $79 billion. And I believe it is to go to $81 billion, excuse me, million. I better get that right. Okay. All right. But my point is this, help me to understand—by the way, from the President on down to the First Lady, this is a shared American value. I do not question, I do not question for a moment anyone's commitment to this.

That said, I didn't see it mentioned in your budget justification. And I know that the Department of Defense and also the VA is working on this as well. But help us to understand where this falls in the priority level. And is it getting the attention even within your own internal documents that I think it merits?

Dr. COLLINS. I appreciate the question, Mr. Rigell. Let me ask Dr. Insel, who directs the Mental Health Institute, where PTSD research is particularly a strong priority, to respond.

Dr. INSEL. Very quickly because of the hour, our institute—NIMH—was actually founded in 1946 and charged in 1949 to deal with the problems of veterans. So, this is something we have been at for a long time. It is part of the DNA of the institute to try to figure out what causes PTSD and how best to treat it and how to prevent it. We have been working really closely with DOD. And this is one of those areas we were just talking about regarding the relationships with industry. This one we have really taken on in a very joint way, especially with the Department of the Army. And so the Army and NIH have worked together on the Army STARRS Initiative, 100,000 soldiers partnering with us to try to understand over time what causes not only PTSD but depression, high-risk behavior, and suicide, which is the worst outcome here. And I must say that having worked as closely with DOD as we have over the last 3 or 4 years, it has been a great inspiration. That study has now just completed its first phase, moving into its second phase. Already I think we are getting some insights about both the cause and the best interventions to make sure that people who develop mental health problems don't go on to suicide.

ALLOCATION OF RESOURCES

Mr. RIGELL. The question of allocation generally, how much is allocated to one disease or a particular challenge that we face, Dr. Collins, could you help me to understand, especially when things need to be reallocated, because whatever your own experience has been, and we, like most American families, we have had loss due to Alzheimer's and cancer and things like this. But how is all that structured? Because I would like to see, you know, a higher allocation for the topic just mentioned, what our servicemembers are facing. How is that process unfolding?

Dr. COLLINS. That is a question that many people ask, and they should. And it is an ongoing, organic process of looking at what is the public health need, what are the scientific opportunities, what does the current portfolio look like, and do we have gaps that we need to fill? And we are constantly doing that kind of analysis. We have more tools now than we used to, a whole series of ways that we can look at our portfolio and figure out whether we have the balance out of whack in terms of where our dollars are going and where the public health need is.

But sometimes there are rare diseases that we could learn a lot from about common illnesses or which simply affect a few people who desperately need help. If we did everything on the basis of public health need, we would probably neglect the rare diseases. In other situations, Alzheimer's comes to mind, where the burden on individuals and their families and the cost to society is so daunting that we feel we have to push even harder as long as the scientific opportunities are there. So it is a constant sort of recalculation. And, of course, all of this would be easier if we were not in an circumstance where, frankly, we are underfunding virtually everything we do versus what we could be able to do given the talent that is out there.

Mr. RIGELL. Thank you for your comments.

And I yield back. Thank you, Mr. Chairman.

Mr. COLE. Thank you very much.

Just for informational purposes, as my colleagues here know and as our witnesses know, we do have time constraints this morning.

So I am going to go to Mr. Dent, so he has an opportunity to ask his questions. I will then go to Ms. DeLauro, so she can close us out of committee if that is all right with everybody.

So, Mr. Dent, you are recognized.

LIVER CANCER RESEARCH

Mr. DENT. Thank you, Mr. Chairman.

And thank you all.

And thank you for receiving us a few weeks ago at the NIH. It was a very interesting program, and I got a lot out of that. So thank you for that.

And, Dr. Collins, I just wanted to mention that an analysis of the National Cancer Institute data, from 1975 to 2005, found that liver cancer incidents rates increased by more than 300 percent, from 1.6 to 4.9 cases per 100,000 persons per year. In fact, liver cancer has seen the second largest annual percent increase in incidents of any cancer in the U.S. other than thyroid cancer. Historically, the survival rates in liver cancer have been pretty dismal. The 5-year survival rates of person diagnosed between 2003 and 2009 is only about 16 percent. These survival rates are the second worst among all cancers, only slightly better than those for pancreatic cancer. And yet the NCI has no dedicated specialized program for research excellence on the liver or liver cancer project. Can you tell me why? And wouldn't this accelerate the pace of liver cancer discovery?

Dr. COLLINS. I appreciate the question. Certainly liver cancer is a condition that many components of NCI are involved in working on. Whether there is a specific division focused to it, certainly there is attention to it. And, of course, liver cancer is particularly likely to appear in those who have been infected with hepatitis C, which is one of the great, wonderful success stories of the last few years, in terms of coming up with the therapeutic that can actually cure people with that disease and should, therefore, reap some rewards in terms of reduction of liver cancers downstream.

Again, I will have to take for the record the opportunity to respond about the organizational part of NCI and liver cancer. And I can no doubt fill you in on where that work is going on and how it is being coordinated if that would be helpful.

[The information follows:]

LIVER CANCER

Dr. Collins: Analysis of National Cancer Institute data from the years 1975 to 2005, found that liver cancer incidence rates increased by more than 300 percent, from 1.6 to 4.9 cases per 100,000 persons per year. In fact, liver cancer has seen the second largest annual percent increase in incidence of any cancer in the U.S. other than thyroid cancer. Historically, survival rates in liver cancer have been dismal. The 5-year survival rates of persons diagnosed between 2003-2009 is only 16%. These survival rates are the second worst among all cancers, only slightly better than those for pancreatic cancer. And yet, the NCI has no dedicated Specialized Program of Research Excellence on the liver or liver cancer program project. Can you tell me why? Wouldn't this accelerate the pace of liver cancer discovery?

Answer

We agree that the increase in liver cancer is cause for concern, and we have recently undertaken new efforts to bring together experts to explore opportunities and identify critical research directions in liver cancer.

The increased incidence and mortality of liver cancer in the United States between 2001 and 2010 is believed to be attributable in large part to Hepatitis C (HCV) infections. Although efforts to develop a preventive vaccine have so far been unsuccessful, enormous progress has been made in the development of effective approaches to the antiviral treatment of chronic HCV infection. These advances in treatment led to a 2013 recommendation that all individuals born between 1945 and 1965 (a group at high-risk of acquiring the virus from contaminated blood products) should be screened for HCV infection.

In March 2014, NCI convened a workshop on liver cancer that focused on exploring the worldwide knowledge base opportunities for primary and secondary prevention, screening and early diagnosis, and treatment. Discussion topics included the molecular pathology and genomics of liver cancer, as well as the emergence of obesity and type II diabetes and their association with liver cancer. Research recommendations included focusing on infection and non-infectious risk factors, validation of biomarkers, development of clinically relevant animal models, identification of intervention strategies for prevention and treatment, incorporation of obesity research and resultant inflammation into animal models and human investigations, and exploration of health disparities related to liver cancer. Considering the complexity of liver cancer and the diversity of risk factors, NCI has also begun discussions with the National Institute of Allergy and infectious Diseases (NIAID) and the National Institute of Diabetes and Digestive and Kidney Diseases (NIDDK) to explore possible collaborations to develop opportunities focusing on improving the screening, prevention, and treatment of liver cancer.

NCI's Specialized Program of Research Excellence (SPORE) is an investigator-initiated grant program. The number of SPORE grants is therefore dependent on the scientific merit of applications established by peer review, availability of funds, and programmatic prioritization. While NCI currently does not have a funded Liver Cancer SPORE, we anticipate applications from several institutions in the near future as NCI has been encouraging investigators to submit

applications for Liver Cancer SPOREs and/or Gastrointestinal SPOREs with project(s) on Liver Carcinoma and will continue to do so.

Several existing Gastrointestinal SPOREs have been studying liver cancer and have achieved some success in this area, including studies of genetic changes in hepatocellular carcinoma, the most common form of liver cancer. Other examples include research focused on the HCV protein expression and cell growth in HCV-related liver cancers, and comprehensive sequencing for gene mutations in intrahepatic cholangiocarcinomas, the second most common form of liver cancer, identifying alterations that help understand the fundamental nature of the cancers. Some of these identified mutations are already under investigation as potential targets for intervention by drugs designed to kill cancer cells with specific mutations.

In addition to liver cancer research grants to individual investigators, NCI intramural investigators are leading a cohort study to examine risk factors for liver cancers in the United States. Other programs include the Early Detection Research Network's (EDRN) Hepatocellular Carcinoma Early Detection Strategy (HEDS)[1], which will monitor cirrhotic patients for development of hepatocellular carcinoma (HCC), the most common type of liver cancer. The NCI-supported National Clinical Trials Network will soon be opening a Phase III study of focal radiation therapy for unresectable, localized intrahepatic cholangiocarcinoma (ICC), the second most common type of liver cancer. NCI also supports the Hepatocellular Carcinoma Epidemiology Consortium[2], an interdisciplinary translational research effort that links liver cancer investigators across the United States for the purpose of pooling their research tools and resources.

Ongoing research through the SPORE program, taken together with the other initiatives and programs described above, make up NCI's diverse portfolio of liver cancer research. NCI continuously strives to stimulate research for specific disease areas and scientific questions, and the Institute frequently undertakes high-profile efforts to bring together experts to explore new opportunities and to identify critical research directions. The workshop noted above on liver cancer is only one example of such efforts.

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[1] http://edrn.nci.nih.gov/protocols/316-hepatocellular-carcinoma-early-detection-strategy
[2] http://www.hccec.org/

Mr. DENT. That would be very helpful. Thank you.

STATUS ON ANTIBIOTIC-RESISTANT BACTERIA RESEARCH

And also this question to you also, Dr. Collins—and maybe Dr. Fauci wants to jump in on this one too—I recently met with CDC Director Dr. Frieden. And one of the issues we discussed were the recent fatal outbreaks of antibiotic-resistant bacteria across the country, including my home State of Pennsylvania. This threat posed by antibiotic-resistant bacteria, also referred to as superbugs, is so serious that, last September, President Obama issued an Executive order declaring that combatting superbugs is a national security priority. And, of course, superbugs are highly contagious, untreatable infection that spreads easily in the hospital setting particularly.

And can you tell me if NIH is collaborating with the CDC to study, contain, and trying to find a treatment or cure to these antibiotic-resistant bacteria.

Dr. COLLINS. Yes, intensively. But let me ask Dr. Fauci to say a word.

Dr. FAUCI. Thank you very much, Mr. Dent. We are very intensively involved in collaboration with the CDC, as you know, with the President's strategic plan and the Executive order or Combatting Antibiotic-Resistant Bacteria, or CARB. And the CARB program is a multi-agency U.S. Government program, involving the CDC, the FDA, the Department of Agriculture, HHS, and NIH. Our fundamental mission in that multi-agency approach is fundamental basic research to understand the pathogenesis, particularly now with the new high-throughput sequencing capability that we have to examine a wide array of quasispecies of microbes that are resistant. These developments have put us into a situation where we can do things that were really not imaginable years ago, where we are able to pinpoint the mechanism of resistance.

Number two, we started a few years ago and have now amplified with the President's request of $100 million more for NIH antimicrobial resistance research in the 2016 budget, what we call an Antibiotic Resistance Leadership Group, or ARLG. The ARLG is part of our broad network of clinical trials to conduct studies that you can't do in a given individual institution because an incidence of one or two cases makes it very difficult to get good clinical data from just one institution. So we now are collaborating with the CDC on all aspects at the CARB program. They are doing mainly surveillance, and we are doing fundamental research.

In addition and finally, we are developing vaccines for some of these very difficult microorganisms that are highly susceptible when you think in terms of people, for example, who have transplants or are immunosuppressed, not only Methicillin-resistant Staphylococcus Aureus, or MRSA but some of the others such as CRE, or Carbapenem-Resistant Enterobacteriaceae. So the NIH, in summary, is very heavily involved in the CARB program in collaboration with the CDC.

Mr. DENT. So you have a request for an additional $100 million and that will be sufficient?

Dr. FAUCI. In the President's 2016 budget, there is a $100 million request for antimicrobial resistance research at NIH.

Mr. DENT. Thank you. I will submit the balance of my questions for the record. Thank you, Mr. Chairman.

ANTIBIOTIC-RESISTANT BACTERIA

Ms. DELAURO. Thank you very much.

And let me just follow up on my colleague Mr. Dent's questions on antibiotic-resistant bacteria.

There is a significant increase in the budget. And can you take a moment to talk about Teixobactin as a new technique that has been discovered to deal with this?

And, also, there is some misunderstanding of how long it is going to take to be able to use that. Can you give us an idea about how long—a timeline for the potential availability of—and I don't know if I am pronouncing it right, but Teixobactin?

And recently I was in Haiti, and I met a doctor who described the devastating effects of the antibiotic-resistant tuberculosis. Are there any drugs in the pipeline to treat drug-resistant TB?

And, again, finally, I understand you are dealing with looking at a database for this effort, antibiotic-resistant infections, but there are many of them, to put it simply, in my simple language on this. But if the database was going to hold all genome sequence data for the 10 deadliest antibiotic-resistant pathogens, what kind of an effort would that entail?

Dr. FAUCI. Three questions. I am going to do them quickly——

Ms. DELAURO. I wanted to get you on—so talk about what is happening in Liberia.

Dr. FAUCI. All right. I will go quickly, Congresswoman.

Ms. DELAURO. Please, Liberian ZMapp.

Dr. FAUCI. We will discuss that.

Ms. DELAURO. All right.

Dr. FAUCI. Teixobactin. The NIH is very pleased with this because this was an entirely NIH-funded NIH effort, approximately $20 million, and we now have a new class of antibiotics that was developed from the soil.

We have to be careful it is not going to be tomorrow or next month when teixobactin is going to available on the market, because we still need to do preclinical studies in animal models before we can get into human testing. I would like to say it is going to be around the corner, but it likely will be over a year before we think about clinical testing.

The good news is that it is a brandnew concept for an antibiotic that essentially skirts the resistance mechanisms that other types of microbes use against common antibiotics. So it will likely be effective against microbes that are multidrug resistant. That is the good news.

Tuberculosis, or TB, there is good news here also, because we partnered with drug companies, with several of them, particularly Johnson & Johnson, to develop now new drugs that are good against multiple- and extensively drug-resistant tuberculosis. We do have at least one or two drug candidates in the pipeline. If you had asked me that question last year, I would say we really don't have anything new.

The sequence database—and this is something we do very well. We have phenomenal sequence capabilities now. We are going to

be able to do that. In fact, that is one of the things that we put as a high priority, to use our technologies to get databases of essentially all of the various versions and iterations of antimicrobial-resistant microbes and be able to share them. And as we always do at NIH, it is always open access, so everything we do is open to the general public.

EBOLA TRIALS

Ms. DELAURO. Ebola and the trials that have started in Liberia?

Dr. FAUCI. Right.

Ms. DELAURO. And then ZMapp trials, as well.

Dr. FAUCI. Yes.

Ebola vaccine trials started February 22 in Liberia in Monrovia. My deputy is there now overseeing the trials.

We started off with a phase two trials for 600 individuals, where we will proceed slowly to make sure the vaccines are safe and immunogenic. And then, by the end we are going to go to the full total of 29,000 people.

The vaccine that you mentioned either was developed by Nancy Sullivan in the Vaccine Research Center. It is being targeted together with the VSV vaccine, on which we collaborated, actually, with the Department of Defense, in a Phase 1 trial.

So those two are ongoing. I mean, it is up and rolling.

ZMapp is—again, ZMapp looked very favorable in animals. We don't know if it works in humans.

We have started a comprehensive protocol that was announced 3 days ago by the Ministry of Health in Liberia, actually, at the same time that the President of Liberia was meeting with our President here, right here in the United States. It started a few days ago. And the protocol is going to do is to compare standard of care—namely, intravenous replenishment of fluid—against standard of care plus ZMapp.

ZMapp is a cocktail of three separate antibodies directed against the Ebola virus. And, as I said, it looked very good in animals, but we need to prove definitively if it will work in humans.

Both of those are NIH-driven trials, and both of them are ongoing in Liberia right now.

Ms. DELAURO. Thank you.

Thank you, Mr. Chairman.

Mr. COLE. Thank you.

Just, first of all, Dr. Collins, thank you very much and your colleagues for being here this morning. I have no doubt this is not only the most brilliant panel we will see all session, it is the most popular panel we will see all session long. So thank you very much.

Ms. DELAURO. We need to have a group hug.

Question from Chairman Cole

Biomedical Stimulus Funds

Chairman Cole: In 2009, NIH received a one-time plus-up of $10 billion to support bio-medical research in the Stimulus bill. Describe the results of this funding to date, if any funds are still unspent, and what other results should taxpayers expect to from this spending over the next five years?

Dr. Collins: The American Recovery and Reinvestment Act (ARRA) funding was available for obligation in FYs 2009 and 2010. In that period, NIH obligated the $10.4 billion it received in ARRA funding as follows:

Scientific Research Priorities	$8.2 billion
Extramural Construction, Repair and Alterations	$1.0 billion
Shared Instrumentation and Other Capital Equipment	$0.3 billion
NIH Building and Facilities	$0.5 billion
Comparative Effectiveness Research (CER)	$0.4 billion
Total	**$10.4 billion**

Chairman Cole: Are there any specific disease preventions or treatments that have already been brought to market because of these funds?

Dr. Collins: Having been at the forefront of medical research for over a century, NIH was well positioned to utilize funding provided by ARRA to invest in transformative research, accelerate the progress of ongoing projects, and support the biomedical workforce in ways that would not have been possible otherwise. The publicly-accessible NIH ARRA website[1] provides a comprehensive picture of NIH's ARRA activities and illustrates how NIH has used ARRA funds to advance science, train scientists, enrich science education, and improve the diagnosis, prevention, and treatment of diseases. Several ARRA-funded NIH projects that are addressing major health topics in the Nation are highlighted on the NIH ARRA Impact Reports webpage.[2]

ARRA funding supported the expansion of the Cancer Genome Atlas (TCGA), a large-scale collaborative effort to characterize all relevant genomic alterations in a variety of human cancers, and the basis for a new major initiative that takes into account individual variability to provide precise treatment (the Precision Medicine Initiative). Because of ARRA funding:[3]

- 22 new cancer tumor types were added to the TCGA collection, exceeding the initial ARRA goal of adding 20 new cancer tumor types. Subsequently, TCGA also added 10 new rare tumor types, which will be characterized in the same way as other TCGA tumor types but across fewer samples.
- Tissue samples from more than 4,000 people with cancer have been submitted for genomic sequencing, surpassing the initial ARRA goal of 3,000.

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[1] http://report.nih.gov/recovery/impactreports/Default.aspx
[2] http://report.nih.gov/recovery/investmentreports/
[3] http://report.nih.gov/recovery/impactreports/ViewReport.aspx?Id=1&page=home

- TCGA continues to be an active participant and promoter of the International Cancer Genome Consortium (ICGC). Thanks in large part to ARRA funding, TCGA data currently constitute the bulk of data available through the ICGC data portal.
- Disease working groups composed of oncologists, pathologists, surgeons and other investigators have been formed for each of the active tumor projects to ensure the projects are designed around standard of care recommendations and cutting-edge biology.

ARRA funds were used to support a vigorous research agenda to address the outbreak of the 2009 H1N1 influenza outbreak that includes the basic scientific research and clinical trials needed to develop and test pandemic influenza vaccines and therapies. Thanks to ARRA investments, NIH was able to expand its research on virus evolution and transmission, explore underlying features of highly pathogenic influenza strains, conduct preclinical and clinical vaccine studies focusing on the 2009 H1N1 virus, and mount clinical studies to treat adult and pediatric patients with H1N1 infections.

In support of a new resource to study disease, health, and aging, ARRA helped fund the Research Program on Genes, Environment, and Health (RPGEH), a joint effort run by Kaiser Permanente, which holds the world's largest civilian electronic health records data base, and the University of California, San Francisco (UCSF).[4] With this support, RPGEH analyzed DNA samples from 100,000 volunteer study participants. This new and detailed genetic information – which has never before been generated on such a large and diverse population – has been linked to decades of historical clinical and other health-related information on these participants, including environmental information on air and water quality, proximity to parks and healthy foods, and much more. The resulting resource will provide researchers with an entirely new platform to study genetic and environmental influences over time on a wide variety of health conditions and across diverse populations.

With the help of an ARRA grant, researchers have developed and begun to commercialize a new test that can rapidly and successfully identify the five genetic subtypes of breast cancer. The subtypes are defined by their gene expression profiles (luminal A, luminal B, normal breast-like, HER2-positive, and basal-like), which have different prognoses and vary in response to treatment. This new test can help inform what procedure or drug is best based on the individual's characteristics.

ARRA funding was applied for the development and testing of a new assistive neuro-technology that allows those with severe disabilities to communicate, access education, training, and entertainment, as well as control other devices such as powered wheelchairs or home/office appliances.

ARRA funding also supported construction projects to enhance biomedical and behavioral research by improving research facility structure, equipment, and energy efficiency, which in turn created new jobs for local and national economies. For example, ARRA funding to the University of Pittsburgh established the Vascular Clinical and Translational Research Center[5] to provide capabilities for a comprehensive assessment of pulmonary and peripheral endothelial

[4] http://recovery.nih.gov/Stories/ViewStory.aspx?id=63
[5] http://www.ctsi.pitt.edu/vctrc.shtml

function, blood flow, hard-to-detect atherosclerotic disease, and right heart function in human subjects enrolled in clinical research studies. ARRA funding also provided the University of South Alabama the funding to build a new Laboratory of Infectious Diseases, establishing a new Biosafety Level 3 facility for the Nation. Also, ARRA funding allowed the University of Colorado to build the Jennie Smoly Caruthers Biotechnology Building, hosting more than 500 researchers and support staff to bring multidisciplinary perspectives together to advance biotechnological solutions to diseases such as cancer and heart disease.

Activity continues on some ARRA-supported projects, particularly large construction grants and contracts, and can continue through September, 2015, when most of the original funds will be cancelled as required by statute. As of March 2015, $148 million of the funds appropriated to NIH through the Recovery Act were unexpended.

NIH ARRA investment continues to contribute to our economic future by improving our understanding of diseases that may lead to new therapies and improved diagnostics, discover new ways to prevent serious and disabling disease, and create opportunities to train the next generation of investigators and science educators. We cannot underestimate the value of such an investment, which is aimed at producing not only a healthier United States, but also a stronger United States in the world competition for leadership in biomedical sciences. The long-term impact of ARRA-supported research will continue to evolve as research results accumulate, and as subsequent investigations build on those results. A clearer, more comprehensive picture of the value of ARRA-funded research on health, the economy, and other aspects of society will come into focus as these promising preliminary results mature into new therapies, technologies, preventive approaches and other outcomes that improve human health.

Alzheimer's Disease

Chairman Cole: Over the last two years Congress has provided the National Institute on Aging with approximately $125 million in increased funding to support peer-reviewed science that addresses Alzheimer's Disease and other dementias. The National Plan to Address Alzheimer's Disease specifically lays out a series of scientific milestones that researchers think need to be met in order to make a meaningful impact on the trajectory of Alzheimer's by 2025.

If Congress were to provide additional Alzheimer's funding as requested in the budget, does NIA have a plan in place to ensure that those resources will be specifically targeted to meet the milestones the scientific community has established through that plan?

Dr. Collins: The National Institute on Aging (NIA) gratefully acknowledges the significant budget increases provided in FY 2014 and FY 2015 for new research on aging, including Alzheimer's disease (AD). The addition of these new funds to our base appropriation will enable us to plan carefully for their use, consistent with the priorities established at the Alzheimer's Disease Research Summits convened by NIH in 2012 and 2015, as well as the Summit on Alzheimer's-Related Dementias and a major meeting on Alzheimer's disease among individuals with Down Syndrome – a population at extremely high risk of developing the disease – in 2013.

In particular, the 2015 Summit built on the foundation laid by the 2012 NIH AD Research Summit, the U.S. National Alzheimer's Project Act (NAPA)/National Plan to Address AD, and the 2013 G8 Global Dementia Summit. Participants reviewed progress made since the 2012 Summit and evaluated issues of critical importance for identification and implementation of successful therapeutic interventions for Alzheimer's disease. At the Summit's conclusion, a select group of experts, including NIA/NIH staff, representatives from other funding agencies supporting Alzheimer's research, academic and industry scientists who chaired the Summit sessions on behalf of all the presenters, and members of the National Alzheimer's Project Act (NAPA) council, formulated a set of research recommendations. These recommendations, in turn, will inform our research priorities and serve as the basis for updating and refining the NAPA research milestones. The recommendations have been made publicly available and can be viewed online.[6] In addition, the NIH Bypass Budget on Alzheimer's disease, which will be released this summer, will outline funding opportunities commensurate with these plans and priorities.

Chairman Cole: If Congress provides the $50 million increase proposed in the request, will it achieve the goals and milestones identified in the National Plan to Address Alzheimer's Disease plan for FY 2016?

Dr. Collins: NIA is currently well positioned to achieve many of the goals and milestones identified in the National Plan for FY 2016. For example, a number of new Alzheimer's-related initiatives are planned for this year and next, including:

- An initiative, in partnership with the *Eunice Kennedy Shriver* National Institute of Child Health and Human Development, to enable the identification of the longitudinal progression of Alzheimer's disease in adults with Down Syndrome using clinical, cognitive, imaging, genetic, and biochemical biomarkers.
- With the National Institute of Neurological Disorders and Stroke, an initiative soliciting interdisciplinary research on the mechanisms by which vascular factors contribute to Alzheimer's. Research to date suggests a very complex and not well understood interaction among vascular risk factors, cerebrovascular disease, and the pathogenesis of Alzheimer's disease.
- An initiative to establish the immune and inflammatory mechanisms contributing to or mediating the development and progression of Alzheimer's disease.
- Establishment of one or two translational centers that will develop/apply quantitative systems pharmacology (QSP) approaches to Alzheimer's drug discovery and development. QSP is an emerging, data-driven, model-based approach to drug development that integrates systems biology with pharmacology and breaks decisively with a "one-gene, one-receptor, one-mechanism" approach in favor of a network-centric view of drug targets and drug action.

Each of these initiatives is responsive to the National Plan and will facilitate timely achievement of the goals and milestones established there.

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[6] http://aspe.hhs.gov/daltcp/napa/2015PubMemRec.shtml

Research Funding Allocation

Chairman Cole: NIH's mission is to invest in basic biomedical research that can lead to better health and disease cures for all Americans. In FY 2016, the request includes a $1 billion increase. Within this grand total, certain areas are targeted for greater investment, such as the precision medicine initiative. At the same time, research areas like Multiple Sclerosis and Muscular Dystrophy are targeted for a 2 percent increase, while other research areas like Cerebral Palsy and Fragile X Syndrome are projected to stay flat.

My point is there are a lot of diseases and conditions out there competing for your attention and the NIH research dollar. I would like to better understand the process NIH uses to allocate funds across research areas, including ongoing research on the top killers of Americans, rare and neglected diseases that may never find a cure outside of NIH, and new initiatives like precision medicine.

Dr. Collins: Setting research priorities for NIH funding allocation is based on a dynamic balance between four main principles:

Scientific Opportunities: Scientific history has demonstrated that significant research advances occur when new findings, often completely unexpected, open up new experimental possibilities and pathways. NIH constantly assesses its research portfolio in light of the latest scientific developments. Not all disease or scientific problems are equally ripe for new advances, nor do such advances come at the same rate across the portfolio, no matter how pressing they might be for the public's health.

Scientific Merit: NIH only funds research which has undergone a two-stage peer review process and which has been judged highly meritorious. The first level of review is for scientific merit and is carried out by a Scientific Review Group (SRG) composed primarily of non-Federal scientists who have expertise in relevant scientific disciplines and current research areas.

Public Health Needs: NIH responds to public health needs, ranging from emerging infectious diseases to the growing burden of chronic disease management. After peer review for scientific merit, the second level of review, including considerations such as public health relevance and portfolio balance, is performed by the National Advisory Councils or Boards of each NIH Institute and Center (IC). Councils are composed of both scientific and public representatives chosen for their expertise, interest, or activity in matters related to health and disease. Only applications that are favorably recommended by both the SRG and the Advisory Council may be recommended for funding. Rare diseases also affect the public's health, but these illnesses may not have the same funding incentives as more prevalent disorders, making it less likely that private funders will support rare disease research. NIH fills this research gap by funding studies on such diseases. While this research may be undertaken to benefit only a small number of patients directly, the results of these studies could be applicable to a variety of other diseases and conditions.

Portfolio Balance: NIH leadership strives to ensure the diversity of NIH's research portfolio. A complex balance among basic, translational, and clinical sciences addresses new and ongoing

public health needs. We cannot predict the next scientific revelation or anticipate the next opportunity, and so NIH must maintain ongoing investments in a wide range of areas in order to cultivate the next generation of scientific advances. Considerations of balance must include the ratio of basic research to applied, clinical, and translational, as well as cellular to behavioral, animal to human. NIH strives to achieve a balanced portfolio within the overall framework of our mission.

NIH research priorities also influence, and are influenced by, strategic planning. Each IC has a distinct mission that fulfills a key part of NIH's broader mission. This mission is reflected in the strategic plans developed by each IC. ICs use their strategic plans to inform program planning, initiative development, and funding allocations. Significant planning also occurs centrally at NIH within the Office of the Director via the Common Fund and other trans-NIH initiatives.

Making funding decisions based on the principles described above rather than disease or area-specific allocations allows the agency the flexibility to make strategic investments to advance its mission. As such, NIH can respond to immediate public health needs while also encouraging and capitalizing on cutting-edge innovations that have the potential to shape the future of biomedical science and medicine. Recent improvements in how we measure and interpret the genetic variability between individuals are spurring research on more precise, tailored health care. This growing field, known as precision medicine, may one day develop novel approaches to promoting health, treating disease, and building safe and effective medical devices. NIH appreciates that this longstanding tradition of flexibility in appropriations allows it to respond and adapt to both the short-term health needs of the present and the cutting-edge innovations of the future.

Institutional Development Awards (IDeA)

Chairman Cole: As you know, the Institutional Development Award (IDeA) program broadens the geographic distribution of NIH funding for biomedical research and enhances the competitiveness of investigators at institutions located in states in which the aggregate success rate for applications to NIH has historically been low. The program also serves unique populations – such as rural and medically underserved communities – in these states. My home state of Oklahoma is one of them.

Please describe what the NIH budget proposes in terms of supporting the IDeA program and how you plan to ensure that researchers in places like Oklahoma have an equal shot at the NIH funding?

Dr. Collins: Currently, institutions in 23 States[7] and Puerto Rico are eligible for funding from the IDeA Program. For FY 2015, the IDeA program will continue to support investigators in eligible states through the following initiatives:

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[7] Alaska, Arkansas, Delaware, Hawaii, Idaho, Kansas, Kentucky, Louisiana, Maine, Mississippi, Montana, Nebraska, Nevada, New Hampshire, New Mexico, North Dakota, Oklahoma, Rhode Island, South Carolina, South Dakota, Vermont, West Virginia, Wyoming.

1) *IDeA Networks of Biomedical Research Excellence (INBRE)*. The INBRE initiative enhances, extends, and strengthens the research capabilities of biomedical research faculty in IDeA states through a statewide program that links a research-intensive institution with primarily undergraduate institutions. INBRE supports institutional research and infrastructure development; research by faculty, postdoctoral scientists, and students at participating institutions; and outreach to build science and technology knowledge in the States' workforces. Only one award is made per IDeA-eligible State. In FY 2014, the National Institute of General Medical Sciences (NIGMS) supported 24 INBRE awards. For FY 2015, NIGMS will continue support for the INBRE program
2) *Centers of Biomedical Research Excellence (COBRE – Phases I, II, and III)*. The goal of the COBRE initiative is to strengthen institutional biomedical research capabilities in IDeA States through three 5-year phases of infrastructure and faculty development of thematic and multidisciplinary research centers. In FY 2014, NIGMS supported 112 COBRE awards. In FY 2015, NIGMS will support non-competing awards and is considering new COBRE awards to outstanding applications.
3) *IDeA Program Infrastructure for Clinical and Translational Research (IDeA-CTR)*. The IDeA-CTR initiative develops network infrastructure and capacity in IDeA-eligible States to conduct clinical and translational research focused on health concerns that affect medically underserved populations and/or that are prevalent in IDeA States. IDeA-CTR awards support mentoring and career development activities in clinical and translational research. In FY 2014, NIGMS supported 5 IDeA-CTR awards. In FY 2015, NIGMS will support non-competing awards and continues competitions for new IDeA-CTR awards.
4) *Research co-funding*. IDeA co-funding is provided to eligible applications that have already been judged meritorious by NIH peer-review committees and national advisory councils but are outside the range of applications under consideration for funding by the other NIH Institutes/Centers (I/Cs). In FY 2014, IDeA co-funded 44 R01/R15 awards (including one to Oklahoma) at 17 NIH I/Cs. In FY 2015, NIGMS is again soliciting applications from other ICs for co-funding.

For FY 2016 the IDeA program will provide continuing support for the non-competing INBRE, COBRE, and IDeA-CTR awards that constitute the IDeA program budget base. The IDeA program also will support new competing Phase I COBRE and IDeA-CTR awards, and co-funding of meritorious applications from other ICs.

In FY 2014, the IDeA Program supported the following awards in Oklahoma: 1 INBRE, 8 COBREs, 1 IDeA-CTR, and 1 co-funding. Oklahoma investigators continue to submit proposals and will be in open competition with investigators from other IDeA States for support for new awards. Funding decisions are based on results of a two-level review (Scientific Review Panel and Advisory Council) and availability of funds.

The IDeA-CTR award supporting the Oklahoma Shared Clinical and Translational Resources (OSCTR) is leveraging other funding sources to develop certified County Health Improvement Organizations (CHIOs) in 20 of Oklahoma's 77 counties, which will use their county health improvement plans to guide requests for resources including, but not limited to, quality improvement support for primary care practices. The Clinical Resource staff has recruited more

than 100 individuals (clinical trials participants) over the first several months of funding for the OSCTR investigators. Additionally, over 300 American Indian patients from 40 federally recognized tribes have been recruited in part by this clinical resource for participation in clinical trials at the University of Oklahoma Stephenson Cancer Center. More than 65 of these patients are currently involved in active interventional trials.

Ebola and Universal Flu

Chairman Cole: Please describe where we are with Ebola Vaccine and Therapeutics research?

Dr. Collins: The National Institute of Allergy and Infectious Diseases (NIAID) has a longstanding commitment to advancing research to combat viral hemorrhagic fevers, including Ebola virus disease. NIAID research on Ebola focuses on understanding how the Ebola virus causes illness and on developing new vaccines and therapeutics.

NIAID has developed and advanced a number of Ebola vaccine candidates into clinical testing to determine if they are safe and effective in preventing Ebola virus disease. The additional $238 million requested by the President and appropriated by Congress to NIAID in FY 2015 to prevent, prepare for, and respond to Ebola has allowed NIAID to significantly expand and accelerate these efforts. NIAID Vaccine Research Center (VRC) scientists, in collaboration with GlaxoSmithKline, developed an experimental vaccine that uses the chimpanzee adenovirus 3 (cAd3) as a carrier, or vector, to express an Ebola virus protein and stimulate protective immune responses. Results from Phase I clinical trials of the cAd3-EBOZ platform vaccine conducted at the National Institutes of Health (NIH) Clinical Center showed the vaccine was well-tolerated and produced immune system responses in healthy volunteers. NIAID, along with the Department of Defense (DOD), supported the development of rVSV-EBOV, a vaccine candidate licensed to NewLink Genetics Corporation and Merck. A Phase I study of three different doses of rVSV-EBOV was recently completed by NIAID and Walter Reed Army Institute of Research scientists. An NIAID-sponsored Phase II/III clinical trial to test the safety and efficacy of the cAd3-EBOZ and rVSV-EBOV vaccine candidates is now underway in Liberia as part of the Partnership for Research on Ebola Vaccines in Liberia (PREVAIL) study. Interim findings from the PREVAIL study released in March 2015 and based on evaluation in more than 600 people indicate that the two experimental Ebola vaccines appear to be safe. The study may now advance to Phase III testing and expand to other West African countries.

NIAID also has collaborated with industry, academia, and other Federal agencies to develop additional Ebola vaccine candidates that are undergoing or will soon move into Phase I clinical testing. NIAID is supporting a Phase I clinical trial of an investigational vaccine regimen targeting multiple species of Ebola virus and the related Marburg virus. The trial is examining a prime-boost vaccine strategy composed of an adenovirus-vectored vaccine developed by Johnson & Johnson and a modified vaccinia virus Ankara-vectored vaccine developed by Bavarian Nordic. NIAID intramural scientists are collaborating with Thomas Jefferson University investigators to produce a vaccine candidate based on an existing rabies vaccine that could generate immunity to Ebola, Marburg, and rabies viruses. The investigators plan to pursue a version of the vaccine for human and veterinary use, as well as a version for use in African

wildlife that could help prevent transmission of Ebola virus from animals to humans. Clinical testing of the candidate rabies/Ebola vaccine for human use is expected to begin later this year.

NIAID is collaborating with the University of Texas Medical Branch at Galveston to advance a human parainfluenza virus-vectored Ebola vaccine developed by NIAID intramural scientists. This vaccine candidate is designed to be delivered intranasally, a non-invasive method of delivery. Phase I trials of this vaccine candidate are planned to begin by the end of 2015. Furthermore, NIAID supported the rVSVN4CT1 EBOV vaccine candidate licensed to Profectus, which is now receiving support from the Biomedical Advanced Research and Development Authority (BARDA) and DOD. The vaccine candidate is scheduled to enter a Phase I clinical trial in the summer of 2015. A recombinant nanoparticle subunit vaccine, developed by Novavax and for which Phase I clinical trials were recently initiated in Australia, was supported in part by NIAID preclinical services studies.

NIAID is supporting the development and testing of novel therapeutics targeting Ebola viruses. NIAID collaborated with Mapp Biopharmaceutical, Inc., to develop the investigational drug ZMapp, a combination of three antibodies against Ebola. NIAID worked closely with partners at DOD, BARDA, and the Food and Drug Administration (FDA) to advance the development and testing of ZMapp. These efforts have led to the recent launch of an NIAID-supported clinical trial to test the safety and efficacy of ZMapp in infected people at sites in Liberia and the United States. The trial is currently comparing treatment with ZMapp plus optimized standard of care versus optimized standard of care alone. Additional treatments also may be evaluated and compared under this protocol.

In addition, NIAID has supported development of BCX4430, a novel drug developed by BioCryst Pharmaceuticals that interferes with the reproductive process of the virus and has activity against a broad spectrum of viruses. BCX4430 is currently being tested in an NIAID-funded Phase I trial. NIAID also is evaluating therapeutics licensed or in development for the treatment of other diseases for their potential activity against Ebola virus.

Chairman Cole: Plus, describe the status of the research for the Universal Flu vaccine, how long before it will get to the public (if everything goes as planned), and how often a person will need one of these shots?

Dr. Collins: The development of a successful universal influenza vaccine that could reduce or eliminate the need for annual seasonal influenza vaccines is an NIAID priority. Such a vaccine could provide long-lasting protection against multiple strains of influenza, including seasonal and pandemic influenza. NIAID has intensified efforts to develop an effective universal influenza vaccine candidate using recent advances in the understanding of the structure and immunologic characteristics of the influenza virus. In recent years, NIAID research has contributed to the development of several promising universal influenza vaccine candidates.

For example, NIAID is collaborating with BARDA and the Centers for Disease Control and Prevention (CDC) to investigate the human immune response to universal influenza vaccines in a planned Phase I clinical trial in the NIAID Vaccine Treatment and Evaluation Units, which are part of the Institute's longstanding clinical research infrastructure. In addition, NIAID VRC

researchers have carried out several clinical trials of a potential prime-boost universal influenza vaccine strategy comprising an initial vaccination with influenza virus DNA vaccine followed by vaccination with a conventional, licensed seasonal influenza vaccine to induce enhanced and broadly reactive antibody responses. The study investigators are now evaluating data from those trials.

NIAID VRC scientists also are developing a promising universal influenza vaccine strategy based on the use of self-assembling nanoparticle technology to increase the breadth and magnitude of the immune response. This approach has shown promise in animal models, and the VRC team is assessing this vaccine strategy for further development.

It is not possible to predict when a universal influenza vaccine may be available, and candidates will need to be rigorously evaluated over multiple influenza seasons to determine durability of protection. As vaccine candidates are developed and tested for safety and efficacy, the appropriate frequency and dose will also need to be evaluated. NIAID research continues to yield important information about how to generate broader protection against influenza viruses, and progress in this regard in recent years is encouraging. NIAID will continue to support and advance robust research toward an effective universal influenza vaccine.

Precision Medicine

Chairman Cole: I recall from my prior time on this committee examples of "personalized medicine" supported by NIH. Your budget now proposed an initiative aimed at creating treatments that doctors can tailor more specifically to each specific patient and disease. How far away, in terms of years, are we from this becoming routine for the majority of patients and treatments?

Dr. Collins: Today, precision medicine or personalized medicine is an emerging approach for disease prevention and treatment that takes into account people's individual variations in genes, environment, and lifestyle. It is used in a wide range of diseases, but it has benefitted a relatively small number of patients. The goal of the Precision Medicine Initiative (PMI) – including a near-term focus on cancer, and a longer-term aim to generate knowledge applicable to the whole range of health and disease through a research cohort of one million or more voluntary participants – is to revolutionize medicine and generate the scientific evidence needed to move the concept of precision medicine into every day clinical practice. The promise of precision medicine is seen in treatments like Vemurafenib/Zelboraf™, a treatment that has doubled the survival rates among the 60 percent of metastatic melanoma patients whose cancer contains a specific V600E mutation in the BRAF gene targeted by the treatment. Another example of precision medicine is Ivacaftor/Kalydeco™, a recently FDA-approved medication used to treat cystic fibrosis (CF) by targeting specific gene mutations responsible for approximately five percent of all CF cases. It is the first drug of its kind to treat the underlying cause of CF rather than just treating its symptoms. Examples like these, along with advances in whole genome sequencing and pharmacogenomics, give promise that the benefits of precision medicine can be scaled up to change the face of medicine in our lifetimes. The knowledge researchers will obtain on individual variability in terms of disease risk and treatment options through work in the proposed national cohort will enable us to make huge strides in finding better, more targeted

treatments and cures and will result in a future where precision medicine will become routine practice in clinical settings for the majority of patients.

Chairman Cole: What is the annual level spent across NIH since FY 2006, each year, for personalized or precision medicine? Plus, the FY 2016 estimate level for this category of research.

Dr. Collins: NIH funded a portfolio of personalized or precision medicine research activities, from more than $375 million in FY 2007 to over $600 million in FY 2014. The Precision Medicine Initiative builds upon this early work and will provide a large-scale platform for the development of new medical treatment and prevention strategies that take individual variability into account. Precision medicine promises to revolutionize medical care by allowing clinicians to deliver the right treatments, at the right time, to the right person.

The FY 2016 President's Budget recognizes this promise by launching the Precision Medicine Initiative, including $200 million at NIH. These resources will support $70 million for NCI to scale up efforts to identify genomic drivers in cancer and apply that knowledge to develop more effective cancer treatments, and $130 million across NIH to develop a national research cohort of a million or more volunteers to propel our understanding and set the foundation of a new way of doing research.

Chairman Cole: Specifically related to the $130 million aspect of the initiative:

i. What will the funds support;
ii. What is the estimated length of this entire project;
iii. What is the five year estimated projection costs, with annual breakouts;
iv. Please explain why this is structured as a "precision medicine" research tax on each IC (other than the Office of the Director) for this project. Plus, does NIH expect to continue this tax structure to fund this project in the future years?

Dr. Collins: The Precision Medicine Initiative proposal includes $130 million to develop the one-million or more volunteer participant research cohort. These funds will support several related activities: 1) informatics; 2) building a biorepository; 3) enrolling and consenting participants; 4) staffing; 5) genome analysis; and 6) core phenotyping. The NIH Advisory Committee to the Director (ACD) PMI Working Group is charged with developing a report for ACD with recommendations on the development of the national research cohort. ACD will consider in its recommendations to the NIH Director in September 2015. The NIH Director's final decision will determine the needs, cost and timeline for the implementation of the project. Each NIH Institute or Center (IC) will be asked to contribute a certain percentage of its budget to PMI. This will continue for FYs 2016-2021. Amounts specifically designated for the project were added to the request for each IC to reflect the fact that the project is expected to have very broad participation and benefits throughout NIH. The same amount of funding would have been allocated to the project as a whole had it been requested in a smaller number of ICs, but in that case the requests for new money for the other ICs would have been lower by the amount of their shares of the designated project funding. As such, it is inaccurate to describe the proposal for funding the project as a "tax" on each IC. NIH would be happy to work with the Committee on the most appropriate number of ICs to receive funding for this important project in future years.

National Children's Study

Chairman Cole: The National Children's Study (NCS) has been effectively on-hold for more than a year as the Institute of Medicine (IOM) was conducting its Congressional directed review. The recent IOM report highlighted that the NCS has the potential to add immeasurably to the scientific knowledge on children's health and since FY 2000, approximately $1.5 billion of taxpayer funds have been appropriated for the NCS.

The FY 2015 Appropriations Act directed NIH to report to this Committee within 90 days on the options being considered for the future of the NCS. I understand that after the FY 2015 Omnibus was passed, NIH made a decision to eliminate the NCS prior to consultation with the Hill and out of line with the specific authority provided for the NCS. Please describe the decision making authority and process for this decision?

Dr. Collins: In June 2014 the Institute of Medicine (IOM) released a report on the National Children's Study (NCS), a proposed national longitudinal study of environmental influences (including physical, chemical, biological, and psychosocial) on child health and development. The IOM report expressed concerns about the study's design, management, oversight structure, and anticipated cost. As an outcome of the IOM report, the launch of the Main Study for the NCS was put on hold, and a working group of the Advisory Committee to the Director (ACD) of NIH, which included experts in the fields of pediatric and environmental health, was charged with reviewing the NCS to evaluate its feasibility. In December 2014, ACD recommended that, while the overall goals of NCS should remain a priority for future scientific support, NCS was not feasible as currently outlined. After careful consideration and discussion with NIH senior leadership, Dr. Collins accepted ACD's recommendation, and appointed Dr. David Murray, NIH Associate Director for Prevention, to manage the orderly transition of the NCS program office and discontinuation of NCS.

Congress provided NIH, through the Consolidated and Further Continuing Appropriations Act, 2015, the ability to apply the NCS funds to other programs that could address the same goals. Specifically, the legislation states "That $165,000,000 shall be for the National Children's Study ("NCS") or research related to the Study's goals and mission, and any funds in excess of the estimated need shall be transferred to and merged with the accounts for the various Institutes and Centers to support activity related to the goals and objectives of the NCS". With this in mind, NIH leadership and staff worked diligently to identify opportunities to address challenges at the intersection of pediatric and environmental health through alternative approaches that are consistent with the original goals of the NCS, including establishing compelling new programs, integrating existing programs, and enhancing programs by incorporating more comprehensive environmental assessments. A spend plan outlining these programs and the proposed budgets will be developed and sent to the Committees on Appropriations of the House of Representatives and the Senate, as requested in the Consolidated and Further Continuing Appropriations Act, 2015.

Chairman Cole: How will the undeclared alternatives support a long-term longitudinal study on children to provide a base of chemical and clinical data to better support future pediatric research?

Dr. Collins: NIH and ACD were in agreement that the original goals of NCS should remain a priority for future scientific support. Aspects of the original study have proved beneficial and have the potential to further advance research. Much of the early work of NCS was focused on determining the optimal recruitment strategy and design, and valuable insights were gleaned. For example, various enrollment approaches were tested, resulting in numerous publications. Additionally, repositories of data and specimens were generated that should enable further insights. These data and specimen repositories will be maintained going forward, and a portion of the FY 2015 funds is being used to implement this storage plan and a process for providing investigators with access to these materials for secondary analysis. Currently, data collected through the NCS Vanguard Study is available on the database of Genotypes and Phenotypes (dbGaP) for secondary analysis.

Following the closure of NCS, a plan was developed to incorporate important aspects of the original goals of NCS, as well as those areas of significance highlighted by the ACD working group. For example, the need to capitalize on and develop advanced technologies was advocated for by the working group. One program in the plan aligns with this need by supporting the development of integrated health monitoring systems to facilitate the evaluation of environmental exposure factors, physiological parameters, and behavior in natural environments. An additional program aims to identify specific technology gaps and develop new technologies or adapt existing technologies to explore the effects of environmental factors on placental structure and function across pregnancy. The development of these technologies could have broader implications, and drive and inform research in other fields.

The focus of another program is on developing reliable, validated clinical tools for child patient reported outcomes to improve the assessment of outcomes in clinical trials or other research settings and personalize ongoing care of chronic diseases in children, and examine the impact of environmental stressors on children's health. An additional effort being supported, the Tox21 Developmental Toxicity Program, will assess the relationship between environmental chemical exposures and associated toxic effects on human development and developmental biology pathways. Results will help identify chemicals of concern for further study, and drive development of predictive models of chemical effects on human development. These data and tools likely will have a tangible and immediate impact on both our understanding of developmental effects of environmental chemical exposures, and on chemical risk assessment relevant to child health. The Children's Health Exposure Analysis Resource (CHEAR) program aims to develop a network of laboratory hubs, supporting comprehensive analytical services to extend or complement the objectives of children's health studies to measure environmental exposures. Additionally, the technological advances and data gathered as a result of these new perinatal and pediatric environmental health initiatives potentially could be harnessed to inform and better utilize the Precision Medicine Initiative cohort, which, once developed, could incorporate environmental influences on children's health. All of these programs will advance and inform future research in this critical area to expand our knowledge of human development, health, and disease.

Chairman Cole: Once you (Dr. Collins) received the December recommendation with knowledge of the FY 2015 bill and report language, please describe the specific options you considered after that point to make and support the December 2014 decisions?

Dr. Collins: The 2014 IOM report raised serious concerns about the feasibility, suitability, and management of the NCS. Based on this report, the launch of the Main Study for the NCS was put on hold while the ACD working group was convened to address the future of NCS. The working group provided a report to ACD concluding that the overall goals of NCS – examining how environmental factors influence child health and development – are meritorious and should continue to be a priority for future scientific support, but that the NCS as currently designed is not feasible. After serious consideration of the working group's report and ACD's acceptance of the findings at the December 2014 meeting, Dr. Collins accepted ACD's recommendation that NCS, as currently outlined, is not feasible. Based on this decision and informed by the language in the FY 2015 omnibus bill, which had yet to clear both Congressional chambers, NIH senior leadership began developing a process by which to utilize the FY 2015 NCS funds to support research on environmental influences on children's health and development through means alternative to NCS.

Chairman Cole: Please identify all options considered for the use of the $165 million included in the Omnibus for the NCS and the criteria used to make your decisions for the FY 2015 funds?

Dr. Collins: The ACD working group concluded that the available funds should be used to pursue alternative approaches to NCS as a means to advance the field of research at the important intersection of environmental health and pediatric research. They emphasized the need to optimize the use of new scientific knowledge and recent advances in innovative technologies. These suggestions strongly influenced the development process and resulting plan for FY 2015.

In a rapid and thorough fashion, the Directors of those Institutes and Centers (ICs) most expert in environmental influences of pediatric diseases – the *Eunice Kennedy Shriver* National Institute of Child Health and Human Development and the National Institute of Environmental Health Sciences – were consulted to gather insight and additional information on the state of the field. Input and bold, innovative ideas then were solicited from all of the ICs, which submitted proposals for these ideas. The proposals were reviewed and considered by senior NIH leadership, a plan was developed, and concept clearance was obtained from the NIH Council of Councils.

NIH developed a set of initiatives intended to leverage and integrate existing efforts and develop compelling new programs (see table below). Common themes, such as tools and *in utero* development, emerged. Consequently, a major focus of the comprehensive effort is on the development of tools to enhance measurement of environmental exposures and facilitate research across all of the initiatives and programs. Another key component of the plan is studying environmental influence on placental and *in utero* development, with the goal of identifying the "seeds" of future diseases and conditions. Finally, by leveraging extant programs, the plan aims to expand examination of environmental influences on later child development. In keeping with

the spirit of NCS, these initiatives aim to address the critical goal of understanding the impact of environmental influences on children's health and development to advance the field and our knowledge.

Initiative	IC	Project	Estimated Budget (in millions)
Initiative 1: Develop tools that would enhance studies of environmental influences of pediatric diseases	NIBIB	Pediatric Research using Integrated Sensor Monitoring Systems (PRISMS) [RFA-EB-15-002, RFA-EB-15-003, RFA-EB-15-004]	$28
	NIEHS	Children's Health Exposure Analysis Resource (CHEAR) [RFA-ES-15-009, RFA-ES-15-010, RFA-ES-15-011]	$48
	NIAMS	Validation of Pediatric Patient Reported Outcomes in Chronic Diseases (PEPR) Consortium [RFA-AR-15-014]	$12
Initiative 2: Study the influence of environment on in utero development with the goal of identifying the "seeds" of future diseases and conditions	NCATS	Tox21 Developmental Toxicity Program	$8
	NICHD	Developing Paradigm-Shifting Innovations for in vivo Human Placental Assessment in Response to Environmental Influences [RFA-HD-15-034]	$39
Initiative 3: Expand examination of environmental influences on later child development by leveraging extant programs	NIEHS	Collaborative Activities to promote High Dimensional Molecular Analyses in NIEHS-supported Children's Environmental Health Studies [PA-15-123]	$5
Total			**$140**

Chairman Cole: Please describe NIH's current plans for these funds in FY 2016 and describe how they will support the primary goal of the NCS to be a long-term longitudinal study on children's health?

Dr. Collins: With FY 2016 funds, NIH will continue its efforts to support pediatric environmental health research. NIH anticipates expanding programs related to tool development, while integrating the results into the extant programs broadened in FY 2015. These programs also will be evaluated to determine more clearly their anticipated impact on the field, and to identify areas ripe with opportunity for possible integration into existing projects or expansion of particularly effective components.

Native American Health

Chairman Cole: Please describe what the NIH is doing specifically to address Native American health in FY 2015 and planned for FY 2016.

Dr. Collins: NIH supports a wide variety of activities that are directed at improving American Indian and Alaska Native (AI/AN) health and reducing disparities experienced by AI/AN populations, as well as supporting research and infrastructure at Tribal Colleges and Universities and American Indian and Alaska Native Serving Institutions. NIH's research portfolio on

AI/AN health is diverse, and as such, FY 2015 research projects cover a wide variety of topics relevant to the AI/AN population – from research on gene variants that affect AI/AN health to research focused on mental health, historical trauma, and the impact of community-based participatory methods. For example, NIH research supports the development of health information kiosks in the Chickasaw Nation to improve health outcomes and cancer-related health education curricula in partnership with the Comanche Nation to increase screening and prevention. NIH also supports many other studies that are tailored directly to the AI/AN community, including research on the role of culture in aging and health among Native elders, diabetes prevention lifestyle interventions that are culturally tailored for AI/AN communities, cardiovascular disease research with 13 tribes in 3 States, research on an environmental toxin that affects tribes with subsistence fishing practices, and variations in measures of substance abuse for AI/AN.

NIH will continue supporting a range of meritorious research projects in FY 2016. One example of this is the RISING SUN initiative (Reducing the Incidence of Suicide in Indigenous Groups – Strengths United through Networks), a project planned in FY 2016 for the upcoming U.S. chairmanship of the Arctic Council. The proposed project aims to create common metrics for suicide prevention efforts in the Arctic as a key component of evaluating and scaling up interventions across the circumpolar region. Another project planned for FY 2016 is a web portal to enhance access to data about evidence-based, peer reviewed interventions for the prevention and treatment of alcohol, drug, and tobacco use and misuse among AI/AN populations. A comprehensive review of the literature will be examined by an expert panel to evaluate the research on both scientific and culturally relevant dimensions.

Infrastructure and capacity building are an important step toward sustaining research and training within AI/AN communities. For example, the Native American Research Centers for Health (NARCH) program supports opportunities for conducting research and research training that meet the needs of AI/AN communities. The NARCH program supports research projects prioritized by the tribal communities that address health issues disproportionately affecting the AI/AN communities, enhance health research partnerships, and reduce distrust of research by AI/AN communities while developing a cadre of AI/AN scientists and health research professionals. In FY 2015, NIH is supporting 20 NARCH grants including 51 different research, student development, faculty development, capacity building, and administrative projects. NIH will continue to support the NARCH program in FY 2016 with the expected release of the NARCH IX Funding Opportunity Announcement.

Along with supporting meritorious research, infrastructure, and training and career development activities, education and outreach are additional ways NIH addresses AI/AN health. NIH, in partnership with tribes across the country, has designed and implemented numerous activities in this arena, such as a traveling exhibition about 'Native Voices', which shares Native peoples' concepts of health and illness and is expected to reach 16 venues in 11 States during FY 2015 and FY 2016; online resources like the American Indian Health Web Portal[8] and the Arctic Health Website[9]; and a health planner specifically for American Indians and Alaska Natives delivered to 20,000 people in FY 2014 and expected to reach similar numbers in FY 2015 and

[8] http://americanindianhealth.nlm.nih.gov/
[9] http://arctichealth.nlm.nih.gov/

FY 2016. Some other examples include: trans-NIH working groups to support AI/AN research and researchers and improve health communications to AI/AN tribal organizations; tribal consultations; leadership visits to Indian Country; and symposia, workshops, and research meetings such as the November 20, 2014, NIH-sponsored AI/AN Research Forum. NIH will begin to implement recommendations from this forum in FY 2016.
NIH is committed to ensuring that AI/AN communities have a voice in developing NIH-supported research and research related activities. NIH is in the process of establishing a Tribal Consultation Advisory Committee (TCAC). In 2013, the NIH issued guidance on the implementation of the HHS Tribal Consultation Policy, creating the NIH TCAC. NIH solicited nominations from Fall 2014 through March 2015 and plans to have the first meeting of the TCAC soon after the committee is constituted in 2015.

NIH also seeks to ensure that sufficient AI/AN reviewers are included in the peer review system. The NIH dual peer review system[10] is mandated by statute in accordance with section 492 of the Public Health Service Act and Federal regulations governing "Scientific Peer Review of Research Grant Applications and Research and Development Contract Projects" (42 CFR Part 52h[11]). NIH policy is intended to further ensure that grant applications submitted to NIH are evaluated on the basis of a process that is fair, equitable, timely, and free of bias. The first level of review is carried out by a Scientific Review Group (SRG) composed primarily of non-Federal scientists who have expertise in relevant scientific disciplines and current research areas. In order to ensure culturally competent review of grant applications from AI/AN applicants, NIH welcomes the submission of the names of individuals who could serve as grant reviewers.

NIH Initiatives

Chairman Cole: The NIH has begun a number of initiatives over the past decade that according to each initiative plan has increasing future annual obligations increase significantly. For example, the BRAIN initiative is said to require at least $450 million a year within the next few years while the Alzheimer's plan calls for $2 billion a year in the near future to meet the plan's objectives.

Please provide a table that lists all the NIH annual initiatives begun or underway over the past 10 years that are expected to continue through FY 2016. The plan should show the annual level spent each year for each of the past ten years and the annual projected level based on the plan or projected direction of the initiative as envisioned by the program for each year through 2021. The list should include all activities, to include, BUILD, BRAIN, Big Data, Precision Medicine, Cancer Genome Atlas, CTSA, Universal Flu, Antibiotic Resistance, HIV Vaccine, AMP, Applying the Microbiome, National Patient Centered Clinical Research Network, HRHR program, BRAINS, CAN, Strengthening the Biomedical Research Workforce, Enhancing Diversity, and other initiatives started by NIH over the past decade that are expected to continue.

The table should list for each year, assuming a flat level of total resources the projected level of resources to support basic science and translational over the same time horizons within this resource envelop. Further, please describe the process and criteria NIH uses to select each new

[10] http://grants.nih.gov/grants/peer_review_process.htm
[11] http://www.access.gpo.gov/nara/cfr/waisidx_07/42cfr52h_07.html

initiative as compared to on-going research and how each initiative is annually evaluated relative to the entire NIH portfolio.

Dr. Collins: Below is a table that shows annual funding levels for the activities requested. In some cases growth in the out years is expected, but all future funding levels will be subject to the competing priorities of the annual budget process. Recommendations for the BRAIN Initiative from the Working Group Report to the Advisory Committee to the Director, NIH can be found at: http://www.braininitiative.nih.gov/2025/BRAIN2025.pdf. The process and criteria NIH uses to select each new initiative varies. Some have been generated within NIH or the Administration, while others have started in the research community. Similarly, decisions on the relative value of initiatives within the NIH portfolio are part of the annual budget process and strategic planning process, in coordination with the Department of Health and Human Services and the Office of Management and Budget, and depend on the circumstances of each initiative.

$ in millions

Fiscal Year	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015 Est.	2016 PB
Alzheimer's Disease[1]	656	643	645	412	457	450	444	503	504	562	586	638
Enhancing Diversity									6	39	54	57
BUILD[2]										*27*	*44*	*47*
BRAIN										46	65	135
BD2K (Big Data)									1	33	82	102
Precision Medicine Initiative												200
The Cancer Genome Atlas		12	23	33	57	75	48	57	79	22	13	2
CTSA		363	412	472	484	490	483	461	432	474	472	473
Flu Vaccines[3]	84	75	94	142	106	104	102	94	118	106	106	126
Antibiotic Resistance[1]	217	221	269	228	251	356	366	377	325	277	361	461
HIV Vaccine	509	581	597	556	561	535	550	557	518	533	537	568
AMP										20	23	23
Human Microbiome			9	10	39	38	25	24	6	11	7	2
HRHR (Common Fund)	16	20	101	96	164	175	192	209	210	204	173	150
BRAINS					3	8	12	13	16	18	16	12
CAN								10	9	10	10	26
Biomedical Workforce									1	3	2	1

[1] Levels from the Research, Condition, and Disease Categories (RCDC) table from FY 2008 onward; earlier methodology differs.

[2] BUILD is a subset of Enhancing Diversity

[3] These levels are for vaccine research at NIAID, data limited to Universal Flu vaccines (a subset) is not available.

Notes: The National Patient Centered Clinical Research Network is funded by the Patient-Centered Outcomes Research Institute, rather than NIH.

Table does not include ARRA funding in FY 2009-2010.

Scientific Research Coordination between CDC and NIH

Chairman Cole: Please describe how NIH leadership and CDC leadership strategically coordinate to review and evaluate research gaps identified by CDC programs for consideration to be incorporated within the NIH funded research portfolios.

Dr. Collins: NIH and CDC leadership strategically coordinate in a variety of ways. The close coordination in responding to the current Ebola outbreak is a good example. While there is not a

formal process to adjust the NIH research portfolio in response to CDC program activities, NIH welcomes input from CDC on setting research priorities. In addition, since much of the NIH-funded portfolio is investigator-initiated research, an application that addresses a research need identified by CDC could have an advantage in the peer review process.

NIH Intramural Advance Coordination with Extramural

Chairman Cole: Please describe the mechanism NIH is using to consult with the extramural community for polices that impact the extramural community and to ensure parity of policies with the intramural policies for researchers.

Dr. Collins: NIH uses numerous mechanisms for consultation with the extramural community on policies that impact them. Centrally, NIH consults the Advisory Committee to the Director (ACD), a 20-member Federal advisory committee chaired by the NIH Director. Members are authorities in areas of science relevant to the NIH mission that represent the academic and private sector research community, as well as representatives of the general public. ACD makes recommendations concerning program development, resource allocation, NIH administrative regulation and policy, and other specific or general aspects of NIH policy. The National Advisory Committees (NACs) of each Institute and Center (IC) are Federal advisory committees chartered within each NIH Institute, Center, and the Division of Program Coordination, Planning and Strategic Initiatives. NACs offer advice and recommendations on policy, program development and implementation, program evaluation, and other matters of significance to the mission and goals of the respective IC, as well as providing oversight on research conducted by each IC's intramural program.

NIH consults the extramural community through formal requests for information (RFI) when considering research needs, new policies, and changes to existing policies. The public is notified about requests for information in the NIH Guide for Grants and Contracts as well as the Federal Register. RFIs collect input from both individuals and organizations, such as grantee institutions, scientific and patient advocates, and scientific professional societies. RFIs are open to any individual who chooses to respond. Since October 1, 2013, NIH has issued Guide notices for 69 unique requests for information.

NIH also participates in trans-Federal activities to consult with the extramural community. The Federal Demonstration Partnership (FDP) is a cooperative initiative among 10 Federal agencies and 155 institutional recipients of Federal funds. FDP is a program sponsored by the Government-University-Industry Research Roundtable of the National Academies. Its purpose is to reduce the administrative burdens associated with research grants and contracts. The interaction between FDP's 300 or so university and Federal representatives takes place during three annual meetings and, more extensively, in the many collaborative working groups and task forces that meet often by conference calls in order to develop specific work products. FDP is a unique forum for individuals from universities and nonprofits to work collaboratively with Federal agency officials to improve the national research enterprise.

The Deputy Director for Intramural Research, working together with the intramural Scientific Directors of the IC, ensures that all trans-NIH policies are implemented in the Intramural

Research Program. For example, all clinical trial, public access, and genomic data sharing policies apply to intramural and extramural research, and intramural representatives serve on all committees that make recommendations for new policies.

NIH Administrative Burden Reduction Workgroup

Chairman Cole: Please provide the timeline and names of the stakeholders and NIH representatives on the requested Administrative Burden Reduction Workgroup.

Dr. Collins: NIH will use the recently announced study and committee formed by the National Academy of Sciences (NAS) on *Federal Research Regulations and Reporting Requirements: A New Framework for Research Universities in the 21st Century* to fulfill this request. This *ad hoc* committee under the auspices of the Committee on Science, Technology, and Law (CSTL) and the Board of Higher Education and Workforce (BHEW) will conduct a study of Federal regulations and reporting requirements with specific attention to those directed at research universities. Of the 16 named committee members, 14 are from institutions that receive significant NIH funds, and/or have been grantees or worked for NIH/HHS. A full roster of the committee can be found online.[12]

NIH will work with NAS to address the issue of administrative burden as it embarks on this study that was requested by Congress. This committee will review recent reports of NIH, the National Science Foundation, and other studies to identify regulations with significant impact and reporting requirements, and to identify improved approaches that reduce burden.

And importantly, NIH will be hosting a session on reducing burden at the Federal Demonstration Partnership (FDP) in May, 2015. FDP is an ideal group to engage with on the issue of administrative burden given that it includes both faculty from the 173 participating institutions and a depth of representation of research administrators, who are experts at the specific issues contributing to administrative burden. A complete list of institutions that comprise FDP also is included below.

Replication of Scientific Research

Chairman Cole: Please describe the actions being taken and planned for FY 2016 to improve the replication of scientific research supported by NIH. Further, describe how progress is being monitored and measured.

Dr. Collins: NIH has several efforts underway – both new and ongoing – to address reproducibility, rigor, and transparency in biomedical research. To raise awareness, Dr. Lawrence Tabak and I published a commentary in *Nature*[13] in January 2014 describing concerns surrounding reproducibility and rigor in preclinical research and the potential steps to address the issues. Since then, NIH engaged various stakeholder communities to prompt a dialogue and solicit feedback. Across the NIH, the Institutes, Centers, and Offices (ICOs) will continue ongoing pilots to address key concerns surrounding reproducibility and rigor: training,

[12] http://www8.nationalacademies.org/cp/projectview.aspx?key=49675
[13] http://www.nature.com/news/policy-nih-plans-to-enhance-reproducibility-1.14586

publication, applications, and review. NIH has a posted a clearinghouse for training to enhance data reproducibility.[14] NIH released a series of training videos with accompanying discussion materials to stimulate the conversation about reproducibility and rigor in the research endeavor, such as bias, blinding, and exclusion criteria. The Office of Intramural Research hosted the first two in a series of workshops on the "Reproducibility of Data Collection and Analysis"[15] discussing the potentials and pitfalls of modern techniques in cell biology[16] and structural biology.[17] An additional workshop, focused on genomics, is planned for May 2015. All workshops will be archived and made publicly available. Further, in August 2014, NIGMS and several other ICOs released a Request for Applications (RFA), soliciting applications for creative educational activities to enhance data reproducibility.[18] Awards are expected to be made in FY 2016 and the educational resources resulting from these awards will also be made available on the NIH website. A workshop also was held with the PhRMA organization to identify areas of common interest with industry, and as a result, PhRMA is working to gather relevant information, such as good research practices, to share with NIH and the broader research community.

In June 2014, NIH co-sponsored a meeting with the scientific journals *Science*[19] and *Nature*[20] that challenged editors representing more than 30 major scientific journals to identify common areas of opportunity to strengthen reporting approaches. This meeting led to the development of the Proposed Principles and Guidelines for Reporting Preclinical Research,[21] which has been endorsed by over 130 journals, publishing groups, and societies. PubMed Commons[22] is another pilot project which provides a "safe space" for scholarly discourse of published work, and has a new feature for Journal Clubs[23] to foster in-depth discussions. NIH also is piloting modifications to the NIH biographical sketch, which better reflect the contributions of an investigator than the number of publications. These changes are expected to be implemented for all grant applications received starting in May of 2015, for FY 2016 funding and beyond.

NIH published requests for information (RFI) on consideration of sex as a biological variable,[24] as well as barriers to reproducible research stemming from the use of biological and/or chemical reagents such as cell lines and antibodies,[25] to better understand the various challenges facing the research community. Additional pilot programs for evaluating the scientific premise of applications and incorporating standards with reviewer checklists on scientific rigor also have been conducted and will be expanded throughout FY 2016. NIH is considering how to change its instructions for applicants and reviewers to have them consider aspects of rigor (including sex as a biological variable and validation of reagents) when applying for or reviewing NIH

[14] http://www.nigms.nih.gov/training/pages/clearinghouse-for-training-modules-to-enhance-data-reproducibility.aspx
[15] http://wals.od.nih.gov/reproducibility/
[16] http://wals.od.nih.gov/reproducibility/reproducibility1_cell_biology.html
[17] http://wals.od.nih.gov/reproducibility/reproducibility2_structural_biology.html
[18] http://grants.nih.gov/grants/guide/rfa-files/RFA-GM-15-006.html
[19] http://www.sciencemag.org/content/346/6210/679.full
[20] http://www.nature.com/news/journals-unite-for-reproducibility-1.16259
[21] http://www.nih.gov/about/reporting-preclinical-research.htm
[22] http://www.ncbi.nlm.nih.gov/pubmedcommons/
[23] http://pubmedcommonsblog.ncbi.nlm.nih.gov/2014/12/17/introducing-pubmed-commons-journal-clubs/
[24] http://grants.nih.gov/grants/guide/notice-files/NOT-OD-14-128.html
[25] http://grants.nih.gov/grants/guide/notice-files/NOT-OD-15-020.html

applications. Changes to these instructions will be forthcoming before the next fiscal year.

Leveraging Basic Science and Technology to Transform Medicine

Chairman Cole: Please describe what actions are on-going or planned for FY 2015 and FY 2016 funds to leverage basic research with technology toward preventive digital medicine?

Dr. Collins: In FY 2015, NIH Institutes and Centers (ICs) are supporting a number of basic research initiatives that have the potential to advance disease prevention and health promotion as well as diagnosis and treatment of diseases through the use of digital health technologies. Other such initiatives are expected to be launched in FY 2016. These initiatives involve a wide spectrum of digital technologies, including mobile and wireless devices, from cellular phones to nanosensors.

Basic research in this domain includes the creation of nanosensors to provide more efficient, non-invasive assessment of disease and health as well as the development of body sensors to monitor movement, dietary intake, social activity, physiological and biological functions. An example of such efforts is the Quantum Program. Established by the National Institute of Biomedical Imaging and Bioengineering (NIBIB), the program aims to achieve major leaps forward over current approaches to prevention, detection, diagnosis and/or treatment through development of new biomedical engineering and imaging technologies within 10 years. NIH is also supporting research on the development of digital quantitative assays, using "lab on a chip" devices in conjunction with cellphones, in order to calculate precise concentrations of molecules from a sample. The device requires no electricity, a major advantage over current diagnostic approaches in devices currently available to detect conditions such as hepatitis C, influenza and HIV, and can work in environments where temperature, light and humidity cannot be controlled. The process can lead to faster, earlier diagnoses, and ultimately enhanced health outcomes.

Digital technologies, including wireless transmitting devices that are worn or carried on the body, are helping to improve diagnosis and treatment of diseases. For example, the National Institute of Diabetes and Digestive and Kidney Diseases launched an initiative to assess whether a mobile device programmed with a patient-centered decision support tool can increase the precision of insulin dosing for patients with Type 1 diabetes. Other initiatives are designed to help providers better implement precision medicine at the point of care. For example, the National Institute of Nursing Research is funding research to determine whether a smartphone equipped with electrocardiographic monitoring capabilities and educational text messaging improves the detection, treatment and prevention of recurrent atrial fibrillation. The development of a mobile device for assessment of patient independence for guiding care transitions is also underway. This work combines new approaches to assess how well patients are achieving independence goals in the home (e.g., mobility and activity levels, sleep adequacy, medication adherence, social engagement and weight stability) and to provide this information in real time to care providers.

Mobile devices are facilitating the collection of health related data as participants move through their daily lives. Mobile technology requires the development of new analytic and visualization tools to address the unique features of real-time sensor data collected outside of the health care

settings (including the speed, volume and variability of data collected). A number of ICs are supporting a Center of Excellence to develop tools and software to capture and convert mobile data into usable information. The feasibility testing will be carried out in two biomedical applications – reducing relapse among those who have quit smoking and reducing readmission among those with congestive heart failure. The goal is to create a platform that can detect and predict risk, and alert providers, family, or caregivers to the need for intervention as early as possible. Additionally, multiple ICs will continue to participate in the joint NIH-NSF Smart and Connected Health initiative, which advances basic technological sciences in the service of health research. This initiative is in its third year and has funded numerous projects that enhance health by leveraging advances in technology development. An example of this work is a sensor that can inserted directly into a tumor to measure oncology treatment effects in real-time.

New efforts in this area include an initiative led by the Office of Behavioral and Social Sciences Research (OBSSR) and other ICs to support development of a resource for researchers to more efficiently and rapidly evaluate mobile and wireless technologies. This resource infrastructure is being developed with wireless carriers in order to facilitate observational and clinical research studies by creating a registry of potential mobile participants. NIBIB, in conjunction with other ICs, will also be supporting the development of a mobile sensing and data collection system for pediatric asthma researchers. OBSSR, in collaboration with other ICs will also issue an initiative to promote the validation of existing mobile devices in currently supported NIH research studies. These and other efforts to leverage basic research with technology are making great strides in the advancement of preventive digital medicine.

Office of Directors Cost Breakout

Chairman Cole: Please update with FY 2014 actuals, FY 2015 and FY 2016 estimates the table for each NIH IC Director's Office and the NIH Director's office for the total funding breakout on the cost of travel, personnel, performance bonus for each such office.

IC Director's Office Cost Summary
(Amount in Dollars)

IC by Year	FY 2014	FY 2015 (est)	FY 2016 (est)
NCI	3,392,599	3,119,105	3,398,758
NHLBI	1,897,501	2,175,435	2,517,791
NIDCR	1,241,295	1,252,574	1,321,603
NIDDK	2,169,424	2,169,692	2,195,072
NINDS	1,339,086	1,346,199	1,356,317
NIAID	3,285,836	3,312,127	3,338,680
NIGMS	1,139,709	1,401,908	1,419,886
NICHD	1,464,312	1,651,185	1,762,026
NEI	1,657,464	1,668,003	1,685,812
NIA	1,414,847	1,419,851	1,455,384
NIEHS	979,961	1,018,500	1,033,595
NIAMS	2,586,302	1,679,683	1,356,514
NIDCD	941,073	880,834	990,230
NIMH	1,203,670	1,209,345	1,218,153
NIDA	1,680,321	1,500,548	1,712,400
NIAAA	2,449,217	2,754,237	2,806,056
NINR	892,061	840,381	848,784
NHGRI	1,503,380	1,237,520	1,377,832
NIBIB	1,119,903	1,212,000	1,376,000
NIMHD	859,542	1,024,884	939,846
NCCIH	1,116,386	1,170,992	1,187,632
NCATS	2,218,980	2,330,181	2,353,720
FIC	1,773,471	1,788,866	1,815,689
NLM	2,146,311	2,269,704	2,329,287
CSR	1,061,737	1,264,776	1,380,865
CIT	1,104,517	815,710	923,790
CC	3,306,979	3,340,461	3,393,096
OD	2,035,480	2,035,480	2,035,840
Grand Total	47,981,364	47,890,182	49,530,661

IC Director's Office Cost Summary
(Amount in Dollars)

FY 2014	Personnel Compensation & Benefits - Subtotal	Cash Awards & Performance Bonus (Non-add)	Travel & Transportation of Persons	All Other	Total
NCI	1,982,191	*21,069*	77,566	1,332,842	3,392,599
NHLBI	1,795,184	*249,290*	40,273	62,044	1,897,501
NIDCR	994,889	*14,102*	14,802	231,604	1,241,295
NIDDK	1,525,649	*50,520*	69,472	574,303	2,169,424
NINDS	899,580	*35,243*	76,603	362,903	1,339,086
NIAID	2,629,073	*101,956*	99,321	557,442	3,285,836
NIGMS	925,867	*6,050*	6,927	206,915	1,139,709
NICHD	1,224,312	*32,776*	46,000	194,000	1,464,312
NEI	1,161,547	*25,611*	124,928	370,990	1,657,464
NIEHS	808,888	*11,128*	68,221	102,852	979,961
NIA	1,352,450	*31,006*	20,414	41,983	1,414,847
NIAMS	1,750,253	*52,956*	21,999	814,049	2,586,302
NIDCD	920,506	*30,729*	3,959	16,608	941,073
NIMH	1,081,877	*34,947*	38,296	83,497	1,203,670
NIDA	1,541,054	*38,364*	73,579	65,688	1,680,321
NIAAA	2,058,539	*32,753*	165,006	225,672	2,449,217
NINR	809,665	*6,380*	16,009	66,387	892,061
NHGRI	913,726	*32,998*	39,377	550,277	1,503,380
NIBIB	636,725	*27,340*	67,271	415,907	1,119,903
NIMHD	597,299	*11,168*	12,949	249,294	859,542
NCCIH	1,012,052	*33,866*	16,889	87,444	1,116,386
NCATS	1,515,076	*29,995*	110,599	593,305	2,218,980
FIC	1,295,632	*26,245*	85,463	392,376	1,773,471
NLM	1,342,574	*28,698*	139,477	664,260	2,146,311
CSR	743,903	*14,777*	6,604	311,230	1,061,737
CIT	607,832	*14,079*	1,785	494,900	1,104,517
CC	1,751,671	*55,285*	52,693	1,502,615	3,306,979
OD	1,663,614	*39,182*	16,591	355,275	2,035,480
Total	35,541,629	1,088,513	1,513,073	10,926,663	47,981,364

IC Director's Office Cost Summary
(Amount in Dollars)

FY 2015	Personnel Compensation & Benefits - Subtotal	Cash Awards & Performance Bonus (Non-add)	Travel & Transportation of Persons	All Other	Total
NCI	1,687,936	*20,000*	81,000	1,350,169	3,119,105
NHLBI	2,101,880	252,418	38,260	35,295	2,175,435
NIDCR	1,002,965	15,000	14,994	234,615	1,252,574
NIDDK	1,517,923	50,520	70,000	581,769	2,169,692
NINDS	900,979	35,000	77,599	367,621	1,346,199
NIAID	2,655,364	101,956	99,321	557,442	3,312,127
NIGMS	1,185,286	6,050	7,017	209,605	1,401,908
NICHD	1,408,065	33,104	46,598	196,522	1,651,185
NEI	1,165,639	25,611	126,552	375,813	1,668,003
NIEHS	908,305	13,541	69,108	41,087	1,018,500
NIA	1,379,654	31,006	20,680	19,517	1,419,851
NIAMS	1,135,434	55,000	30,000	514,249	1,679,683
NIDCD	860,000	31,000	4,010	16,824	880,834
NIMH	1,085,969	34,947	38,794	84,582	1,209,345
NIDA	1,358,548	40,466	75,000	67,000	1,500,548
NIAAA	2,358,480	34,391	167,151	228,606	2,754,237
NINR	757,321	6,380	16,009	67,051	840,381
NHGRI	862,000	20,000	60,000	315,520	1,237,520
NIBIB	725,000	28,000	67,000	420,000	1,212,000
NIMHD	453,298	6,539	13,117	558,469	1,024,884
NCCIH	1,065,302	33,866	17,109	88,581	1,170,992
NCATS	1,883,181	30,295	115,000	332,000	2,330,181
FIC	1,304,815	26,245	86,574	397,477	1,788,866
NLM	1,457,332	29,898	139,477	672,895	2,269,704
CSR	911,500	16,500	38,000	315,276	1,264,776
CIT	613,910	12,890	1,800	200,000	815,710
CC	1,764,934	55,285	53,378	1,522,149	3,340,461
OD	1,795,074	38,326	48,398	192,008	2,035,480
Total	36,306,094	1,084,234	1,621,945	9,962,142	47,890,182

IC Director's Office Cost Summary
(Amount in Dollars)

FY 2016	Personnel Compensation & Benefits - Subtotal	Cash Awards & Performance Bonus (Non-add)	Travel & Transportation of Persons	All Other	Total
NCI	1,937,936	*20,000*	85,000	1,375,822	3,398,758
NHLBI	2,442,839	*254,749*	38,987	35,966	2,517,791
NIDCR	1,067,251	*15,000*	15,279	239,073	1,321,603
NIDDK	1,531,750	*50,520*	70,500	592,822	2,195,072
NINDS	902,638	*35,000*	79,073	374,606	1,356,317
NIAID	2,681,917	*101,956*	99,321	557,442	3,338,680
NIGMS	1,199,149	*6,050*	7,150	213,587	1,419,886
NICHD	1,514,287	*33,435*	47,483	200,256	1,762,026
NEI	1,180,472	*25,611*	127,301	378,038	1,685,812
NIEHS	921,306	*13,541*	70,421	41,868	1,033,595
NIA	1,414,423	*31,006*	21,073	19,888	1,455,384
NIAMS	1,162,265	*55,000*	30,000	164,249	1,356,514
NIDCD	969,000	*32,000*	4,086	17,144	990,230
NIMH	1,092,433	*34,947*	39,531	86,190	1,218,153
NIDA	1,569,400	*41,000*	75,000	68,000	1,712,400
NIAAA	2,407,955	*36,110*	168,141	229,960	2,806,056
NINR	764,894	*6,380*	16,169	67,721	848,784
NHGRI	899,240	*20,000*	66,000	412,592	1,377,832
NIBIB	876,000	*28,000*	75,000	425,000	1,376,000
NIMHD	801,242	*11,168*	13,367	125,237	939,846
NCCIH	1,079,934	*33,866*	17,434	90,264	1,187,632
NCATS	1,906,720	*30,598*	115,000	332,000	2,353,720
FIC	1,322,441	*26,245*	88,219	405,029	1,815,689
NLM	1,504,130	*29,898*	139,477	685,680	2,329,287
CSR	1,025,000	*16,500*	38,722	317,143	1,380,865
CIT	621,890	*13,000*	1,900	300,000	923,790
CC	1,787,634	*55,285*	54,392	1,551,070	3,393,096
OD	1,815,922	*38,326*	48,398	171,520	2,035,840
Total	38,400,069	1,095,191	1,652,424	9,478,168	49,530,661

Privacy Protections

Chairman Cole: Please describe how NIH has implemented the requirement related to privacy protection in every grant that involves human subject research to issue issuances of certifications of confidentiality to ensure data collected or consolidated via NIH programs and data bases prevents privacy intrusions of individuals involved in biomedical research.

Dr. Collins: Protecting the privacy of research subjects in NIH-funded research is important to maintaining trust in the research enterprise. A number of protections exist to safeguard the privacy of research participants. These include the Health and Human Services (HHS) regulations for the protection of human subjects (the Common Rule) and the Health Insurance Portability and Accountability Act (HIPAA) Privacy Rule. NIH requires all NIH-funded research involving human subjects to adhere to these rules, where applicable, and their important privacy and confidentiality protections. These rules are among the public policy mandates listed in the NIH Grants Policy Statement (GPS), and grantees are required to follow them as a term

and condition of NIH awards. Violation of the terms and conditions of award can result in compliance actions including termination of funding.

The NIH instructions for preparing the human subjects section of grant applications asks applicants to "Describe planned procedures for protection against or minimizing potential risks, including risks to privacy of individuals or confidentiality of data, and assess their likely effectiveness." Peer reviewers assess all aspects of the protection of human subjects, including those related to privacy and confidentiality, and make an overall determination of the acceptability of the human subjects section in every application proposing human subjects research.

In addition, Institutional Review Boards (IRBs) at the local institutions must approve the proposed research prior to NIH funding. The human subjects regulations in 45 CFR 46.111 (a)(7) lists adequacy of provisions to protect the privacy of subjects and to maintain the confidentiality of data as one of the requirements that IRB's must determine is satisfactory in order to approve proposed research. NIH policy further requires that investigators and key institutional personnel involved in human subjects research studies must be trained in the protection of human subjects, including safeguards that must be in place to protect their privacy and the confidentiality of information obtained from them.

Additional protections are provided by Certificates of Confidentiality (CoC), and NIH encourages grantees who will be obtaining sensitive, identifiable information from research participants to obtain such documents. CoCs allow investigators to refuse to disclose participant names and other identifying information, including genetic information, if it is identifiable, if the information is ever sought through a Federal, State, or local civil, criminal, administrative, legislative proceeding or other authority. In addition to encouraging and facilitating the use of Certificates during the grant application and award process, NIH highlights their importance in the context of data sharing. For example, the NIH Genomic Data Sharing Policy encourages all grantees conducting large-scale genomic research to submit data to NIH-designated repositories. Those grantees as well as the investigators who are approved to use the data for secondary research purposes are expected to obtain Certificates.

CoCs have some limitations. They only protect identifiable research information and not all of the research data. They also do not prevent researchers from disclosing research information at a subject's specific request.

NIH is currently exploring whether there are additional data protections that can be instituted. For example, it may make sense to take further steps to encourage more grantees to take advantage of the protections that are provided by Certificates. To that end, NIH is about to launch an on-line application system for all requests to NIH to make the process of requesting a CoC more efficient.

In addition, NIH supports efforts to strengthen protection of patient information, particularly individual level genomic data. Since genomic data is unique to an individual, it is possible to determine an individual's identity if one has access to an identifiable reference sample. Genomic

data can also reveal significant and sensitive personal information, including susceptibility to or predictability of diseases like Huntington's Disease or cancer.

Kids First Pediatric Research

Chairman Cole: Please describe NIH's plan for the 10-year created through the Kids First legislation and how NIH has changed its study sections to ensure permanent or ad hoc members who are expects in the filed participate in reviewing pediatric research applications.

Dr. Collins: In 2014, the Gabriella Miller Kids First Research Act was passed into law, authorizing $12.6 million per year for 10 years to support pediatric research through the Common Fund. In FY 2015, funds were appropriated to the Common Fund for this purpose. Planning activities are currently under way to identify where strategic investment by the Common Fund can have the largest impact in pediatric research, in accordance with the established criteria[26] for Common Fund programs. Since the funds were appropriated, pediatric research experts from across the NIH Institutes and Centers have been developing plans for this program. In January 2015, the NIH Council of Councils, the advisory group that reviews plans for new Common Fund programs, approved a plan[27] for the Gabriella Miller Kids First program that was focused on building a pediatric data resource, called a data commons, combining genetic sequencing data with phenotypic data from multiple pediatric cohorts. This data commons will enhance our understanding of various pediatric conditions, and will be made widely available to enable research studies and clinical practice. Currently, pediatric research experts from across the NIH and the broader biomedical research community are refining the idea to develop a coordinated plan that would have the potential for high impact within a 10-year time frame. We anticipate that additional details about this program will be made available in the spring of 2015.

NIH has populated its study sections with pediatric expertise appropriate for the applications under review. Given the number and distribution of pediatric reviewers, the NIH Center for Scientific Review (CSR) is confident that it is well poised for reviewing pediatric research applications that may be submitted in the future. A search in our computer system of reviewers who list their department as "pediatries," excluding such hybrid department listings as Pediatrics, Neurology, and Neuroscience and Pediatrics and Microbiology, indieates that for the current round (May 2015 council) the total number of applications from "Pediatric" Departments was 457, and CSR used 248 pediatric reviewers. These reviewers were spread across 71 regular/chartered study sections and 93 Special Emphasis Panels (SEPs). These numbers are conservative in view of the exclusion of hybrid departments. Some spot checking manually would suggest that the actual number of pediatric reviewers may be 50 percent higher, about 360 pediatric reviewers.

Twelve regular study sections had 3 or more pediatric department reviewers:
DBD/ Developmental Brain Disorders
IRAP/ Infectious, Reproductive, Asthma and Pulmonary Conditions

[26] http://commonfund.nih.gov/sites/default/files/Initiatives_6-28-11.pdf
[27] http://dpcpsi.nih.gov/sites/default/files/council%20jan%2030%202015%20discuss%20Kids%20First%20Idea%20Nomination.pdf

LIRR/ Lung Injury, Repair, and Remodeling
CDD/ Cardiovascular Differentiation and Development
CICS/ Clinical and Integrative Cardiovascular Sciences
CIMG/ Clinical, Integrative and Molecular Gastroenterology
CPDD/ Child Psychopathology and Developmental Disabilities
HAI/ Hypersensitivity, Autoimmune, and Immune-mediated Diseases
PRDP/ Psychosocial Risk and Disease Prevention
RIBT/ Respiratory Integrative Biology and Translational Research
SBDD/ Skeletal Biology Development and Disease
TAG/ Therapeutic Approaches to Genetic Diseases

Nine SEPs had 3 or more pediatric department reviewers:
ZRG1 SBIB-V (82)/ in Surgical Sciences, Biomedical Imaging and Bioengineering cluster
ZRG1 BDCN-N (55)/ in Brain Disorders and Clinical Neuroscience cluster
ZRG1 DKUS-N (10)/ in Digestive, Kidney and Urological Systems cluster
ZRG1 GGG-Q (50)/ in Genes, Genomes and Genetics cluster
ZRG1 HDM-S (50)/ in Healthcare Delivery and Methodologies cluster
ZRG1 IMM-D (90)/ in Immunology cluster
ZRG1 MOSS-C (56)/ Musculoskeletal, Oral and Skin Sciences cluster
ZRG1 PRDP-N (02)/ from Psychosocial Risk and Disease Prevention study section
ZRG1 PSE-P (56)/ in Population Sciences and Epidemiology cluster

The names of the review groups show that the reviewers are used across a wide area of science in which development at clinical, translational, and basic research levels is the focus. It is noteworthy that all five of CSR's review divisions are represented, particularly Physiological and Pathological Sciences, Translational and Clinical Sciences, AIDS, Behavioral and Population Sciences, and Neuroscience, Development, and Aging, but even Basic and Integrative Biological Sciences.

Prioritization

Chairman Cole: Please provide the timeline and a description of the criteria being used to develop the 5-year NIH wide scientifically based strategic plan required in the FY 2015 appropriations bill language. Specifically, include how all the ICs are involved and this plan will be used for future resource prioritization and allocation decisions by the NIH Director.

Dr. Collins: The development of the five-year, NIH-wide strategic plan will involve senior leaders in all of the NIH Institutes and Centers (ICs) and OD components. The NIH Director's role is to set the vision for the Agency with carefully considered input from many stakeholders; NIH's ICs have the expertise and resources to carry out the plan through their research portfolios. The NIH five-year strategic plan will reflect the breadth of the Agency's mission and, as such, will provide a broad framework for future resource decision making. The process also may include an opportunity for input to ensure that NIH hears from its stakeholders, including patients and their families, advocacy groups, Congress, and the scientific researchers who are on the front lines of discovery. The process for developing the

five-year NIH strategic plan process will begin in spring 2015 and continue throughout the rest of the year.

Each IC has a distinct mission that fulfills a key part of NIH's broader mission to turn discovery into health. Whether the mission relates to cancer, AIDS, aging, the environment, child development, mental health, diseases or disorders of organ systems or the senses, or research to study life systems and normal functioning, scientific strategies within each IC hone in on the research needs and opportunities unique to its goals while aligned with the overall goals for NIH. ICs develop their own Institute-wide or disease-specific strategic plans and set specific research priorities to meet these needs and opportunities. These plans typically are updated every three to five years to account for emerging opportunities or address research gaps. The NIH five-year strategic plan will inform future IC strategic planning and resource allocation.

Science, Technology, Education and Mathematics (STEM)

Chairman Cole: Describe the status of maintaining the STEM programs directed to be continued in the FY 2015 appropriations Act.

Dr. Collins: As mentioned in NIH's FY 2016 Significant Items (Volume II, page 27), several of our STEM programs have been phased out and others have merged into very similar alternative programs. In 2015, the NINDS Diversity Research Education Grant in Neuroscience continues as a stand-alone program, and will be funded pursuant to the Committee's direction. However, this program is part of the Administration-wide STEM consolidation initiative, and is proposed for elimination and consolidation again in FY 2016. The NIH Science Education Partnership Award (SEPA) program continues to encourage the development of innovative educational activities for pre-kindergarten to grade 12 (P-12), including teachers and students from underserved communities. The SEPA program also provides a unique funding source at the NIH for health-related informal science education exhibits and health-related outreach activities at science centers and museums. These interactive exhibits educate the community on the important relationship between lifestyle and health.

In FY 2014, the NIH Director charged the Scientific Management Review Board (SMRB) with examining NIH's pre-college STEM education programs and will provide advice on ways to improve NIH activities designed to engage pre-college students in biomedical science for the purpose of improving the biomedical research workforce. The SMRB report is expected to be released in May 2015, and will contain recommendations aimed at maximizing the impact of these programs.

Transforming Basic Science to Preventative Medicine Through Technology

Chairman Cole: The 2015 Appropriations Act requested NIH hold a joint meeting on this subject, please describe the timeline and how NIH is reaching out in advance to ensure the appropriate organizations are invited and represented.

Dr. Collins: On February 11-12, 2015, NIH convened a workshop: *Precision Medicine Initiative: Building a Large U.S. Research Cohort.* The workshop included representatives from

patient groups; academic institutions; government agencies; technology companies with expertise in mobile health, and health information technology; privacy experts; and many others in both the public and private sectors. The goal of the workshop was to identify obstacles, develop solutions, and chart a path forward for the NIH Precision Medicine Initiative cohort. Information gleaned from this cohort, combined with patient-partnered research approaches and cutting-edge technologies, will help develop new disease prevention strategies and improve how drugs are prescribed on an individual basis. Eighty-seven experts attended the workshop in person, and over 2000 additional people participated online via videocast, Twitter, and WebEx. More information about the workshop, including the meeting summary, can be found on the NIH Precision Medicine Initiative Workshop webpage[28]

As a result of the workshop, NIH assembled a Precision Medicine Initiative Working Group of the Advisory Committee to the NIH Director (ACD), charged with delivering a report to the ACD in September 2015 that articulates the vision for building the PMI research participant group. The working group is comprised of experts in basic science, bioethics, large research cohorts, patient advocacy, epidemiology, genomics, health disparities, informatics and mobile platforms, electronic medical records, as well as ex officio members representing the Department of Defense, the Food and Drug Administration, the Office of the National Coordinator for Health Information Technology, the Office of Science and Technology Policy, and the Department Veterans Administration. Over the next several months, the working group will gather additional input from patient and scientific stakeholder groups through a series of public workshops on topics around precision medicine (e.g., electronic health records, mobile health technologies, research cohorts, participant preferences, and inclusion of minority and underserved populations).

[28] http://www.nih.gov/precisionmedicine/workshop.htm

Questions from Congressman Simpson

Caries in Young Age Group

Congressman Simpson: There has been attention somewhat recently to the rise of preschoolers with cavities; some reports have cited that many cases are often severe enough to require surgery under anesthesia. What is the status of NIH research on caries in this young age group?

Dr. Collins: The National Institute of Dental and Craniofacial Research (NIDCR) supports a broad research portfolio to improve the prevention and treatment of childhood cavities, the number one chronic disease affecting young children. NIDCR funds foundational basic research on the development of the hard enamel coating of teeth to understand why certain children may be more susceptible to caries. In addition, ongoing precision medicine research is investigating the genomics of both the individual and the oral microbiome to identify those children most at risk of developing caries and to improve personalized prevention, diagnosis, management, and treatment.

Early childhood caries (ECC), a particularly devastating form of dental decay, is disproportionately experienced by infants and very young children of racial minority and low-income backgrounds. NIDCR invests in research to reduce and eliminate oral health disparities, including a number of studies focusing on ECC. Fluoride varnish is an effective Medicaid – approved caries prevention treatment that is improving the oral health of low income children. This Institute supports studies to expand the use of fluoride varnish in other community settings and combine it with motivational interviewing and oral health promotion efforts. Since the majority of very young children rarely see a dentist, investigators are also developing a tool that can be used in a physician's office to screen children at risk for ECC and refer them to a dental practitioner. NIDCR also supports studies in American Indian/Alaska Native communities, for example using storytelling techniques to improve oral health knowledge and behaviors in women and their infants.

Taken together, these comprehensive research strategies will improve our understanding of the mechanisms of ECC and open new avenues to prevent, diagnose, manage, and treat this disease with a particular emphasis on those people and communities most in need.

Salivary Diagnostics

Congressman Simpson: I know that NIH has done a lot of research to better detect and diagnose diseases at the earliest possible stage before they become difficult and expensive to treat. Some of that research involves using saliva as a way to pick up early signals for various diseases and health conditions. I understand that NIDCR- supported research is being undertaken that would allow breast and prostate cancers to be detected via saliva tests. Obviously this could be less costly and less invasive than current tests. It may also lead to earlier detection. How is this research progressing and when could it be applied?

Dr. Collins: The National Institute of Dental and Craniofacial Research's (NIDCR's) investment in salivary diagnostics is a key step toward advancing personalized care. Saliva is an easy, safe, and inexpensive fluid to collect and test, and has the potential to be an exceptional diagnostic

tool for early detection of a variety of oral and systemic diseases. NIDCR invested in basic research to identify different proteins in saliva that could be used as biomarkers for a myriad of diseases, including breast, pancreatic, and oral cancer. NIDCR also supports studies to validate biomarkers for oral and craniofacial diseases and develop new technologies so that salivary diagnostics can be performed directly at the point of care.

Stemming from the pioneering research supported by NIDCR, the private sector is now investing in salivary diagnostics. One example is a device currently on the market to rapidly test for biomarkers associated with oral cancer. In related research, NIDCR has funded the development of a miniaturized, portable bio-nano-chip that can analyze small volumes of saliva to identify and validate promising predictive markers for heart disease. Moving forward, the Institute recognizes that oral cancer linked to human papilloma virus (HPV) is an emerging public health challenge, and supports research to characterize and validate HPV-associated oral cancer biomarkers. Scientists also are investigating the use of biomarkers to improve the diagnosis and treatment of periodontal disease and Sjögren's syndrome, an autoimmune disease that results in the destruction of salivary glands. NIH will continue to support innovative research to unlock the tremendous potential of salivary diagnostics as a powerful tool for diagnosis, prevention, management, and treatment of oral and systemic diseases in a rapid, affordable, and personalized manner.

Meth Mouth

Congressman Simpson: Years ago I introduced a bill, Meth Mouth Prevention and Community Recovery Act, with the purpose to understand and address the oral health problems associated with methamphetamine abuse. While the bill died in committee, my concern about this issue has not. Meth use has recently been reported as being on the rise. This poses a serious public health challenge to us all – what is NIH doing about this issue?

Dr. Collins: NIH supports a broad portfolio of research related to the use of the stimulant drug methamphetamine including 169 research projects totaling $63 million in FY 2014; about 94 percent of this research is supported by the National Institute of Drug Abuse (NIDA). NIDA investment in methamphetamine research focuses on the basic biology of drug effects on the body, the impact of addiction, development of medications and other therapies to treat addiction, and the development of support services for those recovering from addiction.

Although the use of methamphetamine appears to have leveled off in the last few years,[29] the negative effects of the drug on the individual users, their families and society are significant. One effect of the drug on users is extremely poor oral health, commonly known as 'meth mouth.' The causes of this methamphetamine-associated oral disease are likely due to some combination of the drug itself affecting oral health, notably changes in saliva, as well as poor oral hygiene behavior, and the lack of treatment, as drug users do not typically visit dental practitioners. The National Institute of Dental and Craniofacial Research (NIDCR)-supported research has shown

[29] http://www.samhsa.gov/data/sites/default/files/NSDUHresultsPDFWHTML2013/Web/NSDUHresults2013.htm

that methamphetamine users have a high prevalence of dental decay and poor oral hygiene.[30] NIDA supported a cross-sectional survey of 500 adult methamphetamine users[31] that examined the rates and patterns of dental care treatment and the presence of oral disease. This study confirmed that methamphetamine users have substantial oral health problems including dry mouth, toothache, and problems eating, which severely impacted their quality of life including the ability to obtain employment.[32] The study also found that HIV-positive methamphetamine users were more likely to receive regular dental care than HIV negative users, suggesting that access to care related to HIV status may be an avenue to improve oral health treatment in these patients. Another NIDA grant[33] is exploring possible neural consequences resulting from penetrance of oral bacteria associated with meth mouth into the brain. This study will determine the causes and consequences of a breach in the blood-brain barrier to guide the design of future therapeutic strategies for the treatment of methamphetamine-associated neurotoxicity and overdose.

NIDA will continue to invest in research that identifies new and more efficacious treatments and therapies for those who experience methamphetamine use disorders and to support their long-term recovery and overall health needs.

Congressman Simpson: Dr. Collins there has been an intense focus by Congress for NIH to submit a strategic plan. Can you provide us with an update and how do you intend to incorporate the priorities of the smaller institutes such as the National Institute of Dental and Craniofacial Research into that plan?

Small IC Strategic Planning

Dr. Collins: The development of the five-year NIH-wide strategic plan will involve senior leaders of all the NIH Institutes and Centers (ICs) and Office of the Director (OD) components. The process will ensure that NIH hears from all its stakeholders, including patients and their families, advocacy groups, Congress, and the scientific researchers who are on the front lines of discovery. The process for developing the five-year NIH strategic plan will begin in spring 2015 and continue through the year.

Each IC has a distinct mission that fulfills a key part of NIH's broader mission to turn discovery into health. Whether the mission relates to cancer, AIDS, aging, the environment, child development, dental or mental health, diseases or disorders of organ systems or the senses, or research to study life systems and normal functioning, scientific strategies within each IC hone in on the research needs and opportunities unique to its goals while aligned with the overall goals for NIH. ICs develop their own Institute-wide or disease-specific strategic plans and set specific research priorities to meet these needs and opportunities. These plans typically are

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[30] http://projectreporter.nih.gov/project_info_description.cfm?aid=6781102, Brown, C. *et al.* Dental disease prevalence among methamphetamine and heroin users in an urban setting: a pilot study. J Am Dent Assoc. 2012 Sep;143(9):992-1001.

[31] http://projectreporter.nih.gov/project_info_description.cfm?aid=8423038

[32] Murphy, D. A. *et al.* A Comparison of Methamphetamine Users to a Matched NHANES Cohort: Propensity Score Analyses for Oral Health Care and Dental Service Need. *J. Behav. Health Serv. Res.* (2014). doi:10.1007/s11414-014-9449-0

[33] http://projectreporter.nih.gov/project_info_description.cfm?aid=8661737&icde=24087006

updated every three to five years to account for emerging opportunities or address research gaps.

NIH's strategic planning charts a course for biomedical research, and the 27 ICs implement strategies and priorities to reach those destinations. Each year, Congress appropriates funds to each research IC to pursue its research objectives, and each IC determines how to allocate its own funds among many different activities of science. Setting research priorities involves a careful balance between public health need and scientific opportunities identified by NIH or proposed by scientists in the community. The NIH Director's role is to set the vision for the Agency with carefully considered input from many stakeholders; NIH's ICs have the expertise and resources to carry out the plan through their research portfolios. The five-year NIH strategic plan will reflect the breadth of the Agency's mission and, as such, will provide a broad framework for future resource decision making. The plan will be expansive as well as inclusive and will reflect Agency-wide priorities including those of the National Institute of Dental and Craniofacial Research as well as the other NIH ICs.

Questions from Congresswoman Roby

National Children's Study

Congresswoman Roby: Dr. Collins, as a mother of two I am of course interested in the longevity and health of our Nation's young people. Specifically, it's come to my attention that NIH has spent an estimated $1.5 billion on the National Children's Study (NCS) since 2000. In June of this past year, the Institute of Medicine issued an assessment of the NCS, noting that NCS faced "conceptual, methodological, and administrative challenges" and making 20 suggestions for improvement. I appreciate that you established a NIH NCS working group to examine the efficiency of the NCS. In December, you stated that you plan to work with the Administration and Congress to discontinue the NCS. Can you help us understand how discontinuing the NCS helps improve the knowledge we need to improve the health of our children?

Dr. Collins: In June 2014, the Institute of Medicine (IOM) released a report on the National Children's Study (NCS), a proposed national longitudinal study of environmental influences (including physical, chemical, biological, and psychosocial) on child health and development. This report, which raised strong criticisms about the feasibility, suitability, and management of NCS, prompted the suspension of the study until recommendations could be developed by a working group of the Advisory Committee to the Director (ACD) of NIH. In December 2014, the ACD working group reported that, while the overall goals of NCS should remain a priority for future scientific support, NCS was not feasible as outlined currently. After careful consideration and discussion, Dr. Collins accepted the working group's findings, and appointed Dr. David Murray, NIH Associate Director for Prevention, to manage the orderly transition of the NCS program office and discontinuation of NCS.

While research on environmental factors that influence children's health is of great importance and NIH remains committed to advancing research in this area, termination of NCS was determined to be the best path forward. As a result, a plan was developed to incorporate important aspects of the original goals of NCS, as well as those areas highlighted by the ACD working group, into extant and novel programs. The majority of the funds will be devoted to addressing challenges at the intersection of pediatric and environmental health through additional innovative approaches, including establishing compelling new programs, integrating links between existing programs, and enhancing programs by incorporating more comprehensive environmental assessments. A major focus of the programs will be on tool development to enhance measurement of environmental exposures, with additional projects and programs studying the influence of the environment on *in utero* development and expansion of existing studies of environmental influences on later child development. For example, one program is supporting the development of integrated health monitoring systems to facilitate the evaluation of environmental exposure factors, physiological parameters, and behavior in natural environments. While the focus of another program is on developing reliable, validated clinical tools for child patient reported outcomes to improve the assessment of outcomes, and examine the impact of environmental stressors on children's health. Additionally, the Children's Health Exposure Analysis Resource (CHEAR) program aims to develop a network of laboratory hubs, supporting comprehensive analytical services to extend or complement the objectives of children's health studies to measure environmental exposures. All of these programs will

advance and inform future research in this critical area to expand our knowledge of human development, health, and disease.

Congresswoman Roby: Given your desire to end the NCS, what will the result from the $1.5 billion we have already spent on this study?

Dr. Collins: The pilot for NCS, known as the Vanguard Study, was initiated in 2009 to test methods and approaches that might be used for the Main Study. Much of the early work was focused on determining the optimal recruitment strategy and design, and valuable insights were gleaned. For example, various enrollment approaches were tested, resulting in numerous publications. Additionally, repositories of data and specimens were generated that should enable further insights. These data and specimen repositories will be maintained going forward, and a portion of the FY 2015 funds is being used to implement this storage plan and a process for providing investigators with access to these materials for secondary analysis. Currently, data collected through the NCS Vanguard Study is available on the database of Genotypes and Phenotypes (dbGaP) for secondary analysis.

Congresswoman Roby: The recent IOM study was critical of the NIH program management activities and continual changes to the study. The July 2014 report states "The panel concludes that the office lacks sufficient in-house expertise in relevant scientific and survey research disciplines to enable it to use effectively the input it receives"... Can you explain the steps you have already taken and plan to take to address the concerns raised by the IOM as it certainly would appear to apply to any long-term cohort study, not just the NCS?

Dr. Collins: NIH has a history of supporting longitudinal studies that have served as valuable resources to the scientific community, providing numerous insights and mechanisms for biomedical discovery and translation. Unfortunately, NCS faced many challenges beyond those of launching an ambitious national longitudinal children's study. The NCS management structure had several stakeholder and scientific advisory requirements that inhibited flexibility, responsiveness, and consensus-driven science. Additionally, the NCS study did not adequately reflect the need for low-cost recruitment and data collection strategies. Many new scientific developments and technologies that would prove beneficial for such a study, such as electronic medical records, social media, the Food and Drug Administration Sentinel Project, and the Patient-Centered Outcomes Research Institute, did not exist when NCS was initiated. Further, while expertise in the areas of environmental and children's health may have been sufficient, there was inadequate observational and field epidemiological expertise incorporated into the NCS management and study design. Despite and because of the challenges it faced, NCS continues to serve as a source of information on the functionality, feasibility, and outcomes of particular processes. The lessons learned and experience gained from NCS will inform NIH's policies on large longitudinal studies going forward, so that future studies are designed and performed more efficiently to gather the highest quality data.

As mentioned above, the 2014 IOM report raised serious concerns about the feasibility, suitability, and management of NCS. Following the release of this report, the launch of the Main Study for NCS was put on hold until a review could be completed by a working group of ACD, and many of the concerns raised in the IOM report were echoed in the ACD working group's

findings. After careful consideration and discussion, NCS was terminated, and efforts began to manage the orderly transition of the NCS program office and discontinuation of NCS. The plan developed as an alternative to NCS incorporates important aspects of the original goals of NCS, as well as those areas of importance highlighted by the ACD working group, such as the development and use of new biological and technological advances to maximize our opportunity to elucidate the determinants of child health and the resulting impact on health and disease in adults.

Questions from Congressman Dent

Liver Cancer

Congressman Dent: Dr. Collins, analysis of National Cancer Institute data from the years 1975 to 2005, found that liver cancer incidence rates increased by more than 300 percent, from 1.6 to 4.9 cases per 100,000 persons per year. In fact, liver cancer has seen the second largest annual percent increase in incidence of any cancer in the U.S. other than thyroid cancer. Historically, survival rates in liver cancer have been dismal. The 5-year survival rates of persons diagnosed between 2003-2009 is only 16%. These survival rates are the second worst among all cancers, only slightly better than those for pancreatic cancer. And yet, the NCI has no dedicated Specialized Program of Research Excellence on the liver or liver cancer program project. Can you tell me why? Wouldn't this accelerate the pace of liver cancer discovery?

Dr. Collins: We agree that the increase in liver cancer is cause for concern, and we have recently undertaken new efforts to bring together experts to explore opportunities and identify critical research directions in liver cancer.

The increased incidence and mortality of liver cancer in the United States between 2001 and 2010 is believed to be attributable in large part to Hepatitis C (HCV) infections. Although efforts to develop a preventive vaccine have so far been unsuccessful, enormous progress has been made in the development of effective approaches to the antiviral treatment of chronic HCV infection. These advances in treatment led to a 2013 recommendation that all individuals born between 1945 and 1965 (a group at high-risk of acquiring the virus from contaminated blood products) should be screened for HCV infection.

In March 2014, NCI convened a workshop on liver cancer that focused on exploring the worldwide knowledge base opportunities for primary and secondary prevention, screening and early diagnosis, and treatment. Discussion topics included the molecular pathology and genomics of liver cancer, as well as the emergence of obesity and Type II diabetes and their association with liver cancer. Research recommendations included focusing on infection and non-infectious risk factors, validation of biomarkers, development of clinically relevant animal models, identification of intervention strategies for prevention and treatment, incorporation of obesity research and resultant inflammation into animal models and human investigations, and exploration of health disparities related to liver cancer. Considering the complexity of liver cancer and the diversity of risk factors, NCI has also begun discussions with the National Institute of Allergy and infectious Diseases (NIAID) and the National Institute of Diabetes and Digestive and Kidney Diseases (NIDDK) to explore possible collaborations to develop opportunities focusing on improving the screening, prevention, and treatment of liver cancer. NIDDK, NIAID, and other NIH Institutes and Centers support a number of grants that inform the scientific understanding of liver cancer and related conditions. For example, NIDDK supports various efforts that complement NCI's liver cancer portfolio, including studies of liver regeneration and prognostic markers of liver disease.

NCI's Specialized Program of Research Excellence (SPORE) is an investigator-initiated grant program. The number of SPORE grants is therefore dependent on the scientific merit of

applications established by peer review, availability of funds, and programmatic prioritization. While NCI currently does not have a funded Liver Cancer SPORE, we anticipate applications from several institutions in the near future as NCI has been encouraging investigators to submit applications for Liver Cancer SPOREs and/or Gastrointestinal SPOREs with project(s) on Liver Carcinoma and will continue to do so.

Several existing Gastrointestinal SPOREs have been studying liver cancer and have achieved some success in this area, including studies of genetic changes in hepatocellular carcinoma, the most common form of liver cancer. Other examples include research focused on the HCV protein expression and cell growth in HCV-related liver cancers, and comprehensive sequencing for gene mutations in intrahepatic cholagiocarcinomas, the second most common form of liver cancer, identifying alterations that help understand the fundamental nature of the cancers. Some of these identified mutations are already under investigation as potential targets for intervention by drugs designed to kill cancer cells with specific mutations.

In addition to liver cancer research grants to individual investigators, NCI intramural investigators are leading a cohort study to examine risk factors for liver cancers in the United States. Other programs include the Early Detection Research Network's (EDRN) Hepatocellular Carcinoma Early Detection Strategy (HEDS)[34], which will monitor cirrhotic patients for development of hepatocellular carcinoma (HCC), the most common type of liver cancer. The NCI-supported National Clinical Trials Network will soon be opening a Phase III study of focal radiation therapy for unresectable, localized intrahepatic cholangiocarcinoma (ICC), the second most common type of liver cancer. NCI also supports the Hepatocellular Carcinoma Epidemiology Consortium[35], an interdisciplinary translational research effort that links liver cancer investigators across the United States for the purpose of pooling their research tools and resources.

Ongoing research through the SPORE program, taken together with the other initiatives and programs described above, make up NCI's diverse portfolio of liver cancer research. NCI continuously strives to stimulate research for specific disease areas and scientific questions, and the Institute frequently undertakes high-profile efforts to bring together experts to explore new opportunities and to identify critical research directions. The workshop noted above on liver cancer is only one example of such efforts.

HBV Research Network

Congressman Dent: Dr. Collins Hepatitis B and C cause liver cirrhosis and liver cancer. Hepatitis C is now curable. Although preventable with the vaccine, and managed with medication, Hepatitis B is not curable. There are still between 1.2 and 2 million Americans with hepatitis B. Asians and African Americans are disproportionately affected, with as many as 5-10% of any given community affected. Even years of treatment with the current drugs leaves most vulnerable to liver disease.

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[34] http://edrn.nci.nih.gov/protocols/316-hepatocellular-carcinoma-early-detection-strategy
[35] http://www.hccec.org/

I am told that there is research and clinical networks for the NIH sponsored studies of HIV and HCV. There is apparently an HBV Clinical Research network, and this is reassuring, but focuses on current medications. Would an HBV Discovery Research Network accelerate and coordinate basic science identification of new HBV therapies? Or on a smaller scale, couldn't program projects directed toward HBV drug discovery be effective in identify new treatments for HBV and liver cancer?

Dr. Collins: Hepatitis B (HBV) represents a major public health concern for the U.S. and global populations, particularly for those individuals living with chronic infection who are among those disproportionately affected, with origins in Asia and the Pacific Islands, sub-Saharan Africa, the Amazon Basin, and Eastern Europe. Over time, especially in those who contract the infection during childhood and are exposed to the HBV for many years, inflammation caused by the virus can compromise liver function, sometimes leading to severe liver damage and cirrhosis, liver cancer, and need for a liver transplant. NIH is committed to supporting cutting-edge basic, clinical, and translational research to address the burden of HBV and its related disease complications.

The National Institute of Diabetes and Digestive and Kidney Diseases' (NIDDK's) Hepatitis B Research Network brings together a cooperative group of clinical centers with expertise caring for individuals with HBV infection, including 21 adult and 7 pediatric clinical sites located throughout North America, an immunology center, and a data coordinating center. Since its establishment in 2008, the Network has worked to better understand the physiological effects of HBV and develop effective treatment strategies. Its progress to date is demonstrated by the development of ongoing adult and pediatrie studies in individuals with HBV including partnerships with industry and the Centers for Disease Control and Prevention on clinical trials, as well as ancillary studies focusing on specific aspects of clinical seenarios, approaches to assessment, or complications associated with HBV. The Network's study populations are diverse and representative of groups who are at disproportionately higher risk for HBV. In addition to its clinical studies, the Network has developed a biospecimen repository consisting of over 188,000 adult and 7,300 pediatric plasma and sera samples, as well as 1,350 adult and 168 pediatric DNA specimens, along with a detailed clinical database.

NIDDK has continued its support for the Hepatitis B Research Network through a new funding opportunity announcement that will sponsor projects to begin in FY 2015 and span up to the next five years. Through this funding opportunity, Network projects will focus on promoting translational research bridging the basic and clinical science realms aimed at elucidating HBV disease processes and progression, as well as developing better means to treat and control this disease. In its next phase, the Network will focus on completing enrollment of multiple clinical studies currently underway or planned for the future, considering trials of new treatments for chronic HBV, and exploring new translational research opportunities with the biospecimen repository that may uncover new therapies for HBV.

NIDDK also supports a robust investigator-initiated research portfolio related to understanding HBV disease development and discovering novel approaches to therapy. Additionally, the NIDDK's Intramural Research Program conducts basic and clinical research on liver diseases, including protocols on HBV therapy.

In addition to NIDDK's efforts, the National Institute of Allergy and Infectious Diseases (NIAID) provides support for a number of approaches to HBV antiviral drugs, including novel classes of antiviral drugs that work by different mechanisms than currently licensed HBV polymerase inhibitors. NIAID also continues to support research projects focused on novel HBV therapeutics through the *Partnerships for Development of New Therapeutic Classes for Select Viral and Bacterial Pathogens* initiative. These partnership awards will help advance the development of new classes of therapeutic drugs to treat HBV.

NIAID offers preclinical and clinical research resources and services to academia and industry to bridge gaps in the product development pipeline. For example, NIAID provides *in vitro* screening of candidate drugs against HBV. In FY 2014, 203 compounds were screened for HBV antiviral activity for academic and industry partners. NIAID also provides researchers with access to animal models for testing of new antiviral drugs and agents to combat HBV infection. The goal is to find new treatments that will work alone or in combination with current drugs to reduce or resolve chronic HBV infections.

Biomedical Research

Congressman Dent: The NIH Big Data to Knowledge initiative has been designed to enable biomedical researchers to capitalize on big data being generated by their research communities. While the initiative aims to develop new approaches and standards that will enhance the use of this data to support research, how will this accelerate or add to efforts to train new investigators and how will this support multi-institutional collaboration on cross-institute areas of study (for example, sleep and circadian research)?

Dr. Collins: The mission of the NIH Big Data to Knowledge (BD2K) initiative is to enable the biomedical research community to use big data for research, and to that end, the initiative places a major emphasis on development of the scientific workforce. The BD2K initiative is actively funding the training of new investigators and clinicians in the use of big data, as well as expanding the capabilities and knowledge of current investigators and clinicians. BD2K combines both longer-term programs for workforce development through K01 mentored career awards and T32 training programs in data science, with shorter-term programs through R25 courses, open educational resources, and "software carpentry" workshops at NIH. For more information about BD2K training funding opportunities see the BD2K website.[36]

The BD2K initiative is taking several approaches to support collaboration. One example is a partnership with the National Science Foundation to host a workshop (called an "Ideas Lab") that will bring together quantitative and computational experts with biomedical researchers to create innovative new approaches to existing challenges within the biomedical field. The findings of the workshop will create new opportunities for collaboration across disciplines and institutions.

The twelve BD2K Centers of Excellence for Big Data Computing in the Biomedical Sciences, funded in September 2014 are developing and implementing collaborative projects aimed at identifying and addressing shared interests and challenges and targeting their application to specific biomedical challenges. The scientific areas of interest of the BD2K Centers are diverse

[36] http://datascience.nih.gov/bd2k/announcements

and include the development of mobile devices for healthcare and research ("mHealth" technologies), which may be used in research on sleep and circadian rhythms; prediction of clinical phenotype to better inform treatment; and integration of genomic and imaging data to identify particular genetic changes associated with mental health diseases and conditions. Collaborations between these centers and other investigators and institutions engaged in biomedical research will help ensure that useful approaches are more readily communicated and adopted. One example of how the type of collaborations produced by the BD2K initiative can help accelerate research and drive discovery is in the "ENIGMA" Center,[37] which involves a collaboration of over 170 research sites around the world to harmonize data from magnetic resonance images (brain scans) and data from genome-wide association studies involving over 30,000 people. ENIGMA has already found five novel genetic variants associated with specific neurological function and has provided insight into the variability of brain development.

Sleep Disruption

Congressman Dent: Sleep disruption, especially insomnia, is a contributing risk factor to the onset and severity of major mental health problems such as depression, bipolar disorder, substance abuse, posttraumatic stress disorder, traumatic brain injury, and suicide. Sleep disruption or poor quality sleep can be caused by sleep disorders such as Narcolepsy, a chronic neurological disorder caused by the brain's inability to regulate sleep-wake cycles normally, greatly impairing daytime activities and limiting cognitive functioning. How does the BRAIN initiative work to address patients who suffer from sleep and circadian disorders? What new advancements have been made regarding the linkages between sleep and the brain?

Dr. Collins: Disrupted sleep occurs in many neurological and mental health disorders and can exacerbate these conditions. In order to understand the causes of abnormal sleep, it is critical to understand how circuits of the brain regulate sleep-wake cycles and how sleep affects the brain. There has been remarkable progress in tackling these long-standing questions. For example, decades of NIH basic research on narcolepsy led to the recognition that a chemical in the brain, called orexin or hypocretin, is a critical regulator of sleep and wakefulness. In 2014, FDA approved a new type of drug for insomnia developed by industry that was based on this initial research. We know that in other disorders, the causes of sleep disruption may involve a different set of molecules. For example, NIH-funded researchers reported that some people with Parkinson's disease experience daytime sleepiness and impaired sleep. Studies on these patients revealed that the circadian rhythm of a key brain chemical called melatonin[38] was disrupted and this paves the way for future research on how to alleviate the non-motor symptoms of Parkinson's, which have a big impact on quality of life.

The BRAIN Initiative is developing tools that will revolutionize our understanding of how brain circuits work to control complex behaviors like sleep. For example, optogenetics, which allows researchers to observe and control large numbers of nerve cells simultaneously, is already being applied to understand how circuits in the brain control sleep and how sleep contributes to memory. In addition, NIH-supported researchers have used state-of-the-art technologies to demonstrate that the distinct networks of the brain area called the thalamus that regulate brain

[37] http://enigma.ini.usc.edu
[38] http://www.ncbi.nlm.nih.gov/pubmed/24566763

activity and cognition also mediate the detrimental impact of sleep restriction on cognition.[39] Other NIH-funded researchers have used analytical computational modeling of brain circuits involved in the sleep-to-wakefulness transition to help interpret complex interactions of brain circuits during sleep; this comprehensive insight into sleep-driven brain dynamics has increased our understanding of how altered brain processes may lead to sleep disorders.[40] A third group has conducted a review of evidence that brain stimulation during the slow wave/resting phase of human sleep has beneficial effects on cognitive performance.[41] Because such stimulation methods are safe, easily controllable, and can be administered non-obtrusively during sleep, they can have significant implications for the treatment of cognitive problems associated with sleep disorders. Altogether, these studies demonstrate synergy with the BRAIN Initiative, and they offer evidence of fruitful research opportunities to further advance understanding of brain function and design of novel treatment strategies for those who suffer from sleep and circadian disorders.

Although the BRAIN Initiative eventually will inform clinical and translational research, the initiative is not focused on specific diseases or disorders. The funds for the BRAIN Initiative, which currently represent less than one percent of NIH investments in neuroscience research, are targeted for the development of new tools and technologies for studying brain activity at a more basic level. These new tools should ultimately prove useful to people with a range of brain disorders.

HBV Cure Initiative

Congressman Dent: The NIH has mobilized many in the scientific community effectively with HIV and HCV "cure" initiatives. How could an HBV "Cure" initiative; analogous to the previous successful efforts stimulate productive research in this area?

Dr. Collins: Hepatitis B virus (HBV) infection continues to be an important public health concern for the United States and the global community. Similar to its approach to advancing research on the human immunodeficiency virus (HIV) and hepatitis C virus (HCV), NIH maintains significant investments in basic, clinical, and translational research on HBV, including efforts that could lead to improved therapeutics and inform research towards a cure.

For example, the NIDDK's Hepatitis B Research Network has as its goal to promote research advancing understanding of disease processes and natural history of chronic HBV, as well as to identify effective approaches to treatment. The Network brings together clinical centers with expertise in HBV care from throughout North America. Through partnerships with industry and the Centers for Disease Control and Prevention, this multi-center Network has initiated five clinical trials of HBV treatments and several ancillary studies to date, and is currently enrolling participants in multiple clinical trials in both adults and children with HBV. For FY 2015, NIDDK released a new initiative to continue support for this important Network for the next five years, with a focus on promoting translational research to elucidate disease processes and natural history and to develop better means of treatment and control in adults and children.

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[39] http://www.ncbi.nlm.nih.gov/pubmed/25126786
[40] http://www.ncbi.nlm.nih.gov/pubmed/25767461
[41] http://www.ncbi.nlm.nih.gov/pubmed/25389394

NIDDK also supports a robust investigator-initiated research portfolio related to improving understanding of HBV disease development and discovering novel approaches to therapy. Additionally, the NIDDK's Intramural Research Program conducts basic and clinical research on liver diseases, including protocols on hepatitis B therapy.

Superbugs

Congressman Dent: Dr. Collins, I recently met with the CDC director Dr. Frieden and one of the issues we discussed were the recent fatal outbreaks of antibiotic resistant bacteria across the country including my home state of Pennsylvania. This threat posed by antibiotic-resistant bacteria, also referred to as Superbugs, is so serious that last September President Obama issued an Executive Order declaring that combating Superbugs are a "national security priority." Superbugs are highly contagious, untreatable infection that spreads easily in a hospital setting. Can you tell me if the NIH is collaborating with the CDC to study, contain and try to find a treatment or cure to these antibiotic-resistant bacteria? (If they are working together- follow up with) can you tell me if you feel you have enough congressional resources

Dr. Collins: Research to address the growing problem of antimicrobial-resistant pathogens is a longstanding priority of NIAID, the lead component of the NIH for research on antimicrobial resistance. Federal partnerships, including with the Centers for Disease Control and Prevention (CDC), are critical to NIAID's efforts to combat resistant microbes. As outlined in the 2014 report, "NIAID's Antibacterial Research Program: Current Status and Future Directions," NIAID supports a robust research portfolio that includes basic research on how microbes develop resistance; translational research to develop novel antibiotics and rapid diagnostics; and clinical research designed to test new treatments and vaccines for drug-resistant microbes. To complement these efforts, NIAID established an Antibacterial Resistance Leadership Group (ARLG) in 2013 to design, implement, and manage a new clinical research agenda for antibacterial resistance.

In September 2014, the White House announced comprehensive Federal actions to combat antibiotic-resistant bacteria and protect public health, including an Executive Order and National Strategy on Combating Antibiotic-Resistant Bacteria (CARB). The Executive Order on CARB establishes a Federal Task Force on CARB that includes NIH, CDC, BARDA, FDA, and DOD, among others. The Task Force recently released a five-year National Action Plan outlining specific milestones, timelines, and metrics for measuring progress in implementing the National Strategy on CARB.[42]

As part of these Federal actions on CARB, NIH, and BARDA, in collaboration with CDC and the Food and Drug Administration (FDA), will fund a $20 million prize to incentivize the development of a rapid diagnostic for antibiotic-resistant bacteria. NIH also will collaborate with CDC and FDA to develop a national genome sequence database of antibiotic-resistant bacteria. NIH will work with partners to sequence high-priority, drug-resistant bacterial strains for the database. The sequence database will complement a national repository of resistant bacterial strains to be developed by CDC and FDA. These joint efforts will help inform the development of new antibiotics, as well as new diagnostic tests for detecting antibiotic

[42] https://www.whitehouse.gov/sites/default/files/docs/carb_national_strategy.pdf

resistance. In addition, as part of a Government-wide effort to slow the emergence of resistant bacteria, NIH will study antibacterial drug use such as dose, duration, and drug exposure. This research will help inform Federal efforts, including those by CDC, to foster antibiotic stewardship, preserving and maximizing the lifespan of new and existing drugs. NIAID will also expand efforts by its ARLG to create a robust clinical trials network that will facilitate rapid testing of new antibiotics. To support enhanced efforts under the National Strategy on CARB, the President's FY 2016 Budget proposes to expand NIH antimicrobial resistance research with $100 million in additional funding.

Complementing these efforts, NIAID also works closely with other Federal agencies, as well as partners in academia and industry to advance the development of diagnostics, therapeutics, and vaccines for antimicrobial-resistant infections. For example, NIAID-supported scientists recently identified the novel drug teixobactin from bacteria that live in soil. This drug has shown promise against several antibiotic-resistant microbes in laboratory tests, and may be a promising new tool to treat drug-resistant bacteria. NIAID also funds clinical studies aimed at repurposing existing antibiotics. NIAID-supported researchers recently determined that two off-patent drugs, clindamycin and trimethoprim/sulfamethoxazole, work equally well against bacterial skin infections caused by methicillin-resistant *Staphylococcus aureus*, or MRSA. This research suggests these infections can be treated inexpensively and successfully with either drug. In addition, NIAID, in collaboration with FDA, held a series of workshops in 2014 that focused on advancing the development of antimicrobial therapeutics and diagnostics. NIAID, FDA, and other Federal agencies are working together to respond to the recommendations of these workshops.

NIAID will continue to participate in trans-Federal efforts and collaborate with colleagues from CDC, as well as BARDA, FDA, DOD, the White House, and others, to address antimicrobial resistance. In partnership with academic and industry scientists, NIAID will continue to support promising research to develop and test new antimicrobial drugs as well as research on ways to help prevent the further spread of antibiotic resistance.

Questions from Congresswoman Roybal-Allard

Pediatric Inclusion in NIH Studies

Congresswoman Roybal-Allard: It's been a longstanding concern of mine that populations like women, minorities, and children all benefit from our investments in NIH research. Last fall Mr. Simpson and I sent you a letter that was signed by 47 of our colleagues, outlining our concerns about pediatric inclusion in NIH studies, and we thank you for your response dated February 20th. After reading your letter, however, I still have questions regarding how NIH monitors its policy that requires children to be included in NIH research unless there is reason not to.

Dr. Collins: NIH and Congress share an interest in ensuring that adequate attention and resources are provided to pediatric research. The child inclusion policy was developed and implemented in 1998. NIH has been strongly encouraged by Congress to strengthen its portfolio of basic, behavioral, and clinical research conducted and supported by all of its relevant Institutes, to establish priorities for pediatric research, and to ensure the adequacy of translational research from the laboratory to the clinical setting. NIH adopted the child inclusion policy in 1998 to ensure that children were included in research studies, unless there is an appropriate reason not to include children. NIH assesses support for including children and pediatric research by reviewing a number of key indicators, including the amount of funding for pediatric research, annual reports describing the pediatric portfolio, as well as the consideration of children and pediatric research in NIH Institute strategic plans and funding opportunities.

Congresswoman Roybal-Allard: Are you able to tell us how many children were included in NIH studies last year, and how that number compared to previous years?

Dr. Collins: In FY 2014, NIH funded $3.49 billion in research with a pediatric focus. This includes 7,366 extramural grants, 355 intramural research projects, and 14 research contracts – about 14 percent of grant awards and includes awards from all of the 24 funding Institutes and Centers. A complete listing of these awards and projects can be found at NIH RePORTER.[43] The annual Pediatric Research Initiative report[44] provides detailed information about pediatric research across NIH. Below are fuller descriptions in response to the specific questions. Beyond these projects with a specific pediatric focus, other clinical research projects include children as research subjects. NIH does not require awardees to provide the specific number of children enrolled when reporting yearly progress, as it is not clear how requiring investigators to provide this information will advance pediatric research. NIH believes that the exact number of children enrolled does not reflect the strength of the portfolio in terms of supporting pediatric research. For example, in a given year one could find that NIH is supporting 100 research grants that in aggregate have enrolled 4 million children. The following year, this figure could climb to 7 million for the same 100 research grants due to the increased enrollment in two or three large epidemiological studies. Although one would see an increase of 3 million, this increase does not reflect an expansion of the portfolio but rather only increased enrollment in certain, already funded studies.

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[43] http://report.nih.gov/categorical_spending_project_listing.aspx?FY=2014&ARRA=N&DCat=Pediatric
[44] http://report.nih.gov/FileLink.aspx?rid=891

Congresswoman Roybal-Allard: How often do funded studies actually enroll children to the extent indicated in the initial grant application?

Dr. Collins: Annually, grantees must provide an update on their progress in meeting the funded objectives. This progress report provides the opportunity for the grantee to describe any challenges or successes in recruitment. If grantees experience difficulty meeting enrollment goals, NIH staff can evaluate the impact on the research goals.

In addition, for clinical trials in ClinicalTrials.gov, at time of trial registration sponsors must provide the age range of those eligible for enrollment. At the conclusion of the trial, age is a mandatory reporting element for the overall study and by the different arms of the trial. In FYs 2012-2015, 22 percent of the NIH-supported trials listed in ClinicalTrials.gov include children (age 0-17) as being eligible for enrollment. (Note: Few of these trials have reported results at this time). Now that the NIH is proposing to ensure that all NIH-supported clinical trials be registered in ClinicalTrials.gov, we will have another tool for ensuring all trials include and report by age.

Congresswoman Roybal-Allard: Does NIH do a better job enrolling certain pediatric groups (infants, adolescents, etc.) than others?

Dr. Collins: The age of participants is one of many critical considerations in study design and is integral to the recruitment and scientific goals of the study. We do not collect discrete data on all factors considered in study design including structured enrollment on age. It is not clear how collecting detailed information on enrollment numbers (and the subsequent burden on grantees) would add value to identifying gaps in the portfolio, or how comparing the numbers of children enrolled from different pediatric groups would be meaningful, since these groups are not equally affected by the diseases and conditions under study. Many studies include multiple pediatric groups in the same study. Grantees do describe in their annual progress reports the challenges and successes in meeting recruitment goals for their specific studies. These project-based narrative descriptions are specific to the science and evaluated by program officers.

Congresswoman Roybal-Allard: Do some institutes/centers at NIH do a better job including children than others?

Dr. Collins: Comparing NIH Institutes and Centers (ICs) in terms of enrollment numbers would be misleading. Each IC has a defined mission and funds science relevant to that mission. In some cases, the mission of the IC is highly relevant to pediatric research, such as the National Institute of Child Health and Human Development, while other ICs are less so, such as the National Institute on Aging. A different indicator of support for pediatric inclusion at the IC level is inclusion of pediatric research in NIH strategic plans and funding opportunities. Pediatrics is an important part of the mission for many of the ICs. Many ICs include children and/or pediatric research in their strategic plans, and several of the specific disease and condition strategic plans also include sections devoted to children and/or pediatric research (e.g., autism, obesity and Down syndrome). A sample of strategic plans is listed in the all IC-level strategic plans can be found at the RePORT website.[45] ICs also participate widely in funding opportunity

[45] http://report.nih.gov/strategicplans/index.aspx

announcements on pediatric research and are shown in Table 3 of the FY 2013 Pediatric Research Initiative.[46]

NIH Institute or Center/Disease-specific Area	Strategic Plan URL
NICHD	https://www.nichd.nih.gov/publications/pubs/Documents/NICHD_scientific_vision_120412.pdf
NCI	http://www.cancer.gov/aboutnci/budget_planning_leg/plan-2016
NCCIH	https://nccih.nih.gov/about/plans/2011
NIDDK	http://www.niddk.nih.gov/about-niddk/strategic-plans-reports/Pages/NIDDK-recent-advances-emerging-opportunities-2015.aspx
NIDA	http://www.drugabuse.gov/about-nida/strategic-plan
NIAAA	http://pubs.niaaa.nih.gov/publications/StrategicPlan/NIAAASTRATEGICPLAN.htm
NIDCR	http://www.nidcr.nih.gov/Research/ResearchPriorities/StrategicPlan/
NIDCD	https://www.nichd.nih.gov/publications/pubs/Documents/NICHD_scientific_vision_120412.pdf
NIAMS	http://www.niams.nih.gov/About_Us/Mission_and_Purpose/long_range.asp
NEI	https://www.nei.nih.gov/strategicplanning/
NIMHD	http://www.nimhd.nih.gov/about/strategicPlan.html
Strategic Plan for NIH Obesity Research	http://www.obesityresearch.nih.gov/about/strategic-plan.aspx
Interagency Autism Coordinating Committee (IACC) Strategic Plan for Autism Spectrum Disorder Research	http://iacc.hhs.gov/strategic-plan/2013/index.shtml
NIH Research Plan on Down syndrome	https://www.nichd.nih.gov/publications/pubs/Documents/DSResearchPlan_2007.pdf

Congresswoman Roybal-Allard: If data are not available to answer any or all of these questions, how can you tell if your child inclusion policy is being effectively implemented across the whole of NIH?

Dr. Collins: The effectiveness of the child inclusion policy is demonstrated by examining the nature and diversity of research projects in the portfolio and the inclusion of children and/or pediatric research in NIH ICs strategic plans and funding opportunities. These show that NIH is committed to and encourages support for a strong portfolio of pediatric research. Furthermore, the information used to conduct these assessments is publically available to all NIH stakeholders.

Internal to NIH, assessment of compliance with the policy by peer review groups show that relatively few concerns with child inclusion are identified, and any concerns must be resolved before an award can be made.

[46] http://report.nih.gov/FileLink.aspx?rid=891

In addition, ClinicalTrials.gov provides an excellent tool to understand the clinical trials where children are eligible for recruitment as well as reporting on age at trial completion. This approach will be more comprehensive if NIH implements the proposed policy to ensure all NIH-supported clinical trials are registered in ClinicalTrials.gov.

Congresswoman Roybal-Allard: Your letter mentions that a governance committee was formed at NIH in 2011 to offer recommendations on the inclusion of women, minorities, and children in research. Can you detail the deliberations of this committee regarding the inclusion of children in research?

Dr. Collins: This inclusion governance committee is charged with examining and considering current NIH policies related to the inclusion of women, minorities, and children in clinical research and ensures the NIH is meeting the goals for inclusion. This group considers how to enhance NIH efforts for inclusion and makes recommendations for changes through the NIH Director's governance structure. A core principle of this group is to ensure that the appropriate research participants are included in a given study to ensure excellent science. The committee has extensively discussed the inclusion of children in clinical research and conducted a preliminary analysis of whether the peer review evaluation that an application did or did not include children was associated with whether a project was reported as pediatric research. We were able to confirm that the vast majority of studies involving only children are reported as pediatric, while studies involving both children and adults were reported as a mix of pediatric and non-pediatric research. This is a logical outcome given that we would expect children to be included in both pediatric and non-pediatric focused studies. In addition, this analysis revealed that a subset of grantees do not understand that a child is currently defined as under age 21 for inclusion policy, which conflicts with what is generally considered "adulthood" (i.e., 18 years of age, or typically the age of consent).

Congresswoman Roybal-Allard: Has this committee made any recommendations regarding the inclusion of children in research and have they been acted upon by the NIH?

Dr. Collins: The inclusion governance committee recommended to NIH leadership that we reduce the age of a child as defined by this policy to 18 to reduce confusion among members of our applicant community as well as to ensure that applicants focus on inclusion of children ages 0-17. NIH is currently working with OMB to make the necessary changes to the grant application instructions and plans to implement the change with applications submitted in January 2016. In addition, governance currently is discussing how age across the lifespan is important for clinical research. As part of that discussion, NIH is considering incorporating more defined age categories across the lifespan to be available in ClinicalTrials.gov to better identify the number of trials that include these defined age categories. Importantly, this potential change will need community engagement to determine the most useful age categories. Also, NIH has just initiated development of a prototype for portfolio analysis to better describe and monitor the portfolio for involvement of children and older populations (age 65+) in specific disease/research categories.

NIH Maternal Deprivation Research involving Baby Monkeys

Congresswoman Roybal-Allard: There has been a lot of controversy surrounding NIH-supported maternal deprivation experiments using monkeys at both the NIH facility in Poolesville, Maryland, and the University of Wisconsin-Madison.

In response to communications from constituents and animal advocacy organizations about these concerns, Congressman Sam Farr and I, along with two other of our colleagues, sent you an inquiry about these primate experiments last December and asked that the NIH Department of Bioethics conduct a review of the Poolesville MD research. That letter is included for the record.

In your January 23, 2015 response to us (also included for the record) you stated that you had recently directed an internal review of the experiments at the NIH laboratory in Poolesville experiments by the laboratory's Animal Care and Use Committee (ACUC), and suggested that the "Department (Bioethics) focuses on and has expertise in issues related to human research subjects" so it was not involved in the review. Your letter also suggests that the NIH Office of Laboratory Animal Welfare (OLAW) was not directly involved in making an assessment of the experiments. Rather, it seems they asked the ACUC that approved the study to do the investigation and then relied on what the ACUC said.

Did OLAW even visit the facility? Did they run the investigation at all or rely on the facility itself to investigate itself?

Dr. Collins: NIH takes animal welfare allegations very seriously, and has numerous policies and protocols in place to assure the ethical treatment and use of animals. The NIH Office of Laboratory Animal Welfare (OLAW) is responsible for oversight and assurance of compliance with all U.S. and international policies, standards, and guidance, including applicable Federal laws, for all Public Health Service (PHS)-supported research activities that involve animals.[47] In response to allegations of non-compliance with the PHS Policy on Human Care and Use of Laboratory Animals (Policy), OLAW opened an investigation in September 2014 into studies involving infant macaques at the NIH Poolesville intramural facility. In carrying out its responsibility to ensure the humane care and use of laboratory animals, OLAW directed the *Eunice Kennedy Shriver* National Institute of Child Health and Human Development (NICHD)'s Institutional Animal Care and Use Committee (IACUC) to address several issues, including measures to ensure humane treatment, justification for the animal models used, and the rationale for the age and choice of species. OLAW reviewed NICHD's animal care and use program, and assessed the effectiveness of its response and corrective actions taken. During the course of this review, members from the NICHD IACUC, acting at the request of OLAW, conducted three site visits to inspect the animals and facility, and to communicate extensively with research and animal care staff. OLAW accepted NICHD's response as effective and satisfactory. The resulting report was completed in late 2014 (see investigation report A4149-01).[48]

Congresswoman Roybal-Allard: The letter suggests that the same individuals who were doing the peer review of the research were also involved in assessing animal welfare. What specific

[47] http://grants.nih.gov/grants/OLAW/olaw.htm
[48] http://grants.nih.gov/grants/olaw/Animal_Welfare_Investigation_A4149-01_%5BCase_9Y%5D.pdf

credentials are needed for each of those assessments, and does the ACUC have the background to do that?

Dr. Collins: The Board of Scientific Counselors (BSC), an external group of scientific advisors with expertise in various aspects of research related to an Institute or Center's (IC's) mission, is charged with the peer review of intramural research programs at NIH. BSC also has the authority to raise questions regarding the welfare of the animals. In this instance, OLAW charged the responsible IC's IACUC (i.e., the NICHD IACUC) with addressing the specific animal welfare concerns in question. Each NIH IACUC includes at least one of each of the following types of members: a non-scientist (e.g., ethicist, lawyer), a member who is not affiliated with the IC or the Public Health Service, a veterinarian with training or experience in laboratory animal science and medicine, and a practicing scientist experienced in research with animals. In this instance, the most recent BSC review of this program was considered.

Congresswoman Roybal-Allard: Does the NIH Department of Bioethics have the capacity and expertise to understand and review primate experiments? What specific qualifications are necessary for this type of review?

Dr. Collins: The NIH Department of Bioethics is a component of the NIH Clinical Research Center (CRC), America's research hospital, and serves as a resource on clinical ethics issues. This department's mission is to address and analyze ethical issues in clinical care, clinical research, and public health to support and complement the CRC and NIH mission of improving human health. Within the environment of CRC, the Department of Bioethics utilizes its expertise in clinical ethics to offer educational and clinical services, and develop research projects to advance and inform clinical practice and clinical research involving humans. The Department of Bioethics has no regulatory authority or responsibility, is not an investigative body, and does not make policy.

In conducting reviews on programs utilizing animals, it is critical to understand the appropriateness of the model in question and how to sufficiently care for the animals. Therefore, BSCs and IACUCs, which include experts in the relevant field, have the appropriate qualifications to understand and review the scientific rationale behind the use of animal models.

Congresswoman Roybal-Allard: If, as you implied, the Department is primarily charged with undertaking ethical assessments of NIH's human clinical research (on top of the routine scientific and ethical review handled by other departments), what internal mechanism is there for such semi-independent assessments of controversial animal research (on top of routine scientific and IACUC review by other departments)?

Dr. Collins: NIH has many mechanisms – both internally and externally – for conducting such reviews. NIH routinely convenes working groups, task forces, interest groups, etc. internally to review challenging topics. Independent assessments have been provided by the National Academies and other respected external sources. Grants and contracts also are used for the extramural community to gather data and conduct analyses on challenging topics.

Congresswoman Roybal-Allard: Does the Department of Bioethics require additional funds to build capacity to perform the analysis in question or similar assessments of animal research in the future? If not, why not?

Dr. Collins: While not commenting on potential other funding needs of the Department of Bioethics, building capacity for the ethics of animal research is not necessary due to the specific focus of this program at NIH.

Congresswoman Roybal-Allard: If they do not have the expertise to assess animal research, and it is not possible to build this capacity within their given structure and mission, would your agency be willing to commission an independent review of NIH support of experiments involving maternal deprivation of nonhuman primates – including a review of the ethics?

Dr. Collins: Research using NHPs has yielded an incredible wealth of information and scientific and health advances. For instance, research in nonhuman primates contributed significantly to the development of the yellow fever vaccine and the polio vaccine in the 1950s, and is now critical in the development of a vaccine for the Ebola crisis. Similarly, basic research conducted in monkeys helped lay the foundation for an effective treatment for patients with advanced Parkinson's disease known as deep brain stimulation. Many patients have reaped – and will continue to reap – dramatic benefits as a result of this research.

As previously mentioned, NIH takes animal welfare concerns seriously, and has numerous policies and protocols in place to ensure the ethical, humane care and use of laboratory animals. All NIH-funded research with animals is reviewed by experts (i.e., IACUC, BSC) to ensure that the science is highly meritorious, and the welfare of the animals is protected.[49]

Congresswoman Roybal-Allard: Given the issues you found in your OLAW review of the Poolesville lab, which per your letter resulted in minor adjustments to the Poolesville laboratory and research protocol, are you planning to review the NIH-supported protocols at the University of Wisconsin-Madison to see if any adjustments should be made to that experiment?

Dr. Collins: To date, no allegations of animal welfare concerns have been raised concerning infant NHP research supported by NIH at the University of Wisconsin-Madison, nor have there been self-reports by the institution of adverse events related to the research program in question. An investigation by OLAW is not indicated at this time.

Congresswoman Roybal-Allard: NIH has not addressed the need to continue this type of research. Can't useful feedback be obtained from humans who have endured these types of traumatic events? Why is the continuation of this research necessary?

Dr. Collins: Research with NHPs and other animal species is key to helping us understand and improve human health in a multitude of ways, including the development of treatments and interventions. The specific research in question is focused on examining the behavioral and biological development of NHPs. Primary objectives are to understand how genetic and environmental factors interact to affect cognitive development, as well as to develop

[49] http://irp.nih.gov/our-research/inside-the-irp and http://grants.nih.gov/grants/olaw/references/phspol.htm

interventions that can alter developmental trajectories of individuals whose specific genetic and experiential background put them at risk for adverse developmental outcomes. Bioethical principles would prohibit carrying out these studies in humans and thus require the use of animal studies to carefully separate experience, genetic, and environmental factors. Ultimately, these findings assist researchers in identifying humans most likely to suffer negative effects in at-risk situations and in developing behavioral and drug therapies to improve negative outcomes early in life.

Preeclampsia

Congresswoman Roybal-Allard: Preeclampsia affects approximately 8% if all pregnancies in the US. This has significant short and long term risks for mothers and babies. New research that has shown women with a history of preeclampsia are twice as likely to develop heart disease or suffer from a stroke within 15 years of their pregnancy. Despite its prevalence and risks, the disease is not yet included in the Research, Condition and Disease Categorization (RCDC) report.

At NIH, is there any ongoing research looking at preeclampsia and cardiovascular disease that can help us understand what a woman should do to reduce her risks of developing these serious sequelae?

Dr. Collins: Preeclampsia is a serious disorder characterized by high blood pressure, which usually develops after the 20th week of pregnancy. It contributes significantly to preterm birth and maternal morbidity and mortality. In addition, complications can lead to lasting health problems, such as hemorrhage and stroke. A recently published study funded by the Eunice Kennedy Shriver National Institute of Child Health and Human Development (NICHD) found that non-Hispanic black women without a previous history of high blood pressure were more likely to develop preeclampsia compared with similar non-Hispanic white women, but that Hispanic and Asian women were least likely to develop the condition. These racial/ethnic differences are similar to racial/ethnic patterns for heart disease. Moreover, previous research suggests that women with preeclampsia are more likely to develop heart disease later in life. Scientists currently are working on studies to help determine if preeclampsia and heart disease may share common pathways or similar risk factors. Another recent study found that women with insulin resistance in their second trimester are more likely to develop preeclampsia later in their pregnancies; Hispanic, African American, and obese women were more likely to have higher insulin resistance than other women. If the results are confirmed, these findings ultimately could allow physicians to identify women at risk for preeclampsia earlier in the pregnancy, even before symptoms appear.

Congresswoman Roybal-Allard: What is NIH currently spending on this research and which institutes are currently conducting the research?

Dr. Collins: A preliminary estimate of NICHD's FY 2014 expenditure on preeclampsia research is $32 million. Researchers are investigating a variety of factors that may contribute to preeclampsia, such as placental origins and obesity. This research is funded largely by NICHD, with co-funding of certain projects by the National Heart, Lung, and Blood Institute (NHLBI).

Several other institutes also support projects related to preeclampsia. For example, NICHD and NHLBI are together supporting a longitudinal heart health study among nulliparous women (women who have never before given birth), following them during the years after delivery, and evaluating the links between preeclampsia and other adverse pregnancy outcomes and maternal cardiovascular risk factors, which may lead to future screening and preventive strategies. In FY 2014, NICHD launched a new collaborative research effort, the "Human Placenta Project." The placenta is the least understood human organ, influencing health of the woman and fetus not only during pregnancy, but the rest of their lives. The goal for this project is develop technologies to assess, in real time, the structure and function of the human placenta. Included in this effort will be research studies to: increase understanding of normal and abnormal placental development: develop biomarkers to predict adverse pregnancy outcomes; develop interventions to prevent abnormal placental and fetal development; and improve understanding of the effects of environmental factors. It is anticipated that the Human Placenta Project will further research in preeclampsia and other adverse pregnancy outcomes.

Congresswoman Roybal-Allard: Will NIH add preeclampsia to the annual RCDC report?

Dr. Collins: Currently, preeclampsia is included in the RCDC category "Perinatal-Birth-Preterm." Because of the overlapping science in these related areas, this larger perinatal research category may provide a more complete picture of this area of science. (Preeclampsia is one of the most common precipitating factors for preterm birth, for example.) At this time, there are no plans to create a separate RCDC category.

Deadliest Cancers

Congresswoman Roybal-Allard: I want to applaud the work NIH is doing with regards to some of the most lethal cancers that have a five-year survival rate below 50 percent. I was pleased to see that the National Cancer Institute has released scientific frameworks for two of those deadliest cancers: pancreatic cancer and small cell lung cancer. Do you know if there are plans to issue similar reports on other cancers with persistently low survival rates?

Dr. Collins: Although we have no immediate plans to produce formal scientific frameworks for other types of cancers, the National Cancer Institute (NCI) continues to convene meetings of NCI and extramural experts to conduct "horizon scanning" for scientific opportunities on a variety of cancers as part of NCI's standard practices. Such "horizon scanning" workshops are held to identify new ideas and important, unsolved problems in relevant fields of investigation and to identify approaches to solve those problems, as recently done with hepatic and gastric cancers. This type of forum stimulates new approaches, helps to bring about collaborations, and often leads to new initiatives. It is important that NCI maintain the flexibility to adjust the nature and timing of any sort of scientific "horizon scanning" meetings to fit the needs of the field, and to calibrate subsequent planning and research efforts to take full advantage of scientific opportunities as they arise.

Congresswoman Roybal-Allard: Two years ago, the National Cancer Institute launched its RAS Initiative, which focuses on the role that gene mutations play in certain of these lethal cancers,

like pancreatic cancer and lung cancer. Would you provide the Subcommittee with an update on that effort?

Dr. Collins: The RAS initiative is being carried out within the Frederick National Lab for Cancer Research (FNLCR) under the direction of Dr. Frank McCormick, a widely respected leader of research on RAS proteins. Dr. McCormick and his colleagues have organized multiple lines of attack on the biochemical, physiological, and clinical properties of mutant RAS proteins in normal and cancerous cells. Several projects are now being actively pursued by scientists working in the research hub at FNLCR and the larger community of RAS researchers around the world.

The research hub of the RAS Initiative has produced a panel of the most common forms of mutant KRAS proteins. Structural studies of these proteins are ongoing to identify unique drug pockets as well as interfaces where protein effectors bind. Several drug screening assays have been developed using engineered proteins, imaging platforms in cells, and mouse embryo fibroblasts that each have only one form of RAS. The best assays will be utilized by NIH's National Center for Advancing Translational Sciences to screen large compound libraries to identify drugs that inhibit RAS signaling. Large scale screens in pancreatic and colorectal cancer cell lines have been done to attack various components in the RAS signaling network in order to identify potential therapeutic targets and understand the genotypes of cancers that might be treated with drugs to these targets. Epitopes are the parts of molecules that an antibody will recognize and bind to and a number of these potential epitopes that could be targeted on the surface of KRAS-dependent cancer cells have been identified and are being validated for effectiveness.

Part of the operational model of the RAS Initiative is to collaborate with researchers in various sectors outside of FNLCR. During 2014, we held several workshops to stimulate collaboration and refine research plans in several areas. One of these topics was focused on next generation synthetic lethal screens which are aimed at identifying the Achilles heels of various types of cancers harboring KRAS mutations. As a result of this workshop, NCI developed a funding opportunity for the community and the researchers awarded grants will form a network with the research hub at FNLCR to systematically and collaboratively identify vulnerabilities to which treatments might be developed. NCI's Clinical Proteomic Tumor Analysis Consortium has collaborated with the RAS Initiative to award several subcontracts to academic researchers (at Fred Hutchinson Cancer Research Center, Moffitt Cancer Center, and the Broad Institute) to develop quantitative ways to measure proteins and protein modifications within the RAS pathway. Additionally, the Pancreatic Action Network has joined with the hub at FNLCR to support the work of two post-doctoral fellows (at UCSF and University of Texas Southwestern) who are investigating the structural biology of KRAS mutant proteins and their binding partners. Researchers at the RAS hub at FNLCR have produced a variety of high quality reagents which they are distributing to researchers throughout the world to enhance and stimulate RAS research.

Pulmonary Fibrosis

Congresswoman Roybal-Allard: I am hopeful that legislation being developed by the Energy and Commerce Committee will spur on new treatments for diseases that have few treatment

options and high mortality rates. Last fall, the FDA fast tracked 2 new drugs for the treatment of Idiopathic Pulmonary Fibrosis, a progressive and generally fatal lung disease that takes the lives of approximately 40,000 people each year, the same number as die of breast cancer. What is next on the horizon for improving treatment options for Pulmonary Fibrosis?
Dr. Collins: Idiopathic pulmonary fibrosis (IPF) is a chronic, progressive disease of unknown cause that is characterized by buildup of fibrous scar tissue within the lungs. IPF causes progressive shortness of breath, coughing, chest pain, and fatigue – median survival is approximately three years after diagnosis.

There are few effective medical interventions for IPF. Current therapies are mainly supportive measures that include oxygen therapy for hypoxemia (i.e., low blood oxygen levels) and diuretics for peripheral edema (i.e., swelling). In fact, the results from a recent clinical trial sponsored by NHLBI indicate that a commonly prescribed regimen consisting of prednisone, azathioprine, and N-acetylcysteine (triple therapy) actually increased mortality and serious adverse events. Lung transplantation remains the only therapeutic option available for a small fraction of end-stage IPF patients, and the complications from lung transplantation remain significant.

Major strides, however, have been made in understanding the biology of IPF and its clinical implications, which hold promise for developing treatments to slow disease progression. FDA's approval of pirfenidone and nintedanib, which have been shown to slow down the decline in lung capacity in IPF patients, are important advances for patients. These efforts have led to new research opportunities such as determining whether combination therapy may improve efficacy and defining which subgroups of patients may respond better or worse to either of these drugs alone or in combination.

NHLBI supports a vigorous research program on IPF ranging from basic research to understand the causes of IPF to translational and clinical research to test potential treatments. Last year, NHLBI published a report on a workshop held to coordinate research efforts and accelerate the development of IPF therapies. Pressing issues in IPF research were identified, including validation of IPF biomarkers, promotion of "bedside to bench" research to improve preclinical animal models, and complete characterization of genetic susceptibilities in IPF. Research exploring the genetic determinants of IPF promises not only to uncover who is at risk, but also to open the door to a better understanding of different subtypes of disease, and ultimately more targeted personalized treatments. NHLBI is working with academic researchers, the Pulmonary Fibrosis Foundation, and pharmaceutical companies to leverage various ongoing NHLBI supported PF studies to collaboratively address these issues.

Pediatric Cancer

Congresswoman Roybal-Allard: As you know, cancer remains the leading cause of death by disease among children in this country. Unlike adult cancers where support from industry plays a major role in advancing research, childhood cancer investigators depend almost exclusively on support from the National Cancer Institute. NCI has reported that it spends only 4% of its annual appropriation on pediatric cancer research. I know the childhood cancer community has consistently raised concerns about this level of effort. Do you feel we are doing enough in this area?

Dr. Collins: The National Cancer Institute (NCI) recognizes the horrible toll that cancer takes on children and their families and is committed to improving survival outcomes and quality of life for all children diagnosed with cancer. NCI is pursuing research (both internally and at research institutions across the country) that will improve the ability to prevent, detect, diagnose, and treat all cancers. NCI continues to support a comprehensive research program for children with cancer, from basic molecular projects, through preclinical testing and clinical trials, to epidemiological studies to identify potential factors associated with childhood cancer development, as well as psychosocial and survivorship research. An ultimate goal of this research is the identification of more effective and less toxic treatments so that all children diagnosed with cancer will survive their disease to grow to become healthy adults.

To make research funding decisions, NCI relies heavily on scientific peer review, in which highly trained external scientists review research proposals and judge them on factors such as scientific merit, potential impact, and likelihood of success. NCI does not set targets for a specific disease area or research category. Rather, early in each fiscal year, NCI analyzes the research projects supported with the previous year's budget, so that we can report what was spent in a variety of research topics (such as childhood cancers) or cancer type (such as lung cancer).

Analysis of the FY 2014 NIH budget shows that NIH supported $276 million in pediatric cancer research projects, including $240.8 million supported by NCI. NIH categorizes and reports funding amounts for more than 230 research categories through its Research, Condition, and Disease Categories (RCDC) system. Pediatric cancer was added as a category for FY 2014 in an effort to be responsive to ongoing interest in this research area and to identify childhood cancer research supported across NIH. Previous reporting for childhood cancer research was based on the NCI process described above. RCDC uses a different methodology.

These reports provide a useful point of reference and an opportunity to explore project lists for a given research area, however, they also present an incomplete picture of NCI's investment in childhood cancers, and do not capture much of the work that could lead to progress. There are two main reasons for this. First, much of cancer research doesn't fit neatly into categories. Advances in one area can have profound effects in other areas, but it is difficult to quantify these important overlaps. For example, certain mutations play a major role in cancer development and progression in different types of cancers that affect both adults and children. Drugs designed to target cancers with specific mutations may help cancer patients of all ages. Second, nearly half of NCI's budget supports basic research, which is essential to developing our knowledge of the underlying biology of cancer. Basic research enables advances for many types of cancer including those affecting children, but the basic cancer research investment – more than $2 billion in FY 2014 – is not captured in the funding levels reported for cancer types and research topics. Although these investments are not tracked to a particular disease type or population, the discoveries from NCI basic research will continue to inform and advance other research and benefit patients into the future.

Researchers at NIH and NCI are continuing to pursue new approaches in the diagnosis and treatment of childhood cancers, with special emphasis in the areas of genomics, precision medicine, and immunotherapy. These areas of research have the potential to change the way we

address all cancers, including those that affect children, resulting in more effective, less toxic, and less debilitating treatment for patients. NCI supports pediatric oncology initiatives across the research spectrum. Key research programs include the Pediatric Brain Tumor Consortium (PBTC), the Childhood Cancer Survivor Study (CCSS), the Pediatric Preclinical Testing Program (PPTP), the Biomarker, Imaging and Quality of Life Studies Funding Program (BIQSFP) (currently, nine BIQSFP studies are researching biomarkers or quality of life in childhood cancers), the TARGET (Therapeutically Applicable Research to Generate Effective Treatments) initiative, the Pediatric Oncology Branch within NCI's Center for Cancer Research, and the Children's Oncology Group (COG), part of the NCI National Clinical Trials Network (NCTN). Additionally, NCI is in the planning phases for a pediatric precision medicine clinical trial known as Pediatric MATCH (Molecular Analysis for Therapy Choice), similar in design to an adult clinical trial anticipated to launch in early 2015 through NCTN. You can learn more about these efforts at http://www.cancer.gov/researchandfunding/areas/childhood.

There is certainly more work to be done to benefit children with cancer, and to benefit patients and families affected by all cancers. NCI continues to support key initiatives specific to childhood cancers that represent the most promising avenues of research.

Retirement of Chimps from NIH Research

Congresswoman Roybal-Allard: Following the 2011 Institute of Medicine (IOM) report that concluded chimpanzee research is largely unnecessary, the NIH made a commitment to retire to sanctuary all but 50 of the approximately 360 federally-owned chimpanzees in laboratories. However, a recent news report noted that only 6 of the 360 chimpanzees have been retired and more than 20 have died in the laboratories since your announcement was made. Would you please share with this committee a current list of all government-owned chimpanzees currently in laboratories, along with any corresponding designation for either retirement or reserve colony?

Dr. Collins: NIH has recently posted details on the current NIH-owned or -supported chimpanzee population.[50] As of the most recent annual census reported on October 27, 2014, the total number of chimpanzees was 606. Of this number, there are 191 chimpanzees that are retired in the Federal Chimpanzee Sanctuary System in Keithville, Louisiana, and these nonhuman primates are no longer available for use in biomedical research protocols. There are 154 NIH-owned chimpanzees on reserve at the Alamogordo Primate Facility. There are a total of 105 chimpanzees at the Texas Biomedical Research Institute/Southwest National Primate Research Center. Of these 105 chimpanzees, 20 chimpanzees are NIH-owned and 85 are NIH-supported but not owned. There are 156 NIH-owned chimpanzees at the M.D. Anderson Keeling Center. Since June 2013, 66 animals have been retired to the Federal sanctuary, which placed the santuary at near capacity. Additional chimpanzees are scheduled for transfer in April 2015 to bring the sanctuary back to near capacity.

Congresswoman Roybal-Allard: How is the NIH determining which 50 government-owned chimpanzees will remain in laboratories?

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[50] Costs for Maintaining Humane Care and Welfare of Chimpanzees, October 27, 2014, http://dpcpsi.nih.gov/orip/cm/chimpanzee_maintenance

Dr. Collins: NIH announced its plan to implement the NIH Council of Councils' recommendations on June 26, 2013.[51] As part of the plan, NIH accepted the recommendation to retain approximately 50 chimpanzees for future NIH-funded research. These research chimpanzees will be chosen after an extensive NIH review of proposed experimental protocols. These grant proposals or experimental protocols using chimpanzees will need to go through the standard scientific and technical review and if deemed highly meritorious and recommended for funding, will then need to be considered in accordance with the IOM principles and criteria, as adopted by NIH, by the Chimpanzee Research Use Panel (CRUP). CRUP is a working group of the NIH Council of Councils with a charge to consider requests to use chimpanzees in NIH-supported research. Consistent with the IOM report, CRUP does not consider certain observational or non-interventional research involving chimpanzees and certain research involving chimpanzee biomaterials. These projects are exempt from the CRUP's consideration.

The CRUP applies the recommendations suggested by the Council of Councils, considered during the public comment period, and referenced in the NIH decision on the use of chimpanzees in NIH-supported research. The questions below serve to implement the IOM principles and criteria and must be addressed by an investigator proposing to conduct NIH-supported research using chimpanzees.

1) Are other suitable animal models, such as in vitro, nonhuman in vivo, or other models, available for the research in question?
2) Can the research be performed ethically on human subjects with the prospect of achieving comparable results?
3) Will forgoing the use of chimpanzees for the research in question significantly slow or prevent important advancements in genomics; evolutionary theory; human behavioral, cognition, or emotions research; or important advances in the prevention or treatment of life-threatening or debilitating human conditions?
4) Will physical, psychological, and emotional burdens on the chimpanzees be limited by minimizing the number of chimpanzees used, the duration of the experiment, and the discomfort of the procedures and by performing the work on acquiescent chimpanzees that have been trained to present for blood draws or anesthesia or to participate in the research and can do so voluntarily?
5) Are the remaining physical, psychological, and emotional burdens on the chimpanzees outweighed by the possible benefits to humankind and to science?
6) Is the number of chimpanzees proposed statistically or scientifically justified?

In addition to the questions considered by CRUP as outlined above, NIH itself assesses whether the chimpanzee housing facilities are ethologically appropriate per NIH Guide Notice (NOT-OD-14-075).[52] NIH utilizes the experience and expertise of its Office of Laboratory Animal Welfare to make this assessment because the office is generally involved in compliance oversight with these facilities and is most familiar with the environments.

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[51] NIH Press Release, "NIH to reduce significantly the use of chimpanzees in research". June 26, 2013, http://www.nih.gov/news/health/jun2013/od-26.htm

[52] NIH Request for Information (RFI): Ethologically Appropriate Environments and Facilities that House and Maintain Chimpanzees Used in NIH-Supported Research, April 7, 2014, http://grants.nih.gov/grants/guide/notice-files/NOT-OD-14-075.html.

No NIH-owned chimpanzees will be used for NIH-supported invasive biomedical research unless chosen as part of the group of 50. Chimpanzees will stay at their current facilities, receiving high-quality medical and dental care, in their social groups, and under the care of familiar staff. Once the 50 have been chosen, remaining animals will be transferred to the Federal Sanctuary System as space permits. Since June 2013, 66 animals have been retired to the federal sanctuary which placed the santuary at near capacity. Additional chimpanzees are scheduled for transfer in April 2015 to bring the sanctuary back near capacity. The NIH-owned and -supported chimpanzees represent an aging population. All deaths are due to natural causes.

Congresswoman Roybal-Allard: Have you made any decision about which laboratory or laboratories will house these chimpanzees and when the selection of the reserve group of chimpanzees will be finalized?

Dr. Collins: NIH has not determined which laboratory or laboratories will house the 50 chimpanzees. However, the facility will need to be ethologically appropriate as stated in the NIH Guide Notice (NOT-OD-14-075).[53] The NIH Office of Laboratory Animal Welfare (OLAW) will make this assessment based on their experience and expertise. OLAW is generally involved in compliance oversight with these facilities and is most familiar with the environments.

The 50 research chimpanzees will be chosen after an extensive NIH review of proposed experimental protocols (see response to part b above). Since the number of experimental protocols is expected to be minimal, NIH will need to assess the approved projects over time to determine the chimpanzee characteristics needed for future research. For example, a proposal to test a novel therapy for hepatits C virus infection would require use of chimpanzees already infected with HCV but not those already infected with the hepatitis B virus. The approximately 50 chimpanzees that would most likely meet the needs of future research will be retained at research facilities until this process is completed, which may take several years. NIH will prefer to house the research chimpanzees at their current facilities to avoid disruption of social groups and relationships with caretakers.

Congresswomna Roybal-Allard: I am particularly concerned about the 20 government-owned chimpanzees at the Texas Biomedical Research Institute – a laboratory with a history of Animal Welfare Act violations. Many of these chimpanzees are elderly and infected with hepatitis and/or HIV. Given these issues and the high cost to maintain them in this laboratory, would NIH consider prioritizing their retirement to sanctuary?

Dr. Collins: The NIH's Office of Laboratory Animal Welfare works with NIH-funded facilities to correct items found to be in violation of the Animal Welfare Act. NIH does not house animals in a facility that can not meet these standards. The age and infectious status of the chimpanzee population at the Texas Biomedical Researh Institute is representative of the chimpanzee populations at the other NIH chimpanzee facilities and the chimpanzees receive the same high-quality medical, dental and psychological care found at all of the NIH faclitities. The cost to the

[53] NIH Request for Information (RFI): Ethologically Appropriate Environments and Facilities that House and Maintain Chimpanzees Used in NIH-Supported Research, April 7, 2014, http://grants.nih.gov/grants/guide/notice-files/NOT-OD-14-075.html.

government for this quality care at the Texas Biomedical Research Institute is less than the other facilities including the Federal sanctuary. Over the past four years the average cost per day per chimpanzee was $31.60 compared to an average of $40 to $50 for all other facilities.

Congresswoman Roybal-Allard: It's my understanding that NIH has set certain criteria before funding will be granted for chimpanzee research and that proposals are reviewed by the NIH Chimpanzee Research Use Panel. Has this panel and/or NIH approved any requests to use chimpanzees thus far?

Dr. Collins: Since implementing the IOM recommendations, CRUP considered a renewal of one research project , but not any new research projects. The Panel concluded that the component involving chimpanzees met the NIH/IOM criteria and principles. The NIH Council of Councils considered the CRUP's conclusion and provided a recommendation to the appropriate NIH Institute Director. The Institute has subsequently withdrawn the proposal and the project will not proceed.

Congresswoman Roybal-Allard: How many requests have been considered thus far?

Dr. Collins: The CRUP has considered a renewal of one research project, but not any new research projects, since NIH has implemented the IOM recommendations.

Questions from Congressman Fattah

Youth Mental Health

Congressman Fattah: In the FY 2014 Omnibus appropriations bill and again in FY 2015, Congress provided additional funds to SAMHSA mental health block grants and directed that SAMHSA work with NIMH to help states implement programs that have proven effective for those experiencing a first episode of psychosis. I understand that in this way research findings from NIMH called RAISE (Recovery after an Initial Schizophrenic Episode) are being readily applied in the community so that patients are benefiting quickly from research findings. Could you tell us where we are right now and what the future may hold?

Dr. Collins: In January 2014, President Barack Obama signed into law H.R. 3547, the "Consolidated Appropriations Act, 2014." Recognizing that the majority of individuals with serious mental illnesses, such as schizophrenia, experience the first signs of illness during adolescence or early adulthood, and that there are often long delays between symptom onset and the receipt of evidence-based interventions, this legislation provides funds to the Substance Abuse and Mental Health Services Administration (SAMHSA) to support the development of early psychosis treatment programs across the United States. A five-percent set-aside (approximately $25 million) has been allocated to SAMHSA's Mental Health Block Grant (MHBG) program to support the work, now continuing into 2015. To ensure that programs implemented are evidence-based, Congress further directed SAMHSA to collaborate with the National Institute of Mental Health (NIMH) in developing input for States regarding evidence-based first episode psychosis (FEP) treatment models. A variety of Coordinated Specialty Care (CSC) program development materials – including treatment manuals, videos, educational handouts, and worksheets – are available to assist States' efforts to initiate or expand CSC services for youth and young adults with FEP.[54] A core feature of these resources is materials developed via the NIMH Recovery After an Initial Schizophrenia Episode (RAISE) initiative.[55]

NIMH launched RAISE in 2009 to test the effectiveness of CSC programs for FEP in the United States. CSC is intended to help people recover after an initial psychotic episode and reduce the likelihood of future episodes and long-term disability. Two research investigations – the RAISE Early Treatment Program and the RAISE Connection Program – were funded to develop, test, and implement CSC in community treatment settings. Initial results from the RAISE projects suggest that mental health providers across multiple disciplines can learn the principles of CSC, and apply these skills to effectively engage and treat persons in the early stages of psychotic illness.[56] For individuals in the CSC program, both symptoms and quality of life improved significantly more rapidly than those of individuals who received typical community care for FEP; moreover, individuals in the CSC program were more likely to be working or going to school. These early findings, combined with the existing evidence supporting early intervention

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[54] See http://www.nimh.nih.gov/health/topics/schizophrenia/raise/coordinated-specialty-care-for-first-episode-psychosis-resources.shtml

[55] See http://www.nimh.nih.gov/health/topics/schizophrenia/raise/index.shtml

[56] Dixon LB, Goldman HH, Bennett, ME, Wang Y, McNamara KA, Mendon, SJ, Goldstein AB, Choi C-WJ, Lee RJ, Lieberman JA, & Essock SM. (2015). Implementing Coordinated Specialty Care for Early Psychosis: The RAISE Connection Program. *Psychiatric Service.* PubMed ID 25772764.

in psychosis, are so compelling that the question to ask is not whether early intervention works for FEP, but rather how specialty care programs can be implemented in community settings throughout the United States.

NIMH has worked closely with SAMHSA to educate and train states on implementing CSC programs. In 2014, NIMH entered into an interagency agreement with SAMHSA to supplement a SAMHSA technical assistance contract and thereby expand the CSC training available to States through on-site technical assistance and a national webinar. Between March 2014 and March 2015, NIMH and RAISE researchers have participated in eight national webinars on CSC to State mental health officials and clinical leaders and eight presentations to national and state mental health organizations. RAISE researchers and their associates have conducted 14 staff training events on CSC in 11 States. In 2013, only 16 States had one or more CSC clinics; by September 30, 2015, we estimate that 27 States will have at least one CSC clinic as a result of the MHBG set-aside opportunity. Next steps include increasing the number of community clinics in the United States that offer CSC for FEP; studying strategies for efficiently implementing CSC in community clinics; and, developing, testing, and implementing strategies for reducing delays in early detection, speedy referral, and rapid initiation of CSC. NIMH, SAMHSA, and the Assistant Secretary for Planning and Evaluation are conducting a collaborative study of how 12 States are using the set-aside funding for implementation of early intervention services.

Based on this extraordinary progress in the last year, NIMH is creating a new initiative called the Early Psychosis Intervention Network, or EPINET. EPINET will develop a learning health care system for early psychosis, applying the "practice to research" approach that has been used elsewhere in medicine to the lessons learned from RAISE. The early goals will be to create common data elements for high-risk and FEP patients, to develop a unified informatics approach, and to link at least 25 early psychosis programs together for an unprecedented partnership between scientists, clinicians, patients, and families. By 2016, NIMH plans to launch this new effort to align science and clinical practice with a goal of preventing psychosis in high-risk individuals and ensuring recovery for those who have had a first episode of psychosis.

International Collaboration in Neuroscience

Congressman Fattah: In November 2012, JPND in close collaboration with AAAS and a group of science counselors from various European embassies hosted a conference on increasing transatlantic research collaboration in the area of neurodegenerative diseases. After the conference, the JPND Management Board along with respective American partners began discussing if it was possible for the US to join the JPND (like Canada has already done). I believe they wanted to start with initial meetings designed to see if there were any areas of mutual interest. Was NIH or any other agency ever brought in on these discussions? Did anything ever emerge from these initial discussions? Do we plan on joining this effort? If not, why?

Dr. Collins: NIH was not involved with the initial 2012 meeting. However, we recently have participated in some conversations pertaining to global dementia work with representatives of G7 nations that do involve the EU Joint Programme – Neurodegenerative Disease Research (JPND).

We currently are working with them, along with other G7 countries and global organizations such as the World Health Organization and the Organisation for Economic Co-operation and Development, to discuss dementia research collaborations moving forward. Two items that likely will be prioritized will be a joint registry of population studies/cohorts and a joint registry of therapeutic studies. Discussions are ongoing about ways in which the United States might coordinate its research efforts with JPND.

Congressman Fattah: Could you tell me a little more on the NIH's role in the International Initiative for Traumatic Brain Injury Research? What is the role of non-governmental organizations in this initiative?

Dr. Collins: The goal of the International Initiative for Traumatic Brain Injury Research (InTBIR) is to improve outcomes and lessen the global burden of TBI. Through InTBIR, NIH, the European Commission, and the Canadian Institutes of Health Research are supporting research studies that collectively will have enhanced power to determine which treatments are associated with the best outcomes in adults and children across different types and severity of TBI. Although the Initiative is organized through governmental organizations, there has been extensive engagement of the scientific community throughout its development and implementation. In addition, a 2011 symposium at the American Association for the Advancement of Science (AAAS) annual meeting was among the discussions that led to the development of InTBIR. The non-governmental organization One Mind is working with the United States and the European Union on InTBIR studies. Two major NIH-supported clinical studies are underway as part of InTBIR. TRACK TBI is an observational study at 11 sites of more than 3000 adults and children with TBI across the spectrum of injury severity, and ADAPT is observing 1000 children with severe TBI to evaluate the association of 6 key aspects of pediatric care with outcomes. In all, InTBIR will provide data from more than 10,000 patients here and abroad. Prior to InTBIR, the NINDS TBI Common Data Elements (CDE) program laid essential groundwork for increased cooperation in TBI research by bringing together Federal agencies and the international scientific community to develop standards that would enable comparisons across clinical studies. NIH and the Department of Defense jointly led development of the Federal Interagency TBI Research (FITBIR) database, which relies on the CDEs and will include data from InTBIR and other studies.

BRAIN Initiative

Congressman Fattah: NIH co-chairs an OSTP interagency working group on neuroscience ("IWGN") that was established by the Congress in 2011. What programs or initiatives have been created or expanded as a result of the work of the IWGN?

Dr. Collins: The National Institute of Mental Health, on behalf of NIH, co-chairs the OSTP Interagency Working Group on Neuroscience (IWGN), which was established by Congress in 2011 and re-chartered on January 5, 2015 by the OSTP National Science and Technology Council Committee on Science. IWGN members represent many federal agencies with an interest in neuroscience, either as funding agencies or consumers of neuroscience research findings. Chartered to facilitate efforts to improve coordination and collaboration of federal research and development agendas on neuroscience, the IWGN has served as an information

exchange across member agencies, successfully improving interagency communication, coordination, and collaboration.

Recently, IWGN has fostered a number of interagency activities of shared interest. On January 23, 2015, OSTP hosted a workshop entitled "Bridging Education and Neuroscience," a joint effort of IWGN members from the National Science Foundation (NSF) and the Department of Education, to delve into the scientific basis of training programs and smartphone applications marketed as "brain training." Workshop topics included establishing the empirical foundation of neuroscience-based interventions that intend to improve learning and memory; identifying innovations in research methodology and data analysis that can improve the field's capacity to inform the development and identification of effective neuroscience-based interventions; and, brainstorming methods to effectively disseminate research to the public. A summary of that workshop is in the final stages of preparation.

IWGN members also are working to enhance communication to the research community about the depth and scope of new neuroscience initiatives. Members have initiated conversations with scientific societies to learn about options for disseminating information about research funding opportunities and research findings in a manner that is cost-neutral to agencies. This effort is ongoing and will be a complement to communication efforts of each of the individual IWGN member agencies.

In report language accompanying the Consolidated and Further Appropriations Act of 2015 (P.L. 113-235), NSF was "encouraged to work in conjunction with the IWGN and the Brain Research through Advance Innovative Neurotechnologies (BRAIN) Initiative to establish a National Brain Observatory working group to determine how to use the data infrastructure of the NSF, the Department of Energy's national laboratory network, and other applicable agencies to help neuroscientists collect, standardize, manage, and analyze the large amounts of data that will result from research attempting to understand how the brain functions." NSF has formed a working group to address this request, and is reporting regularly to IWGN on its process and progress. IWGN member agencies will participate in this effort as requested by NSF.

Finally, many IWGN members also are active in BRAIN Initiative activities, including a recent OSTP-organized meeting of the BRAIN Initiative Program Officials on March 27, 2015. Meeting participants emphasized the need to develop standards for data arising from the various agencies' initiatives, in order to facilitate data management and sharing.

Alzheimer's and Dementia

Congressman Fattah: As you know, the nation has a National Plan to Address Alzheimer's Disease that contains as goal one preventing and effectively treating Alzheimer's by 2025. That is just 10 years away. How are we doing, in your estimation, on progress toward this goal? Do you believe adequate resources have been made available and are committed to this effort? What more can and should we be doing to maximize our chances of achieving the 2025 goal?

Dr. Collins: The National Institute on Aging (NIA) acknowledges the significant budget increases provided in FY 2014 and FY 2015 for new research on aging, including Alzheimer's

disease. The FY 2016 budget requests an increase of $50 million for NIH to expand research to prevent and treat Alzheimer's disease. The addition of these new funds to our base appropriation will enable us to plan carefully for their use, consistent with funding the best peer-reviewed science and the priorities established at the Alzheimer's Disease Research Summits convened by NIH in 2012 and 2015, as well as the Summit on Alzheimer's-Related Dementias and a major meeting on Alzheimer's disease among individuals with Down Syndrome – a population at extremely high risk of developing the disease – in 2013.

NIA is currently well positioned to achieve many of the goals and milestones identified in the National Plan for FY 2016. For example, a number of new Alzheimer's-related initiatives are planned for this year and next, including:

- An initiative, in partnership with the *Eunice Kennedy Shriver* National Institute of Child Health and Human Development, to enable the identification of the longitudinal progression of Alzheimer's disease in adults with Down Syndrome using clinical, cognitive, imaging, genetic, and biochemical biomarkers.
- With the National Institute of Neurological Disorders and Stroke, an initiative soliciting interdisciplinary research on the mechanisms by which vascular factors contribute to Alzheimer's and related dementias. Research to date suggests a very complex and not well understood interaction among vascular risk factors, cerebrovascular disease and the pathogenesis of Alzheimer's and related dementias.
- An initiative to establish the immune and inflammatory mechanisms contributing to or mediating the development and progression of Alzheimer's disease.
- Establishment of one or two translational centers that will develop/apply quantitative systems pharmacology (QSP) approaches to Alzheimer's drug discovery and development. QSP is an emerging, data-driven, model-based approach to drug development that integrates systems biology with pharmacology and breaks decisively with a "one-gene, one-receptor, one-mechanism" approach in favor of a network-centric view of drug targets and drug action.

Each of these initiatives is responsive to the National Plan and will facilitate timely achievement of the goals and milestones established there.

Congressman Fattah: In February 2015, NIH hosted a research summit on Alzheimer's disease that included international participation and presentations, followed by a half-day meeting focused on G7 research tracking and collaborations. Could you tell me more about this conference and how it relates to NIH's overall efforts regarding Alzheimer's?

Dr. Collins: The 2015 Summit built on the foundation laid by the 2012 NIH AD Research Summit, the U.S. National Alzheimer's Project Act (NAPA)/National Plan to Address AD, and the 2013 G8 Global Dementia Summit. Participants reviewed progress made since the 2012 Summit and evaluate issues of critical importance for identification and implementation of successful therapeutic interventions for Alzheimer's disease. At the Summit's conclusion, a select group of experts, including NIA/NIH staff, representatives from other funding agencies supporting Alzheimer's research, academic and industry scientists who chaired the Summit sessions on behalf of all the presenters, and members of the National Alzheimer's Project Act

(NAPA) council, formulated recommendations that will inform research priorities and serve as the basis for updating and refining the NAPA research milestones. These recommendations will be publicly available in late April. In addition, the NIH Bypass Budget on Alzheimer's disease, which the NIH plans to release this summer, will outline funding needs commensurate with these plans and priorities.

The Summit was immediately followed by the G7 Dementia Research Coordination and Collaboration Meeting, organized by NIH. Senior representatives from the G7 dementia research community, as well as international organizations, discussed integrated development, the tracking of research from a global perspective, research spending, the engagement of participants in research, as well as critical areas for future collaborations.

Participation in the G7 meeting aligns with NIA's ongoing leadership role within the global Alzheimer's research community. Alzheimer's disease is recognized as a public health crisis worldwide, and as public and private funding agencies around the world enhance and expand their support of Alzheimer's disease research, there is an urgent need to coordinate funding strategies and leverage resources in order to maximize the impact on public health and avoid duplication of effort and inefficiency. A related initiative in this regard is the International Alzheimer's Disease Research Portfolio (IADRP). Launched in 2010 as a joint collaboration between the NIH and the Alzheimer's Association, IADRP facilitates assessment of the portfolios of over 30 major organizations for areas of overlap as well as areas of opportunities in which to collaborate and coordinate in a collective effort to advance Alzheimer's research. IADRP contains information about research in a number of countries outside the United States, including the United Kingdom, Canada, Australia, Poland, Italy, Brazil, the Netherlands, and the Czech Republic.

COPD Question

Congressman Fattah: Chronic Obstructive Pulmonary Disease (COPD) is the 3rd leading cause of death in this country taking the lives of nearly 140,000 Americans per year, more than stroke, diabetes, or breast cancer. I commend the NHLBI for their ongoing contributions to understand this disease but only a major national effort can affect the course of this disease impact on our country. If current trends continue CDC has estimated costs will climb to $49 billion by 2020. Beginning in the 111th Congress, we demonstrated our intent to support advancement in COPD disease management for the 15 million Americans living with this disease, and the 12 million that are still undiagnosed with report language directing NHLBI to work with community stakeholders and other Federal Agencies, "to develop a national action plan to respond to the growing burden of this disease." In 2013, NHLBI hosted a forum of representatives of various federal agencies and Institutes to share information on current activities related to COPD but since then the initiative to develop a national action plan seems to have stalled. What is the agency's timing for moving this important initiative forward and what are the next steps the agency will take to ensure this happens? What is the plan to improve the screening and identification of those individuals so they can receive appropriate care?

Dr. Collins: Chronic obstructive pulmonary disease (COPD), which includes emphysema and chronic bronchitis, is a major cause of disability and the third leading cause of death in the

United States. The National Heart, Lung, and Blood Institute (NHLBI) supports research on the causes of COPD, its prevention, and treatment. Prevention of chronic lung diseases is a top priority because by the time symptoms appear, irreversible damage has already been done. Thus, it is critical to identify people early who are at risk for developing the disease. Toward this end, NHLBI is funding the COPDGene® study that is integrating genomics, clinical and physiological measures, and imaging data to identify the genetic determinants of COPD susceptibility, gain insight into why some smokers develop COPD while others do not, predict who is at greatest risk of disease progression, and discover ways to target treatments earlier and more effectively. For example, COPDGene® is now showing that there are multiple sub-types of COPD which appear to be both clinically relevant and, in the case of some clusters, associated with known genetic variants.

NHLBI has long been committed to raising awareness of COPD, and has laid the groundwork to develop a coordinated national approach to enhance the Federal response to this serious public health problem. In May 2013, NHLBI hosted a forum on COPD in which participants from 21 Federal agencies and NIH Institutes or Centers (ICs) shared information about their current COPD-related activities and discussed opportunities for further cooperation, collaboration, and enhanced effectiveness. A summary report of this meeting has been published on the NHLBI public website.[57]

To further advance these efforts, NHLBI again assembled federal representatives of these agencies and NIH ICs in November 2014 with the additional participation of the National Institute of Nursing Research and the Agency for Healthcare Research and Quality to discuss progress in COPD-related activities and collaborations and to chart the next steps towards developing a National Action Plan. A consensus was reached that Healthy People 2020 (HP2020) respiratory objectives RD-11 (reduce hospitalizations for COPD) and RD-12 (reduce emergency department visits for COPD) were specific goals that warrant coordinated Federal action. In late 2015, NHLBI will be convening a meeting involving Federal and non-Federal stakeholders, including patients, to develop a National Action Plan to coordinate activities targeting this disease, particularly those addressing these HP2020 objectives.

[57] NHLBI Federal COPD Workshop. (2013, November) http://www.nhlbi.nih.gov/research/reports/2013-copd-workshop.htm

WEDNESDAY, MARCH 4, 2015.

DEPARTMENT OF EDUCATION

WITNESS

HON. ARNE DUNCAN, SECRETARY, DEPARTMENT OF EDUCATION

INTRODUCTION OF WITNESS

Mr. COLE. Good morning, Mr. Secretary. Good to have you here. And it is my pleasure to welcome you to the Subcommittee on Labor, HHS, and Education to present your budget request for fiscal year 2016 for the Department of Education. We are looking forward to hearing your testimony.

OPENING STATEMENT BY CHAIRMAN COLE

The education of America's children is critical not only to prepare them for the workforce, but to strengthen the economic health of our Nation as a whole. While the vast majority of funding and responsibility for public Pre K–12 education lies at the State and local level, the Federal Government plays a limited but important role in supporting educational opportunity for those students most in need, including students with disabilities and from low-income families. Similarly, the Department is a key partner with States and public and private institutions in making higher education more accessible and affordable.

Providing for a high-quality education for all improves these students' employment prospects and allows the U.S. to maintain its international competitive edge. Therefore, it is essential that we conduct proper oversight of Federal education programs and ensure that we are using our resources in the most strategic and effective way.

There are many things in your budget that I think we can all agree are priorities and that we can collectively support. There are others where we may disagree. The challenge facing this subcommittee is to support the most critical programs with the limited resources that will be available to us.

I also sit on the Budget Committee—something, by the way, no appropriator really likes to do, you are generally forced to go for some unknown sin you have committed against the chairman at some point—but, anyway, I sit there. And the grim reality is that sequester is, indeed, the law of the land. It is not a policy or a choice. It is the law. I expect we will have to appropriate in accordance with this law because I am not convinced that we can get out of it by the time we mark up these bills.

However, I continue to hope for a larger budget deal between Congress and the Administration so, hopefully, we can have a more realistic allocation when the time comes. Hopeful for a bigger deal,

but the President, again, in my view, has to engage in some process, as does the Congressional leadership. Absent negotiations at a higher level, sequester is where we are at.

We will have tough choices for every agency, and I think we need to start sitting down and talking sooner rather than later. I look forward to having a discussion with you this morning to identify your top priorities for the year so that we can invest American taxpayer dollars in the wisest way given our funding constraints.

I would like to yield now to my ranking member, my good friend, the gentlelady from Connecticut, for whatever opening remarks she cares to make.

OPENING REMARK BY RANKING MEMBER DELAURO

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

And welcome to you, Mr. Secretary. Thank you. You are here just before the snow hits. And God only knows, Washington will shut down.

And good to see you, Mr. Skelly, as well. Thank you.

Mr. Secretary, as you know, I share, and as I think you have just heard from the Chairman, we share your commitment to ensuring that all children have equal access to high-quality education. When I spoke on the House floor last week, I quoted Lyndon Johnson who said that, quote, "Education is the only valid passport out of poverty." Decades later, he is still right. College graduates are less likely to find themselves unemployed. They earn on average 80 percent more than their peers without college degrees.

I believe that the Federal Government has the responsibility to help everyone to gain access to a quality education, especially those from disadvantaged backgrounds. Children in high-poverty neighborhoods need our help the most. Kids in schools with fewer than 10 percent of students in poverty come first in the world in reading. Those in high-poverty schools rank second from the bottom, between Chile and Mexico.

ATTACKS ON FEDERAL SUPPORT FOR EDUCATION

Helping those kids is exactly what Congress set out to do 50 years ago when it passed the Elementary and Secondary Education Act (ESEA) and the Higher Education Act, two landmark laws that swung open the gates to the middle class for millions of poor children. But last week the majority introduced a bill that I believe threatens to throw it all away. The Student Success Act would, in effect, gut the ESEA and steal funding from the schools that need it most.

And this is just the latest in a series of attacks on Federal support for education. Since 2010, setting aside Pell Grants, we have cut the Department of Education's budget by $6.4 billion, or 13 percent. That is after adjusting for inflation. We have also made shortsighted eligibility cuts to the Pell program. We have eliminated around 50 critical programs altogether, including programs that supported family literacy activities and student access to mental health. Funding for Title I, vital support to low-income kids, remains more than $100 million below pre-sequestration levels.

The madness of sequestration has hit Labor, HHS programs funded by this committee especially hard. After adjusting for inflation, the Labor, HHS, Education bill has sustained cuts of almost $20 billion since 2010. These cuts could not have come for a worse time for America's children. The number of school-age children living in poverty increased from 8.5 million in 2010 to 11.1 million in 2014. Nearly three-quarters of States are providing less funding per student than they did in 2008.

It is in this troubling context that we consider the President's budget proposal for 2016. Instead of making damaging cuts, we should be putting our resources into universal preschool, quality afterschool activities, and the training of good teachers. That is why I applaud this request for beginning to chart a path out of austerity. We still have a long way to go to meet our obligations to America's students, but I am pleased that the request includes a significant increase of $1 billion for Title I. It increases other vital formula grant programs that serve our most vulnerable children, including an additional $175 million to help educate kids with disabilities through Individual with Disabilities Act (IDEA) State grants.

The President's budget also contains other welcome increases: $500 million to help States provide high-quality preschool to low-income children, $93 million for Promise Neighborhoods, a program to address the profoundly negative effects of poverty on learning, and $20 million for the Now is the Time initiative to help keep schools and communities safe, $13 million for physical education for our kids.

So there is a lot of good in this budget. I don't agree with everything in it. I am disappointed that afterschool and summer school programs were only level funded. I believe they are critical in supporting learning beyond the school day. Similarly, I have wanted to see an increase for elementary and secondary school counseling.

HIGHER EDUCATION

Turning to higher education, I strongly support the President's goal of improving access and completion and reining in college costs. We have to do better by our low-income college students. Only 9 percent of students in the bottom quarter of the income scale have earned a bachelor's degree by age 24. For those in the top quarter, the figure is more than eight times that.

There is much to like in the President's request. Most importantly, I commend the proposal to ensure free community college tuition for responsible students. That would take us a long way toward equal access to higher education. I also support the increase for TRIO, which helps low-income first-generation college students access and complete college. But I am concerned by the fact that most other higher education programs are only level funded.

Overall, this budget request is a step in the right direction. These investments cannot happen unless we undue sequestration. In the meantime, as I have said repeatedly, sequester caps are damaging vital programs. All the while, we spend—and it is spending, and I will just briefly show this chart, Mr. Chairman—we spend close to $1.5 trillion every year on tax breaks. That is spending and loopholes and other tax expenditures. It is more than we

spend on Social Security, Medicare, Medicaid, and defense discretionary spending.

If we are to live up to our duty of providing every American with equal access to education, these tax expenditures must be on the table and we must be prepared to ask our wealthier citizens and our corporations to do more to support hard-working families.

Mr. Secretary, thank you for your advocacy on these issues, and I look forward to your testimony.

Thank you Mr. Chairman.

Mr. COLE. Thank you.

Mr. Secretary, your full statement will be entered into the record, and you are recognized for whatever opening remarks you care to make.

OPENING STATEMENT OF SECRETARY ARNE DUNCAN

Secretary DUNCAN. Thank you so much, Mr. Chairman, Ranking Member DeLauro, and members of the subcommittee. I am pleased to talk with you today about how we can continue the vital progress that America's students are making and expand opportunity so that every child in this country has access to a world-class education.

HIGH SCHOOL AND COLLEGE ENROLLMENT

Here is what is happening right now thanks to the hard work and commitment of America's teachers, principals, students, and their families. For the first time ever, four out of five students are completing high school on time. Dropout rates are at historic lows after steep drops for minority students. With high school graduation rates up and dropout rates down, African-American and Hispanic college enrollment is up by more than a million students just since 2008. Finally, more students than ever are actually graduating from college.

Getting to this point has required huge changes in our schools. These changes haven't been easy, but they are working. To build on this momentum, it is imperative that we give schools and educators the support and resources they need. This is not the time to turn back the clock on progress. There is simply too much at stake.

Providing students with a quality education is both the best way to ensure more Americans achieve their greatest potential and the best way to promote and secure economic growth for our Nation as a whole. And we know that we can do more.

REVERSAL OF SEQUESTRATION

At the end of 2013, policymakers came together on a bipartisan basis to partially reverse sequestration and to pay for higher discretionary funding levels with long-term reforms. This agreement, while limited, allowed us to invest in areas ranging from research and schools to strengthening our Nation's military.

In education, Congress was able to restore some of the sequestration cuts to Title I and IDEA in 2014. The President's 2016 budget builds on this progress by reversing sequestration and paying for it with a balanced mix of common sense spending cuts and by clos-

ing tax loopholes. The President's budget also proposes additional deficit reduction and would reduce debt as a share of the economy.

The President has made clear that he will not accept a budget that locks in sequestration going forward, which would bring both defense and non-defense funding to their lowest levels in a decade. As the Joint Chiefs and others have outlined, that would damage our national security. It would also damage our economy in the near term and long term by preventing pro-growth investments in many areas, including efforts to ensure that all students are prepared for college and career.

The reality today is that States and districts and families need more, smarter resources to prepare all students for the future. This isn't spending money for its own sake. It is about making prudent investments to expand opportunity and improve outcomes.

FY2016 EDUCATION PRIORITIES

To that end, our 2016 budget reflects four main priorities. One, ensuring equity in opportunity for all students, including the $1 billion increase for Title I. Two, helping States expand high-quality early learning. Three, supporting educators, including by investing $2.3 billion to improve teacher and principal effectiveness. And four, improving access, affordability, and outcomes in postsecondary education, most notably through America's College Promise, which makes 2 years of community college free for responsible, hard-working students.

Throughout all of these areas, we would commit to supporting and spreading locally developed innovations through programs like Investing in Innovation, the i3 program, and First in the World. We want to focus on using and developing evidence to maximize results both for taxpayers and for our Nation's students.

Mr. Chairman, you and I have discussed the urgent need to do more in Native American communities. To that end, we have included $53 million in our budget to improve college and career readiness for Native youth, and we will continue to work with the Department of the Interior to expand the Bureau of Indian Education's capacity to provide desperately needed support.

Since we released this budget, people from all over have written to us to explain what Federal support means for their communities and to describe the change that it made possible. One school leader explained how Federal funding allows her to give teachers the tools they need, helping them to incorporate evidenced-based approaches into their daily work. In her words, and I quote, "Funding goes towards imparting the knowledge necessary for teachers to do their jobs the way it should be done."

But there is more to discover about what does work, and especially in our highest-need communities, teachers and students need more support to continue to accelerate the pace of change and progress. Our students' future is at stake and together we cannot let them down.

I thank you so much, and I look forward to working with you to create more opportunities for our students and their families. I look forward to your questions now. Thank you, Mr. Chairman.

Mr. COLE. Thank you very much, Mr. Secretary.

[The prepared statement of Secretary Arne Duncan follows:]

DEPARTMENT OF EDUCATION

Statement by Arne Duncan
Secretary of Education
U.S. Department of Education Fiscal Year 2016 Budget Request

Mr. Chairman, Ranking Member DeLauro, and Members of the Subcommittee:

I am happy to testify on behalf of the President's 2016 budget request for the Department of Education. The overall discretionary request is $70.7 billion, an increase of $3.6 billion, or 5.4 percent, over 2015.

At the end of 2013, policymakers came together on a bipartisan basis to partially reverse sequestration and to pay for higher discretionary funding levels with long-term reforms. We have seen the positive consequences of that bipartisan agreement for our ability to invest in the future, including partially restoring cuts in education programs like Title I and IDEA. We have also seen the positive consequences for our economy, which is experiencing the fastest job growth since the late 1990s.

The President's Budget builds on this progress by reversing sequestration, reducing the deficit, and putting debt on a downward path as a share of the economy. The President has made clear that he will not accept a budget that undoes our progress by locking in sequestration, which would bring real defense and non-defense funding to the lowest levels in a decade. As the Joint Chiefs and others have outlined, that would damage our national security and make it impossible to fully implement the defense strategy.

It would also damage our economy, preventing us from making pro-growth investments in areas ranging from basic research to education. As the President has stated, he will not accept a budget that severs the vital link between our national and economic security.

Reversing sequestration will make space for critical education investments. Even without adjusting for inflation, total discretionary funding for education in 2015, excluding Pell Grants, remains below its fiscal year 2008 level. If you take into account inflation, education funding is 10 percent below 2008. It's time to turn that trend around and invest in the country's most important asset, our people. Evidence shows us that this investment will contribute to better jobs, higher earnings, and ultimately reduced income inequality.

If we can reverse sequestration, Mr. Chairman, you, Ranking Member DeLauro, and the other Members of the Subcommittee can put together a bill that's good for kids and the Nation.

PRESIDENT OBAMA'S 2016 BUDGET REQUEST

Within our budget, we have four key priorities: (1) equity and opportunity for all students; (2) high-quality early learning programs; (3) support for educators; and (4) improving access, affordability, and student outcomes in postsecondary education. The Budget also reflects a strong emphasis on using and developing evidence in order to maximize results for taxpayers and students.

INCREASING EQUITY AND OPPORTUNITY FOR ALL STUDENTS

The first major priority is to ensure all of our young people, especially those poor and minority students in high-poverty schools that are the focus of the Elementary and Secondary Education Act (ESEA), have the chance to learn and achieve. The outcomes of our education system continue to reflect unacceptable inequities in the distribution of resources, including funding, high-quality teaching, challenging coursework, and other important academic and non-academic supports that contribute to improved student achievement. To close this resource and opportunity gap, the request provides a $2.7 billion increase, or almost 12 percent, for ESEA programs, including a $1 billion increase for Title I Grants to Local Educational Agencies (LEAs)—the cornerstone of the Federal effort to ensure that all students—including poor and minority students, students with disabilities, and English Learners—graduate from high school prepared for college and careers. The request also provides $11.7 billion, an increase of $175 million, for Grants to States under the Individuals with Disabilities Education Act (IDEA) to support special education and related services for children with disabilities, and $773 million, an increase of $36 million, for English Language Acquisition grants for English Learners.

A key request in this area is a new Equity and Outcomes pilot that would promote more equitable and effective uses of Federal formula grant funds. Applicants would demonstrate a commitment to equitably distributing State, local, and Federal dollars—based on actual expenditures—to their highest poverty schools. In exchange, participating districts could receive flexibility from fiscal, monitoring, and reporting requirements for their schools, and could combine Federal formula funds to support a districtwide plan focused on student success.

We are also proposing new resources that would help improve educational opportunities and outcomes in some of our most impoverished communities, including a $93 million increase for the Promise Neighborhoods program. These funds would help an additional 25 high-poverty communities develop and implement neighborhood-based plans for meeting the cradle-to-career educational, health, and social service needs of children and families in high-poverty communities. In addition, the President's request includes a $50 million increase to significantly expand the Native Youth Community Projects program that we are launching in 2015. This proposal would help up to 10 Native American communities develop and implement comprehensive strategies to improve the college- and career-readiness of Native youth.

EXPANDING HIGH-QUALITY EARLY LEARNING PROGRAMS

The United States has fallen behind many countries in providing access to preschool education, and currently ranks just 25th in the world in its enrollment of 4-year-olds. This is why we are renewing our commitment to a $75 billion mandatory Preschool for All program that would partner with States to support universal access to high-quality preschool for 4-year-olds from low- and moderate-income families. Our preschool request also includes $750 million in discretionary resources to expand the Preschool Development Grants program to nearly every State that submits a high-quality application.

In addition, we are requesting an increase of $115 million for IDEA programs to help States provide high-quality special education and early intervention services for all

eligible children with disabilities. These funds include $15 million for Pay for Success pilots to expand early screening and early intervention services for infants and toddlers at risk of autism.

These investments complement important early learning initiatives in the Department of Health and Human services including an historic investment in high quality child care for children under the age of four and new investments in Head Start to make those programs a full school day and school year and expand access for infants and toddlers.

INCREASING SUPPORT FOR TEACHERS AND SCHOOL LEADERS

Our third priority is to provide support for teachers and leaders who are doing the hard, daily work of implementing new college- and career-ready standards and aligned assessments, turning around our lowest-performing schools, and using new evaluation and support systems to improve their practice. Teachers today do not have the support, opportunities, or autonomy they need to succeed.

Our 2016 request would provide significant new resources to address these concerns. First, we would build on the Teacher Incentive Fund through a $350 million Excellent Educators Grants proposal that would support innovative approaches not only to compensation, but also to professional development, support, and career advancement. We also would support efforts to help expand the pipeline of effective teachers and principals through a consolidated $139 million Teacher and Principal Pathways proposal. We would improve upon the Educational Technology State Grants program, providing $200 million in State formula grants to help teachers and school leaders develop and test new ways to use technology to improve instruction and personalize learning. Finally, we would maintain strong support for the existing Improving Teacher Quality State Grants program, providing a steady $2.3 billion in funding.

IMPROVING ACCESS, AFFORDABILITY, AND STUDENT OUTCOMES IN POSTSECONDARY EDUCATION

Our 2016 request would help make college affordable and help more Americans attain a college degree or certificate. While the total aid available to postsecondary students has grown dramatically over the past 6 years, helping to ensure that more students are graduating college than ever before, a significant opportunity gap remains. The 2016 request funds a signature initiative, America's College Promise, which would create a new partnership with States to make 2 years of community college free for responsible students, letting students earn the first half of a bachelor's degree and earn skills needed in the workforce at no cost. It also includes a $30 billion investment in Pell Grants to protect and sustain its value for future generations by continuing to index it to inflation beyond 2017.

Another key discretionary request in this area is $200 million for a proposed American Technical Training Fund to expand innovative, high-quality technical training programs that have strong employer partnerships and include work-based learning opportunities.

USING AND DEVELOPING EVIDENCE-BASED PROGRAMS

In recent years, the Department has pioneered several evidence-based programs and introduced priorities for the use of evidence into existing initiatives.

This Budget continues that commitment by increasing funding for programs that provide additional resources for interventions that are either based on evidence of success or help build evidence of what works in education. These programs build on approaches developed during the last Administration and work in partnership with the Institute for Education Sciences. The Budget requests $300 million for the Investing in Innovation (i3) program for K-12 education, and $200 million for First in the World for higher education. Within the latter program, there would be a 30 percent set-aside for Minority-Serving Institutions and HBCUs. The request also creates new incentives for the use of evidence in existing programs, ranging from the Leveraging What Works initiative for K-12 formula programs to targeted increases in the School Improvement Grants and the postsecondary TRIO programs. Finally, the Budget strongly funds the Institute of Education Sciences.

Already, our evidence-based initiatives have funded dozens of randomized control trials and other evaluations that build knowledge about what works. This knowledge can help all educators to help more students succeed.

CONCLUSION

In conclusion, our 2016 request reflects the President's determination to make the investments necessary to secure America's future prosperity. I look forward to working with the Subcommittee to secure support for the President's 2016 Budget for education.

Arne Duncan
U.S. Secretary of Education

Biography

Arne Duncan is the ninth U.S. secretary of education. He has served in this post since his confirmation by the U.S. Senate on Jan. 20, 2009, following his nomination by President Barack Obama.

Duncan's tenure as secretary has been marked by a number of significant accomplishments on behalf of American students and teachers. He helped to secure congressional support for President Obama's investments in education, including the American Recovery and Reinvestment Act's $100 billion to fund 325,000 teaching jobs, increases in Pell grants, reform efforts such as Race to the Top and Investing in Innovation, and interventions in low-performing schools. Additionally, he has helped secure an additional $10 billion to avoid teacher layoffs; the elimination of student loan subsidies to banks; and a $500 million national competition for early learning programs. Under Duncan's leadership at the Department, the Race to the Top program has the incentives, guidance, and flexibility it needs to support reforms in states. The Department also has focused billions of dollars to transform struggling schools, prompting nearly 1,000 low-performing schools nationwide to recruit new staff, adopt new teaching methods, and add learning time. He has led new efforts to encourage labor and management to work together as never before, and their new collaboration is helping to drive reform, strengthen teaching, create better educational options, and improve learning. During Duncan's tenure, the Department has launched a comprehensive effort to transform the teaching profession.

In support of President Obama's goal for the United States to produce the highest percentage of college graduates by the year 2020, Duncan has helped secure increases in the Pell grant program to boost the number of young Americans attending college and receiving postsecondary degrees. He has begun new efforts to ensure that colleges and universities provide more transparency around graduation, job placement, and student loan default rates. With the income-based repayment program introduced during Duncan's tenure, student loan payments are being reduced for college graduates in low-paying jobs, and loans will be forgiven after 10 years for persons in certain public service occupations, such as teachers, police officers and firefighters.

Before becoming secretary of education, Duncan served as the chief executive officer of the Chicago Public Schools (CPS), a position he held from June 2001 through December 2008. In that time, he won praise for uniting education reformers, teachers, principals and business stakeholders behind an aggressive education reform agenda that included opening more than 100 new schools, expanding after-school and summer learning programs, closing down underperforming schools, increasing early childhood and college access, dramatically boosting the caliber of teachers, and building public-private partnerships around a variety of education initiatives. Duncan is credited with significantly raising student performance on national and state tests, increasing

graduation rates and the numbers of students taking Advanced Placement courses, and boosting the total number of scholarships secured by CPS students to more than $150 million. Also during his leadership of CPS, the district was recognized for its efforts to bring top teaching talent into the city's classrooms, where the number of teachers applying for positions almost tripled.

Prior to joining the Chicago Public Schools, from 1992 to 1998, Duncan ran the nonprofit education foundation Ariel Education Initiative, which helped fund a college education for a class of inner-city children under the I Have A Dream program. He was part of a team that later started a new public elementary school built around a financial literacy curriculum, the Ariel Community Academy, which today ranks among the top elementary schools in Chicago. From 1987 to 1991, Duncan played professional basketball in Australia, where he also worked with children who were wards of the state.

Duncan graduated *magna cum laude* from Harvard University in 1987, after majoring in sociology. He was co-captain of Harvard's basketball team and was named a first team Academic All-American.

Duncan is married to Karen Duncan, and they have two children who attend public school in Arlington, Va.

EFFECTS OF SEQUESTER

Mr. COLE. Again, it is great to have you here.

Interesting enough, as I reflect, all three of our comments focused a little bit on the whole issue of sequester, which is the elephant in every appropriator's room right now. But it is indeed the law, passed by Congress, signed by the President. I actually agree with you and my distinguished ranking member, I hope we have a negotiation some time to actually deal with it. I was actually part of the team that did that, working with Mr. Ryan on our side of the aisle, and had a very productive negotiation with Senator Murray. But that process came late. It came really after most of the Appropriations Subcommittees had been at work. But we were able to go back, as you rightly point out in your testimony, and undo some things that we all believe would have been damaging.

I suspect the same thing will happen again. If it comes, it is likely to come late. I would encourage those above my pay grade and in the Administration above your pay grade to actually engage in that negotiation sooner rather than later. I think we would get a much better work product out of our various Appropriations Subcommittees if that happens. On the sad likelihood that it probably won't happen until the last minute, most things around here seem to, you know, for Congress deadlines are alarm clocks, so we are probably going to be there again.

EDUCATION PRIORITIES

If you had to look at your budget and we were in a flat funding situation, what are the things from your standpoint you think really are the most critical? You lay out five priorities in your excellent statement. But pick some programs, pick some things in your view that are absolutely essential that this committee really ought to focus on no matter what.

Secretary DUNCAN. Let me first back up again and appreciate your willingness to look at a bigger deal and to work together. On the idea of Congress always using deadlines as alarm clocks, I am always an optimist, and, hopefully, that could change and we could actually get ahead of the curve at some point.

Mr. COLE. There are 200 years of history that would argue that you and I need to reconsider our optimism.

Secretary DUNCAN. Next 200 years. I am always looking forward.

Let me just say that if things remain flat, the need doesn't remain flat. We have more children living below the poverty line than ever before. Our Nation's school system for the first time ever this year is majority minority. That is not going to change. This isn't just doing the right thing for the black community or the Latino community. This is the right thing for our Nation. And as Congresswoman DeLauro pointed out, when you don't have enough poor children being successful academically, we perpetuate cycles of poverty and social failure rather than sort of increasing upward mobility.

So there is increasing need. This is, obviously, a huge priority both for individuals and families, but ultimately for our Nation's economy. And as you all know so well, we are competing for jobs in a globally competitive world now, and those jobs will either go

to your communities and your States and our Nation ultimately, or they will go to Singapore and South Korea and China and India and other places that are investing and innovating. So the stakes here are really, really high and I want folks to understand that. I think we have to educate our way to a better economy.

In terms of priorities, I tried to lay out what was very important. I say everywhere that if I had one tax dollar, the best investment we can make is in high-quality early learning, getting our babies off to a good start and stop playing catch-up. We have to continue to raise the bar on the K to 12 side, making sure that young people are truly graduating college-and-career ready.

We love that high school graduation rates are at an all-time high, and dropout rates are at an all-time low. But I am nowhere near satisfied. Our dropout rate is still unacceptably high. Again, when you drop out of high school today there are no good opportunities out there.

Then, ultimately, the goal today can't simply be to graduate from high school. There aren't good jobs with just a high school diploma. I think this idea of a minimum of community college being the expectation, the norm, is hugely important.

PRE-K THROUGH 14 SYSTEM

The final thing I would say, Mr. Chairman, is I think for the past 100 years or so the K to 12 system has worked pretty well for the country and for most families. I think the world has changed and our vision is a pre-K through 14 system of compulsory education—not of compulsory, but of opportunity. Without that, our children start too far behind and we don't catch up on the front end. On the back end, without those 2 years of community college, the job prospects are very low.

So it is a fundamentally different vision of what the necessary education, the prerequisite for success is, and it has to go, I think, from pre-K through 14.

INVESTING IN COMMUNITY COLLEGES

Mr. COLE. Let me ask you this, and I don't have a lot of time left so I am going to try and force the clock, so we may come back to this issue. But on your community college issue, I share your concern about getting people beyond high school and getting them into a higher education program. Community college is actually fairly reasonably priced in this country compared to 4-year institutions. I think the average cost is a little bit over $3,000 a year. We have Pell Grants to cover that and can go beyond that.

I am a little mystified why that is the focus of so much resources, as opposed to bringing down the longer-term cost of a more extensive education, because it seems to me we are more or less adequately funded. But if you disagree, please knock my theory down.

Secretary DUNCAN. Well, no, these are really thoughtful questions. I think there are two things. I think the reality is financially, while it does not seem that overwhelming, just a couple hundred dollars here and there literally is the difference between staying in school or not, whether it is taking care of kids at home or whether it is a car breaking down. The margin for error is so small for so many of our families that are on the edge.

Some of my most inspiring visits have been to community colleges. I travel the country, and, as you know, it is not just 18-year-olds, it is 38-year-olds, it is 58-year-olds who are retraining and retooling. The jobs where they worked for 25 years, at the plant or factory, are gone. The fields of green energy and IT and health care and advanced manufacturing are where I see great community colleges have become regional economic engines. They are literally driving economic activity and growth in their communities.

This is not our idea. It actually came from Governor Bill Haslam of Tennessee, of whom I am a huge fan. What he saw in their first year, my numbers are not exact, and you will probably have better numbers, they are thinking they might have 25,000 applicants and they had something like 75,000 or 90,000 to apply which is wildly disproportionate.

So it is important on both the financial side, but also psychologically for young people to understand that this is a possibility, that despite my family's lack of money or despite my family's lack of education this can be my dream. And so, on both sides making that the norm, rather than something for wealthy folks is very important.

Mr. COLE. We may explore that a little bit more. I appreciate very much that answer. And with that, I want to go to my ranking member, Ms. DeLauro.

TAX EXPENDITURES

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

I just want to make one comment, but I am going to give Mr. Fattah his time and he can take some of mine. He has to chair a hearing in a moment. But my one comment is, I too believe that if we can get to a consensus on the spending issues and take a look at where we need to go with regard to sequester, I think the chart, it is not one that I made up, this is a CBO projection, this is 2015. These are the tax expenditures, $1.5 trillion Social Security, Medicare, defense, discretionary spending, and non-defense discretionary spending. If we are unwilling to look at those tax expenditures in terms of cuts and the corporate loopholes and do something on this side of the equation and not regard it as spending, we are not going to be able to come to a consensus, which I think it is imperative for us to do.

With that, Mr. Chairman, Mr. Fattah.

MAKING 2 YEARS OF COLLEGE ACCESSIBLE

Mr. FATTAH. Thank you. I have to help lead a CJS hearing in a few minutes. But, Mr. Secretary, all of this for us as a country is an aspirational thing. When we allowed States to make submissions to join the Union, each were required a long, long time ago to lay out a plan for free education. So the fundamental building blocks of our Nation was built on the notion that we were going to produce educated citizens. And you have done an extraordinary amount of work in this regard. I want to congratulate you.

I was out in the Chairman's district years ago at a center at a university there called the K20 Center in Oklahoma, and it is an aspirational deal. It is about pointing young people, not about K to 12, but about college and graduate school. They were doing some

remarkable work. I am sure the Chairman would remember, they were building some of these games that these young people love to play, but building into them messages around educational achievement.

I think when the Administration says free college education, the way I look at it, and I am a big supporter of it, is that you are really saying the same way we have made high school a part of the social contract, you now want to make 2 years of college part of the social contract. And when we are competing with China, which is going to have 280 million college graduates, and they have built 100 science-only universities, they are seriously focused on our economic competition. They are competing against us. Even small countries, like Singapore, are in many ways competing with us every day.

So I think that when we talk about this as a budget item, we have to see it as whether we want America to remain number one in the world. And if we do, these kids in the shadows, they have to be moved and given an opportunity.

So I want to thank you. I am sorry I can't stay for the whole hearing. But we will be working together. And I do appreciate the support for GEAR UP. I authored the law that created GEAR UP years ago in a Republican majority Congress and Senate. And, I thank my Republican colleagues. It was bipartisan from day one. It has helped 13 million young people to prepare themselves and to go on to school after high school. So thank you.

And thank you to my ranking member.

Mr. COLE. Care to make a response to any of that?

Secretary DUNCAN. Amen.

Mr. COLE. Amen? Okay. Pretty good.

Okay. With that, I will go to Mr. Simpson.

Mr. SIMPSON. Thank you, Mr. Chairman.

And thanks for being here, Secretary. It is good to see you again now that I am back on the committee.

First, let me ask you, I know it is here somewhere, you mentioned that since you had released your budget that you had phone calls from all of the country about the importance of the Federal Government and Federal contributions to delivering the services and education and so forth.

IMPACT AID LEVEL FUNDED

Let me ask you about one in particular. Impact Aid is important in Idaho, as well as most western states that have public lands. Those dollars go to support school districts that don't have the tax base to keep their schools running. As you know, your budget is a $3.6 billion increase over last year, including increases for early childhood, teacher quality, community college initiatives. However, not a penny to increase Impact Aid.

It is kind of frustrating to many western states that have tax-exempt Federal property, military bases, or Indian lands, not only because the Administration touted the importance of Impact Aid when funds were being cut via sequestration, but because Impact Aid is the Federal Government's obligation. As you know, these funds could be and are in some cases used for the very initiatives

the Administration prioritizes. Can you please explain the reasoning behind your decision to level fund Impact Aid?

Secretary DUNCAN. I will turn to Tom Skelly in a minute. But, first of all, I appreciate your interest and your commitment. As I have visited military communities, it is so interesting to find that the folks who are serving their country and veterans never ask for anything for themselves. All they ask is we do a good job with their kids. I think that is the least we can do for them.

We want to continue to keep this program strong. We want to continue to invest. You are right, we are level funding. But the commitment and the importance of that work is extraordinarily high on my list of priorities. I want you to know how much that means to me.

Tom, Do you want to talk through the specifics on that?

Mr. SKELLY. Impact Aid is important and is level funded, as are many of our programs. There wasn't room to increase everything, even at the increased level that the President is proposing above the sequester limits. In the past couple budgets, we did propose a decrease in Impact Aid. So in relationship to the past couple years' budgets, it is an improvement for Impact Aid.

Mr. SIMPSON. Well, it is interesting to note that when sequestration was the law of the land and we were trying to write budgets to sequestration numbers before the Murray-Ryan budget deal, one of the things you all touted that would be impacted would be Impact Aid, and, boy, we can't do that. So now that when we are proposing a $3.6 billion increase, Impact Aid is just kind of left on the table as it is.

Mr. SKELLY. We talked about that Impact Aid reduction from the sequester when it was very immediate. Impact Aid is a current-funded program and the funds go to the school districts that have a high need for it. The impact of the cut is immediate. In the budget where we are proposing to remove the sequester caps, we think there wouldn't be as much of a need to be worried about that immediate impact.

TRIO-STUDENT SUPPORT SERVICES

Mr. SIMPSON. Well, we will have a discussion on all this as we put together a budget I am sure.

One other question that I would like to get into. In fiscal year 2015, the Department completely mishandled the TRIO Student Support Services competition. This included a late release of the initial grant application, followed by a reissued application that prioritized experimental competitive preferences over actual student needs. Ultimately, this committee, along with our counterparts in the Senate, added language to the Cromnibus to ensure timely handling of the competition.

What assurances can you give me that the Department will meet the statutorily established deadline of August 10, 2015, for delivering notification of the results of the Student Support Services grant competition? Additionally, how will the Department avoid similar missteps in the upcoming competitions for TRIO's Talent Search and Educational Opportunity Centers during fiscal year 2016?

Secretary DUNCAN. I disagree a little bit with the characterization, but that is fine. Hold me accountable. We try to do a really good job of managing a large agency. We don't do it perfectly. We are always trying to do better. And where we don't do things as well as we would like, we try to improve. And so hold me personally accountable for making sure we do a good job there and in all our competitions going forward.

Mr. SIMPSON. Do you support TRIO?

Secretary DUNCAN. Absolutely. It is a fantastic program. We are asking for a budget increase there.

Mr. SIMPSON. And the reason I ask that is in the last Administration the Secretary kept coming up, telling us that TRIO wasn't a successful program, and they consequently tried to blend it in with a whole bunch of other grant programs and everything else like that, which we resisted.

Secretary DUNCAN. No, again, we are asking for an increase. But to be clear, for TRIO, like every other program, we are holding ourselves accountable and asking what is the evidence that we are having a real effect and how do we continue to improve. TRIO is a great program, but we try never to be satisfied. We try to always be self-critical and look in the mirror on where we can get better outcomes and where we can have an even bigger impact on the students who need the support. We want to challenge ourselves to get better every year, not just to do the same thing.

Mr. SIMPSON. Thank you.

Thank you, Mr. Chairman.

Mr. COLE. Thank you.

If we can, we will return now to our ranking member, who was generous to give up her time to Mr. Fattah.

Ms. DELAURO. Thank you very much, Mr. Chairman. I want to associate myself with my colleague, Mr. Simpson's remarks both on TRIO, but also on Impact Aid, because not only the west, but the east coast is reliant on that funding as well.

TEACHER QUALITY AND TRAINING

Mr. Secretary, this is an issue that I know you know that I have been interested in. The Congress temporarily extended a provision in the continuing resolution to allow teachers who are participating in an alternative route to certification be labeled as highly qualified for purposes of complying with No Child Left Behind. We know that of all the school-related factors, teachers matter the most. Unfortunately, the research shows that these teachers-in-training are less effective than those who enter the teaching profession fully prepared. They are also inequitably distributed, primarily assigned to low-income and minority students.

To shine a light on the issue, Congress also required the Department to submit a report by the end of 2013 on the extent to which students in four subgroups—students with disabilities, English learners, students in rural areas, and students from low-income families—are taught by these teachers-in-waiting. To date, the Congress has not yet received a final report. What work has the Department done to provide Congress with this critical information? When will we receive the report? And let us know about what

you have done to make sure that the information from all of the States is included in this.

Secretary DUNCAN. Yes. We have been a little frustrated by this, as have you, and we would love to have gotten this report out a while ago. We have five States—I have looked around, I don't think it is any of you guys, and Mr. Fattah left, so I am not going to fuss with you about it—but there are five States where we haven't received data, frankly. They are Texas, California, Mississippi, Pennsylvania, and North Carolina. And those five States account for almost half the Nation's teachers with alternative certification.

I was pushing to just put the report out, but the Coalition for Teaching Quality asked us to wait a little longer, to see if we could get this data in and be more comprehensive. I am hoping we do. We will have to figure out if the data is not forthcoming what our action is.

Ms. DELAURO. What will we do? The information, when is it going to get to you.

Secretary DUNCAN. They pushed me and I listened and agreed, to wait a couple more weeks. So we will see if it is forthcoming shortly. If it is not, we have got to figure out what we do to move forward. And I apologize.

Ms. DELAURO. Okay. So as soon as we can, it would be useful.

Secretary DUNCAN. It is overdue, and we try not to have things be overdue.

ABILITY-TO-BENEFIT

Ms. DELAURO. I will just mention this, but my hope is, that what we will do is have the opportunity to get a briefing from all of you. This is on higher education, the Ability-to-Benefit. That is an area that we addressed in the Omnibus. What we want to do is to look at how the Department is dealing with implementing the change, how will the information be shared with financial aid advisers at community colleges, how will students be notified that they are now eligible for Pell Grants?

Secretary DUNCAN. We are working on it. Mr. Skelly can walk you through the detail on where we are on that.

Mr. SKELLY. We have an internal working group.

Ms. DELAURO. And I understand that you will come in and brief us on this effort and my staff on this effort as well. So I am appreciative of that.

Mr. SKELLY. Be glad to do that.

Secretary DUNCAN. What is the time on that?

Mr. SKELLY. It is over the next couple months. It is about 2,000 students, not a lot of students, who will benefit from the Career Pathways Program.

Ms. DELAURO. But it is critical. We were very glad to be able to restore that Ability-to-Benefit to those youngsters. So we will keep in touch on that issue.

FOR-PROFIT COLLEGES

Let me just mention for-profit colleges and the 90/10 rule if I can. I strongly applaud the Department's effort to protect students from debt, worthless degrees, and looking at this area. For the record, the schools enroll just one out of eight students, receive 1 out of

every 5 dollars spent on Federal financial aid, account for almost one out of two student loan defaults. The budget proposes the needed reform to protect students, and especially veterans, by closing down that 90/10 loophole.

So I am supportive of the Department's efforts. I think it is unconscionable that we continue to subsidize an industry with taxpayer dollars that leaves students, and especially veterans, with high debt and no degree. I want to know some more about what your proposed reforms are. If I can just, and maybe I will have to come back to this, I saw this information that is recruiting documents from for-profit colleges. And this is entitled "Emotion."

"We deal with people that live in the moment and for the moment. Their decision to start, stay in school, or quit school is based more on emotion than logic. Pain is the greater motivator in the short term." The profiles of people they look for are welfare moms with kids, pregnant ladies, recently divorced, people with low self-esteem. And the list goes on. This is a boondoggle.

When you come back on the next round, when we have a question, and I applaud the reform, I want to know how this is going to work, because we are shortchanging so many of our students because of the money that these colleges are getting. And it should stop.

Mr. COLE. Go next to the gentleman from Tennessee, Mr. Fleischmann.

Mr. FLEISCHMANN. Thank you, Mr. Chairman.

Good morning, Mr. Secretary. Good to see you.

Good morning, Mr. Skelly.

AMERICAN TECHNICAL TRAINING FUND

As you all know, I represent the Third District of Tennessee. It is a wonderful east Tennessee district. I know the Secretary has been in many times and I thank you for that, sir. Great, hard-working people. My constituents and I are steadfastly committed to workforce development. I hear from employers all the time that we need more skilled workers.

Mr. Secretary, as you know, the skilled trades are the hardest jobs to fill in the United States. Recent data cites that 550,000 jobs are open in the trade, transportation, and utility sectors and 246,000 jobs open in manufacturing. Career and technical education, we would know it as CTE programs, assist businesses in closing the skills gap by educating and training a competitive workforce to fulfill these 21st century demands.

In the Career and Technical Education State Grant program the Department makes formula grants to States to support these activities. This year, your budget proposes an increase of $200 million for a new American Technical Training Fund, ATTF, within the CTE Innovation Fund. Through this new fund, the Department would make grant awards to institutions of higher education, local educational agencies serving high school students or non-accredited training employers, workforce investment boards, and economic development agencies.

Mr. Secretary, I have two questions, sir. Could you please tell us more about the American Technical Training Fund and why the Department didn't propose to put the funding in the formula grant

to allow States more flexibility? And my second question, can you explain the quantitative criteria used to measure success and efficiency of these programs, sir?

Secretary DUNCAN. I am going to get to that in 1 second. First of all, I just want to commend Tennessee for the improvements your State has made. And, again, I wish Congress could work in a more bipartisan way, in the way we have worked with many governors. As you know, your Governor is a strong Republican, Governor Haslam. But he has done an amazing job and has been an amazing partner.

Tennessee on an absolute basis has a long way to go, but Tennessee, by every measure, is the fastest improving State in the Nation. And that is not easy. It is hard. There is pushback every single day. But we have been thrilled with the leadership and courage coming out of there and thrilled that we have been able to be a small part of that success and try to support that.

On CTE—and I will have Tom sort of walk through the technical side—first of all, I am just a huge fan of voc-ed, CTE, there are lots of different names for it. We need better programs at the high school level. I think many students drop out of high school not because it is too hard, but because it is too easy and they don't understand the relevance of what they are doing in school to the real world. I think we need to do a better job of introducing these students to potential careers that are high wage, to high skill programs in middle school and give the students a sense of what is going on.

We have tried to partner very closely with the Department of Labor with the Trade Adjustment Assistance Community College and Career Training, TAACCCT, grants for community colleges and really, again, making sure that real training is leading to real jobs. Some high schools do an amazing job of this, where real training, has real application to jobs in their community. In other places it is a little outdated, frankly, where they are training young people for jobs that disappeared a while ago. So we are always trying to spur innovation. We are always trying to look for evidence of what is working.

In terms of what we look for in terms of metrics, where is there employer demand in the local community? Where are employers helping to shape what is going on there? I would love to see all high school students graduate not just with a high school diploma, but with some AP credits or early college or industry certification, and with a high school diploma being like a baseline, but not as far as we can go.

So Tom is going to walk through the specifics of what we are funding and why. But we are trying to increase resources. We are trying to drive innovation. We want to make sure real training at the high school and the college level, community college level, are leading to real, in-demand jobs in local communities.

Mr. SKELLY. The $200 million increase, Mr. Congressman, for the American Technical Training Fund would be a competitive program. The CTE program provides formula grants to States. The idea is we would have a competition and award somewhere between 20 and 60 individual awards to partnerships of colleges, businesses, others in the area who are aware of what are the high-

demand fields. There would be job training opportunities for people at those individual sites.

Again, competitive versus formula, we have a lot of discussion about that. A competitive grant would target funds more directly to just the projects that are doing the work under the American Technical Training Fund. A formula grant program tends to disperse money out more broadly, so it is thinner. The idea is to concentrate funds on just a couple of projects.

Mr. FLEISCHMANN. Thank you very much. And I sincerely look forward to working with you all on this workforce development issue because I think it is not only great for my great State of Tennessee, but for the Nation.

With that, Mr. Chairman, I yield back.

Mr. COLE. Thank you very much.

I know my friend from Maryland, Mr. Harris, is trying to juggle getting back and forth between various committee assignments. Normally, it would be Mr. Rigell. But if it is all right with my friend, we will go with Mr. Harris next.

Mr. HARRIS. Thank you very much.

DEPARTMENT OF EDUCATION DISCRETIONARY SPENDING

And thank you, Mr. Secretary, for appearing before the committee.

And you can get back to me on this, but on page 2 of your testimony you talk about our spending not adjusting for inflation, being less than fiscal year 2008. Well, first of all, you exclude Pell Grants. Pell Grants are part of the discretionary funding in the Department. I mean, that is a priority decision, right? The Department has a budget, it decides where its priorities are. So with Pell Grants, that statement is not true, is that right?

Mr. SKELLY. That is right. If you include Pell Grants, since 2008 it would be slight—but it would be an increase.

Mr. HARRIS. A slight increase? $59 billion to $67 billion is a slight increase?

Mr. SKELLY. When we do the adjustment for inflation——

Mr. HARRIS. No, my question was not adjusted for inflation, because that is what it says here, without adjustment for inflation. So that is absolutely not true, without adjustment for inflation, is that correct?

Now, my figures for fiscal year 2008 actually, without Pell Grants, is 42.9. This year was 44.6. Now, this may be new math. But not adjusting for inflation, that is actually an increase.

So could you just get back to me about the correctness of your testimony, top of page 2? Rhetorical question, you are going to need to answer for the record, because I have other questions. Just go over your math. And maybe we need more Common Core or something. I don't know. But the math doesn't work out. It is not true.

Mr. SKELLY. I will share the numbers with you.

[The information follows:]

Discretionary Totals and Inflation

In nominal dollars, the 2015 Discretionary Appropriation without Pell is $4.536 billion (or about 10 %) less than needed to keep up with inflation.

Nominal dollars	Real 2015 dollars (multiplied by 108.665/99.321)
2008 $44.966 B	$49.196 B
2015 $44.660 B	$44.660 B

In nominal dollars, the 2015 Discretionary Appropriation with discretionary Pell is $2.388 billion (or about 3.6 %) more than needed to keep up with inflation.

Nominal dollars	Real 2015 dollars (multiplied by 108.665/99.321)
2008 $59.181 B	$64.748 B
2015 $67.136 B	$67.136 B

Mr. HARRIS. It is just plain not true, what your testimony was.

D.C. OPPORTUNITY SCHOLARSHIP PROGRAM

Let's talk about the D.C. Opportunity Scholarship Program, because that is my annual question to you. Is it a success or not?

Secretary DUNCAN. The results from the evaluation that was conducted a couple years ago is mixed, and it is largely similar to the results we have seen in other places. My sense is that test scores are relatively flat compared to those who had Opportunity Scholarships versus the control group. Graduation rates were up some.

Mr. HARRIS. Okay. Graduation rates were up some? Ninety-one percent versus 70 percent? Mr. Secretary, that is your idea of graduation rates up some? That is pretty dramatic, isn't it?

Secretary DUNCAN. I don't have the numbers front of me. I thought it was 10 percent.

Mr. HARRIS. Dr. Patrick Wolf conducted the study for your Department.

Secretary DUNCAN. Okay. That is fine. As I was saying, graduation rates are up. Parental satisfaction was good.

Mr. HARRIS. Well, how the heck do you measure success? If graduation rates are up 30 percent and parental satisfaction is good, what is your yardstick for success? I mean, aren't we here to serve constituents and to serve the children, get their graduation rates up?

So let me ask you, do you intend to ask somewhere—because we can't find any money in the budget to provide these Opportunity Scholarships for new students. I don't think it exists, does it?

Secretary DUNCAN. No, the money does exist.

Mr. SKELLY. It is not before this subcommittee. It is with Financial Services.

Mr. HARRIS. And there is a request for new scholarship money before Financial Services?

Secretary DUNCAN. There is an annual appropriation that goes both for that and for traditional D.C. Public schools and for charter schools. There are three different buckets there.

Mr. HARRIS. Okay. So your testimony today is that before the Financial Services there actually is an administration request for new scholarships, not continuation, new scholarships?

Secretary DUNCAN. There are additional dollars in the budget.

Mr. HARRIS. Mr. Secretary, very clearly, I am not talking about administration costs, I am not talking about evaluation costs. I am talking about actually parents getting to have their children take advantage of D.C. Opportunity Scholarships, new scholarships.

Secretary DUNCAN. Yes.

Mr. HARRIS. I am very happy and to relieved to hear that there are new ones.

Now, you have an RFP for a new administration, I believe, is that right, to manage the program, for a new grantee to manage the program?

Mr. SKELLY. A new grant, right.

Mr. HARRIS. That is right. And the application is due by April 24. The deadline for intergovernmental review June 23. Getting pretty close to the end of the year. Are you pretty convinced your

new manager is going to be able to have a smooth transition for the next year?

Mr. SKELLY. There will be a year where they overlap. So there should be no problem with that.

Mr. HARRIS. Excellent. Because I think that is a great program and I don't want to shortchange it.

COLLEGE RATING

Now, my final question is about higher education and the desire in the Department to rate our Nation's colleges and universities. And I don't know what criteria you are going to use, but I will tell you, I have a daughter who went to college and decided 1 year into it that she wanted to major in theology. I don't think she is going to make a whole a lot of money. I don't think she is going to have a great job based on a major in theology.

So if you use a criteria of what someone earns when they are done or what their balance is of what they earn versus what their scholarships are, I might find that she actually didn't go to a college that was worth very much because of the major she chose.

Allay my fears that we are not going to use criteria that supersede the ability of a parent and a student to decide which college is best for their child based on what they feel is a good college, not what the Department of Education feels is a good college.

Secretary DUNCAN. Obviously, we want parents to choose the right college for their child or older adults to come back to school for a whole host of reasons. What I think, Congressman, is that there has been a huge lack of transparency. There has been a lack of ability to navigate an extraordinarily difficult situation—what is a grant, what is a loan, what are the graduation rates? I am a sociology major who has tried to work in public service all my life. We love teachers. We love Peace Corps members. And we will do nothing that would sort of provide disincentives for folks to do the public service work that all of us are committed to.

Having said that, we think there is a whole series of information that would be great for young people and their families to have. We want to make sure that folks have a chance to make a living wage and not come out broke and no job prospects and huge default rates on loans.

And so this is complex. It is hard. But we think, given our collective investment of close to $175 billion each year to provide access to higher education, virtually all of that is based upon inputs, almost none of that is based upon outcomes. I don't think that is as wise as we should be with scarce taxpayer dollars.

Mr. HARRIS. Well, my only comment, and I will close, Mr. Chairman, is I worry when the Department defines what a good outcome is, because they might not define a theology major degree as a good outcome. I will leave it at that.

Thank you very much.

Mr. SKELLY. About D.C. Choice, we don't have a request for new dollars in the budget this year. It is carryover money that is available. So no additional funds were needed.

Ms. DELAURO. Is that in Financial Services?

Mr. SKELLY. Financial Services.

Mr. HARRIS. Thank you very much, Mr. Chairman. Yield back.

Mr. COLE. To the patient and long-suffering Mr. Rigell.

Mr. RIGELL. I think there are some advantages to being on the end. I always have these nice introductory comments from the chair.

Mr. COLE. I am sorry, I am sorry——

Mr. RIGELL. I will defer again, gladly.

Mr. COLE. I am sorry, I didn't see you come in.

Mr. RIGELL. No. I am really fine, if the chairman wants to follow order. So please.

Mr. COLE. I thought I was losing control there in the last exchange a little bit. So we are going to reassert regular order, if we may. But under regular order, Ms. Roybal-Allard is, indeed, next. So the gentlelady is recognized.

ACHIEVEMENT THROUGH TECHNOLOGY AND INNOVATION ACT

Ms. ROYBAL-ALLARD. Thank you, Mr. Chairman.

Secretary Duncan, as the author of the Achievement Through Technology and Innovation Act, which is better known as the ATTAIN Act, I have been advocating for Federal investments in digital learning since about 2007. The ATTAIN Act would provide education technology resources to underserved schools and would train teachers to effectively use that technology to prepare underperforming students for today's competitive workforce.

So I was very pleased to see that the President's budget request includes $200 million for Educational Technology State Grants. This money, as you know, is needed to complement the FCC's recent $1.5 billion increase in the E-Rate program, which will ensure that all schools have adequate broadband and wi-fi. Unfortunately, the ESEA reauthorization does not include the dedicated funding through the education technology.

For the record, could you please elaborate on why this dedicated funding for digital learning, specifically professional development for teachers on how to use that technology, is so important, not only to the individual, but especially to the future of our country? Because I witnessed in my own district where the hardware was there, but it was just sitting there because the teachers did not receive the training that they needed to effectively use that hardware.

Secretary DUNCAN. Let me come at this a couple different ways. And you mentioned it, and it is important for folks here to understand, the FCC's investment in E-Rate is a huge, huge, huge step in the right direction. Technology can drive equity. Technology can drive excellence. But where you have unequal access to technology, it actually exacerbates the divide between the haves and the have-nots, the digital divide. And with the FCC's investment, over the next couple years, whether it is in Native American communities or rural communities or inner-city LA, children who have not had access historically to high-speed broadband are going to get it. And this is I think really a game-changer, this is extraordinarily important.

So, first, I just want to thank the FCC for understanding the potential power here. Children, wherever they live, should be able to learn anything, anytime, anywhere, and the chance to take advanced placement classes, the chance to learn a foreign language,

the chance to have access to things that may not be in your school, in your community, again, just literally opens up a new world of opportunity. So we are very, very excited about where this can go.

It is empowering to teachers. It engages students in their own learning. We are asking for the $200 million, to answer your question directly. Sometimes our students are a little bit ahead of our teachers, and we want to make sure teachers have access to the training they need to make sure technology is really driving instruction and making a difference in the classroom. We think, there is huge potential here, but we want to make sure it is used wisely, thoughtfully, and the teachers are learning from each other. I think so much of this good professional development is not listening to some outside expert coming into a hotel ballroom, but it is teachers working with other teachers and working with their principals.

Ms. ROYBAL-ALLARD. I just want to emphasize the point that this is also important to the future of our country. We are not just talking about the individual students and the importance of them learning, but in terms of the future of our country.

Secretary DUNCAN. Well, if young people don't have these skills and exposure to these careers we do grave damage to them and to our Nation. And, again, if we don't take this seriously, I promise you other countries are.

Ms. ROYBAL-ALLARD. Yes, they are. Definitely.

EFFECT OF PROPOSED PORTABILITY PROVISIONS

Last week the House debated H.R. 5 to reauthorize the Elementary and Secondary Education Act, and one of the provisions in that bill would allow States to implement Title I portability. My understanding is that it would shift significant amounts of funds from high-poverty schools and school districts to wealthier schools and districts with much more lower levels of poverty. The Los Angeles Unified School District, our Nation's second-largest school district, would lose over $80 million if portability is implemented.

Can you explain in more detail why portability harms high-poverty school districts like LAUSD, including which school services would be impacted by portability?

Secretary DUNCAN. First, the administration has been extraordinarily clear that we could not begin to support H.R. 5. And, again, it is not too late for the House to work in a bipartisan way to fix No Child Left Behind. No Child Left Behind is broken, it is outdated, it needs to be fixed, but it needs to be about policy, not about politics. Any time it is simply about politics we are not really thinking about kids.

There are lots of educational challenges that we can all agree on and talk about the best ways to solve. What I have not had is a clear answer, frankly, from anyone on what education problem we are solving by taking money from poor kids and poor communities and poor districts and moving that money to more affluent districts. In many communities those more affluent districts are already better funded on a per-pupil basis. So a sort of reverse Robin Hood thing just simply doesn't make any sense to me.

And, again, I just would love someone to tell me what problem they think they are solving. What is Title I money supposed to do?

It is supposed to give poor children a real chance in life. And we go back to what Congresswoman DeLauro talked about, while we are seeing some improvements, far too few children who start out below the poverty line end up graduating from college. So what is the ultimate goal? To give them the skills, the knowledge, the ability to not just graduate from high school, but go on to some form of higher education.

Ms. ROYBAL-ALLARD. Thank you. I see my time is up.

Mr. COLE. It really is your turn, Mr. Rigell.

Mr. RIGELL. Here we go. Okay. Thank you so much, Mr. Chairman.

Secretary DUNCAN. Does he get any extra time?

Mr. COLE. If he needs it, yes, sir.

Mr. RIGELL. I appreciate that.

Secretary Duncan, thank you, both of you, for being here this morning. We appreciate it.

STEWARDSHIP OF PUBLIC FUNDS

Mr. Secretary, I read carefully your statement, and I realize that it is just a cursory overview of a very large department, a lot of funds are flowing through it. But I was struck by something. I didn't do a search on the document, but the two words "increase" and "increasing," those words are just all throughout, more funding, more funding.

We are all so often put in these boxes, that Republicans don't support this and our Democratic friends support something else or education, for example. But we know—we know—that this is a shared value, it really is, the next generation of Americans. But I would also say that there is another shared value, and that is stewardship, just how we are using the funds.

PELL GRANTS AND FRAUD

I want to call attention to one thing in particular, Pell Grants. Let me first say they are essential, they are helping a lot of young people, and, I guess, some middle-age folks too perhaps that need help. But it is a good program. But I want to call your attention to something, that is the fraud and the abuse that is in this program. And I want you to know, these are not talking points from Heritage, they are not coming from some Tea Party organization. I want you to know who brought this to my attention and said, please, look into this. And I use this with her permission.

Dr. Terry Sullivan, the president of the University of Virginia, walked me through a few years ago just how bad it is. And I said, Dr. Sullivan, is it okay with you, this is very powerful and it is troubling to me, and is it okay if I reference you publicly? And she said yes. And we have looked into it. And I don't have all the stats here today. It has been a really busy week. But there is abuse in the program.

The way I look at it, and we have talked about this on other things as well, someone who is misusing this is stealing from the American people and indirectly, but in a very real way, taking away from someone who does need the support because we are in such a tight budgetary environment.

I need to give you some time to respond to all this. But this is something I am going to remain focused on in my service on this fine committee. I think it is constructive. It is done for the right reasons. But please let us know.

I would actually like, in the future, just blend in some wording that lets all Americans, not one party or another, but all Americans know that you are looking out for every dollar, to make sure that the support is getting to those who need it and it is not getting to those who are going to steal from us.

Secretary DUNCAN. I think your point is extraordinarily well taken. And please know how seriously my team and I take our role as trying to be good stewards of scarce taxpayer dollars.

We actually have in the budget proposal resources to continue to challenge where there is fraud. I can give you the weekly report I get from our Inspector General of folks that we lock up for fraud rings and other things around Pell and other areas, not just limited to Pell.

So we take that extraordinarily seriously. We could lay out for you what we have done, what our budget proposal is, what we have done to put people in jail who have chosen to do the wrong thing. Every single day we try and use scarce tax dollars wisely.

To your point, for me, these are not competing values. We should be working as hard as we can there, and we should support hard-working Americans who desperately need to go back to school full-time. These values are not in competition and actually reinforce each other.

So know how seriously we take that responsibility. Know what we have tried to do. And if there are concrete suggestions of things that we could do better than we have, we are more than open. None of us have any interest in seeing scarce dollars being used by folks who are perpetuating fraud.

Mr. RIGELL. Thank you.

And some of the best advice I was given when I got up here is, "Look, there is so much going on. Become an expert on just a few topics and then kind of stay on it."

And, Mr. Chairman, absent maybe you directing me in some other direction, I am going to stay on this and we are going to work on it on the staff level.

PUBLIC-PRIVATE PARTNERSHIPS IN EDUCATION

Let me transition just for a moment in the little bit of time we have left and maybe a second round, if time permits, to talk about something so positive and I just think is just a real jewel within the educational system, and that is Achievable Dream in Newport News, Virginia. You have actually been there in 2009 with Congressman Scott. This was life-changing for me, really, in my view of education.

Time does not permit me to describe it to all who are here in the room, but it is a public-private partnership that is having remarkable results in taking our children who are most at risk and guiding them all the way through high school to have a remarkable outcome on the other side.

And, again, we will probably have to follow this up over time. But help me to understand what programs—or how does the De-

partment view these public-private partnerships and organizational—educational opportunities like Achievable Dream?

Secretary DUNCAN. Do I have time to try and answer?

Mr. COLE. You certainly can. We were pretty——

Mr. RIGELL. Your time, Mr. Chairman.

Mr. COLE. If you can satisfy Mr. Rigell, go right ahead.

Secretary DUNCAN. Very quickly, what I saw there was extraordinary. It is not unique. I see amazing schools beating the odds all over the country as I travel. And there are lots of people who want to tell you that somehow poor kids can't learn or black and brown kids can't learn, and schools like that put the lie to that myth and that stereotype every single day.

So we have tried to do a lot to incentivize and encourage public-private partnerships. I am a big believer in innovation. That is one of the things I talked about. In our Investing in Innovation Fund, we actually required a 20 percent private match to our dollars. So there is no free lunch, and local communities have to buy in. In all the grants we made, that obligation was fulfilled.

So it is not just our dollars and our resources going in. It is a community really buying in to what they are doing. We have done that in many of our competitions, and there has been tremendous interest. Again, folks told us it wouldn't work in the inner city, it wouldn't work in rural communities. It has worked. And people have stepped up big time.

So we can give you lots of examples of public-private partnerships that we have encouraged, we have supported and invested in, but to be very clear, the leadership and the vision is not coming from us. It is coming from great local educators in the large communities.

Mr. RIGELL. Well, that is common ground right there. Thank you very much, Mr. Secretary.

And thank you, Mr. Chairman. I yield back.

Mr. COLE. We will go next to our ranking member for another round.

ADDRESSING FRAUD IN STUDENT AID

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

In apropos of my colleague's comments with regard to fraud, my understanding is that the Education Department Inspector General has determined that the biggest problem was at the University of Phoenix, which is one of these for-profit colleges, and they found 750 fraud rings involving about 15,000 people.

So I would love you to answer the question that we didn't get time for in which the reform proposal and dealing with these for-profit colleges that are ripping the system off and taking the money away from kids and others who need it. And then I want to move to another question.

Secretary DUNCAN. Just quickly, we want to lead the world in college graduation rates. A generation ago we did, and today we are 12th. So we need to get better faster.

We need more universities of all types—nonprofit, public, private, faith-based, and for-profit—where they are doing a good job in providing real training and real skills that lead to real jobs.

Where that is happening, we think that is a good investment of taxpayer dollars. When they are leaving disadvantaged folks in a worse financial situation than they started and using our public dollars to do that, that is untenable.

So we have challenged the status quo extraordinarily hard in a number of different ways. That has not been without pushback from some of your colleagues, quite frankly.

Ms. DELAURO. Yes, indeed. And that is wrong, that pushback.

Secretary DUNCAN. But we feel we have done the right things.

In terms of the 90/10 rule—and it gets a little technical—but, basically, the simple premise that came to us from Congress was that there should be some individual investment. If there is real value here, it shouldn't all come from taxpayer dollars.

And 10 percent, I think, is not an insurmountable challenge there. When folks were using the GI benefits to go beyond that, that is just more additional public dollars.

I don't know how people sleep at night when you are taking folks who have served their country, who are coming back, trying to train and retool and then giving them huge debt and inadequate training or phony training. I don't know how you can sleep at night.

So we are going to challenge the status quo where it is abusing individuals, leaving them in worse financial situations, and taking advantage of taxpayers. Where folks are doing a good job, we are supportive of that.

Ms. DELAURO. And I will just say, Mr. Secretary, it is my intent to be very vocal on this issue because there are scarce dollars and they shouldn't be going in that direction. They should be going where they are needed.

TEST SCORES AND TEACHER EVALUATIONS

Let me move to another area, and that is test scores and teacher evaluations. We know how important it is to identify, remediate, and, if necessary, remove teachers from the classroom who are persistently ineffective.

The Department's policy reflects a lot of confidence in value-added metrics and encouraged districts to use them as an important factor in evaluating the effectiveness of teachers.

There is a consensus and there are independent experts who have warned against using such data for high-stakes decision-making because of what, in their view, is a lack of reliability across years, classes, subjects.

But this is Rand, National Research Council of the National Academies of Sciences, Educational Testing Service at Princeton, the American Statistical Association, the American Educational Research Association.

Given that there is a growing and a kind of consistent body of research that demonstrates unreliability and inaccuracy of value-added scores, are you prepared to rethink the Federal requirement that value-added data be included in teacher evaluation for those States that receive a waiver from No Child Left Behind?

Secretary DUNCAN. Well, your question is actually incorrect. We never say you have to use value-add. What we say is that student learning, student growth, needs to be a part of that.

What we are challenging in many—not many—in some States—when we came to Washington, I was a little stunned to learn that it was actually against the law to link student learning to teacher evaluations. I would say the goal of great teaching is never just to teach. It is to have students learn.

And so, to be clear, we always say multiple measures. There are a whole host of things that need to be there. We want to elevate and strengthen the teaching profession.

Ms. DELAURO. So there is no emphasis on testing, on the test scores?

Secretary DUNCAN. There is no requirement on value-add. What we are saying is student learning needs to be a part of teacher evaluation and one of multiple measures, never one thing.

So people take this to the extreme. Focusing only on test scores I think is a problem. Anyone who says that student learning is irrelevant to teaching doesn't make sense. And to be really clear, what I am interested in is growth and gain, how much are students improving each year.

What I hated in No Child Left Behind—not to go on too long—if a teacher took a child that was a couple years behind and caught them up under No Child Left Behind, they are labeled a failure if they are still not at grade level.

But if a child makes 2 or 3 years' worth of growth for a year of teaching, that teacher is not a failure. They are a hero. They have done extraordinary work. We want to look at how much students are improving each year.

Ms. DELAURO. Well, but the issue as well is that most of the VAM studies find that teachers account for about 1 percent to about 14 percent of the variability in test scores and that the majority of opportunities for quality improvement are found in the system-level conditions.

Ranking teachers by VAM scores can have unintended consequences that are negative consequences. The whole issue of poverty, the issues that you and I have talked about many, many times that need to go into the debate, and the discussion about the evaluation of teachers and that it has been viewed as the test scores have been a primary measure, metric, if you will.

TEACHER EVALUATIONS AND STUDENT OUTCOMES

Secretary DUNCAN. Just to be very clear, we have never advocated ranking teachers by test scores. But just to challenge your—you know, children who live in poverty, in very difficult circumstances, have huge challenges, and we need to do everything we can to overcome them, which is why we all come to work every single day. It is where we get our passion from.

Having said that, even among poor children, we see tremendous variations in outcomes. And we see examples like Newport News that we talked about where poor children are doing amazing work. I have been to Native American reservations with 70 to 80 percent poverty. Some are heartbreaking educational situations. Some are getting amazing results.

And so where there is huge variation there, I think we, as educators, need to learn from that and we need to understand what is working for children who have challenges and how do we take

to scale those things that are helping to transform their life chances.

Ms. DELAURO. Well, it continues to be my hope that we will not focus continuously on the test score because children in high-poverty areas are dealing with serious, serious consequences, and we need to focus more time and attention on training the teachers to be able to deal with those youngsters and be able to address those noncognitive skills, as you are trying to do in other parts of your budget.

Thank you very much.

Thank you for your indulgence, Mr. Chairman.

Mr. COLE. Well, actually, my friend, having watched Republicans argue with Republicans for the last 3 days, it is nice to watch Democrats argue with Democrats a little bit.

Secretary DUNCAN. We are not arguing.

Mr. COLE. I have enjoyed the rhetoric today.

Ms. DELAURO. We always are in discussion. It is a good thing.

Mr. COLE. No. It is a very good thing.

But I actually want to pick up and maybe add a little bit on your theme. This gets down to an area where I think there is always room for legitimate disagreement.

COMPETITIVE VERSUS FORMULA GRANTS

But, Mr. Secretary, in previous years, your budget request for fiscal year 2016 invests pretty heavily in competitive grant programs that allow the Federal Government to dictate how States and school districts operate. Actually, when I was a freshman on this committee back in 2009, there was considerable—I wouldn't say frustration, because, again, this is an important tool. I am not trying to suggest it is not.

But particularly then, when we had school budgets collapsing all over the country, there was a lot of concern, "Why aren't we doing more of this stuff within the formula? Why aren't we allowing school districts to have more predictability?"

And, again, you are using this approach to try and inspire some innovation in the field. We talked about that yesterday. I get that. However, States and school districts are constantly striving to provide quality education, and I think they are free to innovate on their own within formula grants.

So, given that, talk to me a little bit philosophically about the value of competition in the grant system, which I think runs through your budget, because the counterargument is that leads to micromanagement up here, that, frankly, by using a grant system, we are dictating a lot at the State and local level as to which directions they go.

So I want to see how you find that balance and what you think is appropriate.

Secretary DUNCAN. It is a great question.

We have lots of both internal discussions and debates with other folks. Just for the record, to be clear, the overwhelming majority of our budget is formula-based. It is actually 91.6 percent. Only about 8.4 percent of what we are proposing is competitive. So just to have the facts. Most people think it is like 50/50 or something.

It is not even close. The overwhelming dollars are formula, actually more in Title I.

Having said that, having a piece of our budget spur innovation and support innovation we think makes tremendous sense. And, Congressman, the thing for me that just sort of comes through here is there is tremendous unmet demand. So if we were trying to sell something that nobody was buying, I would listen to that very, very closely.

On the preschool development grants, we were able to fund 18 States. We had 36 States applying, again, across the political spectrum. So there is huge interest there.

Under the Investing in Innovation Fund, we were able to fund 1 in 20 of the applications. So 5 percent, basically, of what we got in from communities around the country we were able to fund. Promise Neighborhoods, we funded 1 in 10. First in the World, 1 in 20.

So quite to the contrary that we shouldn't be doing this. There is desperate need. There is huge creativity and innovation. There is a lack of resources. There is a lack of ability to scale.

I think so many of these lessons—what we are learning through some fantastic work in rural Tennessee has applications to rural Appalachia and maybe to Native communities as well.

I think it is a very appropriate role for the Federal Government, whether it is us or whether it is the National Institutes of Health or whether it is the military through DARPA, spurring innovation and scaling what works.

So if I look at—not to go on too long—if I look at some investments we have made in Appalachia in Ohio, huge increases in those students taking and passing AP classes. My understanding is in those districts, their graduation rates are now ahead of the rest of the State. So for all the poverty, for all the challenges, and the very real—they are ahead of where the State is.

I look in rural Tennessee. Huge increases in the number of students who are taking and passing AP classes, the vast majority first-generation college-goers. I visited east L.A.—Congresswoman Roybal-Allard is gone—but the Promise Neighborhood there, where it is a multi-generational education system, they are educating babies and their parents.

The demand, frankly, far exceeds our ability to support this work. My hardest conversations were conversations with folks like Governor Bryant in Mississippi, who is a very staunch conservative, who desperately wanted our resources to expand early childhood education, and we simply didn't have enough dollars.

We know the huge unmet need, the desperate need, in Mississippi. So I felt horrible about it. He was extraordinarily frustrated. But we simply didn't have enough competitive dollars to put behind States like Mississippi, trying to do better for their babies.

Mr. COLE. You know, I think it is a challenge. And, frankly, thank you for your long and thoughtful and nuanced answer.

The concern I have quite often is the fact that, yes, there is this huge unmet need and a lot of people are then spending a lot of time that have very worthy proposals and are not going to be able to get there. I hear a lot of frustration on the other end when you can only fund 1 out of 20 grantees.

I suspect there was a much higher percentage of that that you would have liked to have funded. But they have gone to considerable expense and a lot of effort. And there is certainly some good to be had there, but there are some difficulties in hitting the right balance.

I want to move next to the ranking member of the full committee, the gentlelady from New York.

Mrs. LOWEY. Thank you very much.

SHORTAGE IN QUALIFIED WORKERS

It is always a pleasure to welcome you. I apologize that we have four hearings at the same time. So some of us wish we had roller skates around here. But I know how important your work is, and I appreciate your leadership.

A couple of questions. First of all, one of my main focuses in my district: Hearing from employers who say they have jobs to fill primarily in the high-tech and medicine fields, but there are not enough people with the skills needed to fill the positions. Just recently one of the hospitals was telling me they had 2,500 jobs and they can't find people to fill them.

The disparity between the skills job-seekers have and the skills employers need to fill available positions, known as the skills gap, hinders employers from expanding, innovating, improving productivity. It prevents workers from obtaining well-paying jobs in demand industries.

This is widespread, facing employers across the country, as more than two-thirds of manufacturing executives report shortages of qualified workers.

In addition, the demand for skilled workers is increasing. I understand that, by 2020, two-thirds of jobs will require some post-secondary education and training. The budget includes $200 million for a new American Technical Training Fund that will fund up to 100 centers at community colleges to support job training programs.

How would these grants help meet employee needs while providing a path to the middle class for low-wage workers?

Secretary DUNCAN. You have identified a theme that so many folks have, and that I have seen consistently as I have traveled the country. We have to provide, not just young people, but folks coming back to retrain and retool, with the skills to obtain high-wage, high-skill, middle-class jobs.

There is tremendous unmet need, whether it is in your district or around the Nation; the historic disconnect between what educators are providing and what CEOs and employers are looking for is pretty staggering. So you hit the nail on the head.

I am a huge fan of these programs. We are going to continue to invest in community colleges and in high schools, and I would go so far as to say in middle schools as well. They are helping to expose young people to the jobs of the future.

We want to only invest where the education sector is linked to the private sector, to where the real jobs are and that real training is leading to real jobs, and that is how we want to hold ourselves accountable. We are seeing fantastic innovation in many, many of the community colleges we visit, but we can't do enough of this.

And while we are very committed, we are not doing this alone. The Department of Labor has been a fantastic partner, particularly on the community college side, and over the past 4 years has invested about $2 billion to make sure that real training is leading to real jobs on the back end.

Mrs. LOWEY. Could you share with me some kind of evaluation that you are doing with the Labor Department. Because I know we are investing, but I still see these tremendous needs out there. And maybe we could do another briefing.

Secretary DUNCAN. We can go through that, and I can have Secretary Perez reach out and walk you through it. But, for me, the accountability on this stuff is pretty simple. We need to hold ourselves to the highest standards. The simple question is: Is this training leading to real jobs in the community?

Mrs. LOWEY. Is it?

Secretary DUNCAN. In many places, it absolutely is. In some places, we have to continue to get better and we have to continue to encourage people to come to the table and talk this through.

So I think there has been significant progress. Is there still tremendous unmet demand? Absolutely. And it is incumbent upon all of us to help folks who are trying to hire.

I can't tell you how many CEOs that I have met with and the President has met with, saying, "We are trying to hire right now. We can't find folks with the skills." That makes no sense. It is mind-boggling. They want to keep jobs in the communities and in our Nation.

So without looking at a formal evaluation, my sense is we are making real progress, but we have a long way to go and we have to get better faster.

Mrs. LOWEY. I would be interested to know what kind of support, what kind of actual dollars, the corporations with which you are interacting invest. I mean, the profits are huge, not for all of them. What kind of partnerships are there?

Secretary DUNCAN. So, again, the good ones—and not everyone is good—the good ones are helping in a couple different ways.

Some are actually providing the high-tech equipment to the community colleges because it helps to train. Some are helping on the curriculum, what gets taught and having their employees help to teach. And many are providing summer jobs and internships so they can start training young people while they are in school are getting the skills they need to go to work.

So those are sort of high-caliber, high-quality programs. Not everyone is doing that, but there are some fantastic examples out there.

Mrs. LOWEY. Well, I see my red light is on.

But I would love a further briefing on that because our chairman, I know, is committed to many of the issues that were discussed today, but we really have to look at the dollars and see what is working, what is not.

And maybe the private sector could do more in training and work with the high schools preparing people, or the community college, depending on what level the jobs are.

Thank you, Mr. Chairman.

Mr. COLE. Certainly.

We will go next to the gentlelady from Alabama.

Mrs. ROBY. Thank you, Mr. Chairman.

And, Mr. Secretary, great to see you. Mr. Skelly.

I have appreciated the interactions with you over my short time in Congress, and even though many times we don't see eye to eye, I do appreciate having the opportunity to talk with you today.

As you know, I first met you when I was on the Education and Workforce Committee, the authorizing committee, and now I am excited to have this place on Labor-H Subcommittee for Appropriations.

FEDERAL INTRUSION IN EDUCATION

When I was on the authorizing committee, I introduced a bill called Defending State Authority Over Education Act, and it sought specifically to prohibit the Secretary of the Department of Education and future Secretaries from using grants and policy waivers to coerce States into adopting certain policies, including preferred standards and curricula. And so we were successful in both last Congress and this Congress in getting this bill language into the Student Success Act.

And whereas that bill has not been passed by the House yet, I believe that there is a broad agreement in both the House and the Senate that the executive branch has exceeded its reach when it comes to State education policy and allowing the local control—the local school board, States, and parents to be in the driver's seat of making decisions.

And we all agree. I mean, I want Alabama, my State, to have the highest standards and challenge students and build critical thinking skills. I am a mother of a fourth grader in the public school system, and I am glad that our State has made efforts to raise its standards in recent years when we have lagged behind for so long.

But however welcome the collaboration between States may be, the intrusion of the Federal Government into that process, directly or indirectly, is inappropriate and it invariably comes with a political agenda from here in D.C.

And as I have stated in numerous speeches, those that are up here making decisions about how children in Alabama should be educated when they have not even been to Alabama and we know that schools differ from school district to school district and even can be vastly different in their population within a district—I think that those parents and principals and teachers and local elected officials should be the ones in the driver's seat of determining the best policy.

So as we are here today to consider your budget request, I just want to hear from you about how the Department under your leadership plans to deal with these issues moving forward. And what can we expect to come down the pipeline as it relates to the Department, the U.S. Department, setting policy for States when I clearly don't believe that that is the right way to do things?

Secretary DUNCAN. Words are important. I think in your statement—some stuff I agree with, and some stuff you conflate or, frankly, confuse.

What we asked States to think about and encourage is for States to have high standards. The idea that so many States actually

dummied-down standards under No Child Left Behind, and reduced their standards to make politicians look good, is one of the most insidious things that I think has happened in education.

Children who have worked hard and played by the rules who graduate and are woefully underprepared for college and have to take remedial classes and burn through Pell Grants, I don't know who that serves well. It doesn't serve the individual well. It doesn't serve taxpayers well.

And I would ask you what your State's college remediation rate is in their 2- and 4-year universities? I don't know it. My strong bet is that over a third of young people in your 2- and 4-year public universities have to take remedial classes.

And so where States are raising standards, we think that is fantastic. We are not setting those standards. We have provided waivers to States under No Child Left Behind because No Child Left Behind is broken and Congress has been dysfunctional and has not been able to fix it in a bipartisan way.

STATE STANDARDS AND WAIVERS

We have worked with States across the political spectrum on that. We have provided waivers to States that have done their own thing. And our only question we ask of Alabama and Texas and every other State is, "Will your institution of higher education"—not ours, institution of higher education in your State— "say that students who are at this standard don't have to take remedial classes?"

So we don't see much controversy there. We don't see much issue. We have given waivers to States—sort of more traditional States on the right, like Texas, and we have given waivers to States on the left, like Minnesota, which have done their own thing.

There hasn't been controversy there. We think that is the right thing. If States want to lower standards, they have the right to do that. We can't stop them. We just don't think that is something that we are going to support.

We are barred by law from touching curriculum. So we have never done that. Never have. Never will. That should always be determined by local educators and parents and board members. We just think there should be a high bar for students. How you help students achieve to that higher bar is always best determined at a local level. And we have been 100 percent consistent on that from day one.

Mrs. ROBY. Well, my time is expired.

Let me just say, again, my position is that the U.S. Department of Education ought not to be able to tie funding to coercion of State and local school boards to have to do certain things, and that is what has happened in the past.

And it is my sincere hope that this Congress can get it together and pass the Student Success Act so we won't see any further processes like that.

So thank you again for being here.

And, Mr. Chairman, I yield back.

Mr. COLE. Certainly.

The gentlelady from California is recognized.

Ms. LEE. Thank you, Mr. Chairman.

Good morning, Mr. Secretary. Sorry I missed your testimony. I will look at it. I was in another committee hearing, also. But I am really pleased to see you, and I have a few questions I would like to ask you.

SERVING AT-RISK YOUTH

First of all, we all know that children in poverty are often the ones most susceptible to dropping out. It is very difficult to learn when you are hungry. It can ultimately lead to poor grades. Poor grades, of course, can lead to discouragement and, ultimately, dropping out of school. Many of these young people end up in juvenile hall. We can't afford to let this happen. We can't afford to lose the brain power. And so many of our young people, unfortunately, are lost after they drop out of school.

So I was wondering if you have any—and we have a model program in California—or an example of a program where the coordination between, say, the Department of Justice and the Department of Education to make sure that at-risk youth are not at risk as a result of what is taking place due to the dropout rate. So I want to see if there are any joint efforts between yourself and DOJ on that front.

Secondly, as it relates to the proposed increase for TRIO—I think it is $20 million for TRIO funding—it would use for a demonstration initiative, I want to ask you a little bit about what the demonstration projects look like. Multi-year initiative or activities that would take place only in 2016?

IMPACT ON HISTORICALLY BLACK COLLEGES AND UNIVERSITIES (HBCUS)

Also, I am pleased to see the community college initiative, and I want to make sure that the funding doesn't put HBCUs and any of our minority-serving institutions at risk. With regard to HBCUs, you know, I noticed in your budget that you didn't restore the sequestration cuts to the capital financing program and want to know what that is about. I know there was a drop in loan activity last year. So I would like to ask you to kind of flesh that out for us.

And, finally, let me just ask you, as it relates to HBCUs and the whole effort to—I guess you flat-funded minority-serving institutions this year. It is very important to recognize and remember that HBCUs graduate about—the graduation rate is almost 40 percent, 39.9 percent. African American students at community colleges, the graduation rate is 12.5 percent.

And so we have to, going back to what I said earlier, make sure that the community college initiative is fully funded because, you know, people need to be able to go to school and gain the type of education that community colleges provide. Peralta in my district is a great example of that.

But I don't want to see HBCUs put at risk because, again, going back to California, many of our young people now—because of the end of Affirmative Action, they are not at the University of California anymore. They are at HBCUs. So just coming from a California perspective, I want to make sure that both budgets are fully funded and we don't rob Peter to pay Paul.

Secretary DUNCAN. I think there are three or four questions there. I will try and get to them all quickly, and if I miss it, let me know. I will follow up off-line.

So, quickly, the good news, which I talked about before you got here, is that dropout rates are down significantly. African American dropout rates are down 45 percent. Latino dropout rates are down 50 percent over the past decade. That is huge. That has translated to all-time-high high school graduation rates and, between 2008 and 2012, 1.1 million additional students of color are not just graduating, but going on to college.

SCHOOL-TO-PRISON PIPELINE

So while we are thrilled with that progress, we are not satisfied. There is a long way to go. The dropout rate is still unacceptably high. We have partnered with the Department of Justice in lots of different things, and we can work through that or show you what we have done.

One of the big things that we have done together is really tried to address the school-to-prison pipeline. I learn something every single day, but I tell you I was stunned to learn that across the country we were suspending and expelling 3- and 4-year-olds from preschool. And we know who they are—black and brown boys. I had no idea.

So along with my good friend, Eric Holder—I am sorry he is departing—I wish him well—we put out very clear guidance saying you have to look at these things. Lots of 3- and 4-year-olds have challenges. I had a couple 3- and 4-year-olds myself. Putting them out of school, suspending, expelling them, I don't know what problem that is solving.

We have tried to be very self-reflective and look in the mirror, and we have seen places like L.A. significantly reduce suspensions and expulsions and move towards more restorative justice and peer juries and those kinds of things, and the Attorney General and DOJ has been a great partner there. That is one example.

TRIO DEMONSTRATION INITIATIVE

On TRIO, we want to put more resources there. We want to give folks who run these programs more room to do some things differently, try some new approaches, be a little bit more innovative and give them flexibility. If somehow our rules are hampering or preventing them from doing something they think would help more students, we want to give them more latitude there.

COMMUNITY COLLEGES AND HBCUS

Finally, this investment in community colleges I think is actually a huge deal for HBCUs. And this is not one versus the other. I think that is absolutely the wrong mentality. We need a heck of a lot more students of color to not just graduate from high school, but go on to higher education.

Many HBCUs are community colleges to begin with. So they would be funded directly. But if we can open up community colleges to a lot more young people and first-generation college-goers African Americans, and Latinos, they will not just graduate from

colleges, they will go on to 4-year institutions, and we will significantly increase the pipeline.

So anyone who thinks this is one versus the other, I think totally misses what is possible here by expanding access to community colleges. If we increase the size of the pie, everyone is going to benefit, and I think HBCUs could potentially benefit disproportionately because so many community college students happen to be students of color. If I have missed some stuff, let me know. We will come back.

Ms. LEE. We will come back around.

Mr. COLE. We will certainly give you another opportunity, but you got quite a few on the Secretary's plate there.

ADDITIONAL INVESTMENTS IN TRIO PROGRAM

I do want to pick up where my friend, Ms. Lee, left off on TRIO. Because while you do have an increase there—and I think there is really strong bipartisan support for this program. Certainly in my district I have seen the difference it makes in helping first-generation college students actually succeed.

And as we discussed when you and I had the opportunity to meet, one of my big concerns and I know this Committee's big concern is just the dropout rate in college, the number of kids we lose that, number one, walk out with debt maybe that they didn't have before and, much more importantly, I think they walk out sometimes with a sense of failure that nobody in their family has been able to do it. They tried but they were not able to do it. It is just really something that I think bears a tremendous amount of focus.

Given that, I mean, what you have added is about $20 million. It is for another program, as you have said, an innovative program, but it doesn't expand what is already an underused program. And these are pretty competitive programs. As it is now, you already are going through a lot of application processes.

When I am dealing with local TRIO programs, they are quite often wondering, "Are we going to make it this year? Are we going to be funded this year?", that sort of thing.

So tell me, if you will, number one, why not more money in that program? If you have concerns, I am delighted to hear them. I would really want to know what they are.

I know we have put a lot on your table and we are asking you to do everything from preschool to make sure that nobody drops out of college. And I do worry sometimes, when we have programs that I think are working at least, we are stretching you so far maybe we are not putting enough focus on those areas.

So talk to me a little bit about what your plans are for TRIO and anything else that you want to throw in that would, again, reinforce the ability of children or young people, once they enroll in college, to stay there and actually get through with that degree.

COLLEGE ACCESS AND COMPLETION

Secretary DUNCAN. I am happy to have a conversation about more resources for TRIO and other programs. That is music to my ears.

I should also come back, Congressman Lee, to your point.

We don't just have one funding source trying to help first-generation college-goers. So, obviously, TRIO is a big part. GEAR UP is a big part. Clearly the community college thing is a huge push to have more at-risk students graduate.

The other one that I failed to mention in answer to both of your questions is First in the World. That is all about—more competency-based, speed to degree, better remedial, better developmental work. We have seen, again, huge interest there, real innovation.

HBCUs did a great job, disproportionately got significant resources in First in the World, which is one reason we didn't bump up the bottom line, because there are more resources in First in the World for HBCUs. I failed to mention that.

So it is a longer conversation, but we should sort of lay out for you not just this one funding stream, but here are the three, four, five things we are doing to try and help more young people graduate. And we know we have much further to go. We know we have to get better faster. So if there are thoughts of things we can do to accelerate the rate of progress, I am all ears and happy to have that conversation.

I will also say that long term, one of the most important things I think we can do to help more young people not just go to college, but to graduate, is to make sure they are going to college and not having to take remedial classes. Again, I saw a study, I think from Oklahoma, that was like 40 percent. This supports the idea of having high standards, again, those should be set at the local level, by States, not by us, to be very clear, to our friend from Alabama.

But where States have historically lowered standards, we can do all the TRIO, we can do all the catch-up, but we are setting kids up to be less than successful. This idea of making sure students are graduating across the Nation truly college- and career-ready with a simple definition, meaning, if they graduate, they don't have to take remedial classes. I think that is a very simple, but powerful, idea that long term will help to boost the college completion rate that we are all concerned about.

EARLY CHILDHOOD EDUCATION

Mr. COLE. Let me move to the other end of the spectrum, and I know I am about to run out of time.

But, again, as we talked, early childhood, I know, is a very, as you made clear here, very important emphasis for you. Right now I think, if you look at Early Head Start and Head Start, we are almost a little bit of an inverted period. We include more people as they get a little bit older, and I understand that.

But I am curious if dollars—I have read research that says the best time is zero to 3. I mean, you have got to get in there early, not 4 and 5. You are almost jeopardizing your 4 and 5. Is that true, number one? And what are you proposing to do at that very entry level in terms of early education?

Secretary DUNCAN. That is a very thoughtful question. You raised it the other day. Again, these are long conversations.

My short answer is I always want to look at a zero to 5 continuum. And we know learning doesn't start in kindergarten, at 5. We know learning starts at birth. And whatever we can do in that

zero to 3, whether it is Early Head Start or home visiting programs—and I have seen some fantastic programs in rural Kentucky and other places that parents who were not lucky enough to have a huge amount of education themselves, with some help and support, are doing a fantastic job of raising their kids and helping to give them some opportunities that exist.

But, for me, it is always not this versus that. It has got to be both. If we look relative to other industrialized nations in terms of access to preschool, we are like 28th, again, just nothing that we can be proud of or should be proud of.

And the fact that we don't lead the world in providing access to high-quality early learning opportunities doesn't make sense. And, again, outside of Washington, this has become an unbelievably bipartisan issue. From the left to—you know, Governor Abbott in Texas just said last week his first priority—strong conservative governor—his first priority is increasing early childhood education. It is beautiful. It is music to my ears.

We just have to get folks here in Washington to listen to what is going on back home. And I don't say this lightly. I think your State, Oklahoma, has done this as well or better than any other State. It is a strong, conservative State, Governor, House, and Senate. And if every State was doing some of what Oklahoma was doing, our Nation would be in a much better situation.

So whether it is Oklahoma on the early childhood side, whether it is Tennessee on the community college side, I think they are fantastic examples that we should be learning from and throwing politics and ideology out the window.

Mr. COLE. Well, thank you.

And a word to the wise. Anything you can find in rural Kentucky that is working will be well received on this committee.

So, with that, I will go to my good friend, the ranking member.

PRESCHOOL DEVELOPMENT GRANTS

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

And when you spoke, Mr. Secretary, and the Chairman asked you where would you spend the dollars, so this is the continuation of this issue on preschool, on early childhood.

I want to say to the chairman that, in the HHS budget, there is a $1.5 billion increase in Head Start, and that is the money that deals with zero to 3 and a number of the wraparound services, Mr. Secretary, that you speak about with other countries that deal with early childhood education. It is the education plus the wraparound services which are found more in the HHS budget.

But I want to again—the pre-kindergarten programs, it levels the playing field. It really does. You have an extraordinary program in Oklahoma, Mr. Chairman. And there you are looking at—and we were talking about some of these issues before. It is academic, cognitive, emotional skills that are being viewed, and there are very high standards.

We had $250 million for the preschool grants, and the first round of grants are out, Mr. Secretary. And I am proud to tell you that you know that Connecticut received a grant, and it is going to be 400 additional kids.

Can you give us information on the implementation of the program, how the grants are, what they are looking like, how they are improving standards and providing some comprehensive services.

Secretary DUNCAN. And, again, I just appreciate so much your compassion and commitment on this issue. And just to say again, if we could do one thing together, if we could increase access to high-quality early learning, it is life-transforming.

And, you know, folks who are a lot smarter than me, people like James Heckman, who is a Nobel Prize-winning economist at the University of Chicago, talks about a 7-to-1 return on investment. So for every tax dollar, we get back $7, less incarceration, less dropouts, less teenage pregnancy, more folks graduating, going on to college, getting a job, becoming productive citizens.

When I think of all the tax dollars we have spent, how many can we honestly say we are getting a 7-to-1 return on investment? I don't know how often we can do that.

Ms. DELAURO. How is the implementation, though?

Secretary DUNCAN. We are trying to do two things. We are trying to increase access and make sure it is high quality. The goal is not just more slots. It is more children entering kindergarten with those social and emotional skills and academic skills they need to be successful.

One thing I just want to add: All these good early childhood programs, it is helping children, but it is strengthening families and it is helping parents become better parents as well. And so we should come back with a report sort of State by State where folks are at and what they are doing.

We loved what we saw. As the chairman said, I wish desperately we could have funded a lot more States than we had dollars. We just simply funded down. Felt thrilled for children in Connecticut. Was heartbroken that I didn't help kids in Mississippi. That didn't feel great. And so we should walk you through State by State.

And we are doing annual report cards of what they are doing and what progress they are making. But to see so much interest, again more Republican governors and Democrats now investing, it is a beautiful thing.

Ms. DELAURO. And we ought to be able to take those—it shouldn't be that your success is based on geography. We ought to be able to move these, you know, to scale. Nationwide we ought to be able to——

Secretary DUNCAN. That is the final thing, is for all the hard work and innovation we are seeing across the country, virtually, in every single State I travel to, there are still waiting lists. So for all the work that local political leaders and educators and governors and mayors are doing, there is still extraordinary unmet needs.

And for us to say to 3- and 4-year-olds, to your point, that somehow because you don't live in the right place or because your parents don't happen to be wealthy, we are going to deny you the opportunity to start to get some education before you turn 5, who are we helping there? Who are we helping?

NON-COGNITIVE SKILLS

Ms. DELAURO. I want to follow up with the noncognitive skills where you have moved from a request of $2 million to $10 million.

The investment, again, in my view, is so worthwhile. I will not go through the reasons for that. But I want to know that—you have got Investing in Innovation. First in the World are considering prioritizing the noncognitive skills piece as well.

Can you give us any information on how funding through the competitions can help to mitigate the effects of poverty on students. And can you talk about the plan to spend the increased funding request in 2016.

Secretary DUNCAN. First, again, thank you for being a champion here. Secondly, I hate the name noncognitive skills. No one knows what the heck that means. We need to all come up with a better name.

But what it gets to, it gets to not just babies, Mr. Chairman, but it gets to how we help more first-generation college-goers be successful. It is a mindset.

And we have been meeting with experts from, Stanford and Duke and Pennsylvania and other places who are showing actually some really interesting data at the community college side where some interventions are helping young people understand that, when they struggle, that is okay and that is not a sign of failure, it is actually their mind improving—the brain is a muscle and it is expanding and getting better with exercise.

Seeing some real significant increases, same children, same challenges, same poverty. Starting to get very different outcomes. Fascinating research that Carol Dweck and others are doing that you should see. So, again, it doesn't say that poverty doesn't matter. It is saying poverty matters a lot. But with these commonsense innovations that, frankly, are not very expensive, we are starting to get much better outcomes.

This is a hugely important emerging body of research. We need to invest more. We need to be doing more than what we are doing. I am glad we are increasing. We should, frankly, be doing a heck of a lot more than where we are. And just from a lifetime of working with kids in a disadvantaged community and understanding how powerful it is, that there is now a body of research that sort of confirms sort of what I believed all my life.

It is extraordinarily powerful. We had a set of experts in last Friday, and we just shared the research. It is still early, still not at scale, still not national, but very, very encouraging about what young kids who have not been born with a silver spoon in their mouth can do with better support.

The last thing I will say is they are not just working on young people on their own psychology around this. They are trying to change the cultures of the institutions that serve them. So if you have a college professor who says there are three of you sitting here and one of you will not make it, who is going to internalize, "Well, he is talking about me." It is that child who is first generation.

Mr. COLE. It will be that guy. No question.

Secretary DUNCAN. So there is a lot here. We want to do more. And we should share with you what is coming out.

Ms. DELAURO. Absolutely. Thank you.

Mr. COLE. Next we will go to the gentlelady from California.

Ms. LEE. Thank you.

Mr. Secretary, let me just ask you this: Within this fiscal environment of sequestration and austerity, as you move around the country, how are teachers and educators faring in the classroom?

MINORITY SERVING INSTITUTIONS

Secondly, with regard to the First in the World initiative, I went back and double-checked because you indicated that you set aside $60 million for minority-serving institutions under this. Whatever the number is, is it part of the reason for flat-funding HBCUs.

I am double-checking this, and it is my understanding only one successful HBCU received any of the grants under this initiative. So can you kind of explain that.

CHARTER SCHOOLS

And, finally, just with regard to charter schools, you know, I am still really very leery of what we are seeing with charter schools in terms of accountability, in terms of what is taking place, especially in California. And I know you are a big fan of charter schools. So you may want to tell us what is going on here.

Secretary DUNCAN. Well, let me be clear. I am a big fan of good charter schools.

Ms. LEE. There are a lot of bad ones.

Secretary DUNCAN. There are good charter schools, and there are bad charter schools. There are good traditional schools, and there are bad traditional schools. And what I just want is to have every child to have access to a great school.

And where we are supporting the replication of charter schools, we are trying to only invest in high performing ones. And where there are bad ones, I have been very public and gone to the charter school and asked the Convention and said they should close them down. They shouldn't exist.

But where you have charter schools that are getting fantastic results, particularly in disadvantaged communities, and extraordinarily high graduation rates and high college-going rates, we should learn those lessons and we should have more students have those kinds of opportunities. So we are only trying to invest not in random charter schools, but in places that are doing a great job for kids.

On the First in the World Program, again, we think there has been significant interest and great work coming from the HBCU community, and we want to continue to support that.

You had a third question.

HBCU CAPITAL FINANCING

Ms. LEE. Well, on the capital financing—and that was part of the first question I ask you—why we are not funding—you are not adding——

Secretary DUNCAN. We did not request an increase in funds for capital financing.

Ms. LEE [continuing]. On the capital financing.

Mr. SKELLY. We can actually make $286 million in new loans there. So we don't need to have more money in the——

Ms. LEE. Is that what the HBCUs are telling you, though?

Mr. SKELLY. Well, that is how much we calculated we could make in loans.

Ms. LEE. Yeah. Well, I would say you should double-check with them first or at least check with me and I can give you some additional information on why I think that that is not a good number.

But the other question I wanted to ask you was the austerity and the sequestration.

What is going on in the classrooms now, given the strain on teachers and educators?

TEACHER TRAINING AND RECRUITMENT

Secretary DUNCAN. That is a key question. And I talked about it a lot earlier before you got here.

But teaching has never been more important. It has never been harder. It has never been more complicated. In our budget, we are asking for $1 billion for a Title I increase. We are asking for $2.5 billion for teachers and to support them and to train the next generation of teachers or principals and to help with technology.

Great teachers, great principals, as we know, transform students' lives. Nothing is more important in school. Whatever we can do to better attract and retain great talent, particularly disadvantaged communities, be that inner city urban or rural or remote or, again, Native American communities, we have a lot of hard work to do there.

When resources are down, when classes sizes are up, when there are fewer social workers, when there are fewer counselors, when there is less after-school programming, again, I fail to see who we are helping in those situations.

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

Mr. COLE. You are welcome.

We will go next to my friend from Arkansas.

Mr. WOMACK. Thank you, Mr. Chairman.

LINKING EDUCATION TO CAREERS

I apologize to the Secretary and Mr. Skelly because I am running late, but we have got the SecDef and the Chairman of the Joint Chiefs across the hallway and I have got dual purposes here this morning.

Mr. Secretary, when I tour my district and I talk to my job-creators, I have become a bit overwhelmed over the last 4 years when I talk to them about jobs. And almost to the person, depending on the type of employment they offer, but particularly where it concerns technical-type skills, I am taken aback by how many of them, nearly 100 percent, say, "We have jobs, but we are having difficulty finding qualified people to work."

Now, the other side of it was a lot of them say they have trouble finding people that can pass a drug test. We know that is a whole other issue facing job creation.

It is my opinion—and maybe you can convince me that I am wrong—but we have kind of misled, I think, an entire generation of young people to thinking that the only means of success is to make them a college graduate. And maybe I have got a jaded view of it.

But a lot of people that have college degrees are still having difficulty finding work related to their specific degrees. But a whole lot of very high-paying, good-paying jobs, you know, welding and fabrication and those kinds of things, highly technical-skilled jobs, are just not able to be met.

So what is your vision for the career and technical piece? Because I have got a lot of places in my district where they are recognizing that and community colleges are now working with local employers. It is amazing how this is happening. And I will let you answer in just a minute.

But this is what The Manufacturing Institute says: "Half of companies rely on word of mouth for hiring. Fewer than 15 percent use educational institutes like technical schools and community colleges for hiring."

So it tells me that we have missed something there, and I want you to help me understand how we can do a better job of linking people that are career, technical bound-type students as opposed to trying to push them all into a college environment.

Secretary DUNCAN. We talked about this a lot this morning prior to you getting here.

One thing we are doing is we are asking Congress to give us an additional $200 million to invest more in this space. There is tremendous unmet need, tremendous demand that you talked about and you see in your district. I see it all over the country as I travel.

Where I would disagree a little bit is we don't need less college graduates. We need every measure of long-term earnings. We need more college graduates. Always both.

And what I say is for that every young person who graduates in this country, a high school diploma is insufficient. It is a great starting point. It is not enough. Some form of education beyond that—4-year, 2-year, trade, technical, vocational—some form of education beyond high school has to be the aspiration, the dream, for every single young person.

There are some places where there are fantastic partnerships between employers and community colleges and high schools, other places where they don't talk. I think what we are trying to do is use our resources to bring people to the table.

If employers are just pointing the finger at educators, that doesn't work. If educators say employers are the problem, that doesn't work. Where folks say, "We all care about the community. We want to keep good jobs here." Let's figure out how we can help train young people for real jobs, real training that will lead to high-wage high-skilled jobs, we will try to do a lot to incentivize those collaborations and partnerships.

TRACKING STUDENTS

Mr. WOMACK. Some countries overseas do a pretty good job of being able to identify in the pipeline where these students need to be—the track that they need to be on, whether it is a vocational

track for a student that tests appropriately in certain categories as opposed to the kid that is obviously going to be a college-bound-type student to a 2-year or 4-year institution.

Is that something we should be doing? Should we do a better job of trying to figure out at an appropriate age the track these kids should be on?

Secretary DUNCAN. Let me say no, and I will come back to that.

But there are other nations that do a much better job of providing vocational and technical training, and we need to learn from that. At the high school, at the community college, and, I would argue, even at the middle school level, we need to do a better job of providing that.

What I don't agree with is tracking kids. I don't think at 13 or 14 or 15 any of us should have the arrogance to say, "You are college material" or "you are not." There are so many folks I have talked to who have gone on to be CEOs who were told by some counselor, "You should be a TV repairman." It is great to be a TV repairman, but they had other aspirations and dreams.

So, for me, it is always about providing choices. It is about providing options and letting young people figure out what their passion is, what their interest is, what their skill is.

So yes to much better training, yes to better ties to the world of work, yes to doing it earlier, but saying, "You are college material, college-bound, versus you are not, that is not something I would ever support.

Mr. WOMACK. One follow-up and then I will yield back.

CAREER AND TECHNICAL EDUCATION

And that is: Should we then kind of retool our message to make career and technical education cool?

Secretary DUNCAN. Absolutely. Can't do enough of that. We have done a lousy job of that for, I would say, a couple decades. And, for me, it is not just educating young people. It is educating their parents.

And so I have talked to these CEOs where the starting salary is $40,000, $50,000, $60,000 and they can't find people. I say, "What are you doing to bring in"—not the students—"What are you doing to bring their parents into your facility?" They have not thought about those things.

But absolutely there is an image challenge, a branding challenge, whatever it is, and these are great jobs, middle-class jobs that have huge dignity that require real skill, and we need to let young people and their families know the possibilities that exist there. I agree with that 100 percent.

Mr. WOMACK. Mr. Secretary, I always appreciate you coming for us. Thank you so much.

Mr. COLE. Mr. Secretary, we are going to draw our hearing to a close. But, first, I want to thank you very much for this generous allocation of your time.

And I want to thank you, too, for your patience. We had, as everybody knows, quite a few hearings going on and members coming in and out, and you were very generous in dealing with that and suffering through that a little bit.

So, again, thank you very much. I look forward to working with you as we go forward.

And we are adjourned.

Secretary DUNCAN. Thank you so much. Thank you for the spirit in which you have lead this hearing.

PRESCHOOL DEVELOPMENT GRANTS

Mr. Cole: My home state of Oklahoma has led the Nation in providing preschool opportunities for all 4-year-olds. The Oklahoma Early Childhood Four-Year-Old Program is now available in 99 percent of school districts, and Oklahoma is one of only four states to enroll more than 70 percent of 4-year-olds, while also meeting 9 of 10 National Institute for Early Education Research quality benchmarks. The fiscal year 2016 Department of Education Budget Request seeks $750 million, which is an increase of $500 million over fiscal year 2015, for the Preschool Development Grants program to serve 4-year-olds. However, I note that under the mandatory funding request for the Preschool for All program, that States that already provide universal high-quality preschool could also use funding to provide full day kindergarten or preschool programs for 3-year-olds. Mr. Secretary, will the Department allow discretionary funding under the Preschool Development Grants program, if provided, to be used for high-quality preschool programs for 3-year-olds or full day kindergarten if a state already provides universal high-quality preschool?

Mr. Duncan: The Department recognizes the great example that Oklahoma provides in offering preschool opportunities to all 4-year-olds. However, unlike the President's mandatory Preschool for All proposal, the Preschool Development Grants program is specifically focused on helping States develop, implement, and expand high-quality preschool programs for 4-year-old children from families whose income is at or below 200 percent of the Federal Poverty Line. Consequently, funds currently may not be used to provide preschool services to 3-year-olds or to expand access to full-day kindergarten. However, depending on the status of the Preschool for All proposal, as well as the level of the appropriations provided for Preschool Development Grants, the Department may consider extending Preschool Development Grants eligibility to States already serving a significant proportion of their 4-year-olds that wish to expand their systems of early learning to include 3-year-olds or to implement full-day kindergarten.

PRESCHOOL DEVELOPMENT GRANTS TO TRIBAL EDUCATIONAL AGENCIES

Mr. Cole: The fiscal year 2016 Department of Education Budget Request expands eligibility for Preschool Development Grants beyond States to include the Bureau of Indian Education, tribal educational agencies, territories, and the Outlying Areas. As you know, the funding available to tribal educational agencies for early childhood education serve a very small fraction of the children who are eligible and could benefit from such services to allow young children from these communities to enter school ready to learn. Could you please provide more detail on how this expansion of eligibility will ensure that Preschool Development Grants funding will be used to serve this population? How will your Department use funding overall in fiscal year 2016 to better serve children from Tribal communities, especially during these early years?

Mr. Duncan: The Administration believes that expanding access to high-quality preschool programs is an essential strategy for improving educational outcomes for all

children, and early childhood education can be especially impactful in Native American communities. As currently implemented, tribes and Indian organizations are included in the definition of early learning providers and thus are eligible to receive Preschool Development Grant subgrants from States to provide high-quality preschool to eligible 4-year-olds. Additionally, tribal areas are included in the program's definition of a high-need community, and thus may be served by States under Preschool Development Grants. However, because the Administration believes that it is critically important to ensure access to high-quality preschool for as many Native American children as is feasible, we are proposing to expand opportunities for participation in this program by making the Bureau of Indian Education and tribal educational agencies eligible applicants. We also anticipate, as part of broader effort to improve Federal support for Native American communities, conducting outreach and providing technical assistance to both raise awareness of funding opportunities and provide guidance during the application process. As noted above, tribal communities would have opportunities to participate in the program both as grantees and as early learning providers funded through participating States.

INDIAN EDUCATION

Mr. Cole: I was glad to see expanded support for improving education for American Indians in your budget request this year. However, I noticed that your request does not include additional funding for Indian Education Grants to Local Education Agencies (LEAs). While the requested increase for Native Youth Community Projects has the potential to benefit a select few Indian communities, the Grants to LEAs extend much further to benefit nearly all schools that serve significant numbers of Indian students. How will your budget request help to improve education students across Indian country, not just in a few communities?

Mr. Duncan: Our Native Youth Community Project proposal is just one part of a broader Administration effort to strengthen educational opportunities and outcomes across Indian country. This effort has included partnering with the Department of the Interior Secretary Sally Jewell, to develop and begin joint implementation of a "Blueprint for Reform" at the Bureau of Indian Education, as well as significant new investments for the Bureau in the Department of Interior's fiscal year 2016 Budget Request. For example, the Department of the Interior is seeking $904 million, an increase of $94 million or 12 percent over the 2015 level, to support Bureau of Indian Education elementary, secondary and postsecondary schools. The Department of the Interior's request for 2016 also includes a $59 million increase to help address longstanding school infrastructure and facility needs. At the same time, we believe it is essential to help build local capacity and strengthen Native American communities through such initiatives as our own Native Youth Community Projects, which would help empower tribal communities to identify and develop local solutions to their unique and pressing educational challenges. A key goal of these projects would be to promote better coordination and more effective use of all existing Federal, State, and local education-related resources, including Indian Education Grants to Local Educational Agencies.

TRIBAL EDUCATION PARTNERSHIP PILOT

Mr. Cole: The White House 2014 Native Youth Report states that the Department will use lessons learned from the 3-year State Tribal Education Partnership pilot to propose revisions to this program. Would you please describe the lessons learned, and tell us what changes you will include for the 2015 competition?

Mr. Duncan: In early March 2015, the Department published a Notice of Final Priorities, Requirements, Definitions, and Selection Criteria (NFP) for the State-Tribal Education Partnership program that reflected the lessons learned from the initial pilot program launched in fiscal year 2012, as well as the results of tribal consultations and other outreach to tribes and tribal educational agencies. For example, we learned that there was a desire for partnerships to take on local, LEA-type administration functions as well as SEA-type activities and responsibilities, and to expand the programs included in the partnerships. Potential applicants also wanted to make certain that newly created tribal educational agencies (TEAs) would be able to compete with more experienced TEAs for new partnership funding. The Department addressed these concerns in the 2015 NFP and the changes will take effect with the competition conducted in fiscal year 2015.

SUPPORTING EFFECTIVE EDUCATOR DEVELOPMENT (SEED) GRANTS

Mr. Cole: I understand that the Department recently published criteria for the Supporting Effective Educator Development (SEED) grants. In fiscal year 2014, this Committee added $10 million to that account to fund high quality applications supporting civic learning, with report language reiterating that civic education is an eligible use of funds. In fiscal year 2015, the Committee felt compelled to go further, specifying that: "Funding is provided for competitive grants to non-profit organizations with demonstrated effectiveness in the development and implementation of civic learning programs. Priority should be given to applicants that demonstrate innovation, scalability, and a focus on underserved populations, including rural schools and students."

I am concerned that the criteria for the SEED grants, which tilt towards large national organizations, may make it difficult for high quality applications from otherwise highly qualified, smaller non-profit organizations in the field of civic learning to be funded. What safeguards does the Department intend to use to ensure that high quality proposals in the field of civic learning receive an appropriate review and Congressional intent to fund activities that support civic learning is respected?

Mr. Duncan: While the appropriations language authorizing the SEED program does require awards to "national not-for-profit organizations," the Department has defined such entities so as to accommodate smaller, regionally focused organizations. More specifically, for the purposes of the SEED program, an organization must provide services in "multiple States to a significant number or percentage of recipients and [be] supported by staff or affiliates in multiple States." We have not required entities to operate in any specific number of States.

The Department ensures that only high-quality proposals are funded by requiring applicants to provide moderate evidence of effectiveness for their proposed activities. We are developing guidance and outreach for SEED applicants emphasizing that this evidence does not need to be an evaluation of the applicant's particular program, and that an applicant may meet the evidence standard by submitting evidence showing that elements of the applicant's proposal have been proven effective when implemented or evaluated by other organizations. We believe this guidance may be particularly helpful for smaller applicants.

Finally, in the current competition for fiscal year 2014 SEED program funds, we've included an "absolute priority" to fund projects that will help increase student achievement in academic subjects by providing high-quality professional development to teachers. The academic subjects that may be addressed through professional development under this priority explicitly include civics and government. We also included a competitive preference priority for projects that are designed to improve academic outcomes or learning environments for high-need students, including students served by rural school districts.

SCIENCE, TECHNOLOGY, ENGINEERING, AND MATHEMATICS (STEM)

Mr. Cole: Last year, your Department updated its Department-wide grant criteria. As part of that process, you invited input and comment on proposed priorities for competitive grants you administer. The proposed priorities included a focus on STEM, but included no similar priority for civic education. More than a thousand public comments were submitted, almost 90 percent of which urged the Department to include priority for civic education similar to the one already established for STEM. Despite the overwhelming number and percentage of comments, and what Justice Sandra Day O'Connor has rightfully described as a crisis in civic education, the Department declined to incorporate any provisions related to civic education in its grant criteria. Can you help the Committee understand this decision? What is the Department doing to support effective instruction in civics, particularly in rural and other underserved communities?

Mr. Duncan: The Department declined to include a priority on civics education in its final supplemental priorities primarily because we did not believe it was appropriate to call out one specific subject from among the broad range of core academic subjects that may be supported through our formula and competitive grant programs. The exception for science, technology, engineering, and mathematics (STEM) programs reflects the fact that this designation covers a number of subject areas and fields, rather than a single academic subject, and that those areas and fields are particularly important for our national economic competitiveness.

It is important to note that most of the final supplemental priorities can be used to support improved instruction in any content area, including civics education. For example, under Priority 9—Improving Teacher Effectiveness and Promoting Equitable Access to Effective Teachers, projects that recruit, select, develop, support, and retain

effective teachers could be designed with the specific needs of a history, social studies, foreign language, or civic education teacher in mind.

Civics and government education remains a core academic subject for formula and competitive grant programs authorized by the Elementary and Secondary Education Act (ESEA). In particular, Improving Teacher Quality State Grants (ESEA Title II, Part A) and the Rural Education Achievement Program (ESEA Title VI, Part B) give States and local educational agencies flexible sources of formula-based funding that grantees may use to improve instruction in the subjects of their choosing, including civics education. Similarly, applicants may apply to strengthen instruction in core academic subjects, including civics, under several Department competitive grant programs, such as the Investing in Innovation Fund.

FEDERAL DIRECT STUDENT LOAN PROGRAM

Mr. Cole: The Department's 2016 Budget Request includes a $21.9 billion re-estimate to the costs of the Federal Direct Loan program. This amount is the largest recorded shortfall for any Federal Government credit program in history, larger than the annual budget for many of the Department's programs, and larger than most Federal agencies such as NASA, the Department of Interior, and Environmental Protection Agency. Every member of this Committee supports efforts to help students and parents pay for, and pay back, the costs of postsecondary education. But it seems to me that the Department lacks the basic ability to assess the true costs of the Direct Loan program. This is important, not only to members on this Committee but to our constituents and taxpayers. In 2010, when Congress moved all student loans to Direct Lending, members were told that the Federal program would be significantly cheaper than the public-private program. This premise is now increasingly in doubt.

Can you assure the Committee that the Department has a grasp on the true costs of the Federal Student Loan program? Does the Department anticipate further re-estimates in future budgets? The Congressional Budget Office (CBO) and other independent experts believe that the Federal Government should use Fair-Value Accounting to measure the true costs of Federal programs, including student loans. Do you agree with these experts?

Mr. Duncan: The total $21.9 billion re-estimate is comprised of the $9 billion cost of the executive action that will extend a revised Pay As You Earn (PAYE) plan to borrowers who are not currently eligible for PAYE, $15 billion in other PAYE re-estimates mostly related to higher expected take-up, and then an offsetting approximately $2 billion net in other economic and technical changes. The increase in the total volume of the portfolio should also be taken into consideration. The total outstanding Direct Loan portfolio increased almost 49 percent from $488.3 billion at the end of fiscal year 2012. Total Direct Loan outstanding volume as of the end of fiscal year 2014 is $726.6 billion making the total re-estimate, including the executive action, only a 3 percent change.

Fair value budgetary cost estimates would raise serious conceptual and implementation issues that would exceed any potential benefits from such estimates. The Analytical Perspectives volume of the 2015 President's Budget includes an analysis of fair value and the concerns it poses for budgeting.

NOT-FOR-PROFIT (NFP) SERVICERS

Mr. Cole: As you may know, there continues to be great concern about the lack of adequate loan volume allocated to the Not-for-Profit (NFP) Servicers responsible for helping students and parents with Federal student loans. Open competition between multiple servicers, with a fair and level playing field, is critical to improving the quality of servicing for all students and families.

Today, a number of the NFP Servicers have less than the 100,000 accounts they were originally guaranteed by the Congress – and everyone at the time realized that this was a minimum and that more was needed to be economically viable. One of my constituents, Oklahoma Student Loan Authority Servicing, is part of this group of NFPs that provide a high level of service. However, they can't continue to invest millions of dollars on completely unknown outcomes. The Department has not adhered to Congressional intent to ensure a viable NFP servicing market providing balance between the Title IV Additional Servicers (TIVAS) and NFP servicers.

When can we expect the Department to provide a clear fair and level playing field between the NFPs and TIVAS, which fosters competition and is most beneficial to borrowers?

Mr. Duncan: We have taken a number of steps to better ensure consistency and accountability for all Federal student loan servicers and create additional incentives to focus on the Department's goal of providing high-quality servicing to borrowers. For example, beginning on October 1, 2014, a single set of performance metrics and incentive-based pricing was implemented for the TIVAS and NFP servicers. We believe these changes will drive efforts to provide effective counseling and outreach to ensure borrowers select the best repayment option for them, and enhance customer satisfaction for student and parent borrowers at all stages of the student loan life cycle. The revised pricing model includes a substantial increase in the monthly fee paid for accounts that are in repayment and current status, which will benefit NFPs as nearly all NFPs' accounts are in these statuses.

In addition, on January 1, 2015, we began providing allocations of new borrower accounts to the NFP servicers through the Common Origination and Disbursement (COD) system. At that point, NFP servicers have received 25 percent of all new borrower accounts. As the allocation process is new to the NFPs, this percentage was established to minimize risk to student and parent borrowers and allow time to ensure that all the NFP servicers are fully able to meet all requirements and expected service levels, including financial reporting and reconciliation, prior to receiving larger volumes of new accounts.

We will re-examine this percentage for the allocation period beginning in September 2015.

NOT-FOR-PROFIT SERVICERS (NFP) AND CONSOLIDATED LOANS

Mr. Cole: We remain concerned by the Department's decision not to allow the Not-for-Profit Servicers to make and service consolidation loans. This action forces student and parent borrowers interested in obtaining a consolidation loan in order to lower their monthly payments to switch to one of the big four TIVAS who they have had little or no contact with throughout their postsecondary education career, even if they are happy with the performance of their NFP servicer.

Could you please explain to the Committee the rationale for denying borrowers the choice to stick with their current servicer, if that happens to be an NFP servicer, if they so choose? It seems to me that the Department's current practice to funnel all consolidations loans through the four large servicers unfairly disadvantages the smaller Not-For-Profit Servicers and limits consumer choice. Will the Department reexamine this policy?

Mr. Duncan: The responsibility for most elements of originating and servicing new consolidation loans was competitively awarded to the four TIVAS in fiscal year 2013 as part of the transition from the expiring Common Services for Borrowers contract. As this contractual arrangement is already in place and provides sufficient capacity to provide the required services for all estimated consolidation volume over that period, we do not plan to award additional contracts to service new consolidations at this time. To do so would incur unnecessary expense, create risk, and add operational complexity.

FEDERAL REGULATION OF HIGHER EDUCATION

Mr. Cole: The Task Force on Federal Regulation of Higher Education (established by a bipartisan group of Senators in 2013) recently issued a report quantifying Federal requirements for institutions of higher education and making recommendations to streamline these requirements. Reducing the burden of Federal regulations and requirements can help these institutions to achieve their goals more efficiently and with fewer resources, and could help to control the growth of tuition. How do you intend to incorporate these recommendations into the Department's programs and activities? In particular, do you plan to accept the report's recommendation to eliminate regulations related to gainful employment?

Mr. Duncan: Each year the Department oversees the disbursement of roughly $150 billion in Federal student aid, and we take our responsibility to protect students and taxpayers under the programs of the Higher Education Act, as amended, very seriously. The Department works diligently to design and implement regulations that ensure accountability while at the same time minimizing burden on affected parties. The Department regularly engages with the higher education community to develop topics and identify relevant negotiators for negotiated rulemaking, as well as to review the

burden of existing rules on regulated entities. In addition, the Department is required to engage in negotiated rulemaking when issuing new Title IV regulations, and the Department seeks to reach consensus with negotiators.

We are reviewing the Report's recommendations and look forward to working with Congress on behalf of the best interests of students and taxpayers. The Department does not intend to eliminate the regulations related to gainful employment. As noted in the report, many of the specific burdens cited in the report reflect statutory requirements that the Department cannot change through regulation. Other examples of burden cited were the product of consensus at the negotiating table or are in areas where the Department is barred from regulating. We look forward to working with Congress to address the issues outside the Department's authority.

INDIVIDUALS WITH DISABILITIES ACT (IDEA) FORMULA VERSES COMPETITIVE FUNDING

Mr. Simpson: I see you've actually called for a slight increase for IDEA funding for fiscal year 2016 (which is currently funded at 16 percent), and have placed emphasis on formula grant funding more-so than on competitive grants, as compared to previous budget submissions. I welcome the focus on formula grant funding, but why now more-so than previous years? What has changed from previous years?

Mr. Duncan: We recognize the importance of Federal funds in assisting States in providing a free appropriate public education to children with disabilities. We believe our record demonstrates the Administration's commitment to providing formula funds to States and school districts to support special education and related services to children with disabilities. Over the last 5 years, the Administration's requested funding levels for the Grants to States program has exceeded the amounts appropriated by Congress. The fiscal year 2015 appropriation for that program is still $80 million less than what was appropriated in fiscal year 2012. The 2016 Budget Request demonstrates the Administration's continuing support for States and local school districts working to improve the educational and developmental results of children with disabilities across this Nation.

INDIVIDUALS WITH DISABILITIES ACT (IDEA) FEDERAL FUNDING GAP TO STATES

Mr. Simpson: And more specifically, why not a larger focus on IDEA funding given the gap in the Federal commitment and how that places a huge shortfall at the doorsteps of states and school districts?

Mr. Duncan: The Administration is proposing an increase in IDEA funding of $290 million across the Part B and Part C programs to support special education and related services for children with disabilities birth through age 21. We recognize that these resources are vitally important in supporting local educators and service providers who work day in and day out to meet the needs of these children. We know that early

intervention services and early childhood education are critically important to getting kids on the right path, thus we've requested funds to support those efforts, not only through IDEA programs, but also through Preschool Development Grants and Preschool for All. Our 2016 Request increases Preschool Development Grants funding by $500 million, for a total of $750 million. Those funds will help lay the groundwork to ensure that more States are ready to participate in the Preschool for All program, a 10-year $75 billion mandatory investment that establishes a Federal-State partnership to provide all low- and moderate-income 4-year-olds with high-quality preschool. These programs, in supporting high quality early learning for all students, will also increase the number of inclusive preschool settings for children with disabilities.

While State economies are improving, we recognize that some districts still face resource challenges. That is why the Office of Special Education and Rehabilitative Services has increased its focus on helping educators do more with the resources that they have. Under the Department's new Results Driven Accountability framework, we're supporting States in identifying high leverage areas of need and focusing their work to address gaps in performance. In shifting from a focus on compliance to one based on results, we hope to ensure that States and districts can more effectively prioritize their efforts, improve results for children with disabilities, and do so more efficiently.

CHARTER SCHOOL TRANSPARENCY

Mr. Simpson: I see you are favorable to charter schools in your budget. Do you think that charter schools should have to meet the same accountability and transparency measures as all other public schools? If not, why?

Mr. Duncan: Yes. There is a statutory requirement in Elementary and Secondary Education Act that States implement a single statewide accountability system for all their public schools and, as such, we believe that charter schools must meet the same accountability and reporting requirements as other public schools, in addition to any other accountability measures required of charter schools by States or charter authorizers.

GRADUATION RATES FOR FEDERAL PELL GRANT RECIPIENTS

Mr. Womack: I understand the Federal Pell Grant program's role in making college and higher education more accessible for low-income students. However, having spent an estimated $31.6 billion on this program alone during the 2013-2014 award year, I fear that we currently do not have an adequate amount of data to truly understand and discern the effectiveness of this program and the other Federal Student Aid programs available, which altogether dole out roughly $150 billion each year. In your 2016 Budget Justification, the measures used to evaluate the effectiveness of Student Aid include college enrollment and graduation rates for first-time, full-time, degree-seeking students. First, can you tell me if we know the average graduation rate for Pell Grant recipients?

Mr. Duncan: The average graduation rate of Pell Grant students can be measured using the National Postsecondary Student Aid Study (NPSAS), a study managed by the

National Center on Education Statistics at the Department of Education. NPSAS is a comprehensive, sample-based research dataset based on student-level records on financial aid provided by the Federal Government, the States, postsecondary institutions, employers, and private agencies, along with student demographic and enrollment data. NPSAS is a nationally representative sample that includes first-time students as well as non-traditional students who are returning to school after a long hiatus. According to NPSAS, Pell Grant recipients have a 6-year completion rate of approximately 46 percent.

Additionally, the Department has begun to track the completion rate of Pell Grant recipients using data from our National Student Loan Data System (NSLDS). Improvements to this system for this purpose are discussed in more detail below. An initial review of the NSLDS completion data, as provided in a report to Congress in November 2014, shows that 39 percent of students who began at a 4-year institution in 2007-08 completed a degree at a 4-year institution within 6 years. For those that began at a less-than-4-year institution in 2007-08, approximately 38 percent completed at any institution within 6 years.

PELL GRANTS PROGRAM EFFECTIVENESS

Mr. Womack: Do you believe that we can adequately measure the effectiveness of the Pell Grant program by collecting and analyzing the data for first-time, full-time students, which include a large number of students who do not qualify for or use the Pell Grants?

Mr. Duncan: Approximately a quarter of undergraduates are not first-time full-time students and would not be counted in the current first-time full-time graduation rates that institutions report to the Department for the Integrated Postsecondary Education Data System (IPEDS) collection. However, as explained above, NPSAS tracks graduation rates for all students, not just students who are first-time, full-time, and enables researchers to disaggregate Pell Grant recipients from those who did not receive such aid. While these data do not show how Pell Grant students are faring at particular institutions and are not produced annually, they do show us how Pell Grant students are doing across the entire postsecondary sector.

The Department believes it is important to be able to track the success of all Pell Grant students at institutions across the country which is why we began making improvements to NSLDS in 2013 that will enable us to track Pell Grant recipient's graduation rates on an institution by institution basis in the future. Additionally, during the next school year NCES will expand the IPEDS data collection to include more than just first-time full-time rates, in part due to the recommendations of the Committee on measures of student success that was mandated by the 2008 reauthorization of the Higher Education Act. This data will be available in Academic Year 2016-17.

PELL GRANTS PROGRAM TRANSPARENCY

Mr. Womack: It is my understanding that while colleges are currently required to disclose the graduation rates for Pell grant recipients, the Department does not collect this information, and it is often not readily accessible to the public. In fact, the House passed a bill, the Strengthening Transparency in Higher Education Act, which would make this information available among other things. Are there any plans to make this information more widely available? I believe it is important for not only students and the public to have access to this information, but I believe it will also help the Department gain a better understanding of what is working and what isn't.

Mr. Duncan: We also believe that it is important for students and the public to have access to this information. Because the Higher Education Act only requires institutions to disclose the graduation rate of Pell Grant recipients to enrolled and prospective students, the Department cannot mandate that institutions report these data alongside other measures required by law. However, as stated previously, the Department is now collecting enrollment and graduation data for Pell Grant recipients in NSLDS. One of the ways these data will be made available to researchers is through the imminent implementation of the Enterprise Data Warehouse (Warehouse) for which the President requested funding in the 2016 Budget. The Warehouse will serve as a conduit for researchers, the public, and policymakers at the Department to study the data maintained in the NSLDS and to better understand the effectiveness of the Federal Student Aid system in increasing access and opportunity for students from all backgrounds. The Administration included $11.6 million in the Department's 2016 Budget Request for this effort.

NON-TRADITIONAL STUDENT PERFORMANCE DATA

Mr. Womack: While I understand that Pell Grant recipients are generally first-time students, higher education institutions are enrolling an increasing number of non-traditional students. From speaking with the colleges and technical schools in my district and visiting with students, I can tell you firsthand that the number of non-traditional students has grown significantly. Are there plans to capture the performance data of these students? If so, can you tell me the timeline and execution plan?

Mr. Duncan: Non-traditional students have long been a significant part of the Pell Grant recipient population. As the Department improves its data systems and develops additional measures to evaluate the Pell Grant program, the experience of non-traditional students will be given careful consideration. At present, we know from NPSAS that non-traditional students make up 74 percent of the overall undergraduate student population and approximately 78 percent of all Pell Grant recipients.

The Department continues to make improvements to NSLDS that will allow us to capture the performance data on an institution-by-institution basis for all Pell Grant recipients, including non-traditional students. Prior to 2012, institutions reported enrollment information for students who received Federal Student Loans, but did not

report information for students who received only a Pell Grant. This is because the original intent of NSLDS enrollment reporting was to determine when a student loan borrower should be moved between in-school, grace, or repayment status. It is important to note that approximately 70 percent of Pell Grant recipients also receive student loans and were, therefore, covered in NSLDS completion reporting prior to 2012.

Following the enactment of the Consolidated Appropriations Act of 2012, which reduced the lifetime eligibility limit for Pell Grants, the Department issued an Electronic Announcement in August 2012 providing additional guidance to institutions regarding reporting enrollment data on Pell-only recipients to NSLDS. In addition, following the enactment of the Moving Ahead for Progress in the 21st Century (MAP-21) Act, which limited new borrowers' eligibility for subsidized loans to 150 percent of their program length, the Department issued a Dear Colleague Letter in April 2014 advising institutions of significant changes to the NSLDS enrollment reporting process. Both of these have led to improved data reporting on the enrollment and outcomes of Pell Grant recipients. The Department is continuing to provide assistance to schools to help further improve the data.

INDIVIDUALS WITH DISABILITIES ACT (IDEA) GRANTS TO STATES

Mr. Womack: In your testimony, one of the Department's priorities is creating equity and opportunity for all. I think we can all agree that this is an important, laudable goal. I would think that in order to achieve equity, ensuring a quality education for students with special needs, a group that has all too often been neglected by our public education system in the past would be an integral part of that priority. While the Department does ask for an increase of $175 million over the 2015 appropriation for the Grants to States program, this funding level maintains the same Federal contribution rate of approximately 16 percent. Now I'm sure you're aware that since the inception of the Individuals with Disabilities Act (IDEA) in 1975, Congress promised to cover 40 percent of the cost they put on the States. This has never happened. This is a concern continually brought to my attention by superintendents, principals, and teachers in my district, who continue to stretch their State and local education budgets in order to serve these students. Before funding new, unproven programs, do you feel that we should first meet our current obligations and fully fund existing, proven programs like the Special Education Grants to States program?

Mr. Duncan: The Administration is committed to providing formula funds to States and school districts to support special education and related services to children with disabilities. The Department welcomes a bipartisan effort in Congress to work towards increased Federal funding for the Grants to States program. However, rather than increases in appropriations over the last several years, we have seen decreases in Federal funding, in part due to sequestration. The fiscal year 2015 appropriation for that program is still $80 million less than what was appropriated in fiscal year 2012. We believe that the Administration's fiscal year 2016 Request that provides an increase of $175 million for the Grants to States program is an important step to reversing that trend. At the same time, we must continue to pursue other important goals that will

undoubtedly also benefit students with disabilities, such as ensuring access to a high quality preschool for all children in this nation.

INDIVIDUALS WITH DISABILITIES ACT (IDEA) GRANTS TO STATES FUNDING INCREASE

Mr. Womack: If funding levels for the Grants to States program were increased, do you believe that this would free up existing State and local resources that could then be invested in some of the very initiatives you're creating at the Federal level?

Mr. Duncan: The IDEA does provide some funding flexibility to districts that meet certain statutory requirements when Federal funding increases. However, we should not underestimate the value of Federal funding and coordination to support critical priorities. Well-targeted Federal investments can help develop the research base on early childhood education, drive down the price of service delivery, and evaluate whether specific models of teacher induction and mentoring reduce turnover and improve results for children. Federal funding can leverage sufficient resources to support important initiatives, like Investing in Innovation, where the Administration has been able to support the development and expansion of evidence-based and promising practices nationwide. The Federal Government plays a critical role in advancing education reform in ways that support the needs of States and districts. Federal, State, and local support of education initiatives should never be an either/or proposition. All three play a vitally important role in ensuring the best outcomes for students nationwide.

COLLEGE RATING SYSTEM

Mr. Womack: The Federal Government currently allows accredited higher edueation institutions to participate in the Federal Student Aid programs without taking into consideration student graduation rates and the average amount of student debt. Like you, I agree that we must hold colleges more accountable for student outcomes to ensure not only that Federal taxpayer dollars are spent wisely, but also to arm parents and students with the data necessary to make the best choice. While the Federal Government is uniquely equipped to collect data on school quality and educational costs, I do not believe that the Federal Government is best equipped to rate the diverse array of colleges and programs across our nation. I want to bring up a few of the concerns I have with the proposed rating system, which have been echoed by the colleges in my district and throughout Arkansas. Many would argue that you cannot compare the diverse array of higher education institutions by "measuring and benchmarking the shared principles of access, affordability, and outcomes" as the college ratings system proposes. For instance, when it comes to outcomes, how do you rate this?

Mr. Duncan: In developing the college ratings system, we are paying very close attention to the diverse needs, resources, and missions of institutions across the higher education system. We have held many public meetings and one-on-one sessions, and received hundreds of written comments from student advocates, institutions, and other higher education stakeholders. We are listening closely to these comments and

suggestions. Throughout the process, we have been working on developing a system that will, in part, recognize institutions that provide disadvantaged students an affordable college education that helps them pursue their goals and find success.

One way we are doing this is by considering all three categories–access, affordability, and outcomes–as critical measures of institutional success. We know these are metrics that matter to students and families, to policymakers, and to institutions themselves.

COLLEGE RATING SALARY OUTCOMES

Mr. Womack: Say, I go into a noble field like teaching and I'm at an inner-city school, will this reflect poorly on my program's rating, since I will undoubtedly be making less money and teaching students with greater challenges than if I taught at a private school? How will the ratings system account for this?

Mr. Duncan: We are aware of the issues surrounding low pay for those working in public service, and are examining options to address that issue. One possibility we explored in our December framework for the college ratings is calculating a school's share of former students earning above a minimum threshold; such a "substantial employment" measure would provide prospective students with better information about what they can expect to earn, while recognizing fields that provide other benefits to students and society.

COLLECTION ON RETURN ON INVESTMENT (ROI) DATA BY DEGREE

Mr. Womack: Have you considered collecting sets of raw data on these institutions, such as ROI disaggregated by degree program, and then making this data publicly accessible? This way, existing players in the private industry can create a number of different ratings and students can also evaluate the data for themselves.

Mr. Duncan: The Department strives to make reliable and useful data and information available to a wide range of users while maintaining appropriate privacy safeguards. The Department plans to make all of the published information and data available for download, and will encourage other stakeholders to use those data in developing their own college choice tools. Moreover, we plan to present raw data to prospective students so that they have all of the information at hand to help them make choices about the right colleges for them. We are fully cognizant of the fact that different consumers may value different elements of college choice and student outcomes differently, so we will make it possible for them to evaluate those elements for themselves.

PROFITS FROM STUDENT LOAN PROGRAMS

Mr. Womack: A recent story in Politico described the increasing costs of the Student Loan Programs as a "hidden bombshell" in the President's Budget, as it represents a 5 percent increase in the deficit. Now, as a member of the Budget Committee, I find this particularly concerning and still do not understand why it isn't receiving more attention, especially when some Democrats, such as Senator Elizabeth Warren, say the Department of Education is "making money" off these programs. It seems that providing loan modifications to cap payments and eventually forgiving balances would come at a cost to taxpayers. Do you share Senator Warren's view that the Education Department is making a "profit," or are you concerned with rising costs in the Student Loan Program?

Mr. Duncan: The Administration is committed to ensuring that all students and their families have access to postsecondary education. Part of that effort is providing loans at interest rates well below what they would be in the private market to students and ensuring that, in particular, students from low and moderate income families can get educational loans, something that they may not be able to do at all in the private market. The Administration is proud of its record in working with Congress for two consecutive years to: stop interest rates from doubling for millions of borrowers; enact a long-term solution that cut rates on nearly all new loans in 2013-2014; ensure that all students have access to affordable repayment options; and not charge students higher interest rates to pay for deficit reduction. In addition, the Administration has ensured that Student Loan borrowers have access to repayment plans, particularly income-driven plans, to keep their loan payments manageable. It is important to keep in mind that what frequently gets reported in the press as "profits" are, in fact, not the remainder of actual revenues less expenses. Rather, the figures are estimates of the net present value of cash inflows less cash outflows over a period of up to 40 years in the future. Student loans–both subsidized, unsubsidized, and PLUS loans–offer generous benefits, including fixed interest rates far below what the market would offer to most students.

ACCURATE MEASURE OF COSTS FOR STUDENT LOAN PROGRAMS

Mr. Womack: Do you believe the use of Fair Value Accounting, which takes into account market risk, rather than the use of accounting under the Federal Credit Reform Act, which essentially assumes repayment under the original terms, would be a more accurate measurement of costs associated with the Federal Student Loan Program?

Mr. Duncan: Under the Federal Credit Reform Act (FCRA), agencies are required to include estimates of all expected cash flows to and from the Government, including losses in the form of defaults and late payments. In developing these estimates, agencies take into account the original terms of the underlying loan and estimated deviations from these underlying terms. Agencies regularly analyze and update their cost estimates to account for actual performance as well as revised technical and economic assumptions. FCRA estimates reflect the most transparent estimate of the expected long-

term cost to the Government of all Federal loans and guarantees, putting them on a level playing field with other forms of spending.

Fair value estimates would include an additional cost over and above the expected cost, and that many of the factors reflected in fair value pricing are irrelevant or less relevant to the Government, which is able to more effectively diversify risk and has lower liquidity risk than private lenders.

The Analytical Perspectives volume of the 2015 President's Budget includes an analysis of fair value and the concerns it poses for budgeting.

THE DEPARTMENT'S STUDENT LOAN MODELS

Mr. Womack: I'm quoting from the "Hidden Bombshell" story here: "Behind closed doors, officials in the White House Budget Office and the Treasury Department have criticized the Education Department's loan models as overly optimistic, with some officials pushing internally for third-party audits." Can you provide us with further details on these discussions within the Administration?

Mr. Duncan: The Department works continuously and closely with offices in the Administration, especially the Office of Management and Budget (OMB) and the Department of Treasury, in developing its cost estimates, which are subject to review and approval by OMB. The Department always seeks to produce accurate estimates based on the most recent data available and economic assumptions, and considers all concerns and suggestions by the relevant reviewers. Moreover, the Department's financial statements, which include its Student Loan cost estimates and methodologies, are already subject to review, and are reviewed, by independent auditors. The Department is proud of the fact that throughout the Obama Administration, the Department's financial statements have received unqualified opinions and been found to fairly present the financial operations of the Department, including the student loan programs.

THIRD PARTY AUDIT OF STUDENT LOAN PROGRAMS

Mr. Womack: Is the Administration considering third-party audits on the actual costs of the Student Loan Programs? Why not have a third-party audit?

Mr. Duncan: The Department undergoes extensive review of the costs and its estimates related to Student Loan Programs. There are annual financial audits by independent auditors as well as the A-123 process to review the Student Loan Model. The Department participates in the Credit Reform Work Group and is always open to suggestions for improving its modeling and cost estimation processes.

ACTUAL COSTS AND IMPACT OF STUDENT LOAN PROGRAMS

Mr. Womack: It is obvious there is disagreement, even within the Administration, on the costs and impact of the Student Loan Programs. As you know, the

Education Committees in the House and Senate are working on a reauthorization of the Higher Education Act, including serious changes to the Student Loan Program. How can this Congress deliberate these changes without knowing the true costs of the program?

Mr. Duncan: The Department makes every effort to present accurate estimates of the Student Loan Programs and any proposed changes, and regularly provides technical assistance to Congress. We also share information with the Congressional Budget Office and other parties to assist in their evaluation and development of cost estimates related to the student loan programs that can be used by Congress and others to evaluate any proposed changes to the Student Loan Programs.

OFFICE OF CIVIL RIGHTS REQUEST FOR NEW FULL TIME EMPLOYEES (FTE)

Ms. Roby: The Department of Education's Budget Requests is $131 million for the Office of Civil Rights (OCR) in 2016. This is an increase of $31 million over 2015. I understand that you plan to use these additional funds to employ 200 new full-time employees. Enforcement of civil rights is certainly critical, but are 200 new full-time employees truly necessary?

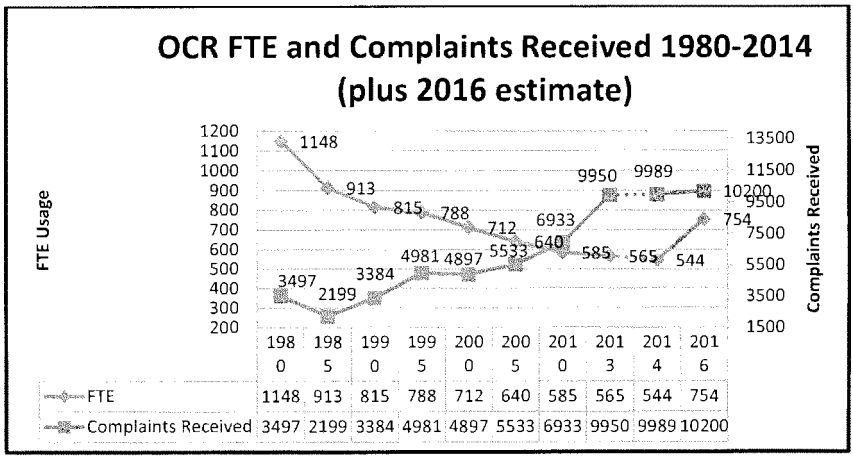
Mr. Duncan: Yes. The 200 extra full-time employees (FTEs) are necessary to address a long-term trend of rising complaint volume and decreasing staff levels, which has resulted in delays in investigating and resolving cases, and providing needed remedies to victims of discrimination.

As the following chart depicts, between 1980 and 2014, OCR's FTE level decreased from 1,148 to 544, while its complaint receipts increased from 3,497 to 9,989. The decrease in the FTE level is a direct result of budget cuts. In the past 8 years alone, the number of cases per investigative staff almost doubled. In fiscal year 2006, OCR assigned 15 cases per staff, whereas in fiscal year 2014 this number increased to 28 cases per staff. During the same time period, the number of cases each staff must monitor to ensure compliance with the terms of resolution agreements reached with OCR has more than doubled. In fiscal year 2006 there were 2.7 cases in monitoring per staff, whereas in fiscal year 2014 there were 6.5 such cases per staff. Although the addition of 200 staff (FTE) would not return the caseload per staff to 2006 levels, we estimate that it would reduce the volume from 28 to 19 cases per year. This would help OCR execute its vital law enforcement role in important areas such as sexual assault at both the K-12 and postsecondary levels.

The number of pending complaints has also increased by 22 percent in the past 5 years alone, from 2,198 in fiscal year 2009 to 2,691 in fiscal year 2014, and the number of cases pending more than 180 days has doubled during that period, from 315 at the end of fiscal year 2009 to 630 at the end of fiscal year 2014. Although the increased duration of certain OCR cases is partially attributable to the complexity and scope of the investigations – which may involve issues such as sexual violence, school discipline, and equitable access to college-preparatory courses and opportunities – OCR simply cannot

reach speedier resolution in these cases without a significant increase in investigative staff.

I am acutely aware that nearly every complaint OCR receives involves students whose academic careers are measured in short timeframes (such as quarters or semesters) and may be at risk of interruption unless the civil rights issues brought to our attention are addressed and remedied. It is therefore imperative that OCR reduce the time it takes to resolve cases.



OFFICE OF CIVIL RIGHTS EFFICIENCY ASSESSMENT

Ms. Roby: Did the OCR explore whether it could develop more efficient processes to increase the capacity of its current employees before concluding that 200 new employees are necessary?

Mr. Duncan: Yes. Over the past several years, in response to staff shortages and increased complaints, OCR has taken aggressive measures to improve efficiency in operations. For example, OCR developed a pre-complaint online screening process to help potential complainants understand the scope of OCR's authority and reduce the number of complaints filed that do not fall under OCR's authority. Although anyone may file a complaint even after going through the online screening process, this process saves time and resources when staff no longer have to receive and process cases over which OCR has no jurisdiction and refer the many complaints that do not fall under OCR's authority to another agency.

OCR also streamlined the resolution of a subset of its disability complaints, which comprise the majority of complaints filed with OCR, using expedited case review procedures. This streamlined process, applied to single-issue disability complaints, has

reduced staff travel time and costs, and, in effect, freed up staff time to address other complaints or investigations.

In its investigations, OCR has expanded the use of online communication, including via teleconferencing and videoconferencing, and surveys to obtain information from members of the school community, saving time and resources needed for travel and conducting individual interviews and yet significantly increasing the number of individuals from which OCR can obtain information in its investigations.

OFFICE OF CIVIL RIGHTS PROPOSAL TO ADDRESS SEXUAL ASSULTS ON COLLEGE CAMPUSES

Ms. Roby: In your 2016 Budget Request, you cite the increase in the number of sexual assaults on college campuses as one reason for the large increase in employees. Can you please explain how the OCR plans to address these types of cases?

Mr. Duncan: The number of sexual assault cases OCR is handling is growing. OCR has received 370 complaints involving sexual assault at all levels of education from fiscal year 2009 (October 2008) through March 12, 2015. Whereas in fiscal year 2009 OCR received just 20 such complaints; in fiscal year 2014, OCR received 123. OCR is currently investigating 127 complaints involving Title IX sexual violence alone.

When OCR investigates a case involving allegations of sexual violence on a college or university campus, it examines the university culture, reviews the university's response to complaints of sexual violence over a period of years, interviews students who filed sexual violence complaints and school officials who respond to sexual violence reports and complaints, and conducts individual meetings with student groups. This process also encompasses an extensive review of the school's Title IX sexual harassment and sexual violence policy and procedures as well as the school's training protocol on sexual violence issues for its campus community.

When OCR obtains a resolution agreement with a school, OCR monitors that institution's implementation of the agreement and its ongoing compliance with the law. Monitoring activities are intensive and time-consuming because they include, for example, the review of reports submitted by the educational institution and site visits. OCR will not close its monitoring activities until it determines that the institution has fulfilled the terms of the agreement and is in compliance with the law.

If an institution fails to implement the changes as mandated in its resolution agreement, first OCR will bring these failures to the institution's attention and afford it the opportunity to take corrective action. If the institution persists in failing to implement the provisions of the agreement, OCR may refer the case to the Department of Justice for possible litigation to enforce the specific terms and obligations of the agreement. Another option is for the Department to seek to discontinue of federal funding at that institution by initiating an administrative proceeding within the Department.

OFFICE OF CIVIL RIGHTS CURRENT INVESTIGATIVE TIMELINE

Ms. Roby: Also, can you please describe the OCR's current investigative timeline? How long does an investigation take from when it is begun until a party is notified of non-compliance?

Mr. Duncan: The length of each investigation varies from case to case depending on, among other factors, the number and complexity of the legal and factual issues raised the number of individuals or sites to be interviewed or visited during the investigation, and the volume of evidence to be reviewed. While OCR's goal is to resolve all complaints within 180 days, sexual violence investigations tend to be complex and involve systemic, campus- and school-wide issues, in addition to issues pertaining to specific students. As such, Title IX sexual violence investigations, on average, take longer to be completed than OCR's investigations of many other issues.

PRESCHOOL DEVELOPMENT EXPANSION GRANTS

Mr. Dent: As you may know, the Pennsylvania Department of Education was not awarded a Preschool Development Expansion Grant in the most recent grant competition. A total of 35 States and Puerto Rico applied to the Department seeking funding but only 18 States were awarded with a grant. President Obama proposed additional funds for the Preschool Development Grants in his 2016 Budget Request. If approved, do you envision a competition for States which were not successful in winning the first round of funding?

Mr. Duncan: Yes. The goal of the Administration's 2016 Budget Request is to enable nearly all States to develop, enhance, or expand high-quality preschool programs for children from families at or below 200 percent of the Federal poverty line. The request would allow the Department to make additional awards to high-scoring applicants from the 2014 slate, to hold a new competition in 2016, or possibly both.

CHARTER SCHOOLS AND STUDENT PERFORMANCE

Mr. Dent: I'd like to focus in on how we help parents and students by giving them choices. I think helping start public charter schools in one of the best ways we can support innovation, accountability and academic excellence in the entire deferral education budget. We do this through a one-time grant to get a school up and running—very akin to angel investment. I know were looking at another difficult allocation for this Committee, but I'd like to see us make a sustained, multi-year commitment to this program. Pennsylvania has a vibrant and expanding public charter schools movement in my district and across the State.

Mr. Secretary, would you agree that many public charter schools across the country are proving that kids in even the most difficult of circumstances can achieve superior academic performance?

Mr. Duncan: The President and I strongly agree that, while not a panacea, high-quality public charter schools play a crucial role in efforts to improve the achievement of our most disadvantaged students. Research affirms this view. The "National Charter School Study 2013," a study by researchers at Stanford University's Center for Research on Education Outcomes (CREDO) that examined longitudinal student-level data from a sample of 3,620 public charter schools across 25 States, the District of Columbia, and New York City, found that public charter schools had a significantly larger effect academically than traditional public schools for students from low-income families, for Black students, and for English learners. The CREDO study found, for instance, that Black students from low-income families attending charter schools gained, on average, the equivalent of 29 additional days of learning in reading and 36 days in mathematics over their counterparts in regular public schools.

At the same time, we want to continue to promote rigorous accountability for public charter schools, including the closing of schools that consistently underperform. To this end, we have proposed new priorities and selection criteria to strengthen the Charter Schools Grants' State competition, including a priority for States whose charter authorizers employ key approval and oversight practices. We expect to finalize these priorities and selection criteria later this spring.

CHARTER SCHOOLS, PARENTS, AND COMMUNITY BUY-IN

Mr. Dent: What can we do to encourage this kind of experimentation while giving parents and local citizens the ability to decide what's best for their community?

Mr. Duncan: As reflected in our 2016 Budget Request for Charter Schools Grants, the Administration believes that increased Federal investment would promote the creation and expansion of effective public charter schools. According to the National Alliance for Public Charter Schools, public charter school waiting lists numbered more than 1 million students in 2014, despite continued increases in the number of public charter schools in operation. The requested increase for Charter Schools Grants would empower local communities to both start up promising new public charter school models to address the needs of their communities, and replicate and expand models that have proven effective.

We want to continue to promote rigorous accountability for public charter schools, including the closing of schools that consistently underperform. Therefore, we have proposed new selection criteria and priorities to strengthen the Charter Schools Grants' State competition, including a priority for States whose charter authorizers employ key oversight and approval practices. We expect to finalize these priorities and selection criteria later this spring.

GAINFUL EMPLOYMENT REGULATIONS

Mr. Dent: In 2009 the Department of Education began negotiated rulemaking on the two-word term "gainful employment" found in the Higher Education Act. In 2010

you issued a complex and lengthy set of rules crating the gainful regulation. That final Gainful Employment regulation subsequently struck down by a Federal judge and was also blocked by one chamber of Congress. More than 4 years later the Department issued a new set of rules. When you released the Gainful Employment regulation you said, "Protecting students is at the core of this rule." If that is truly the case, do you agree that the regulation should apply to all programs at all institutions?

Mr. Duncan: The Gainful Employment regulations apply to programs and institutions that are required by law "to prepare students for gainful employment in recognized occupations." The regulations are intended to address very specific concerns regarding these programs–too many gainful employment programs, particularly those offered by for-profit institutions, are leaving students with unaffordable levels of loan debt in relation to their earnings and resulting in too many students defaulting on their Federal student loans. Attending a 2-year for-profit institution costs a student four times as much as attending a community college. Almost 70 percent of students enrolled at for-profit institutions take out student loans in comparison to 20 percent of students enrolled at community colleges. Of those who borrow, the median loan debt for students in associate degree programs at for profit institutions is 70 percent greater than for students at community colleges. Students at for-profit institutions represent 9 percent of the total postsecondary education population, but about 32 percent of all Direct Loan and FFEL borrowers and 44 percent of all loan defaulters in the FY 2011 Cohort Default Rate. While we are troubled by rising costs and increasing levels of debt across all of higher education, the outcomes data shows that these problems are acute for the programs subject to the gainful employment regulations. The Department remains committed to increased transparency and accountability across all of higher education and will continue to explore policies that might be most effective and appropriate to achieve this goal.

GAINFUL EMPLOYMENT BILL PROPOSAL

Mr. Dent: If a bill was introduced to apply such a regulation to all of higher education, would that be something you would be in favor of?

Mr. Duncan: We would look forward to working with Congress on how best to further transparency and accountability throughout all of higher education.

TRIO DEMONSTRATION INITIATIVE

Ms. Lee: In your 2016 Budget Request, you proposed a $20 million increase for TRIO funding. Specifically you designated that this increase would be used for a "TRIO Demonstration Initiative" What type of demonstration projects does the Department envision would take place with these funds?

Mr. Duncan: The TRIO Demonstration Initiative would give TRIO grantees, and consortia thereof, the opportunity to compete for increased funding to: 1) implement additional evidence-based, college access and success strategies and serve additional students, and 2) participate in evaluations of such strategies to contribute to the growing

body of evidence about the effectiveness of particular student support activities. The Department would work with the broader TRIO grantee community in determining the interventions to be implemented and enter into cooperative agreements with grantees, or consortia of grantees, that are awarded funds for the demonstrations to support implementation and evaluation.

The extensive list of required and permissible activities prescribed by statute and regulation for the TRIO programs makes it difficult to discern the specific impacts of any one of the activities to determine whether some are more effective than others, or to support implementation of new strategies that may be more effective. The proposed TRIO Demonstration Initiative attempts to address these challenges by affording TRIO grantees the flexibility to implement additional, evaluable strategies and giving the Department the authority to conduct rigorous evaluations of those strategies so that we are able to fully document the successes of these programs.

TRIO MULTI-YEAR INITIATIVES

Ms. Lee: Is it your intention to fund a set of multi-year initiatives or activities that would take place only during fiscal year 2016?

Mr. Duncan: The Department would obligate the entire $20 million in fiscal year 2016 but these funds would support activities across multiple years. The exact number of years would depend, to a large extent, on further discussions with the TRIO community and on the proposals submitted by TRIO grantees.

OUTCOMES OF TRIO PILOT PROJECT

Ms. Lee: What knowledge or information does the Administration hope to gain from this sort of pilot project funding?

Mr. Duncan: We hope to provide new knowledge about which strategies are effective when implemented at scale by TRIO grantees. This information could then be used by all grantees in designing their projects and, additionally, inform future policy changes to the TRIO programs.

PROMISE NEIGHBORHOODS

Ms. Lee: As you know, I am very supportive of Promise Neighborhoods please tell me what is needed for their long-term sustainability?

Mr. Duncan: The Promise Neighborhoods program was designed from the outset to promote the development and implementation of systems and interventions that could be sustained over time. The notice inviting applications for the initial Promise Neighborhoods grants emphasized the need to develop "the local infrastructure of systems and resources needed to sustain and scale up proven, effective solutions" to community challenges. Moreover, the program included a strong matching fund

requirement aimed at creating a self-sustaining enterprise over time. Applicants were required to obtain matching funds or in-kind donations equal to at least 100 percent of their grant awards (50 percent for rural or tribal communities). In addition, the theory of action behind Promise Neighborhoods emphasized the importance of leveraging and maximizing the impact of all existing Federal, State, and local resources, public and private, to support children and families from cradle to career. The development of data systems to guide decision-making, along with collaborative relationships across programs and sectors, during the 5-year Promise Neighborhoods grant period was intended, in part, to build the local capacity to sustain project activities and community supports following the end of the grant period. Finally, sustainability is a major focus of Department technical assistance to Promise Neighborhoods grantees as the initial cohorts approach the end of their grants.

GEAR UP AND TRIO

Ms. Lee: How does GEAR UP and TRIO connect to the President's community college proposal (in terms of preparing students, etc.)?

Mr. Duncan: The 2016 Budget proposes the America's College Promise, to ensure all Americans have the opportunity to pursue and succeed in higher education, with a goal of making 2 years of college as universal as high school. The new grant program would provide funding to States that agree to waive tuition and fees in high-quality programs at community colleges for responsible students, increase their own investment through matching funds, allocate a significant portion of State funding based on performance, and undertake a set of key reforms to help more students complete at least 2 years of college. Reflecting America's higher education model of shared responsibility, everyone will have to do their part: 1) Federal funding will cover about three-quarters of the average cost of community college, at a cost of $60 billion in mandatory funding over 10 years; 2) States must invest more in public higher education and training; 3) community colleges must strengthen their programs and improve student outcomes; and, 4) students must take responsibility for their education, attend at least half-time, and earn good grades, to stay on track to graduate.

The GEAR UP and TRIO programs could play an invaluable role in assuring the success of America's College Promise by helping students take advantage of this initiative by preparing and planning for colleges, as well as maintaining academic progress towards college completion. For example, GEAR UP, Talent Search, and Upward Bound projects in participating States could help ensure that students from disadvantaged backgrounds enroll in community college prepared to succeed. Similarly, Student Support Services projects at community colleges in participating States could provide essential student support and academic services designed to assist students in persisting in community college and graduating or transferring into 4-year institutions.

SCHOOL TO PRISON PIPELINE

Ms. Lee: How you are working on school to prison pipeline? We know that this relates to truaney and the students who drop out of school often end up in the juvenile justice system, so how are you partnering with the DOJ to make sure these at risk youth are being taken care of?

Mr. Duncan: We have partnered with the U.S. Department of Justice (DOJ) on several projects to improve learning environments and outcomes for youth at risk of involvement with law enforcement or the juvenile justice system, in particular related to the enforcement and consequences of student discipline policies. For example, in January 2014, ED and DOJ released a school discipline guidance package (http://www.ed.gov/news/press-releases/us-departments-education-and-justice-release-school-discipline-guidance-package-enhance-school-climate-and-improve-school-discipline-policiespractices) to assist States, districts, and schools in developing strategies to enhance school climate and ensure school discipline policies and practices comply with Federal law. The guidance package provides resources for creating safe and positive school climates, which are essential for boosting student academic success and closing achievement gaps.

ED and DOJ also worked together to support the Council of State Governments in its summer 2014 release of "The School Discipline Consensus Report: Strategies from the Field to Keep Students Engaged in School and Out of the Juvenile Justice System." This report is a product of the School Discipline Consensus Project, a component of ED and DOJ's Supportive School Discipline Initiative. Support was provided by DOJ's Office of Juvenile Justice Delinquency Prevention, the Atlantic Philanthropies, the California Endowment, NoVo Foundation, and the Open Society Foundations (http://csgjusticecenter.org/youth/school-discipline-consensus-report/).

In October 2014, ED and DOJ hosted the National Leadership Summit on School Discipline and Climate. During this summit, over 20 State and local teams had an opportunity to deepen partnerships and develop concrete steps to advance school discipline and juvenile justice reforms in their communities. In particular, teams focused on utilizing three levers for change—building political will, leveraging policies and funding, and establishing and maintaining cross-systems collaboration—as they developed action plans and identified technical assistance and financial resources that would assist with implementation. They also learned about how to address implicit bias and how to share and learn from examples of State and local promising practices that have resulted in improved school climate, reformed discipline practices, and reduced juvenile justice system entry. Philanthropic partners in the National Leadership Summit included: the Atlantic Philanthropies, Edward W. Hazen Foundation, Open Society Foundations, W.K. Kellogg Foundation, Schott Foundation for Public Education, and the California Endowment (http://safesupportivelearning.ed.gov/2014-summit).

Finally, in December 2014, ED and DOJ released a Correctional Education Guidance Package (http://www.ed.gov/correctionaled) aimed at helping States and local

agencies strengthen the quality of education services provided every day to America's estimated 60,000 young people in confinement. This guidance package builds on recommendations in the My Brother's Keeper Task Force report released in May 2014 to "reform the juvenile and criminal justice systems to reduce unnecessary interactions for youth and to enforce the rights of incarcerated youth to a quality education."

SUPPORT FOR HISTORICALLY BLACK COLLEGES AND UNIVERSITIES

Ms. Lee: Mr. Secretary, as you know, Historically Black Colleges and Universities (HBCUs) provide enormous value for students and the Nation. HBCUs represent approximately 3 percent of all 2-and 4-year colleges and universities, but confer 18 percent of all bachelor's degrees awarded to African Americans and 25 percent of all STEM degrees awarded to African Americans.

That is why I was disappointed in the Administration's Fiscal Year (FY) 2016 budget request. HBCU's lost students and hundreds of millions in revenue due to the changes to the Parent PLUS Loan program, and the Department has not made a significant effort to restore cuts to the Title III HBCU Institutional Aid discretionary formula grant program, which – at $228 million – is down $39 million or 14 percent since fiscal year 2010. Your 2016 Budget Request freezes this program at last year's level at the same time that the Administration's budget proposes to invest $1.4 billion into community colleges. I strongly support community colleges and the opportunity they provide. But it is critical to make commensurate investments in HBCUs, which have a strong track record of educating low-income, African American students.

I would note that the graduation rate for low-income, African American students at community colleges is 12.5 percent compared to 39.9 percent at HBCUs.

Mr. Secretary, would you respond?

Mr. Duncan: I agree that America's Historically Black Colleges and Universities (HBCUs) are critical to preparing students to meet urgent national priorities in STEM fields, in filling teaching jobs, and meeting the President's 2020 college completion goals. As such, the Administration worked with Congress to secure the historic 10 year, $850 million investment as a part of the Student Aid and Fiscal Responsibility Act (SAFRA), signed into law on March 30, 2010, making mandatory funding available to HBCUs through fiscal 2019. To build on this, the Administration has chosen to enhance support for minority serving institutions (MSIs) and HBCUs through the First in the World program where we have proposed an increase in funding to $200 million, with up to $60 million, or 30 percent, of the funds set aside for MSIs including HBCUs. We believe that this program can serve as a powerful lever to help HBCUs build evidence for what works to improve the outcomes of their students.

The Department is also continuing its technical assistance to MSIs and HBCUs to make them aware of the diversity of funds for which they are eligible to increase their participation in a wider number of programs. We welcome your ideas on how to best

reach this goal to ensure that wider cross sections of American students are served and continue to be interested in discussing additional ways to best support HBCUs and the valuable work they do.

HISTORICALLY BLACK COLLEGE AND UNIVERSITY CAPITAL FINANCING PROGRAM

Ms. Lee: Mr. Secretary, I greatly appreciate the push that you have made to reverse the sequestration cuts, which were simply a meat ax approach to cutting spending. However, one program that is extremely important to HBCUs was not restored and that is the HBCU Capital Financing Program. This is a low-cost, high-impact program. Each $1 million appropriated for the loan interest subsidy leverages an additional $16 million in low-interest loans that help HBCUs renovate and reconstruct historic academic buildings and dormitories into state-of-the art facilities.

Yet, the Department has not proposed to restore the sequestration cuts to this program. Before sequestration, the program was issuing about $320 million in facility loans to HBCUs. Page 61 of the Department's 2016 Budget Summary in Brief indicates that only $268 million in new loans will be issued in 2016. Can you tell us why the Department has declined to restore the sequestration cuts to the HBCU Capital Financing Program?

Mr. Duncan: The Department's existing lending authority has fully supported HBCU Capital Finance program activity for the last 5 years, and the Department anticipates the program will be able to meet the needs of the HBCU community for the coming year, as well.

The total funding available for HBCU Capital Financing in a given year is the lesser of either (1) the Congressionally authorized loan level or (2) the appropriated subsidy level divided by the cohort subsidy rate.

In each of the last 5 years, the authorized loan level was less than the calculated subsidy level. Therefore, the funding available for HBCU Capital Financing has been set by the loan level authorized by Congress.

HISTORICALLY BLACK COLLEGE AND UNIVERSITY CAPITAL FINANCING PROGRAM REDUCTION IN LOAN ACTIVITY

Ms. Lee: Why is there such a large drop in loan activity projected for next year?

Mr. Duncan: The funding available for HBCU Capital Financing is determined by a number of factors. The decrease in supportable loan volume for fiscal year 2016 is due to projected increases in costs of borrowing based on projected interest rates.

FIRST IN THE WORLD INITIATIVE

Ms. Lee: I would like to ask you about the First in the World Initiative, which is intended to stimulate innovation and best practices at colleges and universities. I am pleased that the Department proposes to set-aside $60 million for Minority-Serving Institutions (MSIs) out of the $200 million requested for fiscal year 2016. Your Department reports in the 2016 Budget Justifications, however, that 50 percent of the 459 grant applicants in last year's grant competition came from MSIs, but only 25 percent of the actual awards (6 of 24) went to MSIs and there was only one successful HBCU–Hampton University.

Given the strong demand for First in the World grants among MSIs, shouldn't the $60 million you have requested for MSIs be a floor on how much will be awarded to these institutions, rather than a ceiling?

Mr. Duncan: If there are highly rated MSI applications beyond the set-aside amount, the Department could award more than the $60 million to MSIs. To dramatically impact college completion rates, the central goal of First in the World, the Department believes that we must improve the outcomes of students enrolled at MSIs. The set-aside ensures that the Department will be able to devote substantial resources to MSIs in support of this endeavor, but does not limit the amount of funding that can be awarded to MSI applications that are highly rated.

In fiscal year 2014, Congress stipulated that the appropriation for First in the World "includes up to $20 million to be set-aside for minority-serving institutions..." In fiscal year 2015, Congress provided $60 million for FITW and stipulated that $16 million of the $60 million was provided to continue the set aside for MSIs, the same proportion stipulated in 2014. In the Administration's 2016 Budget Request, we have adopted the same approach taken by Congress in fiscal years 2014 and 2015, except that we proposed to increase the MSI set aside to 30 percent of the appropriation, up from 26.7 percent in the previous 2 years.

FIRST IN THE WORLD AWARDS TO INSTITUTIONS IN NEED

Ms. Lee: Shouldn't the goal be to award innovation grants to those institutions that would most need the assistance and would derive the greatest benefits?

Mr. Duncan: The ultimate objective of First in the World (FITW) is to identify strategies that work in improving postsecondary outcomes, particularly for high need students, so that all institutions and their students can benefit. Above all, for FITW to be successful, we believe we must use our limited resources to support innovative and/or evidence-based projects with a high potential for generating evidence of effectiveness through rigorous project evaluations. Because MSIs enroll a significant and disproportionate share of students from low-income backgrounds, students of color, and first-generation students, and because, in some cases, MSIs face unique challenges, the

Administration believes it is crucial to target a significant amount of FITW resources to these institutions.

TUESDAY, MARCH 17, 2015.

DEPARTMENT OF LABOR

WITNESS

HON. THOMAS PEREZ, SECRETARY, U.S. DEPARTMENT OF LABOR

INTRODUCTION OF WITNESS

Mr. COLE. Okay. I am going to call the hearing to order.

And just ahead of time, Mr. Secretary, as I am sure you are aware, we will have a lot of members coming in and out because we have got an awful lot of hearings going on this morning. I know we will be joined later by, we like to call him "the big chairman," will be here. And, at that point, just so everybody knows, when he comes in, I will allow, once we finish whoever is questioning at that point, certainly go to the chairman, immediately allow him to make any statement he wants to make. Certainly do the same thing for Ms. Lowey if she has a statement she cares to make when she arrives.

So, good morning, Mr. Secretary, and welcome. I want to thank you for your service to our country and certainly the administration and want you to know this committee recognizes the demanding role you have at a very difficult time. And I appreciate your work on behalf of the American people. We may have some areas where we disagree, but I certainly appreciate the effort and the commitment and compassion you display in your job.

For the first time in many years, we have had some encouraging news on headline unemployment numbers, but the data belie the challenges faced by the long-term unemployed and by involuntary part-time workers, who I know you have concern with both those categories. Improvement in the unemployment data is also due in part to labor participation rates that remain at the lowest level in many decades. For too many Americans, the Great Recession doesn't feel over.

Equally concerning is that despite the recent improvement in unemployment data, job openings continue to rise. There were 5 million job openings at the end of January, the highest level in 14 years. And, in some ways, of course, that is good news, but despite billions of dollars the Federal Government invests in job training each year, the skills gap continues to grow. Employers can't find enough qualified candidates to fill the jobs they have while millions of Americans remain unemployed and underemployed. This indicates to me that there are some real structural deficiencies in the workforce training system. And I would like to hear your view on those during the course of our hearing.

I would also like to cover a lot of subjects at today's hearing.

Mr. Secretary, your budget far exceeds any realistic caps on spending. While you may have the luxury of proposing increases for

virtually every program, we likely won't have the ability within our allocation to meet all those requests. With proposed increases across the board for the Department of Labor, I am having some difficulty in determining exactly what your priorities are. So I would certainly like you to make those clear to us today.

WORKFORCE INNOVATION ACT

I would also like to discuss the Workforce Innovation and Opportunity Act, which Congress overwhelmingly passed last summer. A good example of bipartisanship, quite frankly. The committee is excited about many of the improvements WIOA makes to workforce training programs. However, I am concerned the Department is missing statutory implementation deadlines and delaying the benefits this reauthorization might make to millions of Americans.

Finally, I would like to ask about the Department's regulatory agenda along several lines. I have got questions about the regulatory process that the Department is following. For example, you are developing a respirable silica rule that is relying on a small business advocacy review completed more than a decade ago even though industries that will be impacted by the rule have changed significantly since that time. Nothing is more important than worker safety, but we want to make sure we are using the latest information that we have. And so your thoughts in that area will be deeply appreciated.

And I have some questions about the timing of your regulations. For example, the home healthcare rule being implemented now seems contrary to policies many of us have supported to encourage goals like aging in place and home care for people with disabilities to help reduce healthcare costs and improve the quality of life for millions of Americans.

H–2B VISA PROGRAM

Finally, Mr. Secretary, I am deeply concerned that the Department has stopped processing H–2B visas in the wake of a recent court ruling although I understand you may have some news for us and a recent filing in your testimony. And I would be delighted to hear that because I know there is a bipartisan concern. To avoid significant economic losses to thousands of seasonal businesses, ranging from seafood harvesting and horse training to amusement parks and stone quarries, the Department of Homeland Security should immediately issue an emergency rule to allow the resumption of H–2B processing, and the Department of Labor could continue to participate in a consultive role in the program.

I want to be assured the Department is pursuing ever recourse in order to restart the H–2B visa program as soon as possible.

Thanks, again, Mr. Secretary, sincerely for being here. I would now like to yield to my good friend, the ranking member, for any comments she cares to make.

RANKING MEMBER DELAURO OPENING STATEMENT

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

Once again, I apologize for holding up the start of the gathering.

And thank you, Mr. Secretary, for joining us this morning. Most of all to thank you for your leadership on behalf of American workers and their families.

If you don't mind for a moment, I would just like to say hello to Dan Zeitlin, who you took from our office as a legislative director. Thank you very much. That was a good recovery, Mr. Secretary.

The Department of Labor exists to represent the tens of millions of families who form the bedrock of our society and the engine of our dynamic economy. It helps provide them with stability by protecting their wages, their working conditions, health benefits, and retirement security.

The economic picture for these hard-working families is decidedly mixed. On the one hand, the unemployment rate has dropped dramatically. At the height of the recession, it peaked at about 10.2 percent. Today it is at 5.5 percent. In each of the past 12 months, the economy has produced more than 200,000 new jobs, the longest streak of job creation in two decades. Yet the rewards have not been shared equally. Average hourly pay has risen only 2 percent per year, barely enough to keep up with inflation.

Meanwhile, corporate profits and the stock market are at record highs. In fact, economist Justin Wolfers and many others have noted, all of the financial gains of the recovery have gone to the richest 1 percent.

This is just not good for our country. We cannot settle for an economy that benefits only Wall Street and a select few at the top. What we need to do is to build one that boosts wages, improves the lives of hard-working families. That is the recipe for a true long-term growth. And that is why the Department's mission of fighting for working families has never been more important than it is today.

Recently the Department has made progress. It has been instrumental in raising the minimum wage for Federal contractors and prohibiting retaliation when workers share pay information. Both moves Congress would do well to emulate for all Americans. And it has taken steps toward requiring financial advisors to give advice on retirement savings that is in this best interest of their clients as opposed to their own interests.

I applaud these efforts, and I encourage you, Mr. Secretary, to press even harder over the next 2 years to strengthen worker protection.

FISCAL YEAR 2016 BUDGET REQUEST FOR THE DEPARTMENT OF LABOR

That brings me to the topic of today's hearing, the fiscal year 2016 budget request for the Department of Labor. I am pleased to see the request for an increase of nearly $300,000,000 for job training, including increases for State grants under the Workforce Innovation and Opportunity Act, and a new program to boost registered apprenticeships. These investments are critical to building the high-skilled workforce that is necessary for employers to fill job openings and expand their operations in the high-tech and globally competitive economy.

I strongly support your request for an additional $500,000,000 to fund career services for unemployed workers, particularly veterans. High-quality career counseling helps workers reconnect with em-

ployers. We can all agree that military veterans deserve to have a job waiting for them when they make the transition back to civilian life.

And I am pleased to see your proposal to help States develop paid-leave policies. At some point in our working lives, nearly all of us will need time off to deal with a serious illness or care for a child, yet only 40 percent of American workers have access to paid medical leave, and only 13 percent can access paid family leave. It should not be like this. Paid leave should be a fundamental right for all Americans, and your proposal would move us in that direction.

On the worker protection side, your budget includes a request for an additional 300 investigators at the Wage and Hour Division to protect low-income workers against wage theft and funds for the Office of Federal Contract Compliance to address racial and gender pay discrimination. I applaud you for making this a priority.

I also applaud you for the funding for the Women's Bureau as well.

I do not agree with every proposal in the budget. I am disappointed to see level funding for the Senior Community Service Employment program. It is a great way to help low-income older Americans earn a paycheck while contributing to their communities.

Overall, this request moves us in the right direction. The investments in this budget are necessary to help the millions of Americans who continue to be left behind in this recovery. The problem, of course, is that you are starting from a base budget that has been cut by an inflation adjusted $2,700,000,000 over the past 5 years. Around $1,200,000,000 has been taken from the job training programs that serve workers who have been laid off as well as disadvantaged adults and young people. The employment service, which provides universal access to counseling and intensive services for job seekers looking to learn new skills, has been cut by 13 percent. Worker protection agencies have lost 6 percent. The TAACCCT program, which helped train displaced workers for good-paying jobs in high-demand industries, has not been extended.

Because of this year's scale of these setbacks, the present request, for all its good points, would replace less than half of the funds the Department has lost since 2010.

We need to do better. We need to eliminate the sequestration caps once and for all. We need to find new sources of revenue, including by shutting down tax loopholes and ending tax breaks for special interests. And we need to return to adequate levels of funding. Our Nation's working families cannot wait any longer. I thank you, and I look forward to your testimony and our discussion.

Mr. COLE. Thank the gentlelady.

Mr. Secretary, you are now recognized. Your complete statement will be placed in the record, and you are recognized for whatever opening remarks you care to make.

SECRETARY PEREZ OPENING STATEMENT

Secretary PEREZ. Thank you, Chairman Cole. It is an honor to be here.

Ranking Member DeLauro and members of the subcommittee, it is always good to be back. And thank you for allowing me to testify about our fiscal 2016 budget.

I appear before you today with a great sense of optimism about the direction of our economy and the role that the Labor Department can play in sustaining and further accelerating this recovery. The United States has experienced 60 consecutive months of private-sector job growth, the longest streak on record: 12 million jobs created during that period. There are now more than 5 million job openings as we sit here today, the most since January of 2001.

During the depths of the Great Recession, there were roughly seven job seekers for every available job position. Today the ratio is less than 2 to 1, but we have more work to do, undeniably. The challenge is ensuring shared prosperity for everyone, making sure that everyone willing to work hard and play by the rules can benefit from this recovery.

So we still have more work to do on the long-term unemployed. We still have more work to do to raise real wages. And we need to make sure that we have a steady pipeline of skilled workers so that our economy remains competitive in the 21st century.

This proposed budget invests in evidence-based programs that support an economy that works for everyone, an economy that creates opportunities for workers to upgrade their skills, work in safe conditions, support their families, and protect their hard-earned retirement savings. Each year, on average, our network of roughly hundred 25 American Jobs Centers serves about 14 million people, including 1 million veterans through our core workforce services. And we are serving them well: 55 to 60 percent of those who come to AJCs without a job are working within 3 months of leaving our programs. The outcomes are even better for those who get training through the workforce system. Almost 80 percent of them find work within 3 months.

In 2014, we put approximately $1,000,000,000 in job-driven grant money on the street. These are competitive grants. All of it designed to help people up-skill in a way that helps them move into in-demand jobs that are available now or will soon be available.

We are also doing more to coordinate and integrate our workforce programs with those at other Federal agencies. We are imploding stovepipes to make our governmentwide efforts that much more efficient and effective. We want to strengthen this work with continued investments in proven training strategies that will enable more people to punch their ticket to the middle class. For instance, this budget includes $100,000,000 for apprenticeship, an effective learn while you earn training strategy that benefits both employers and workers. Apprenticeship is a proven gateway to the middle class. I have met graduates of programs who are earning $50,000, and over 90 percent of people are employed within 3 months after completing an apprenticeship program. Every Federal dollar spent on apprenticeship has a return of roughly $27. As I say to many people, it is the other college, except without the debt.

We also propose an increase of $400,000,000 for employment service State grants to support in-person services that help unemployed workers access the training and other resources they need to find a good job. And to help the long-term unemployed, we are

proposing more investments in the combined Reemployment Services and Reemployment Eligibility Assessment Program, the RES/REA, through the UI Program. The combined services will be offered to all veterans in the Unemployment Compensation for Ex-Service Members Program, as well as those unemployment insurance claimants who are most likely to become long-term unemployed. People who receive these combined services are much less likely to exhaust their UI benefits and more likely to have a shorter UI duration, returning to work more quickly with higher wages and job retention rates.

Last July, as Chairman Cole correctly pointed out, Congress in an overwhelmingly bipartisan fashion passed WIOA, and we appreciate your leadership, Mr. Chairman and Ranking Member DeLauro, on this bill. This is the most significant reform of the workforce system since the late 1990s. I worked at workforce issues from the local government level, from a State government level, and now at a Federal level, and this was indeed a very, very important development and proof that getting people to work and cultivating our human capital, it is not a Republican idea or a Democratic idea; it is a quintessentially smart idea. It is an American idea, and it is something where we have so much in common.

WIOA aligns with everything that we have been doing in the administration, and it provides a clear blueprint moving forward. It allows us to continue our transformation in the way we prepare people for the careers of today and tomorrow, and it allows us to continue to building what I call a skill superhighway with onramps and offramps, where people can pick up skills and credentials on the way to their destination, which is a good middle-class job. With WIOA, we are able to strengthen our job-driven approach to training and build unprecedented partnerships with employers, connecting businesses that want to grow with workers who want to punch their ticket to the middle class.

I refer to us, Mr. Chairman, as match.com. We match job seekers who want to punch their ticket to the middle class with businesses who want to grow using the secret sauce of community colleges and other partnerships along the way. And, as someone who has worked in this issue, I recognize the remarkable importance of what we are doing.

I want to mention one other issue that I know is of great importance to you, Mr. Chairman. Plagued by high unemployment and barriers to success, people in Native American communities too often don't get a chance to reap the rewards of a thriving economy. And the Department is working very hard to change that. We have requested an increase to our Division of Indian and Native American Program budget to allow us to reach more participants, but we also want to see tribes competing for the various competitive workforce grant programs. That is why we recently issued a very important memorandum directing DOL agencies to include tribes and tribal organizations in their grant solicitations. We heard this in our listening sessions, and we have put what we heard into action.

Training and skill developments are just one aspect of the work that we do at the Department of Labor. And I want to shift briefly to some of the other work we are doing.

Our budget for—request for fiscal year 2016 includes $1,900,000,000 for our worker protection agencies, enabling them to meet their responsibilities to safeguard the health, safety, wages, working conditions, and retirement security of American workers. That includes an additional $30,000,000 to hire Wage and Hour Division investigators who protect vulnerable workers and ensure they receive fair wages. It includes $990,000,000 to MSHA, OSHA, and our State partners to keep workers safe and to strengthen whistleblower protections. And it includes funding to ensure that our Employee Benefit Security Administration can provide protection for the pension and health benefits that folks have so earned throughout their careers.

I believe there are a number of opportunities in this budget, Mr. Chairman, where we can find common ground, work together to help people, and I also am prepared to answer questions about H–2B because we have been working 24/7 on that very important issue.

I look forward to talking to you about WIOA implementation because that has been an all-hands-on-deck partnership with Republicans, Democrats, and our team. And I look forward to answering any other questions that you and other members of this committee have for me today.

Thank you for your courtesy and thank you for your commitment to getting Americans back to work in good jobs that pay good money.

[The information follows:]

STATEMENT OF THOMAS E. PEREZ
SECRETARY OF LABOR
BEFORE THE
SUBCOMMITTEE ON LABOR,
HEALTH AND HUMAN SERVICES, EDUCATION AND RELATED AGENCIES
COMMITTEE ON APPROPRIATIONS
UNITED STATES HOUSE OF REPRESENTATIVES
March 17, 2015

Chairman Cole, Ranking Member DeLauro and members of the Subcommittee, thank you for the invitation to testify today. I appear before you today with a great sense of optimism – about the direction of our economy and the role that the Labor Department can play in sustaining and further accelerating this recovery. I'm confident we can construct a stairway to shared prosperity in which everyone has the chance to live their highest and best dreams, and that's what I want to discuss with you today.

The President's FY 2016 Budget proposes investments in programs that build on what works and support an economy that works for everyone. The request for the Labor Department creates opportunities for workers to strengthen their skills, support their families, and protect their hard-earned retirement savings. The United States has experienced 60 consecutive months of net private sector job growth, extending the longest streak on record. There are now more than 5 million job openings, the most since January 2001. At the end of the Great Recession, there were nearly 7 jobseekers for every available position; today the ratio is less than 2-to-1.

Under President Obama, the deficit has fallen by about two thirds, measured as a share of the economy. The last time the deficit fell this quickly was at the end of World War II. Consumer confidence is near a seven-year high. Workers on manufacturing assembly lines are now averaging 42 hours per week, and auto sales are at prerecession levels.

Yet in this recovery, there are many families who are not yet experiencing the benefits of this strengthening economy. Their jobs are not paying a living wage, forcing parents to work two or three jobs to make ends meet or choosing between staying home with a sick child and earning a paycheck. If enacted, the President's Budget for the Department of Labor would help change this reality by supporting working families, creating pathways to high-growth jobs, and protecting workers' health and safety, wages, and retirement security. This Budget is an investment in the future of our country and an affirmation of an economy we all want – an economy where hard work is rewarded, where workers get a fair shake and fair treatment at work, where workers have a chance to develop skills that lead them to family-sustaining jobs, and where workers have security to return home from work safely to their families and build for their future.

SEQUESTRATION

These investments, and continued economic growth, will only be possible if we reverse sequestration, as the President's Budget would do. At the end of 2013, policymakers came together on a bipartisan basis to partially reverse sequestration and to pay for higher

discretionary funding levels with long-term reforms. We have seen the positive consequences of that bipartisan agreement for our ability to invest in areas ranging from research and manufacturing to strengthening our military. The Budget builds on this progress by reversing sequestration, paid for with a balanced mix of common-sense spending cuts and closing tax loopholes, while also proposing additional deficit reduction that would put debt on a downward path as a share of the economy.

Meanwhile, the President has made clear that he will not accept a budget that reverses our progress by locking in sequestration going forward. Locking in sequestration would bring real defense and non-defense funding to the lowest levels in a decade. As the Joint Chiefs and others have outlined, that would damage our national security, ultimately resulting in a military that is too small and equipment that is too old to fully implement the defense strategy. It would also damage our economy, preventing us from making pro-growth investments in areas ranging from basic research to early childhood education to severely reducing the number of people who can receive training through our workforce training programs. As the President has stated, he will not accept a budget that severs the vital link between our national and economic security, both of which are important to the Nation's safety, international standing, and long-term prosperity.

CREATING PATHWAYS TO HIGH GROWTH JOBS

Last year both parties came together to pass the bipartisan Workforce Innovation and Opportunity Act (WIOA), which provides a vital opportunity for reform of our nation's job training system so workers are prepared for 21st Century jobs and employers have the skilled workers they need. The Budget request supports robust implementation of that law and its reforms.

Successful WIOA implementation means enabling and assisting states to develop comprehensive and cross-program state plans to best serve individuals and businesses, and to have the infrastructure in place to measure outcomes and report on performance as required under the law. The Employment and Training Administration (ETA) plans to employ flexibilities to allow states to use existing funds to transition to the new law. The Budget also requests additional staff and technical assistance funding, which will allow ETA to be responsive to the needs of the workforce system and assist states and localities in the second year of WIOA implementation. These staff would be located throughout the regions and in the national office, providing guidance and support to states in their efforts to fully implement the changes required by the law.

A key goal of the statute is to provide stronger accountability for, and transparency of, the outcomes of federal investments. For that reason, the Budget includes a significant increase for the Workforce Data Quality Initiative, from $4.0 million appropriated for FY 2015 to $37.0 million requested for FY 2016, to help states expand and enhance their information technology infrastructures to connect state workforce and education databases and to build the public-facing performance reports required by WIOA. $30.0 million of this request will help states build integrated or bridged data systems to facilitate WIOA implementation. These grants also will support building state-based wage data matching infrastructure to enable and/or streamline WIOA performance reporting, including eligible training provider performance reporting.

The Budget builds on WIOA with investments to expand the capacity of the core programs to reach more individuals who need help finding or training for a new or better job. The Budget includes a $2.7 billion discretionary investment (an $85.7 million increase above the 2015 enacted level) in the Adult, Youth, and Dislocated Worker State grants. The WIOA formula programs provide job placement, career counseling, skills training, credential attainment, and access to state job boards for disadvantaged, low-skilled, and underemployed adult workers; low-income and out-of-school youth; and dislocated workers. The Budget maintains the 2015 funding level for the Governors' set aside while providing increased funding for direct services at the local level. The Budget also provides additional dedicated funding for those who need training to find a new job. Current resource limitations mean that only a small portion of the people who walk through the doors of American Job Centers are able to receive training through the workforce system. The Budget includes $16.0 billion for a 10-year mandatory High-Growth Sector Training legislative proposal that would double the number of workers who receive training though the workforce development system. This training will equip workers with the skills and credentials to get jobs in high-growth industries, such as health care, energy, advanced manufacturing, cybersecurity, and information technology.

DOL continues to work to meet the President's goal of doubling the number of Registered Apprenticeships over the next five years and to work with bipartisan supporters to promote expanding apprenticeship--a proven strategy that allows people to earn while they learn. DOL data indicate that people who complete registered apprenticeships have median salaries exceeding $50,000, and over 90 percent of people are employed within three months after completion of the program. The Budget will invest $2.0 billion in grants to states and regions to bring more employers to the table in providing high-quality apprenticeship and equip states and regions with the expertise to assist employers in creating or expanding the apprenticeship model. In addition, we propose an annual discretionary request before this committee of $100.0 million within the ETA for apprenticeship grants for states, industry, and community based organizations to support sustainability and build capacity across the national apprenticeship system and to meet additional demand by employers and others beyond what can be funded under the American Apprenticeship grants we will award later this year.

Industry-recognized credentials help employers, jobseekers, and educators by communicating the skills and training that are needed for a particular occupation. The Budget includes a proposal for mandatory funding of $500.0 million for competitive Industry Credentialing and Assessment Grants to speed the development and adoption of credentials and assessments with real labor market value and more effectively match job seekers to employment opportunities. Of this proposal, $300.0 million would be targeted toward in-demand information technology jobs. While industry recognized, portable credentials improve labor mobility, a patchwork of State licensing laws can sometimes hinder that mobility. Different states often have a wide variety of licensing rules for the same occupation, requiring people to participate in unnecessary training or pay high licensing fees to obtain work for which they already have the skills. Our Budget requests $15.0 million for grants to States to identify and address areas where occupational licensing requirements are creating an unnecessary barrier to labor market entry or labor mobility. This will be particularly useful to transitioning service members, military spouses, and dislocated workers.

Despite the progress that has been made in recent years, there are still many young people lacking economic opportunities. The Department's Budget expands programs to reach more of those youth and help them find meaningful employment. Now in its 50th year, Job Corps has provided education and career technical training for 3 million disadvantaged youth in a residential setting, and the Department is committed to taking all necessary steps—including closure, as appropriate--to reform the program to ensure Job Corps continues to effectively serve millions more young people in the future. The Budget request for Job Corps includes an increase of $17.0 million to implement WIOA-related changes, upgrade equipment to meet industry standards, and refine training to provide skills that are in high demand by employers. A portion of the increase will be used to pilot ways to better serve younger students, for whom the traditional Job Corps model has been less effective. Our Budget also seeks increases to strengthen oversight of the Job Corps program, as the Department moves toward a more risk-based approach for program oversight.

In addition to Job Corps enhancements, the Departments of Justice and Labor are proposing to pilot a program with $5 million in grants to community partnerships that provide youth with the opportunity to explore in-demand careers in law enforcement services, which will provide at-risk youth with tangible work experience and positive law enforcement exposure. Our Budget also includes a Connecting for Opportunity legislative proposal to create job opportunities for disadvantaged youth, which seeks $3.0 billion of mandatory funding over four years. This includes $1.5 billion in formula grants to expand year-round and summer job opportunities and $1.5 billion to create educational and workforce pathways to help youth earn high school diplomas, pursue further education, and make connections with the job market.

The Trade Adjustment Assistance Community College and Career Training (TAACCCT) grants provided nearly $2.0 billion in mandatory funding over four years, with the last round of grants awarded in FY 2014. This investment brought together education, labor, business, and community leaders, ensuring that community colleges were offering curricula aligned with industry's needs. To build on the infrastructure and lessons learned from the TAACCCT grants and to continue expanding the role of community colleges in job training, the Administration is proposing a $200.0 million increase for an American Technical Training Fund that will be housed in the Career and Technical Education office at the Department of Education and jointly administered by the Departments of Education and Labor. These grants will support the development of new job training programs within current community colleges or other innovative, non-traditional training providers and will help scale existing models with evidence of effectiveness which could include past performance on graduation rates, job placement rates, and wages earned by graduates.

The Veterans' Employment and Training Service (VETS) helps veterans and separating servicemembers transition from the service to a meaningful career, starting with a robust and revitalized three day workshop that is required for every separating servicemember. These workshops are part of a comprehensive veteran employment support program anchored in our American Job Centers across the country. The Administration has been focused on improving the effectiveness of VETS, including in terms of ensuring that it is integrated with other employment and training programs, and its funding has increased 13 percent since FY 2009. The FY 2016 request maintains the funding increase for the largest VETS program – the Jobs for

Veterans State Grants – which funds specialists who provide veterans with the employment services needed to overcome significant barriers to work. The FY 2016 Budget also maintains funding for the Homeless Veterans' Reintegration program. I remain troubled that men and women who risk their lives for us struggle when they return to the United States, with far too many experiencing homelessness. I share the President's commitment to end homelessness among veterans; we will continue to work with other Federal agencies to achieve this goal.

I also urge Congress to reauthorize the Trade Adjustment Assistance (TAA) program, as it provides critical training, income support, wage subsidies, employment and case management services, and job search and relocation allowances to workers whose employment has been adversely affected by foreign trade. Last year, TAA provided benefits and services to over 62,700 workers seeking new jobs and opportunities. And 83 percent of those who completed training received a degree or industry recognized credential. Nearly 77 percent of those TAA participants who exited the program found employment within six months, and, of those, 90 percent were still employed six months later.

The process known as PERM is ten years old. This is what we use to certify that an employer seeking to obtain a Green Card for an immigrant worker meets the statutory test requiring that there be an insufficient supply of United States workers and no adverse effect on wage and working conditions of United States workers. We are considering options to modernize the PERM program to be more responsive to changes in the national workforce. One of our most critical Budget proposals would authorize legislation to allow the Department of Labor to charge fees for new applications filed under the PERM program to improve the speed and quality of certification processing. The Department has heard from businesses across the country that are in favor of a filing fee. Not being able to charge a fee to support more efficient application processing and program administration is hurting businesses, workers, and our economy. The Budget also includes a one-time increase of $13 million and 17 temporary staff to reduce the escalating backlog of PERM cases.

SUPPORTING WORKING FAMILIES

Despite the improvement in the economy, the number of individuals who have been unemployed for six months or longer – the long-term unemployed – is unacceptably high. People who are out of work for a longer period of time have more trouble finding a job. To address and prevent long-term unemployment, the Budget includes a total of $180.9 million, an increase of $100.9 million, for the combined Reemployment and Eligibility Assessment and Reemployment Services program, a cost effective strategy with proven success. The combined services will be offered to all veterans who receive unemployment compensation through the Unemployment Compensation for Ex-Servicemembers UCX program, as well as the top third of unemployment insurance (UI) claimants who are most likely to become long-term unemployed. People who receive these combined services are less likely to exhaust their UI benefits, have shorter UI durations, and return to work more quickly with higher wages and job retention rates. This $180.9 million investment will yield an estimated $287.0 million in benefits savings in FY 2016. In addition, the Budget includes a $400.0 million discretionary increase in the Employment Service, enabling states to provide cost-effective in-person reemployment services to an additional 2 million displaced workers, including the long-term unemployed and our veterans, to

connect them with jobs or the training or services they need to prepare for meaningful employment.

There are also people with full-time jobs who cannot make ends meet. They are diligent and resilient. They take responsibility for themselves and their families. But no matter how hard they work, they fall further and further behind. Many of them need SNAP or other forms of public assistance to sustain their families. Often, they are one setback away from complete desperation. For you or me, car trouble and a trip to the repair shop are inconvenient; for many others, it's a financial catastrophe.

Current public opinion is clearly and convincingly in favor of increasing the minimum wage. Grass roots energy and momentum nationwide have moved states, counties and local governments to take action where Congress so far has not. Over the last two years, 17 states plus the District of Columbia have raised their own minimum wages. On Election Day last November, Nebraska, South Dakota, Alaska and Arkansas passed ballot measures, by landslide margins, to increase their state's minimum wage. The legislatures in Connecticut, Delaware, Hawaii, Maryland, Massachusetts, Michigan, Minnesota, Rhode Island, West Virginia and the District of Columbia enacted increases during the 2014 session. While we applaud progress at the State, local, and employer level, we must raise the Federal minimum wage so workers across the country can benefit.

The United States is also the only developed country that does not guarantee paid maternity leave to our workers. Because of this, people are forced to choose between caring for their families and earning a paycheck that they desperately need. To respond to this, the Department's Budget includes two paid leave proposals. The first is a mandatory legislative proposal for $2.2 billion to assist up to five states that wish to launch paid leave programs, following the example of California, New Jersey and Rhode Island. If enacted, grants would help states with administrative costs and half of benefits for three years. The second is a discretionary proposal for $35.0 million that would provide technical assistance and support to states that are still building the infrastructure they need to launch paid leave programs in the future.

PROTECTING WORKERS, WAGES, AND RETIREMENT SECURITY

The notion that we can either rebuild our economy or we can pay workers fairly and be vigilant about worker safety is a false choice. At the Labor Department, we're being more strategic about cracking down on wage violations, working to ensure workplace safety, and protecting the retirement savings of your constituents who have worked their whole lives to save. Worker protection programs are crucial to protecting of American workers. The Budget includes $1.9 billion for the Department's worker protection agencies, enabling them to meet their responsibilities of safeguarding the health, safety, wages, working conditions, and retirement security of American workers.

The Wage and Hour Division (WHD) is responsible for the administration and enforcement of a wide range of laws, which collectively cover 135 million workers in more than 7.3 million establishments through the United States and territories. The request for WHD includes an increase of nearly $31.7 million to focus on industries that employ vulnerable workers and are

most likely to break worker protection laws enforced by WHD, including the laws that provide for a minimum wage, overtime, and the right of workers to take leave to care for their own or their families' medical needs.

The Occupational Safety and Health and Mine Safety and Health Administrations (OSHA and MSHA) work to ensure safe and healthful working conditions for working men and women. Across the two agencies, the Budget includes nearly $990.0 million to bolster OSHA's ability to enforce safety and health standards as well as more than 20 whistleblower laws that protect workers from discrimination and retaliation when reporting unsafe and unscrupulous practices. The Budget will also allow OSHA to enhance safety and security at chemical facilities, and provide MSHA with the resources it needs to enforce and promote mine safety and health laws while conducting statutorily required mine inspections.

Although the vast majority of employers treat their employees well, there are still those who disregard their responsibility to their workers. Many of the laws that are enforced by the worker protection agencies lack strong civil penalties. The Budget proposes to strengthen several of the civil monetary penalties collected by the Department. This is not intended as an additional penalty against employers who are striving to follow the laws and protect their workers. This is intended to strengthen the deterrent against those few who flout the law to save a few pennies while risking their employees' lives and health.

About half of the workforce has no retirement plan through their work. About 15 percent without work-based plans have a personal retirement account. Social Security is an important benefit, but too many Americans have nothing else to supplement their Social Security benefits. Our nation needs to help more people save for their golden years. The Budget includes several proposals to help Americans with their retirement planning and savings. The request for the Employee Benefits Security Administration (EBSA) includes an increase of $6.5 million to pilot different approaches to increasing retirement plan coverage in states. The Budget request for EBSA also includes an increase of $7.6 million to advance the agency's investigative tools to enhance health and retirement benefits analysis and targeting.

PROGRAM REFORM, IMPROVING DATA-DRIVEN DECISION-MAKING, AND INCREASING FEDERAL PRODUCTIVITY

In recent years, the Department has been striving to increase the productivity and efficiency of its workforce. The Budget includes a number of investments to improve the Department's ability to serve the public, increase workers' effectiveness, streamline processes, and enhance agencies' ability to target enforcement to those areas where violations are most likely to occur.

The Department's Budget includes a large investment in the IT infrastructure. Over the past six years, the Department has been working to streamline the nine separate IT infrastructure components into one consolidated system. Within this consolidated system, the Department is proposing to implement a Digital Government Integrated Platform, which will be used by agencies to support information sharing and improve the efficiency and effectiveness of the Department's workforce, thereby transforming the way the Department provides services to the

American public. This will improve compliance with the laws the Department administers by focusing strategies and resources through in-depth data analysis made possible by managing digital information. It will also allow for agencies to better train employers and workers on how to be safe in the workplace by enabling the Department to share videos that demonstrate safe workplace practices and tailor this information for non-English speaking employees. Several of the agency budgets, including the Office of Labor-Management Standards (OLMS), the Office of Federal Contract Compliance Programs (OFCCP), and the Wage and Hour Division (WHD), include proposals to upgrade their case management systems. These systems will improve the agencies' ability to target enforcement efforts, enabling them to change the types of behaviors that drive non-compliance. Within the Office of Workers' Compensation Programs (OWCP), there is a proposal to improve the claims processing systems. The 20-year old Longshore and Black Lung claims processing systems are out of date, and the FECA claims system is approaching the end of its life. OWCP is looking to move toward a unified claims-based system that would facilitate more effective delivery of benefits to claimants across the four programs OWCP administers and also yield savings in future years.

The FY 2015 Omnibus provided additional resources for the Adjudicatory Boards to address the backlog of Black Lung cases. The Budget continues this funding and the Department remains committed to eliminating the case backlog.

The Bureau of Labor Statistics (BLS) is the principal Federal statistical agency responsible for measuring labor market activity, working conditions, and price changes in the economy. The request for BLS is $632.7 million and includes an increase of $6.5 million to expand the Job Openings and Labor Turnover Survey (JOLTS). JOLTS provides critical information about the health of the labor market by tracking the number of job openings, hires, layoffs and quits in the economy. This is useful because weaknesses in some of these underlying sources, such as openings, are leading indicators of recessions. Earlier warning about recessions allows policymakers more time to respond. Similarly, increases in some of these underlying sources, such as quits, provide important signals as to the growing strength of the labor market. The expansion would allow JOLTS data to be released at the same time as the monthly unemployment numbers, thereby improving the analysis of both pieces of information, and also would add greater industry detail and State level information. In addition, the request includes an increase of $4.7 million for the International Price Program (IPP) export price indexes, which are used in the calculation of real Gross Domestic Product. These indexes are used to help understand trends in U.S. real trade balances, competitiveness, and issues such as the impact of exchange rate movements. In the past few years, BLS has taken a series of temporary measures to maintain this and other key economic programs, but these measures cannot be sustained permanently and the levels in the Budget are necessary if programs are to be maintained.

The Department has long been a leader in using data to make decisions. I am proposing to increase the Chief Evaluation Office's funding while also continuing to transfer resources from the agencies to the CEO for evaluation of those programs.

The Budget proposes several reforms for ETA and OWCP programs, and the Pension Benefit Guaranty Corporation (PBGC). The reforms to the UI program will improve the solvency of State programs, strengthen the program's connection to work, and make the UI program more

targeted and responsive to economic downturns. The Budget again proposes reforms to the Federal Employees' Compensation Act (FECA) to act on longstanding recommendations from the Government Accountability Office, the Congressional Budget Office, and the Department's Inspector General to update and improve the program. If enacted, these changes will yield government-wide savings of more than $360.0 million over 10 years. Within PBGC, the Budget includes a proposal to raise the premiums that plans pay to PBGC, taking into account the risks that different sponsors pose. This proposal will save about $19.0 billion over the next 10 years.

CONCLUSION

Promoting the welfare of American workers, job-seekers, and retirees is the fundamental mission of the Labor Department, and it is critical to the Nation's continued economic recovery and long-term competitiveness. The Budget calls for investments and significant reforms to help workers gain new skills in growing sectors, supports a middle class economy, and builds upon our previous success.

These proposals are evidence-based, and our efforts will help get Americans onto career pathways that promote opportunity and a hopeful future, helps workers support their families, and improves the effectiveness of the federal employees at the Department.

Mr. Chairman, thank you for inviting me today. I am happy to respond to any questions that you may have.

Mr. COLE. Thank you very much, Mr. Secretary.

The chair wants to announce that I will be enforcing the 5-minute clock, but the Secretary got extra time because he followed the chairman and the ranking member and has green on today.

So, for those of you that don't, I will be much tougher on the clock.

Let me start with an area that I mentioned and I know that you are focused on and talk to you a little bit about the skills gap. As I mentioned in my comments and you reflected in your own, we have got a lot of job openings out there, which I think is very good news for the American people, but our labor participation rate remains low. And there are simply too many workers looking for work that have dropped out of the workforce. And employers are having a tough time finding the workers that have the skills that they need. The skills gap is a bipartisan concern on this committee. I have heard it mentioned by Members on both sides. I particularly hear it when I talk to employers in my own district. They have got jobs. They want to be able to hire people. They are having a tough time finding folks that have the skills they need.

SKILLS GAP

Can you quickly detail what you are doing at the Department of Labor to address the skills gap and why we haven't seen more results, why we keep having this persistent problem, because we have spent a considerable amount of money over the years on a bipartisan basis to try and train up the workforce to get them ready for, you know, different jobs as they emerge.

Secretary PEREZ. Thank you for your question, and we have spent a lot of time on this, and I am actually very proud of the work that we have done. And the "we" in that sentence is everyone in this room and in this administration.

LABOR FORCE PARTICIPATION

On the issue of labor force participation, the good news about the decline in the unemployment rate is that over the last year, for instance, the labor force participation rate has been essentially flat so you know, sometimes the unemployment rate goes down for a bad reason; sometimes it goes down for a good reason. When you have basically flat labor force participation over the last year, the primary reason we have seen the reduction in unemployment is because more people got jobs. A substantial percentage of those were long-term unemployed. Our long-term unemployment rate is still too high, and we still have work to do. We have had an all-hands-on-deck approach to this.

The 5 million jobs, even in the depths of the Great Recession, in any given month, you had roughly 2 million job openings. In the churn of a 140-million-person economy, in terms of jobs, you always have some job openings at one point or another.

But your point is absolutely spot on in the sense that everywhere I go I have—it is Groundhog Day. I have the same conversation, and it is a good one. You know, I want to grow my business, I hear from business owners. I am bullish about the future, and one of my biggest challenges is, how do we build the skilled workforce?

That is what WIOA is doing, is we are taking partnerships to scale. You know, we have a number of different agencies that have training dollars, and we have imploded stovepipes. We have created a skills cabinet, and I have the privilege of chairing it. I will be traveling later this week with Tom Vilsack to Georgia. We are working together to get SNAP recipients pathways to in-demand jobs so that they can get off of food stamps by having a good job with a career pathway. So we have been imploding stovepipes that way.

Our investments in apprenticeship are another example. Apprenticeship is something that, as a Nation, we have regrettably devalued over decades. I go to Germany. It is not a surprise that their youth unemployment rate is less than half of ours because apprenticeship is something that has stature. It is a proven pathway to the middle class. We have a $100,000,000 competitive grant proposal that is designed to lift apprenticeship right now and not only in the skilled trades, but it has application in IT, in health care, in cybersecurity, and in logistics. There is a UPS training facility 15 miles from here that does great training for apprentices working at UPS.

Of the 5 million job openings right now, 500,000 are in IT. So we announced a tech hire initiative last week, and we are putting $100,000,000 in a competitive grant proposal helping people to upskill. So when I talk about match.com, a big part of what we are doing, for instance, in the manufacturing context, through these manufacturing hubs that started in Youngstown, OH have had support on a bipartisan fashion, is we are taking those folks who used to work at the Bethlehem Steel plant who have lost their jobs, and we are retooling them and putting them to work in advanced manufacturing in places across this country. It is very exciting to get out there.

The challenge moving forward, Mr. Chairman, it seems to me is to sustain the momentum of TAACCCT. So we had four rounds of $500,000,000 a year, and I can take you to communities across this country where they have built pipelines to healthcare jobs; they have built pipelines to IT jobs. What we need to do is sustain and scale that momentum. We know what works. Partnership works. Building what I call that skill superhighway where you have onramps for apprenticeship, where you have onramps for veterans, where you have onramps for people with disabilities, and where you are redefining, as we have done through our grant making in partnership with the Department of Education. We are creating 6-year high schools, where people come into those schools; they have a partnership with, for instance, in Chicago, IBM. These kids have mentoring opportunities and externship opportunities, they leave with either a 2-year degree, or some leave after high school, and they are going to 4-year college because they are dreaming big. So the key moving forward, I think, we know the ingredients of success and we are going to——

Mr. COLE. Secretary, don't push the green tie too far. You exhausted my time.

Secretary PEREZ. I just—I get really excited about this because there is a lot of stuff——

Mr. COLE. I can tell, and I appreciate that.

Secretary PEREZ. And I apologize.

Mr. COLE. No. You don't have to apologize, but I will have other questions. So if we can scale it down a little bit, that would be helpful to me. But let me move now to my ranking member, the distinguished lady from Connecticut.

TAACCT PROGRAM

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

Mr. Secretary, I am pleased that you talked about the TAACCCT program. I will say that, in Connecticut, it is a partnership between community colleges and the healthcare industry to train veterans, dislocated workers, for new careers.

I wanted to—how are you recruiting the working with the community colleges, the apprenticeship grants? What is the process of the linkage between H–1B grants, community colleges that build on the TAACCCT program? Because, as you know, the TAACCCT program is not offering any new awards now. So I want to know what the follow-on piece is with regard to H–1B apprenticeships, how you are linking with the community college aspect of it.

I am going to just do a second question at the same time. That is—I know that, Mr. Chairman—I have learned from your experience.

REA/RES

Your budget request is a $181,000,000—it is about $101,000,000—to enhance the reemployment services for UI claimants who have gone back to the workforce. This is REA with reemployment with RES, and that combination. Talk about that model a little bit and dealing with reemployment and preventing long-term unemployment. And if you get a chance, the P2E program, where you have provided Federal funds in Nevada and how is that helping with long-term unemployment.

Secretary PEREZ. Well, REA/RES is a proven model. We learned many reasons from the Great Recession. When you get these services early to people——

Ms. DELAURO. How is it working? How does it work?

Secretary PEREZ. We work at our American Jobs Centers through our UI offices with face-to-face interactions with people who are job seekers, getting them connected to what they need to succeed. Some people just need a resume dustup and some job leads. Other people have other structural barriers. So, you know, one of the basic principles of effective workforce development is you take the job seeker where you find them. Some folks have a Ph.D.; they lost their job. Some folks are eighth grade educated. The workforce system must be able to address and help everyone.

REA/RES does exactly that, giving the array of tools so that you can have early intervention. It is a proven model, and it has had bipartisan support in this Congress during, you know, a number of periods. So the key is it reduces the duration of UI benefits. When you can reduce duration by getting them back into work, that is critically important.

AMERICAN TECHNICAL TRAINING FUND

As it relates to your other question about——

Ms. DELAURO. Just a second. How does it relate to what—the Department of Education has the American Technical Training Fund. Is there a relationship with that effort?

Secretary PEREZ. That was my second part of the question because the American Technical Training Fund is basically TAACCCT 2.0. We have been working very closely, and under that proposal, we would co-administer it. It is funded at the Department of Education, but we have been attached at the hip. We have imploded that stovepipe quite a long time ago, we are working together with them, and we want to continue the momentum of bringing community colleges together to serve as that secret sauce of job creation and skill development for so many people.

These are all linked, our apprenticeship grants, our other H–1B grants, our tech hire. These are all bringing together key stakeholders around vision of creating pathways to in-demand jobs that pay a good middle-class wage.

Ms. DELAURO. Just add to that, if you will, how the expanded program works with your request for an additional $400,000,000 for employment service offices in the One-Stop Career Center network. I am trying to—what is that——

Secretary PEREZ. That is the epicenter. You know, during the Great Recession, the American Job Centers were the emergency rooms for job seekers. They were seeing 15 million people, and they continue—actually, I believe last year 14 million people came through American Job Centers, and so when Chairman Cole asks the appropriate question, how do we scale this work, that is how we scale this work, by getting more resources so that more folks can be helped because the demand continues to be there.

Ms. DELAURO. Just to the committee, I would say this. In two other areas of the Labor/HHS bill we have something known as a cap adjustment. It is a budget designation for programs that create savings in mandatory programs, Medicare, Medicaid, Social Security. We used to a partial cap adjustment for REAs because they save money in the UI program. Unfortunately, Budget Control Act eliminated the cap adjustment for REAs.

I believe it is shortsighted. I would like to work with my colleagues to reestablish that cap adjustment if we can help veterans and other unemployed workers return to the workforce while at the same time we save money. I don't know anyone who would not want to do that. So I look forward to talking to you about that, Mr. Chairman.

Mr. COLE. Look forward to the discussion.

Distinguished Member from Maryland is recognized.

Mr. HARRIS. Thank you very much, Mr. Chairman.

And good to see again, Mr. Secretary.

Secretary PEREZ. Good morning. Good to see you, Congressman.

H–2B

Mr. HARRIS. I am going to just briefly ask a couple things about the H–2B because it is coming to my attention that, you know, on March 4, I guess it was a district court judge in Florida struck

down the ability of the Department of Labor to, I guess, issue rules and regulations, which in my mind would just return the DOL to the consultative role they played before 2008, before the 2008 rule. So I have got to ask you, why in the world did—why didn't the Department just return to the consultative role? Why did they shut down H–2B applications? You know because you are from Maryland. I mean, that is devastating to my district. You know, closing down H–2B applications is devastating, and the first domino was DOL shut them down on March 4, and then DHS shut them down March 5 because they can't do it without DOL without the consultative role.

What was the thinking behind the decision to just shut down applications instead of just returning to a consultative role?

Secretary PEREZ. Well, we are doing much more than just shutting down the program, Congressman.

Mr. HARRIS. You did shut down the program on March 4. Is that—Mr. Secretary, I am right, though. The program right now is shut down.

Secretary PEREZ. We were told by a court that we lacked the authority to issue rulemaking and run the program, and so——

Mr. HARRIS. Correct. So my question is very specific: Why didn't you return to the consultative role that was present before 2008 and continue to allow the applications to be processed? It is a very simple question.

Secretary PEREZ. Because we don't have the authority to process applications if we don't have the authority to issue rulemaking or issue guidance, and so here is what we did do.

We have been working very closely with the Department of Homeland Security. Last night we filed a motion with the court with the approval—or the lack of objection on the other side so that we can immediately get the order of the court stayed so that we can open the program back up. We have made a commitment to have an interim final regulation in place by the end of April.

I am acutely aware, having been the labor secretary in Maryland, of the importance of the H–2B program. I have had many conversations over many years with Senator Mikulski and others.

Mr. HARRIS. So did—and I am not—and, again, I am limited to 5 minutes here.

So did you in fact, I mean, concurrently with this—because, look, you are depending upon the court to stay the order. If the court doesn't stay the order, we are shut down. So are you trying an interim—an interim emergency rule with—I mean, is that in the process? Because my understanding is DHS can come up with an interim emergency rule, could go into effect immediately upon publication, that would reopen the process.

Secretary PEREZ. Again, we filed a motion last night to stay the proceeding, and we have made a commitment to an interim final rule to have in place by the end of April. We are working 24/7——

Mr. HARRIS. No. Why is it going to take a month and a half to do an interim final rule?

Secretary PEREZ. Congressman, this——

Mr. HARRIS. It will be 2 months, actually, after March 4. It will be 2 months to do it.

H–2B PROGRAM LITIGATION

Secretary PEREZ. This program has been the subject of litigation since the Bush Administration. To put a rule in place in a program that has had the complexity—this is a Lawyer's Full Employment Act, the H–2B program. That is something I am confident we can agree on.

Mr. HARRIS. I got it.

Secretary PEREZ. Every time we do something, whether it was the Bush administration—they got sued by someone—whether it is the Obama administration. One thing that is a constant in the H–2B context is litigation, and so——

Mr. HARRIS. So you didn't see this shutdown coming, this potential court ruling? You really thought that since the court already ruled on the 2012 rule and invalidated it, the 2012 action, you didn't see this coming? Were there plans for this?

Secretary PEREZ. We didn't think the court had the authority to do this. I just outlined our plan, which is 8 weeks to put—or 6 weeks to put an interim final rule in a program of the complexity of this nature is about—is warp speed, I would say.

Mr. HARRIS. Mr. Secretary, and that is just because you just didn't think the court was going to rule the way it was. So there was no plan B in case that court issued that ruling.

Secretary PEREZ. Well, of course, we have a plan B, and the plan B is we are doing an interim final rule because what we were doing up until the court ruled was we were working 24/7 to process all the applications. That was the appropriate use of our resources. When the court told us we no longer had the authority to process those applications, we immediately went to determine how can we get this program running as fast as possible.

SILICA RULE

Mr. HARRIS. Thank you. And, again, I just have one final question that brings up some things about the silica rule, which I think I asked you before last year. You know, I am very concerned because, you know, one of the greatest driver of jobs and economic growth right now is in fact the energy industry. And, you know, the major change in the energy industry is that we do horizontal drilling, hydraulic fracturing, which uses a lot of sand. Sand is silica, and, you know, the disappointment is that it is unclear that OSHA are making its determinations of how to measure silica on a scientific basis, about whether the collection process is valid. And then I just have to ask the question, because I didn't get an answer in a letter I wrote in 2013 to—Chairman Kingston and myself—to Dr. Michaels is why doesn't the rule permit as primary dust control the most advanced and effective form of engineering control, a personal air-filtered helmet, which I know very well from the operating rooms; they work kind of great. I would imagine they work well in silica.

Can you enlighten me on why we are not making it easier to use—to do hydraulic fracturing and open those job opportunities and not more difficult?

Secretary PEREZ. Well——

Mr. COLE. Before you respond, real quickly, I am going to certainly allow you to answer the question, but I would advise members, please don't push the Secretary right to the red light and then—because then you are——

Mr. HARRIS. I am not wearing green. I had to.

Mr. COLE. Well, I know. So I might just cut you off, but I have such great affection for the Member of Maryland, and I want to allow the Secretary to respond because I think it is a very important question, but I just ask Members going forward, please give the Secretary enough time to respond.

Mr. Secretary.

Secretary PEREZ. We have known, Congressman, that silica is deadly for decades. Literally, Frances Perkins—there is a recording of Frances Perkins in 1937, long before hydraulic fracturing was out there, talking about the dangers of silicosis and silica exposure.

The OSHA rule went to great lengths to ensure that we considered the interests of the hydraulic fracturing industry in our rulemaking process. We devoted a lengthy appendix to the preliminary economic analysis to assess the impacts of the proposed rule on the hydraulic fracturing industry. Representatives of this industry have provided written comments on the proposed rule, we had a series of public hearings because we know how important this rule is, and we wanted to make sure that everybody had an opportunity to be heard. We are in the process of taking all of the comments and all of the public hearing to understand what that means in the process of crafting a final rule.

Mr. COLE. Thank you very much, Mr. Secretary.

My good friend, the gentlelady from California, is recognized.

WORKFORCE INNOVATION AND OPPORTUNITY ACT

Ms. LEE. Thank you, Mr. Chairman.

Let me thank you, Mr. Secretary, for being here today, but I also thank you very much for your tremendous work and your leadership at the Department.

Secretary PEREZ. Thank you.

Ms. LEE. I wanted to also just mention how impressed I was that, with regard to the Workforce Innovation and Opportunity Act, you went around the country and took input from State and local workforce leaders and practitioners. I think that is going to really prove to be part of the success of this entire implementation.

Also I want to thank you for your focus on STEM and high-tech jobs. I think your request has a large increase for IT modernization, from approximately $18,000,000 in recent years to a total of $120,000,000. This is surely needed, sorely needed, and I want to know what you are doing as it relates to expanding diversity in STEM workforce, including women and for opportunities for people of color.

And let me just read to you some of these statistics, because you know we have been pushing to get these Silicon Valley companies to release their data on work—on the workforce.

You have Apple: 11 percent Hispanic; African-American, 7 percent. Google workforce: 3 percent Hispanic; 1 percent African—no, 2 percent Hispanic; 1 percent African-American. Facebook: Hispanic, 4 percent; African-American, 2 percent. Twitter: African-

American, 2 percent; Hispanic, 3 percent. When you look at eBay, you are talking about African-American, 7 percent; Hispanic, 5 percent. When you are talking about Microsoft, you are taking about African-American, 3.5 percent; Hispanic, 5.1 percent. Yahoo: African-American, 2 percent; Hispanic, 4 percent. LinkedIn: African-American, 2 percent; Hispanic, 4 percent. Pandora: Hispanic, 7 percent; African-American, 3 percent.

I could go on and on. But you see the picture, and I hope you understand why I am concerned that the solicitations for these new apprenticeship programs and for your IT modernization have requirements in there that you seek—that organizations applying for these funds have a strategy to address and target the populations that are most underrepresented in the IT field. And I will give you an example. This $100,000,000 that you just announced, the partnership, which I think is a great idea, but just coming from my area, the area where the population of underrepresented minorities are you didn't include in that overall strategy. And so I want to make sure that, as you move forward on this, you don't forget that, you know, given unemployment rates in the African-American and Latino communities and what is taking place in terms of the high-tech industry, you have got to figure out a way that we direct and target and require these proposals to address the underrepresented people of color who have been shut out, quite frankly, from the IT world.

Secretary PEREZ. Congresswoman, first of all, thank you for your leadership in this area. I enjoyed our visit we did that day with the upscaling program in your district.

I wholeheartedly agree that opportunity needs to be available to everyone, and it can. And I was with a guy named Freeman Hrabowski the other day. I encourage you to spend time with him. He is the President of the University of Maryland, Baltimore County. They have produced more minority scientists and engineers than just about anyone in the country. He has figured this out. It can be done. That is exactly what we are doing through our investments.

The apprenticeship, $100,000,000——

Ms. LEE. Mr. Secretary, the companies aren't hiring them.

APPRENTICESHIP GRANT PROGRAM

Secretary PEREZ. Well, actually, Freeman is doing a great job of that. It can be done, and what we need to do is show the best practices and show it to others, and I have watched him in action, and so those who say there is not a pipeline out there, there is a pipeline, and we need to expand the pipeline.

In the apprenticeship program, just to give you an example, and I did want to correct something here, the apprenticeship grant program, you will not get a grant if you do not have a plan for making apprenticeship accessible to historically underserved communities. That is very explicit in the grant proposal because our goal is to make sure—and when we announced this grant, I was with Mayor Nutter in Philadelphia. We were at an IT institute that is taking kids of color from the Philadelphia public school system and providing them through the Earn While You Learn model with Pathways to Prosperity in IT. The Tech Hire Program, which is going

to be accompanied by another $100,000,000 competitive grant proposal is all about getting employers to commit to providing pathways to opportunity. There are 500,000 tech jobs right now, IT jobs, and this grantmaking is directly targeted at making sure that everybody has an opportunity to succeed. I think we can do it. And these grants are going to help us learn best practices.

Mr. COLE. Thank you.

Just by going by order of arrival, actually, Mr. Dent is next. So we will get the gentlelady from Alabama coming back after Mr. Rigell.

Mr. Dent.

ESOLVING H–2B LITIGATION

Mr. DENT. Thank you, Mr. Chairman.

And, Mr. Secretary, good to be with you.

On the H–2B issue, we have gone to the—I appreciate this interim fix. Are you dedicated to trying to find a permanent—oh, I am sorry. Just turn that on—are you dedicated to finding a permanent resolution to this issue? That is my main concern. And what steps are you taking to move in that direction?

Secretary PEREZ. Absolutely. We are absolutely dedicated to that, sir, and what we are doing is we have committed to having an interim final rule by the end of April, which would go into effect immediately but have a comment period. During that comment period, we will obviously listen and learn a lot from the key stakeholders and turn an interim final rule into a final rule. This has been the litigation machine here, and the H–2B context has been ongoing literally since the Bush administration.

As someone who has been very involved at a State level in H–2B, I recognize the importance of the program, and clearly the importance of having a long-term fix. So I look forward to getting whatever ideas that you and your constituents have toward that end.

COMPLIANCE ASSISTANCE

Mr. DENT. Yeah, it is a very important issue where I live just as it is in Maryland and many other places.

Most small employers do not have a dedicated employee to track changes in statutes and regulations of—and the business owners end up doing this work after hours in terms of compliance. Unfortunately, due to the avalanche of Federal regulations currently smothering small employers, the employer can often be unaware of what is expected of him or her. Instead of penalizing job creators, the Department should instead try to help them.

At present, your agency has approximately 1,500 individuals enforcing OSHA standards and approximately 250 individuals tasked with compliance assistance for companies that want to follow the law.

Mr. Secretary, with a need for safe workplaces, why have you requested funding for additional enforcement employees but not for employees devoted to compliance assistance?

Secretary PEREZ. We have had a program, not simply in OSHA but really across our agency, whether it is OSHA, OFCCP, Wage and Hour, compliance assistance is a very important tool in our

tool kit. In fiscal year 2014, OSHA's field offices conducted more than 5,000 outreach activities for workers and employers to help promote compliance. OFCCP conducted 580 compliance assistance activities; Wage and Hour, 2,300. I am a big believer in an ounce-of-prevention theory.

I am also a believer that you also need to enforce, and I believe that because I talk to employers who play by the rules who tell me, you know, I am competing for Federal contracts. I don't get them. I know the guy who got the contract is cheating. They need to be held accountable. So I think we—it is never an either/or. It is a both and then some.

OSHA COMPLIANCE RATE

Mr. DENT. Thank you.

OSHA has admitted it has only been able to achieve about a 70 percent compliance rate with the existing silica standard. So why is OSHA going a step further with the scarce budget resources it has to develop a new standard that is technologically and economically infeasible? And shouldn't OSHA instead use its limited resources to improve compliance rates for the existing standard, which has resulted in a 93 percent drop in silicosis deaths?

Secretary PEREZ. Well, I would respectfully disagree with the notion that it is technologically or technically infeasible. I would simply point out that we are trying to save lives here. Exposure to silica kills. I met a guy who actually is from Buffalo, where I grew up, a guy named Alan White, and he can't walk from one end of the room to the other without having to sit in a chair for a little while and help himself because of the effects of silica.

I think that everybody who goes to work in morning ought to be entitled to know that they are coming home safe and sound, and the effects of silica have been well documented for decades. We have had a very, very long and appropriately inclusive rulemaking process so that we can get all of the input from the various stakeholders, including holding hearings.

Mr. DENT. The only thing I would say is that, you know, what is left of the existing foundries in this country are very much at risk right now. And we may lose that capacity all together. We all want to deal with silica, but I think there are ways to deal with this in a technologically feasible manner.

PROPOSED SILICA RULE IMPACT ON CONSTRUCTION INDUSTRY

And contrary to OSHA's own analysis, independent estimates show that the agency's proposed rule to regulate worker exposure to crystalized silica is expected to cost the construction industry over $4 billion a year to comply with it, a new lower permissible exposure limit, and costs the engineering control solutions, which may not even be feasible to achieve the lower protection level. And due to the uniqueness of the construction industry with its transient workforce, ever-changing working environment, and vast numbers of tools and trades involved, will OSHA commit to instituting alternatives which are technologically and economically feasible for construction industry that meets OSHA's goal of protecting workers from silica exposure?

I mean, it is the foundries. It is construction workers. I am hearing this from all sorts of folks, and I just would like to hear your comments on this.

Secretary PEREZ. Well, part of the rulemaking process is the economic analysis, the cost-benefit analysis. We have received voluminous amounts of comments toward that end, and we appreciate all those comments, and that is part of what we are doing right now is processing those comments, taking them into account. I am very pleased that we slowed that process down so that we could have all the public input that we have gotten.

Mr. COLE. Again, I am going to ask members, you know, give the Secretary a break. Don't ask your question right when the light goes red. Okay?

Mr. DENT. I have green in this tie.

Mr. COLE. I know. That is why it is only a mild reproof.

FULL COMMITTEE CHAIRMAN

As I advised the committee earlier, when the chairman arrived, we would interrupt so that he could make whatever statement he cared to make. We will certainly do the same for the ranking member when she arrives, if she has a statement to make as well.

So, Mr. Chairman, you are recognized.

Chairman ROGERS. Thank you, Mr. Chairman, for that courtesy.

Secretary PEREZ. Good morning, Mr. Chairman.

Mr. ROGERS. Mr. Secretary, I apologize for being late. We have got three hearings this morning I am trying to bounce around from. But thank you for yielding me this time, and I will be brief.

FY 2016 BUDGET REQUEST

Secretary, we are pleased to have you with us this morning to talk about the President's request for Labor. Your Department, of course, plays an essential role for the American worker, ensuring that jobs are plentiful, and sustainable, and safe.

Unfortunately, many Americans are still struggling under the weight of our lagging economy to find meaningful employment. In my district alone, Mr. Secretary, as you know, we have lost about 9,000 coal-mining jobs in the last few years.

With the DOL's focus on workforce training and development, your Department has a lot to offer in areas confronting similar situations across the country, pockets of poverty, if you will.

I particularly appreciate your engagement with the bipartisan SOAR initiative in eastern Kentucky, Shaping Our Appalachian Region, SOAR, and I look forward to working with you as we strive with the Governor of the State to strengthen and grow the economy in that region.

While I do very much appreciate your partnership, I, unfortunately, find many aspects of the budget request somewhat troubling. The fiscal 2016 request includes discretionary spending—funding of $13,180,000,000. That is over 10 percent of an increase over current levels. That includes billions for new proposals and assumptions that Congress will sign off on shifting programs and activities from discretionary to mandatory budget authority.

The job-driven training proposals, totaling $21 billion in mandatory spending, is larger than the entire Labor Department's discretionary funding request.

This administration and your Department need to work on reducing the problem of mandatory spending, not adding to it. This runaway spending, if we allow it to continue on autopilot—mandatory—threatens to squeeze out all of the worthwhile programs that many of our constituents care for, including a number of critical programs under your charge.

Besides the huge increase in mandatory spending, the fiscal year 2016 request requests significant discretionary funding for new programs and sizeable increases for others. The request for information technology provides a good example. In your request, we see $61,000,000 for a new digital government integrated platform initiative. A total of $120,000,000 for IT modernization. That is a 677 percent increase. And multiple requests of $3,000,000 to $5,000,000 for agency-specific IT improvements throughout the Department. Technology is certainly important in today's society, but these increases appear to be out of line in light of tight budget constraints, and I look forward to hearing from you at some point in time about why you feel these investments are absolutely necessary to that extent.

WIOA REGULATIONS

Finally, in July 2014, the Workforce Innovation and Opportunity Act, WIOA, was enacted. An aggressive timeframe for the Department of Labor and the Department of Education to publish a set of regulations is plainly laid out in this legislation. One of the requirements of the act was the publication of the proposed regulations by January 18 of this year. Instead of working diligently to meet the deadline required by law, your agency decided to set its own deadlines and plan to publish the proposed regulations in the spring of 2015.

Mr. Secretary, for an administration that is overly fond of regulation, it amazes me that this process wasn't completed on a more timely basis. I hope you can shed some light on that.

Mr. Secretary, thank you for being with you us today. The committee takes seriously our role in overseeing the budget policies of the Department of Labor, and I appreciate your continued engagement with us. Thank you.

Thank you, Mr. Chairman.

Mr. COLE. Thank you.

RANKING MEMBER LOWEY

Again, following what I had laid out earlier, I see we have been joined by my good friend, the distinguished ranking member of the full committee. So we will go to her next for any comments she cares to make, or if she wants to make some questions. We know you two have a very busy schedule today.

Mrs. LOWEY. Thank you so much, Mr. Chairman.

And it is certainly a pleasure, Secretary Perez, to welcome you here. I really thank you for joining us, and I apologize for missing

your testimony. As you know, the chairman and I are—wish we had roller skates on—running around to various hearings.

But this is a good opportunity to mark 60 consecutive months of private-sector job growth, an increase of 12 million private-sector jobs, and an unemployment rate dropping to 5.5 percent. So we are making good progress.

FAMILY MEDICAL LEAVE ACT

But I have a real question, and I don't understand why we can't get this done, and it is about paid leave. As you know, the Family Medical Leave Act covers 60 percent of the workforce. However, the law only covers unpaid leave, which millions of working families can't afford to take. With most children living in homes with either a single parent or with parents who both work, parents face an impossible choice between caring for a loved one and their jobs.

Not only does paid leave result in healthy outcomes for children and parents, but, frankly, it is good for business. It improves worker retention, helps employers save money through reduced turnover costs. And I am happy to see the fiscal year 2016 budget request prioritizes paid leave with $35 million provided through this subcommittee to assist in the startup of new programs and an additional $2.2 billion in mandatory funds to expand paid leave in up to five States.

I recently had one of my treasured employees on paid leave because I think it is so important to her, to her family, to our office. I am shocked when I keep hearing the number of businesses that don't provide paid leave. So I am really happy about this.

How would the budget request to expand paid-leave policy strength our economic competitiveness? How many States—and this I would be interested in—how many States have expressed an interest in exploring paid-leave policies? Would your budget request be sufficient to help those States develop policies that are right for them? Frankly, it shocks me that more States, more employers, don't do this on their own just to get the best employees.

But if you can respond, that would be helpful.

Secretary PEREZ. Great. Thank you to both Chairman Rogers and Ranking Member Lowey for being here. It is an honor to have you here.

Mr. Chairman, I am sorry that we got snowed out for our visit, but I promise you that we have a rain date. I look forward to going there. I appreciate your leadership and the work that you and Governor Beshear are doing are remarkable examples of bipartisanship in action. I think broadband does hold a key to helping eastern Kentucky to soar into the 21st century, and I look forward to using every tool that we can do, use at the Department of Labor to be an important player in that.

I have met people from eastern Kentucky who are multigenerational coal miners. I met a guy who is now studying to be an EMT, and I understand the adjustment, as a guy who grew up in Buffalo and watched some legacy industries go away. So I have a real appreciation for what you are doing.

WIOA

I do want to mention WIOA for a moment because I am very appreciative, and I noted that in my——

Mrs. LOWEY. Is there on my chairman's time?

Secretary PEREZ. I was going to answer both your questions together if I could.

Mrs. LOWEY. I am just teasing.

Secretary PEREZ. Because he asked a couple questions—Mr. Chairman, asked a couple questions as well, and I wanted to make sure I responsive to everybody.

Mrs. LOWEY. That is quite all right as long as our distinguished Chairman Cole gets it too. I am always, first of all, I am always happy to yield anytime to our big chairman of the committee.

Secretary PEREZ. I very much appreciate it, and I noted it in my opening statement the bipartisan spirit surrounding WIOA. It is a game changer, and I am very excited, as someone who worked in local and State government on these issues, to be a part of it.

There was about 18 months' worth of work that Congress directed us to do in about 6 months. With all due respect, our folks didn't take Thanksgiving break; they didn't take Christmas break. They were working through the holidays. What they did was, as Congresswoman Lee noted before—they went around the country to take input because we want to make sure when we do rulemaking that we have listened and we have incorporated the input of state and local governments because, having worked in those areas, I often felt like—bless you—my voice wasn't being heard. We wanted to make sure those voices were heard.

We are literally a week or two away from having a proposed rule out. It will be over 1,000 pages. It will reflect the input that we got, and we got great input from all of the Republican and Democratic Members who were involved in this. I think you will see that it reflects a voluminous amount of work. I appreciate the dedicated career staff who basically haven't been on vacation since then. I am confident that you will see in that proposed rule, which is literally, a week or two away from being published, that a lot of thought and effort have gone into it. And we are hearing what you are saying.

PAID LEAVE

And on paid leave——

Mr. COLE. Can I ask the gentleman to address the gentlelady's question——

Secretary PEREZ. Yes. And on paid leave——

Mr. COLE [continuing]. As quickly as you can.

Secretary PEREZ. I have traveled the world talking about paid leave and learning about paid leave. The thing I have learned, Congresswoman, is that it is not a Republican or a Democratic issue around the world. You know, the Conservative ruling government in Australia won election on a platform of expanding paid leave. Canada, U.K., other places that have Conservative ruling governments are doing the same. California, Connecticut, Illinois, Massachusetts, Minnesota, New York, D.C., Los Angeles, New York City are among the areas that have these laws.

We are seeking to help other States. When we put out a $500,000 or $1,000,000 grant last year to help States along, we got over a dozen applications. And so there is a lot of demand out there in State and local governments for this. I think it is part of our competitiveness as a Nation that we need to do this. I think it is part of getting more women in the workplace because you compare our labor force participation with Canada, we have fallen because we haven't led on leave.

Mrs. LOWEY. Well, I appreciate that. And I appreciate your time. And I just want to make one other statement about paid leave because there are some families that have two paychecks coming in. And with the two paychecks, they can't still survive if one of them didn't take the paid leave. So whatever we can do to encourage paid leave, to encourage more private-sector companies, States to put in policies, I think is really very important.

Thank you, Mr. Chairman.

Mr. COLE. You are most welcome.

The Secretary is very wise to pay appropriate attention to the major chairman and the ranking member. But I want to go now to the long-suffering Mr. Rigell and Ms. Roby next so they have an opportunity to participate in this first round of questioning.

STATUS OF H–2B PROGRAM

Mr. RIGELL. Thank you, Mr. Chairman, very much.

Mr. Secretary, thank you so much for being here. We are going to go back to the H–2B program. This is of great concern to me. And I would like to clarify, first, what the exact status of it is now. The unopposed motion to stay, the court order, until April 15, that you filed, which I appreciate, I just want to clarify that did not open up immediately the H–2B program, is that correct?

Secretary PEREZ. That is correct until the court rules. Because it was unopposed, I expect the court and hope the court will rule——

Mr. RIGELL. I understand. I don't question for a moment your commitment to getting this thing back on track. So we are on solid common ground there. That said, I believe after careful review of the actual, the court's decision that there has been a misinterpretation of that, and it has resulted then of actions by the Department which were not necessary. And they are really harming certainly Virginia families, and I know from other States as well. Our seafood industry right now is reeling as a result of this. And however many days are between now and whenever the resolution would be under the plan that you are pursuing, each day is a day of pain, economic pain.

And I would like for you to consider the following, that in that Perez decision that was recently announced there, it found that the Department of Labor lacked authority to issue formal notice and comment rules under the APA. There are a lot of things it didn't do though. It did not prohibit the Department of Labor from complying with its statutory role of consulting with Customs and Immigration on H–2B petitions. It did not prohibit the Department of Labor from operating under informal internal guidance in doing so. It neither directed nor prohibited Immigration and Customs from doing anything whatsoever. And really, most importantly, it did not require nor did it intend—certainly as I read it and as others read

it—it did not require, nor did it intend that the H–2B program be shut down.

I have a full appreciation for the need to respect and comply with the third branch of government. But I really am convinced that you have gone, you have taken it too far. And, as a result, businesses and families and Americans are hurting. So I would ask that you reconsider this in light of what I am sharing here and that we give some relief to hard-working American families and businesses.

Secretary PEREZ. Congressman, I would love to be able to do that. I can tell you that I worked on the ports issue because, I saw that suffering that the delay out on the West Coast was causing to innocent folks.

Mr. RIGELL. We appreciate that.

AUTHORITY ON H–2B RULEMAKING

Secretary PEREZ. And on two different occasions in related H contexts, visa contexts, the Department has tried to do exactly what you have suggested. In both cases, courts struck down our efforts to say we can issue subregulatory guidance and run the program even though we don't have rulemaking authority.

Once the decision was issued, the first question I asked was, well, do we have additional authority through which we can run the program now because every day is an important day? Again, on two occasions in related circumstances, we tried to do exactly what you are outlining. In both cases, a court then said, "No" means no; you don't have the authority to do the rulemaking. I have seldom seen a context where we get more litigation. It is what it is. That is why I really agree with Congressman Dent's question about having a long-term resolution to this. We certainly want to try and get there. But, in the short term, our options are limited.

Mr. RIGELL. I am convinced that the court never intended for the program to be shut down. If you look back at the 60 years the Department of Labor has been consulting with USCIS on H–2B petitions, it doesn't comport really with just common sense that the court would prohibit the H–2B program from going forward. And I would think you would have the full support of certainly Congress, at least from this Member. And the entire premise that we have got to shut this thing down and hurt American families is just not right.

Now, let's move on. I have made my point there. And we are going to disagree. And I would like to think there are some lawyers that were on the other side of this in your briefing that would give you a counter view. And a good case and an ethical case could be made for the path that I was just discussing. In trying to be respectful of the chairman's time here—I think my red light is on—but we have got to revisit at some point the application process itself. It is also delayed and hurting our businesses in general.

Thank you, Mr. Chairman.

Mr. COLE. Thank you. Despite the green tie, I appreciate the consideration.

My good friend, the very patient gentlelady from Alabama, is recognized next.

Mrs. ROBY. Thank you, Mr. Chairman.

Thank you for being here, Mr. Secretary.

Secretary PEREZ. Always a pleasure.

Mrs. ROBY. I have some very young family members that are here watching our government work. And I am proud to have them in the hearing room with us today. So it is always good to be able to share these experiences with our young folks.

OSHA COMPLIANCE ASSISTANCE

So, Mr. Secretary, you know I am particularly interested in the way that OSHA prioritizes its resources. And to expound a little bit on what my colleague, Mr. Dent, talked about in his line of questioning, I believe it is wise that we invest our limited resources on the front end, helping employers comply with safety requirements before we launch aggressive penalties. OSHA has consultation programs that help small employers comply with OSHA standards and work to improve their injury and illness prevention programs. And, in Alabama, we are very proud of the University of Alabama-based consultation program called Safe State, which is helping small companies who might not have a lot of compliance resources achieve the Safety and Health Achievement Recognition Program, otherwise known as SHARP. Safe State is good for workers. And it is good for business. And I know you agree with me because I have heard you say it here today, that improving worker safety on the front end is the ultimate goal.

But OSHA issued a policy memo on November 24 of last year that established strict entry requirements for these consultation programs. And specifically they have made it almost impossible for small companies that are part of a larger holding company to have access to programs like Safe State to make sure that their workplaces are safe and compliant. So, as we consider your budget request, the President's budget request, I want to count on you to see that such policies are reversed and good programs like Safe State are allowed to do their jobs and keep workers safe.

Secretary PEREZ. Sure. There are two programs that OSHA has that relate to providing the compliance assistance that you are talking about. One is the SHARP program, the Safety and Health Achievement Recognition Program. The target audience for that program are small businesses. We also have a voluntary protection program for whom the target audience are larger business.

The memo that you referred to was an effort to make sure that—what we were finding in the SHARP program is that there were a number of large businesses who had affiliates that may be smaller, but they were part of a larger business were part of the SHARP program. In an effort to deploy our limited resources, we wanted to make sure that the SHARP program was focused on small businesses that didn't have access to a bigger footprint. So, in response to some feedback we got, we have announced that everybody who is in the SHARP program will stay in the SHARP program. What we are doing for the small businesses that are part of bigger businesses, moving prospectively, is working with them through our VPP program,which is a very similar program. However, that one is targeted more at larger businesses. In 2016, our effort is to make sure that we have more businesses that are in that program. So I share your view that compliance and prevention, as I mentioned before, are very important. I think both of these programs can get

us there. I look forward to working with you to make sure that they are operating effectively in Alabama and elsewhere.

Mrs. ROBY. I appreciate that. And, again, we have got to prioritize our resources. As you have stated, we have limited resources between, putting that prioritization on compliance rather than aggressive penalties. And I think that is very important. I would miss an opportunity to not mention the Working Families Flexibility Act as the discussion of paid time off.

WORKING FAMILIES FLEXIBILITY ACT

I have introduced again in this Congress the Working Families Flexibility Act, Mr. Chairman, that is an amendment to the Fair Labor Standards Act that provides that private employers and employees can voluntarily enter into an agreement for compensatory time, where that employee can use their paid time off. And rather than take the cash payments, they can have paid time off in lieu of those cash payments.

I think this is something that we can work on collectively. And I hope that we will be able to have these discussions. This provides real flexibility for folks where both parents work outside of the home, want to take care of their children, want to have that opportunity to coach a soccer team, and also may have to be taking care of an aging parent at the same time.

It is a very simple amendment to the Fair Labor Standards Act. And I hope that we together in a bipartisan way can reach this goal.

I am not wearing green, I yield back.

Mr. COLE. The gentlelady would be given extra time anyway. I look forward to the introduction of her legislation. I was happy to support it last time. Look forward to doing so again.

I am going to yield my time to the chairman again since he has a very tight schedule because I know he had some questions he cared to ask.

Secretary PEREZ. Thank you, Mr. Chairman.

EMPLOYMENT RETIREMENT INCOME SECURITY ACT, ERISA

Chairman ROGERS. Thank you, Mr. Chairman.

Mr. Secretary, the Department of Labor is proposing a new rule to change the definition of fiduciary, which would govern personal investment accounts. SEC, of course, oversees the key participants in the security world, including securities exchanges, securities brokers and dealers, investment advisers, and mutual funds. Labor exercises jurisdiction over Federal pension laws and regulations through the Employee Retirement Income Security Act, ERISA.

In 2010, DOL proposed the definition of fiduciary rule. It was withdrawn after a big backlash from the business community and numerous investment groups. In 2015, you are preparing another conflicts of interest rule, again attempting to regulate the type of advice broker-dealers can give their clients. Your Web site says that SEC staff provided significant technical assistance in developing this new proposal.

However, in a recent article, SEC Commissioner Daniel Gallagher is quoted as saying, DOL has not formally engaged the SEC Commissioners in the process. Past appropriations bills from this

subcommittee, including the fiscal year 2014 omnibus, have contained provisions that have prohibited DOL from using funds to promulgate the definition of fiduciary regulation.

Mr. Secretary, the ERISA was designed to govern pension plans and 401(k) investment plans provided by an employer. The SEC's mission is to protect investors and regulate the financial industry, including broker-dealers. Any regulation in this space could have wide-reaching implications for the financial industry. And this committee, on a bipartisan basis, has prohibited Labor from moving into this space in recent years.

Please explain to us how ERISA gives DOL jurisdiction over an individual's relationship with a personal investment adviser.

Secretary PEREZ. ERISA, has overlapping jurisdiction with the SEC. We handle ERISA. The SEC handles another set of statutes. We sent a letter yesterday, Mr. Chairman, in response to an inquiry from Chairman Kline that gets into basically everything that you asked and outlines in great detail the significant collaboration we have had, including I think eight or nine meetings I have had with Chairwoman Mary Jo White in this process. We have a shared interest in making sure that people's hard-earned money goes to them. That is why we have been working so hard.

When I was confirmed, the first thing I did was I slowed this process down because I wanted to learn from what happened before. I wanted to make sure we listened and engaged various stakeholders, including in the industry. I have participated personally in as many meetings on this proposal as any other initiative in my tenure as the Labor Secretary. The Department of Labor has a very important equity through the enforcement of ERISA in protecting folks, who have their hard-earned money—to make sure that when they are getting advice, it is in their best interest.

As I have said a number of times, three of the most important decisions people make in their lives are legal, medical, and financial. I am a lawyer. I have got four siblings; they are all doctors. We all have an obligation to look out for and put our client or patient first. So many folks who are in this space, including the person who provides financial advice to my wife, holds himself up to a fiduciary obligation. What they tell us, including people like John Bogle, the founder of Vanguard, is that when you take care of your customers and put your customers first, it helps your customers and it helps your business. So it can be done, and so that is what we have been doing throughout this process is considerable outreach because the law gives DOL the authority to define a fiduciary under the tax laws in the same way as the ERISA definition. So that is what we are doing right now.

We have done a significant amount of outreach. We have sent a proposal over to OMB. There will then be another round once a proposed rule comes out of formal comment. We look forward to hearing that advice. We have heard from a number of people, including folks who manage pension funds, employers who say, you know, I want my workers to make sure when they retire, they get as much money as possible. So I think we can do this. I look forward to working with you toward that end. I will make sure you get a copy of the letter that we sent to Chairman Kline because it

outlines all of the interactions between the Department of Labor and the SEC.

[The information follows:]

U.S. Department of Labor

Assistant Secretary for
Congressional and Intergovernmental Affairs
Washington, D.C. 20210

March 16, 2015

The Honorable John Kline
Chairman
Committee on Education and the Workforce
U.S. House of Representatives
2181 Rayburn House Office Building
Washington, D.C. 20515-6100

The Honorable Phil Roe, M.D.
Chairman
Subcommittee on Health, Employment,
Labor and Pensions

Dear Chairman Kline and Chairman Roe:

I am writing in response to your March 4, 2014 letter to Secretary Thomas E. Perez regarding the Department of Labor's efforts to protect retirement savings for middle class families from harmful conflicts of interest by updating the fiduciary standard under the Employee Retirement Income Security Act of 1974 (ERISA). The Department appreciates the opportunity to provide you with an update on our efforts and coordination between the Department of Labor and the Securities and Exchange Commission.

A new report from the President's Council of Economic Advisers shows that the current, broken regulatory environment creates misaligned incentives that cost working and middle class families billions of dollars a year—with some individual families losing tens of thousands of dollars of their retirement savings.[1] These incentives cause some retirement advisers, including brokers and insurance agents, to encourage working and middle class families to move from low-cost employer plans to individual retirement accounts (IRA) that typically entail higher fees—and to steer working and middle class families into higher-cost products within the IRA market. Conflicts of interest, such as back-door payments or hidden fees for directing investors to products that are not in their best interest, likely lead, on average, to $17 billion of losses every year for working and middle class families. The Department's new proposal aims to remove outdated regulatory loopholes that make it hard for America's workers to count on receiving retirement investment advice that is in their best interest.

Although the Department and the SEC have different statutory responsibilities, we both recognize the importance of working together on regulatory issues in which our interests overlap, particularly where action by one agency may affect the community regulated by the other agency. To that end, the Department sought technical assistance from the SEC during the development of the draft proposal. That technical assistance has helped the Department draft a proposal that strikes a balance between protecting individuals looking to build their savings and

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[1] White House Council of Economic Advisers, The Effects of Conflicted Investment Advice on Retirement Savings (Feb. 2015), https://www.whitehouse.gov/sites/default/files/docs/cea_coi_report_final.pdf.

minimizing disruptions to the many good practices and good advice that the financial services industry provides today.

As SEC Chair Mary Jo White has acknowledged on numerous occasions,[2] over the past two years, the Department has consulted extensively with SEC staff on the draft proposal. Indeed, Secretary Perez has discussed relevant aspects of the draft proposal with SEC Chair White on at least eight occasions, including:

- Nov. 22, 2013: Secretary Perez met with SEC Chair White and staff
- Jan. 8, 2014: Secretary Perez met with SEC Chair White
- Apr. 3, 2014: Secretary Perez spoke by phone with SEC Chair White
- Jul. 28, 2014: Secretary Perez spoke by phone with SEC Chair White and staff
- Aug. 26, 2014: Secretary Perez met with SEC Chair White and staff
- Nov. 6, 2014: Secretary Perez spoke by phone with SEC Chair White
- Dec. 3, 2014: Secretary Perez spoke by phone with SEC Chair White
- Jan. 8, 2015: Secretary Perez met with SEC Chair White and staff

Other senior officials and staff from both agencies have held numerous meetings and phone calls throughout the development of the draft proposal. These collaborative discussions were wide-ranging. The SEC staff provided technical assistance on the Department's proposal, including the regulatory impact analysis. The Department has made numerous changes in response to observations and issues raised by SEC staff and is grateful for the staff's thorough technical assistance.

The development of a draft proposal is just an initial step in the regulatory process. As you may be aware, on February 23, 2015, the Department submitted a draft proposal to the Office of

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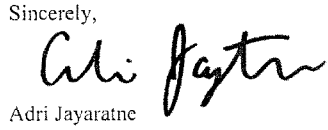
[2] See, SEC Chair Mary Jo White testimony, U.S. House of Representatives Committee on Appropriations, Financial Services and General Government Subcommittee, "Budget Hearing – Securities and Exchange Commission" (May 7, 2013); SEC Chair Mary Jo White testimony, U.S. Senate Banking Committee Hearing, "Mitigating Systemic Risk in Financial Markets through Wall Street Reforms" (Jul. 30, 2013); SEC Chief to Break her Silence on Fiduciary in 'Short Term' (Feb. 20, 2015) http://www.thinkadvisor.com/2015/02/20/sec-chief-to-break-her-silence-on-fiduciary-in-sho.

Management and Budget for review.[3] Under Executive Order 12866, OMB will coordinate review of the draft proposal to ensure it is consistent with applicable laws and that the policies of one agency do not conflict with the policies or actions taken by another agency, including the SEC.[4] During this review process, federal agencies with an equity in the draft proposal will have an opportunity for review and comment. This is another opportunity for SEC views to be considered. After DOL responds to comments received through OMB's interagency review process, the proposal will be issued as a notice of proposed rulemaking, along with proposed prohibited transaction exemptions. At that time, any interested party will have the opportunity to provide comment on all aspects of the proposal, including whether and how it accomplishes our goals of protecting individuals looking to build their savings and harmonizing with the regulated communities' responsibilities under the statutes enforced by the SEC.

Given the extensive technical assistance provided by SEC staff, any delay in moving forward would only hinder efforts to protect consumers from conflicts of interests among brokers, dealers, financial advisers, and others whose incentives may be misaligned with investors, potentially leading to deceptive and abusive practices. It will also delay the opportunity for the public to evaluate our proposal by participating in the comment process.

I am sure you would agree that all savers, regardless of their income level, deserve access to advice that is in their best interest. It is essential that any rulemaking in which we engage take into account the impact on middle and low-income Americans and on the regulated community, and we look forward to working with you on this and other issues of importance affecting America's workers. If you or any member of your staff has questions, please contact Kate Garza in the Department's Office of Congressional and Intergovernmental Affairs. She may be reached at (202) 693-4600.

Sincerely,



Adri Jayaratne
Acting Assistant Secretary

cc: The Honorable Robert C. Scott
Ranking Member
Committee on Education and the Workforce

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[3] The Department's Fall 2014 Regulatory Agenda indicated that a new notice of proposed rulemaking was under development. The Department's Regulatory Agenda and Regulatory Plan are available at http://www.dol.gov/asp/regs/agenda.htm.
[4] 58 Fed. Reg. 51735 (Oct. 4, 1993).

DOL AND SEC COORDINATION

Chairman ROGERS. SEC Commissioner Daniel Gallagher, in speaking of his work with you, your Department, said, quote, I believe this coordination has been nothing more than a, quote, check-the-box exercise by the DOL designed to legitimize the runaway train that is their fiduciary rulemaking, end of quote. Pretty strong.

Secretary PEREZ. I couldn't disagree more, sir. My interactions have been with the chair. When I deal with an EEOC issue, I deal with the chair. When I deal with other independent agencies, I start with the chair. Again, we have a very lengthy letter that outlines the—I personally participated in something like nine calls or meetings with Mary Jo White. Our career staffs have been working together consistently for over a year on this.

Chairman ROGERS. What steps have you taken to remedy the concerns of the SEC Commissioner?

Secretary PEREZ. Again, we have a proposed rule that will be issued in the near future. That will reflect input that we have received from industry. That will reflect input we have received from the SEC. That will reflect input we have received from consumer advocates. Then, once that propose does rule is out, we look forward to the next period of comment.

Chairman ROGERS. Will Gallagher be happy with it?

Secretary PEREZ. You will have to ask Mr. Gallagher. I have never met Mr. Gallagher. I have dealt with Chairwoman White in this effort. We have dealt with the career staff. I have not dealt with either, Chairman, Mr. Gallagher or other members. The only person that I have dealt with in connection with this rule has been the chair, which I think is the appropriate way to address these issues.

Chairman ROGERS. Thank you.

Thank you, Mr. Chairman.

Mr. COLE. I will go to the gentlelady from Connecticut next.

REGULATORY FUNCTIONS

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

I just want to ask some questions about some of the regulatory functions.

Mr. Secretary, you talked about Frances Perkins, who was a hero of mine. If I could model myself on anyone and the work that she did and the accomplishments, it would be Frances Perkins.

But on the silica issue, I think it is important to note one of the things that you were saying. In 1937, Secretary of Labor Perkins announced findings of a report linking silicosis to workplace exposure. In 1938, she held a national silicosis conference and initiated a campaign to stop silicosis, stating, Our job is one of applying techniques and principles to every known silica dust hazard in American history. We know the methods of control. Let us put them into practice.

And with the rule that we are talking about here, the proposed rule is expected to save close to 700 lives and prevent more than 1,600 cases of silicosis each year. It would seem to me that that is

a worthwhile endeavor. And I applaud you for continuing your efforts.

FIDUCIARY RULE

With that, let me just ask about a couple of other areas. I would just site, on the fiduciary rule, I think it is important that we see the new rule before we draw any conclusions and start a process of, again, of fear mongering there.

EQUAL PAY REGULATIONS

I wanted to mention two areas, regulations on equal pay and pay secrecy. Last year, we talked about the OFCCP work in identifying and addressing wage discrimination based on gender and race. I had also suggested that President Obama issue an Executive order to prohibit Federal contractors from retaliating against employees who disclose salary information. When will the Department issue a notice of proposed rulemaking on equal pay regulations? The Department has said they thought it would be issued in January. That hasn't happened yet. When will we see the final regulation for the Executive order on nonretaliation for disclosing salary information? The comment period for the nonretaliation Executive order closed in December. When do you expect to issue a final rule?

And I have one more regulatory issue.

Secretary PEREZ. We are working on both of those now. We are currently reviewing the comments on the equal pay report. Our goal is to draft a final rule as soon as possible. We want to make sure we get it right. On pay secrecy. I share your passion for both of these issues, we are in the process again of analyzing those comments as well. I know your continuing interest, the interest of others. But our goal is always to make sure we get it right first and foremost. That has been what has motivated us throughout this process.

Ms. DELAURO. Do you have a time period, Mr. Secretary?

Secretary PEREZ. One thing I learned when I was a prosecutor is people would always ask me, "When are you going to finish your investigation?" When I was a young prosecutor, I once answered that question. Then when I was wrong by a factor of three, like our general contractor, who does the work on the house, I learned that I should be a little more careful about giving precise estimates.

I feel very confident that we are going to reach our goal of April 30 on the H–2B or else I wouldn't say that. I am a little bit less confident of a precise date here. So I would hate to say something and then fall short.

Ms. DELAURO. That means I have to keep asking you the question.

FAIR PAY AND SAFE WORKPLACE INITIATIVE

Secretary PEREZ. And I welcome that.

Ms. DELAURO. Fair Pay and Safe Workplaces, this is about Federal contractors. We know the majority of our Federal contractors play by the rules, and they treat their workers well. But I don't think it is appropriate for taxpayer dollars to go to a Federal contractor who violates Federal laws, discriminates, or puts workers in

danger. As far as I can tell, the administration's Fair Pay and Safe Workplaces initiative is straightforward. Most contractors should simply have to just check a box in order to comply. Nonetheless, there seems to be a lot of misconceptions about the problem. Can you just help us understand the realities of what you are trying to do and to stop the fear mongering here? And why do critics think it is outrageous for the Department to ensure that Federal contracts are reserved for contractors that abide by the law?

Secretary PEREZ. Well, I think Federal contracting is a privilege. It is not a right. You don't have a right to a Federal contract. I also think that when people are engaged in chronically bad behavior, they should not be allowed to compete for Federal contracts. I also wholeheartedly agree with you that the vast majority of contractors play by the rules. So, under this new provision, what they will do is there will be a question, do you have any issues that fall within this category? They check the box no, and they move on. So for the vast majority of folks, the requirement will be checking no.

For those who have labor issues, we have set up and are setting up a process where we have labor compliance officers that will work with folks because the goal here is to work through these issues. The goal is not to, at the end of the day, play the gotcha game. The goal is to promote compliance by making sure that if you have chronic OSHA violations—like the company in Washington State in 2010, they had—it was an oil refinery—seven fatalities, like 44 OSHA citations in the aftermath. Two years later, they get a Federal contract. There should have been a better process leading up to that. And this is what this does is make sure that we have a process that ensures that our scarce taxpayer dollars are going to companies that play by the rules.

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

Mr. COLE. Thank you.

The gentleman from Tennessee is recognized.

Mr. FLEISCHMANN. Thank you, Mr. Chairman.

Secretary PEREZ. Good morning, sir.

Mr. FLEISCHMANN. Good morning, Mr. Secretary. Thank you for being with us.

Secretary PEREZ. Glad to be here.

PROPOSED SILICA RULE

Mr. FLEISCHMANN. Yes, sir. Mr. Secretary, I would like to ask you a few questions about the Department of Labor's proposed silica rule. I understand that the Occupational Safety and Health Administration, OSHA, significantly underestimated the cost employers will bear in order to implement this rule. In addition, doubts have surfaced that reducing exposure to the levels OSHA exposes is technically not feasible in some cases, sir. My first question is, do you plan to revisit the cost of this rule?

Secretary PEREZ. Well, every rulemaking, you do have an economic analysis. And we have had a robust hearing process and comment process, and we received comments from a wide array of stakeholders in the tens of thousands of pages. As part of the final rulemaking process, a demonstration of cost/benefit is always part of that economic analysis. So that will include addressing questions

and concerns, including, but not limited to, questions and concerns along the nature of what you have asked.

Mr. FLEISCHMANN. Okay, sir. Specifically, the Department has stated on several occasions that it will not undertake a new small business advocacy review. Given that so much time has passed since the first review in 2003, will you consider or will you conduct another business advocacy review prior to finalizing the rule, sir?

Secretary PEREZ. Well, a number of small businesses were invited to provide written comments and were invited to participate in last year's public hearings. We held public hearings over the course of a period of weeks. Many of those small businesses that you are addressing had that opportunity to weigh in then. We are always concerned about the concern of all businesses owners, large, small, and in between. We take those concerns very seriously. That is why this rulemaking process has proceeded slowly because there is a lot of folks who have a lot of questions. And so we want to make sure that every voice is heard.

GOVERNORS' RESERVE

Mr. FLEISCHMANN. Thank you, sir. I am going to switch my questioning now to the Governors' Reserve issue. Governors of a State are authorized by the Workforce Investment Act, the WIA, to withhold up to 15 percent of appropriations to that State for statewide employment and training activities. This set-aside was reduced to 5 percent fiscal year 2012, which was intended to be a one-time reduction to help reduce the level of carryover balances and was not a reflection of the services that States were provided to the workforce delivery system. The fiscal year 2015 Appropriation Act partially increased this set-aside to 10 percent. Based on the evidence and performance data available, what in your view is the optimal level for the set-aside? And what is the basis for your conclusions, sir?

Secretary PEREZ. Well, as someone who did this work at a local and State level, I am intimately familiar with what we used to call the 15-percent dollars. In Maryland, we did a number of important things with them. I have spoken to workforce investment boards and States about the importance of this. I really appreciate what Congress did last year in reaching a 10-percent level. In order to get from 10 to 15 percent, it was our judgment that what would end up happening is you would have to take money from the formula and that would have the impact of hurting folks at a local level.

So, as someone who has worked at a local level, if you go up to 15 percent, then the formula dollars for everyone decrease. In our judgment, that is not overall in the best interest of moving the program. The budget request that we have is for increases in that formula funding, which will help everybody, including States. I am a big believer in this Governors' Reserve. I certainly look forward to working with you to identify ways that we can, you know, continue to innovate and continue to use either this fund or other formula funds or other investments to meet our shared goal of getting more folks back to work.

Mr. FLEISCHMANN. Yes, sir. And I appreciate your answer. But can you give me a figure? What is your view? What is that optimal number?

Secretary PEREZ. I mean the 15 percent was the authorized amount. I certainly look forward to working with this committee to figure out how we can create a roadmap to 15 percent. I think it is important, as we draw that roadmap up, to recognize the consequences that sometimes enure from going to 15 percent because if it is 15 percent at the expense of other dollars that go into the formula, then I think it is very important to have sort of a conscious conversation, understanding how one decision can impact the ability of the system to serve other folks. Certainly the 15 percent authorization is something that I think is a good thing. I think the conversation we are having is, how do we draw a roadmap so that we can help get there?

Mr. FLEISCHMANN. Thank you, Mr. Secretary, for answering my questions.

Mr. Chairman, I yield back, sir.

Mr. COLE. Thank you very much.

H–2B VISAS

I want to cover a couple things quickly. As you noticed, there is quite a deal of interest in H–2B visas. I am not going to ask you to revisit your testimony, which I think is clear. I would ask you, we learned about the legal decision, the stay that you have gotten or, excuse me, were requesting through the Department of Homeland Security. So given the interest on this committee, I would just ask you to keep us abreast as you move down the line trying to address it. We have got considerable bipartisan interest in resolving this, which I know you are trying to do.

Secretary PEREZ. I will absolutely do that. We will keep you posted on a regular basis.

Mr. COLE. I appreciate very much on that, Mr. Secretary.

AUTHORIZING LEGISLATION

I also wanted to touch on something the chairman mentioned in passing. For your fiscal year 2016 budget, you provided some detail about several proposed mandatory programs. Those are obviously beyond the jurisdiction of this particular committee. But I am curious, have you actually submitted authorizing legislation to the committees of jurisdiction for that at this point?

Secretary PEREZ. I am not sure if we have gotten that together yet. We have been working with some folks on some aspects of that. But I don't know that it has been translated into bill language.

Mr. COLE. Okay. If you do that, again, we would request to be involved because, actually, what happens there obviously reflects back on our own budget.

Secretary PEREZ. You have been very, very inclusive. I want to make sure we are always respectful of your interest and role.

BCA LEVELS

Mr. COLE. I appreciate that, Mr. Secretary.

One other area—and, again, this touches a little bit on something that the chairman of the full committee brought up—you have a very robust increase requested. And the debate over the merits of that aside, our challenge here is obviously our allocation is likely to be a lot lower than your request. Your request is appropriately based on the President's budget. That is what you ought to be doing. But, frankly, that budget is not likely to become law. The Republican budget that is going to be rolled out today is not likely to become law. They are both competing plans. And there will probably have to be some negotiation down the road. But, in the interim, we are probably forced to appropriate to BCA levels and absent a larger deal at a level above our own. So, given that, what would be your most important priorities if we were stuck in a sort of flat-line situation as we are working through the appropriations process?

Secretary PEREZ. Well, that is somewhat akin to asking who your favorite child is.

Mr. COLE. That is exactly right.

Secretary PEREZ. What I would say, as a father of three, I love all my children, and I love them equally. Similarly, we talked a lot about effective workforce development that gets folks back to work. We have talked a lot about the need to have robust enforcement of worker and retiree protection laws. We administer benefit programs. The Navy Yard tragedy of a year and a half ago, we processed those claims lickety-split to give dignity to a family who had to confront the unimaginable. Our BLS and other data sources, they enable us to do so much work as a Nation, not just in government but in the private sector. So these are all important things. That is why, frankly, you know, the sequestration caps are unrealistic. We were able to serve less people who needed jobs last year as a result of some of the caps. That is unfortunate. I know you have recognized that in the past, so I appreciate that.

Mr. COLE. Again, Mr. Secretary, I do recognize that. Although I always like to point out, sequestration was passed by Congress, signed by the President. It was actually a proposal of the President.

Secretary PEREZ. Absolutely.

Mr. COLE. And, you know, to a degree, it has worked in the sense that it has lowered the budget deficit. And that is a good thing. On the other hand, I would rather address some of the mandatory problems. My friend would probably rather address some of the revenue problems. But, in any event, there has got to be some sort of discussion at some point. And it makes the budgeting exercise very difficult. I won't press you to choose between your children. Although, I actually got Secretary Duncan to choose his favorite child. He likes early childhood development a lot. But Secretary Burwell was equally adept at not choosing between her children. You guys might straighten this line out. I will say this, we are going to have to have this discussion at some level in some way going forward. And I say that with all due respect because I care a lot, given your expertise and your Department's expertise, about what you think really is the most important thing. We are not likely to have what we would all like to have when we are making some of these decisions. So, in the course of our discussions, I hope

I am able to discern the things that you really do think make the most difference, particularly in terms of helping people get to a job that I know we all want them to have. And I will give you a chance to answer that because I don't want to shut you off with a red light since I have chastised everybody else for doing that.

Secretary PEREZ. I look forward to working with you. Thank you.

Mr. COLE. Okay. Very good.

I will move to my friend, the distinguished lady from Connecticut.

STREAMLINING DATA COLLECTION

Ms. DELAURO. Mr. Chairman, it sounds like Sophie's Choice here. So I would just add that to what the Secretary said. I would also make this comment, that I think it is also important when we take a look at the budget, it is about $1,500,000,000,000 that is spent on tax cuts. About 17 percent of those tax cuts go to the wealthiest 1 percent. And probably it is the 1 percent of the 1 percent who are getting the breaks. I think that has to be regarded as spending. And that is part of the equation that we don't look at. So it has got to be part of the discussion when we sit down to talk about dealing with sequestration.

Mr. Secretary, in yesterday's Washington Post, there was an article about Federal labor data could help stem unemployment. The President's 2016 budget proposal includes a $5,000,000 request to study and test approaches to modernize and potentially streamline data collection for O*NET. The measure seeks to improve up-to-date coverage of occupation skills, particularly for high-growth changing industries. Can you just talk about that a bit?

Secretary PEREZ. We sit on a treasure trove of data. You go to Monster.com, you go to all the private-sector companies that are job aggregators, and they are building off of the foundation of our data. We want to make sure that we are far better positioned as a Nation as we talk WIOA and its vision of demand-driven jobs, we want to drill down into sectors so that we have a better understanding of what the demand needs are and we can measure it. So that is why we have this request. I think information is power. We sit on a ton of information now. But we could be even more powerful if we were to take it to data 3.0.

Ms. DELAURO. To move in this direction, thank you very much. It is a great article. I am sure you read it.

Secretary PEREZ. I agree. It was music to my ears.

NEW PILOT PROGRAM FOR YOUTH EX-OFFENDERS

Ms. DELAURO. This is a question that I think my colleague, Mrs. Lee, would like to ask, but she had to leave. The budget request includes an increase of $13,000,000 for the reintegration of ex-offenders, for that program. She is a strong supporter of this program, which helps to prepare adult and youth ex-offenders to find jobs in their communities. It provides comprehensive career assistance, supportive services. In the budget request, the portion of the increased funds will be used for a new pilot program for youth in coordination with the Department of Justice. Can you just speak about that a little bit?

Secretary PEREZ. Well, having come from the Department of Justice to the Department of Labor, you know, as a prosecutor, I always thought that if you wanted to be smart on crime, you needed to recognize that the best way to avoid recidivism is to get people access to the skills they need so that when they get out, they have access to a good job. That is what this program is about.

The two agencies that have the most robust investments in the reentry space are DOJ and DOL. It has been a pleasure to work with our DOJ colleagues. We have been doing a lot of braided funding and synergistic grant making. We have a proposal on the street right now to replicate a model that started in the Montgomery County Jail where we have an American Job Center in the county jail. The return on investment on that is remarkable. You prepare people while they are there incarcerated for jobs that are in demand. The warden will tell you that it made jail safer. The business community will tell you that we got a good pipeline of folks. These are the smart-on-crime initiatives that I think are really important. We are now seeing the crime rate and the incarceration rate drop last year for the first time in 40 years. That is a remarkable development.

And I think these sorts of investments—and I appreciate your leadership, Mr. Chairman, because you believe in second chances. Your leadership on this, this is an area, as I mentioned in my opening remarks, there is a lot of overlap in terms of our values and things we can work on together. I think this is a really robust example.

Ms. DELAURO. Thank you.

WORKER MISCLASSIFICATION

I don't know if we will have a final—I wanted to ask about the misclassification of workers and your efforts in dealing with that through the initiative, where 19 States have been awarded funds to help address the issue. If you could provide us with an update on the initiative, how the States are faring with misclassification, a few examples of how the initiative has restored legal protections and benefits to workers.

Secretary PEREZ. Well, this initiative basically—by the way, the initiative, the 19 States where the MOUs are, it is not a blue-red thing. We have an MOU with Utah. We have MOUs with Massachusetts because misclassification is everywhere.

Ms. DELAURO. Everywhere, right.

Secretary PEREZ. Misclassification has three victims. It has the worker him- or herself, who is not getting protections and getting lower wages. It has the employers who play by the rules because they compete, and they can't compete against someone who is paying someone under the table and isn't paying their UI and their workers' comp. Then, the tax collector is getting cheated because people aren't paying into workers' comp funds. That is why this has not been a partisan issue in my experience in Maryland or here. Our MOUs are with a multitude of States that we would describe in our clunky colloquialism as red and blue. We are doing that because we are able to help workers get access to the wages they deserve and create a level playing field for employers. We are now ac-

tually up to 20 States, from Iowa to Alabama to Utah to Louisiana. And we are going to keep moving on this.

Ms. DELAURO. Thank you very much, Mr. Secretary.

Mr. COLE. Thank you.

I want to go to my friend Mr. Harris, who has gamely tried to go from hearing to hearing. Thank you very much for coming back.

Mr. HARRIS. Thank you very much. Let me just follow up—and I won't go up to the red light this time, Mr. Chairman.

OSHA STANDARDS AND METHODS TO COMPLY

The specific question I asked was about OSHA and the standards and the methods to comply, that various companies that do hydraulic fracturing can comply. It just puzzles me why these personal air-filtered helmets are not—and you can get back to me, you know, subsequently if you don't know, but why aren't personal air-filtered helmets considered an effective form to comply with the OSHA silica standard? I don't get it. Again, I work in an operating room where these are used all the time, these kind of air-filtering helmets. They work. They work on bacteria. So they are going to work on silica. Why isn't OSHA willing to say that, yes, if you use these, you can be in compliance?

Secretary PEREZ. I am happy, Congressman, to have the OSHA staff meet with your staff to discuss this. Dr. Michaels has met with many Members of Congress on these issues.

Mr. HARRIS. He didn't answer me, we sent a letter to him, Chairman Kingston and I, back in 2013, and he didn't provide a satisfactory answer to that letter.

Secretary PEREZ. If it wasn't satisfactory, he is happy to come up and answer any additional questions you have.

REGULATORY AUTHORITY UNDER INA

Mr. HARRIS. I hope so. I hope this time it is a more satisfying answer. Let me go back to, because H–2B is so important in my district. Let me get the construct straight. I mean, DOL has twice now been rebuked by the courts, which have vacated their rules, the 2012 rule first and now the 2008 rule, saying that DOL just doesn't have regulatory authority under the INA. So why doesn't DOL just say, Okay, we will go back to the pre-2008, where we merely consult and DHS is the primary, really the only rule maker? That would solve the problem, wouldn't it?

Secretary PEREZ. There have been a number of decisions, including but not limited to the decisions that you referenced. The courts have been all over the map on the issues of the H programs that we administer. The April 30 interim final regulation that I mentioned earlier will be a joint regulation of DHS and the Department of Labor because each agency has equities, each agency has expertise. That is why it will be joint.

Mr. HARRIS. Mr. Secretary, why should we believe that that joint rule, that the courts wouldn't treat it the same way and say, Look, DOL doesn't have regulatory authority. I mean why not just come up——

Secretary PEREZ. But the current rule was a DOL rule. The IFR will be a DHS–DOL joint rule. The decision from the court was that you should do it together. We are doing exactly what the court

told us to do. So, in the end of April, it will be a joint rule. And I am confident that the issue that was addressed by the court will be addressed in our rulemaking.

H–2B RECRUITMENT REQUIREMENTS

Mr. HARRIS. Okay. Let me just ask one final question—it is pretty brief—why, when this ruling came out, did the DOL instruct the State Workforce Agencies to stop accepting H–2B job orders? I don't quite understand because that would just have returned it to the—I mean, the court ruling was the 2008 rule is vacated. To me that returns it to the pre-2008 status temporarily because the 2008 rule doesn't exist. And the State Workforce Agencies were empowered before 2008 to actually publish the H–2B job orders. Why would the Department go out of their way to tell State Workforce—specifically to employers, do not post H–2B job orders?

Secretary PEREZ. When a court tells you you don't have rulemaking authority, then you don't go around what a court says. The identical question was asked before, and let me tell you what I told the Congressman, which was we cannot process them for the H–2B purposes, but they can still post the job to hire U.S. Workers. So that is part of the H–2B requirement is that you have to post the job. So anyone who is going through this process as we speak can still post job openings for H–2B workers.

Mr. HARRIS. Okay. That is not what the DOL communication to the State Workforce Agency reads. It says, You can no longer accept or process such job orders in the H–2B program for the purposes of complying with the H–2B recruitment requirements. So there may be a disconnect in what they think the Department has said. But I don't want to get to the red light.

Thank you very much, Mr. Chairman. I learned.

Mr. COLE. You have made brownie points for the next one now.

Just so you know, Mr. Secretary, I am going to have just one question. The gentlelady from Connecticut is going to have one. And we will mercifully let you go.

IT MODERNIZATION FUNDING REQUEST

The question that I have, you have a very robust request, 677 percent increase for funding for IT modernization. I would like you to run through the justification for that. I know you are dealing with a lot of legacy systems. I know you are trying to make the great change. What sort of efficiencies would you see? Again, that is a very robust increase in a tight budget.

Secretary PEREZ. I don't disagree with you that it is a robust increase. Our Deputy Secretary was in New York recently. We both go out and we visit our staffs. He was with the OSHA staff—he sent me a photograph of their technology that they use out in the field. The technology consisted of a flip-top phone. I mean I haven't seen one of those in about 20 years. We are only as productive as our IT. We had external audits that were done to see, you know, how do we fare vis-a-vis the rest of the Government? We are not faring well in terms of our IT capacity. Information is power. When you are an investigator out on the street—I have seen other agencies, and I have helped do this in other agencies where you can basically type in all of your data. If you have to take a photograph

of something, you can take a photograph and now it is on your iPad or whatever device you have. You don't then have to go back to the office, take what you had on an 8½ by 11 and write it in. So you do more cases that way. I want to skip the nineties and skip the first decade of the 2000s, and then try and maybe jump from the eighties to 2014. And it is really about, when I think about what we are doing, this is one of the biggest barriers as a Department to our being what we need to be and what I think we both would want the Department to be.

Mr. COLE. I won't ask you if it is your favorite child, but I will tell you it is a very expensive child.

With that, I yield to my friend from Connecticut for the final question of the hearing.

RECRUITING U.S. WORKERS

Ms. DELAURO. Thank you. And it is probably more of a comment. There has been so much discussion today about the H–2B program. And I believe that what we ought to be doing—and I would say this to you, Mr. Secretary, and in so many ways implore you with this effort is to ensure that Americans have a fair shot at taking a job before we begin to bring in workers from other countries.

I talk about this because I am concerned that some employers use the program as a way to keep wages artificially low. I will give you two or three examples: H–2B construction workers earn $10.85 an hour. The national average is $16.84 an hour. Landscapers earn $9.16 an hour. The national average equals $12.65 an hour. H–2B maids earn $8.14 an hour. And the national average is $10.64 an hour. This is a tough economy. It is a tough economy. The biggest single issue that we have today in the United States is that people are in jobs that just do not pay them enough.

The Department's inspector general says he is concerned that employers don't do a good job in recruiting U.S. workers to fill open positions. I don't know what the final disposition of all this is going to be with regard to H–2B workers, Mr. Secretary, but I do, as I said, implore you to please make sure we have a program that supports American workers and allows them to achieve the kind of economic security that they need for themselves and for their families. Thank you.

Secretary PEREZ. Thank you.

Mr. COLE. Thank you.

And, Mr. Secretary, again, I want to thank you for your generous time today.

Secretary PEREZ. Thank you.

Mr. COLE. I appreciate your testimony very much and look forward to working with you as we go forward and develop your budget.

Secretary PEREZ. I do too. I apologize if I went on on a couple of my answers.

Mr. COLE. Oh, no. I appreciate the enthusiasm. It was actually more our members setting you up than it was you overusing your time.

With that, the hearing is adjourned.

Questions for the Record from Mr. Rogers

MINIMUM WAGE REGULATIONS FOR FEDERAL CONTRACTORS AND SUBCONTRACTORS

On February 12, 2014, President Obama signed an Executive Order that raised the minimum wage to $10.10 an hour for federal contractors and subcontractors. The Department of Labor was tasked with laying out the regulations and exclusions to this requirement. A large part of my district is covered by National Forest. In the summer, numerous small businesses have permits from the federal government to utilized federal boat ramps to pick up customers as they begin or complete their kayak or canoe ride down the Cumberland River. These businesses routinely hire numerous seasonal employees for a 3 to 4 month span in the summer. Now these small businesses are required to pay those seasonal employees $10.10 an hour, which is a dramatic increase over the prevailing local wage for seasonal employees. With this huge wage increase, I fear many of these small businesses will go out of business and the jobs they provide for my constituents will no longer be available.

Mr. Rogers: Is this an unintended consequence of the Department of Labor regulation?

Mr. Perez: The Department of Labor does not believe that application of the Executive Order disadvantages government contractors. To the contrary, we believe that the minimum wage requirements of the Order will benefit workers, contractors, and the government. Raising the pay of low-wage workers increases their morale and the productivity and quality of their work, lowers turnover and its accompanying costs, and reduces supervisory costs. In other words, we anticipate that the benefits of raising the minimum wage will substantially offset any potential adverse economic effects on businesses.

Moreover, the Executive Order minimum wage requirements apply only to "new contracts," which are defined in the Department's regulations as contracts that result from solicitations issued on or after January 1, 2015, or contracts that are awarded outside the solicitation process on or after January 1, 2015. Because of this important limitation on application of the Executive Order, contracting agencies and contractors negotiating "new contracts" on or after January 1, 2015 will be aware of Executive Order 13658 and can take into account any potential economic impact of the Order on projected labor costs.

Mr. Rogers: Will the Department consider exemptions under the regulations that will allow this and other similar types of activities to continue?

Mr. Perez: The Executive Order gave the Department of Labor authority to provide exclusions from the requirements of the Order where appropriate in its implementing regulations. As you know, the Department engaged in notice and comment rulemaking when issuing these regulations. In response to the Department's proposed rule, we received a few comments requesting that the Department exclude seasonal workers from coverage of the Executive Order because of the financial hardships that could result. The Department carefully considered and

addressed those comments in its final rule. The Department stated that we disagreed with the general assertions of financial hardship raised by the commenters and found that the commenters' arguments were insufficiently persuasive or unique to warrant creation of a broad exclusion for all seasonal workers. The Department further explained that such assertions failed to account for the benefits that the Department anticipates contractors will realize by paying their workers, including seasonal workers, the Executive Order minimum wage. Moreover, we explained in the final rule that, because the Executive Order only applies to "new contracts," the Order does not affect the continuation of activities currently performed under a contract entered into prior to January 1, 2015.

In light of the Executive Order's broad goal of adequately compensating workers performing on or in connection with covered contracts with the Federal Government, the Executive Order and the Department's regulations contain only a few narrow exclusions from coverage for the following types of contractual agreements: (1) grants; (2) contracts and agreements with and grants to Indian Tribes under Public Law 93-638, as amended; (3) any procurement contracts for construction that are not subject to the Davis-Bacon Act (DBA) and (4) any contracts for services, except for those otherwise expressly covered by the final rule, that are exempted from coverage under the Service Contract Act (SCA) or its implementing regulations. The Department's regulations similarly only provide a few limited exclusions from coverage for particular types of workers. For example, the Department excluded from coverage employees who are exempt from the minimum wage requirements of the Fair Labor Standards Act (FLSA) under 29 U.S.C. 213(a) (for example, executive employees and border patrol agents) and 214(a)-(b) (learners, apprentices, messengers, and students employed under special certificates), except for workers who are otherwise covered by the DBA or the SCA. In the final rule implementing the Executive Order, the Department also created an exclusion from coverage of the Order for FLSA-covered workers performing "in connection with" covered contracts for less than 20 percent of their work hours in a given workweek. This means that a worker performing work that isn't the main work of the contract, e.g. a security guard on a construction contract, who spends less than 20 percent of their hours in a given workweek on the covered-contract, need not be paid the $10.10 minimum wage.

REVISED SELECTION CRITERIA FOR HIGH PERFORMING JOB CORPS CENTERS UNDER WIOA

The Workforce Innovation and Opportunity Act (WIOA) revised the selection criteria for high performing Job Corps Center operators.

Mr. Rogers: When do you plan on implementing the new selection criteria?

Mr. Perez: The award of all center-operator contracts during the period from October 1, 2014 through June 30, 2015 is governed by the requirement in the FY 2015 Omnibus related to high performance by Job Corps center operators. This provision allows the operator at any of the Job Corps centers ranked in the top 5 percent of all centers based on Program Year 2013 performance data to compete in any selection process carried out before the high performer provision in WIOA goes into effect in July.

The Department has also required that market research conducted after January 1, 2015 include the selection factors outlined in section 147(a)(3) of WIOA. At this point, the Department has initiated the use of the WIOA selection factors, and we will continue to support the implementation of the new contracting provisions.

Mr. Rogers: Are there any legislative changes you need to implement these criteria faster? If so, what do they include? For any suggested legislative changes please also provide required language.

Mr. Perez: No changes are necessary to implement the new selection criteria for the contractor-operated centers. However, the Department is requesting a General Provision that would clarify that the Secretary of Labor, in consultation with the Secretary of Agriculture, may use a competitive process to select an entity to operate a Civilian Conservation Corps center in accordance with section 147 of WIOA if the center has had consistently low performance.

Questions for the Record from Mr. Cole

WIOA IMPLEMENTATION

Mr. Cole: Given the delay in proposing regulations required under the Workforce Innovation and Opportunity Act, does the Department still anticipate implementing all required provisions by July 1, 2015?

Mr. Perez: The Department expects that the workforce system will begin implementation on July 1, 2015. Further, the Department has conducted extensive outreach to the workforce development system to prepare the system, providing guidance, technical assistance and tools to support the state and local workforce areas to begin implementation in a thoughtful and strategic manner. Information on guidance provided by the Department can be found at: http://www.doleta.gov/wioa/eta_default.cfm and information on technical assistance tools and activities being provided by the Department can be found at: https://wioa.workforce3one.org/.

Mr. Cole: Does the Department expect any additional implementation delays?

Mr. Perez: The Department anticipates that implementation of WIOA will be largely timely, particularly given the flexibilities provided by Congress in assisting states with implementation. The Department appreciates the flexibilities approved by Congress in the FY 2015 Omnibus to allow the use of up to 10 percent of the Dislocated Worker Technical Assistance and Training (DWTAT) in PY 2014 and PY 2015 for WIOA implementation. With the flexibility authority approved by Congress, ETA will award approximately $11,500,000 in PY 2014 funds as grants to states to implement the Act. ETA also obligated more than $4,000,000 in FY 2014 for contract support to develop technical assistance materials, training, and regulation and NPRM development. For FY 2015, ETA continues to devote significant staff time and resources for WIOA implementation activities. The FY 2016 President's Budget includes several WIOA implementation requests including $3,232,000 for technical assistance, $5,239,000 to complete the development of an integrated performance reporting system for ETA, and $7,247,000 for 55 term FTE in ETA's regional and national offices. The availability of these

resources, including the newly requested funds, will allow for the smooth implementation of WIOA.

Mr. Cole: Please provide a table listing all FY 2014 and 2015 funds being used for technical assistance and other activities related to the implementation of WIOA. Please also include on the table all funds requested in the FY 2016 budget for technical assistance and other WIOA implementation activities.

Mr. Perez:

Activity	FY/PY 2014	FY/PY 2015	FY 2016 Request
WIOA Implementation & IT	4,685,796	1,000,000[1]	12,486,000
Technical Assistance	2,850,000		3,232,000
Grants to States & Others	11,500,000		
Total	**19,035,796**	**1,000,000**	**15,718,000**

INCREASING JOB CORPS ENROLLMENT

Mr. Cole: What actions has the Department taken so far in fiscal year 2015 in order to increase enrollment in the Job Corps program?

Mr. Perez: Job Corps enrollment has increased from just over 35,000 at the end of Program Year 2013 to 36,420 as of March 31, 2015 (the end of the third quarter of Program Year 2014). The current maximum enrollment for the program is 38,194. While current enrollment is below the goal, Job Corps has increased enrollment during the past program year by strengthening recruitment processes, such as responding to new potential student inquiries more rapidly; updating and improving its informational products; and tapping into and enhancing online inquiries and responses for potential students.

Program Year 2015 begins on July 1, 2015. In Program Year 2015, Job Corps will be opening and fully enrolling centers in New Hampshire and Wyoming with a maximum capacity of 300 student slots at each of these centers. With these openings, Job Corps will be serving students in all 50 states, the District of Columbia, and Puerto Rico.

Job Corps is an open entrance, open exit program whereby students begin or graduate from their Job Corps experience on a weekly basis. As such, the enrollment of the program changes regularly, though our goal is to always maintain an enrollment as close to the maximum that the program can afford based on its appropriation.

Mr. Cole: If appropriations are provided at the requested level for fiscal year 2016, what further actions would the Department take to increase enrollment and how many additional participants would it be able to serve?

[1] ETA's program year funding does not become available until July 1, 2015.

Mr. Perez: The FY 2016 President's Budget would maintain the current number of student slots (also known as on-board strength, or OBS) at 38,194. While the Department did request an increase in funds, the additional funding would be focused on implementing WIOA; modernizing curricula, upgrading equipment to meet industry standards and refining training to provide skills and credentials that are in high-demand by employers; and adopting innovative and promising models that could improve the outcomes of younger youth, aged 16 to 19, for whom the traditional Job Corps model has been less effective. As we complete the Program Requirements Handbook (PRH) modernization, we hope to realize efficiencies that allow the program to increase the number of students it serves beyond the current OBS. Our goal remains to serve the most students within our appropriated budget, while improving the program's effectiveness and maintaining the safety of and educational experience for the students.

JOB CORPS CENTER CLOSURES

Prior to FY 2016, budget requests for Job Corps have proposed to close an undetermined number of "chronically low-performing" Job Corps Centers in order to improve overall program performance. The expectation was that the Department would close of more than one center.

Mr. Cole: Why was only one center selected for closure and how will closing Treasure Lake improve overall program performance?

Mr. Perez: The closure of Treasure Lake, a consistently low performing Job Corps center for the last five years, will mean that former Treasure Lake students will be better served in higher performing centers. Shifting resources to better centers will also mean a better return on the Federal investment in this important program. The closure also reinforces to the entire Job Corps community that student success is a top priority and demonstrates the Department's commitment to improving center performance--even if doing so means taking the significant and challenging step of closing a center.

Mr. Cole: Will the Department reevaluate Job Corps centers under the new WIOA criteria and propose additional centers for closure?

Mr. Perez: In December, Job Corps submitted a report to Congress on the criteria for future Job Corps center closures. As the report indicated, the Department continues to review overall program performance, and may close additional centers if other reform efforts do not produce satisfactory results for the students served by the program.

JOB CORPS CONTRACTS

There is a great deal of concern that the Department is competing a large number of Job Corps operations contracts prior to the implementation of new selection criteria required under WIOA.

Mr. Cole: Given the clear intent of Congress to change the criteria, why isn't the Department competing these contracts under as many of the new criteria as possible?

Mr. Perez: As of January 1, 2015, we have implemented the new WIOA selection criteria in all new requests for information, the initial step in the procurement process. We are also currently applying the criteria included in the Consolidated and Further Continuing Appropriations Act, 2015. In addition, solicitations issued against these requests for information will also include the new WIOA selection criteria.

As for contracts that are already far along in the competition process, in 2013, the Department developed a plan to address the growing number of contracts that needed to be competed through the preferred open competition process. In January 2014, ETA published the plan, obtained contractor feedback through public webinars, and revised and re-issued the plan, which sought to eliminate contracts operating under sole source bridge contracts, which will bring them in full compliance with the Competition in Contracting Act. Sole source bridge contracts are awarded because the incumbent competed contract expires before the new five year competitive contract can be awarded. The Department continues to implement that plan.

REPORT ON TREASURE LAKE JOB CORPS CENTER CLOSURE

The statement accompanying the FY 2015 Appropriations Act requested that the Department to submit a report on estimated costs associated with closing the Treasure Lake Job Corps Center. In the report on estimated costs of closing the Treasure Lake, it is clear there are significant expenses that are still unknown.

Mr. Cole: Given all the financial management issues that have come up the last several years, including multiple IG reports and recommendations that are still in the process of being implemented, why was the decision made to begin the closure process at Treasure Lake before the costs were fully understood?

Mr. Perez: The Department's primary focus throughout the closure process was on the students. Once it became clear that Treasure Lake was chronically low-performing and multiple interventions had not resulted in improved performance, the Department did not want to continue to delay addressing the issue and investing in the center's continued operation, which also entailed costs. The Department proceeded with the closure of Treasure Lake so students would be better served by the program and program funds that would have been invested in that center could be invested in higher performing centers over the long run. The lessons learned in terms of costs and process will be applied to any future closures the Department carries out.

Mr. Cole: To the extent there could still be unexpected costs borne by the Department of Labor, wouldn't that have the potential to affect the Job Corps operations budget and thus enrollment across the program in fiscal year 2016?

Mr. Perez: To the extent that there are unexpected costs associated with the closure process, we will explore all opportunities to mitigate any impact on student enrollment. For instance, costs associated with changes to the buildings and structures would be charged to the Construction, Rehabilitation, and Acquisition (CRA) account rather than the Operations account. This is the appropriate account, but it will also minimize the effect on student enrollment.

Mr. Cole: Please provide an update to the cost estimate report including estimates for future land use management, costs of finalizing student evaluations, and costs associated with the disposition or transfer of building structures and training equipment.

Mr. Perez: In February, a detailed and comprehensive estimate of all costs and savings related to the closure of the Treasure Lake Center was provided to the Congressional Appropriations Committees. There has been no change in the cost estimates since that report. The Department continues to work with the Departments of Interior and Agriculture on the shutdown of the Treasure Lake center and the future use of this land.

JOB CORPS FINANCIAL MANAGEMENT

OIG reports No. 22-13-015-03-370 (May 31, 2013) and No. 26-14-001-03-370 (April 29, 2014) raised significant concerns with the Department's financial management and oversight of the Job Corps program.

Mr. Cole: Is the Department confident that sufficient improvements have been implemented to avoid these kinds of issues in the future?

Mr. Perez: The Department is confident that financial control improvements that have been put in place over the last few years are operating effectively. Together the Office of Contracts Management, the Office of Job Corps, and the Office of Financial Administration (OFA) lead our efforts to ensure the fiscal stability of the Job Corps Program. This tri-office working group has improved interoffice work, such as cost-monitoring practices, roles and responsibilities, and interoffice communication. ETA also updated and implemented Standard Operating Procedures to reflect current processes and systems and better define roles and responsibilities for each of the offices.

ETA has formalized monthly reporting and communications to inform Job Corps, ETA, and the Department leadership on the status of contract obligations and status of funds. For instance, OFA identifies potential financial and program risks on a monthly basis. Contracts with a certain amount of variance are referred to the Contracting Officer Representatives for additional follow-up. The coordination between the three offices has proven to be successful. Job Corps has also added additional financial and procurement staff in FY 2015 and requested funding in FY 2016 for an oversight team to further strengthen program oversight.

Mr. Cole: Is the Department considering any organizational changes in order to improve its financial management of the program?

Mr. Perez: As the OIG audit team reported, "ETA implemented a number of oversight and cost-savings measures, including instituting a management oversight process to provide advice on short-term and long-term planning. ETA also established OFA which was tasked to strengthen and coordinate existing internal controls and to create new controls to monitor budgeted costs to actual costs." We have adopted all of the OIG audit recommendations, and will continue to review our financial control systems moving forward.

Mr. Cole: Are there any statutory changes or authorities the Department believes would allow it to improve its financial management and oversight responsibilities?

Mr. Perez: We appreciate the Committee's interest in and support of the improved management of the Job Corps budget. The FY 2016 Budget includes a funding increase to the Job Corps Administration budget for $3,500,000 and 17 FTE for a Job Corps oversight team. This team will have a few staff in the national office as well as staff throughout the regions. This unit will help institutionalize strong quality assurance and risk management practices, improve safety across all of the centers, and help ensure that the regions are consistent in their monitoring of Job Corps centers.

UI OVERPAYMENT RECOVERIES

Mr. Cole: What activities is the Department undertaking to improve upon the rate of overpayment recoveries?

Mr. Perez: The Department is actively supporting state implementation of the Treasury Offset Program (TOP) which permits the recovery of certain unemployment compensation overpayments, primarily due to fraud, through Federal income tax refund offsets. The Department provided supplemental funding for TOP implementation to 47 states prior to FY 2013. As of March 31, 2015, 42 states have implemented TOP and recovered over $1 billion through the program.

During the past years, the Department has made supplemental funding available for staffing states' Benefit Payment Control units engaged in overpayment detection and recovery activities . States vary in their implementation of tools and activities for the recovery of improper payments. The Department has also provided supplemental funding available for innovative strategies proposed by states for recovering overpayments, including: offsets from benefits; offsets from state income tax refunds; offsets from lottery winnings, homestead exemptions, and other benefits, including the Alaska Mineral Refund; Interstate recovery agreements; and repayment plans.

Additionally, in order to track and measure the overpayment recoveries made by states, the Department implemented a new recovery rate performance measure as part of its performance management system. The overpayment recovery rate measure is defined as the amount of improper overpayments recovered divided by the amount of improper overpayments identified, expressed as a percentage. The Department publishes overpayment recovery rate/targets each year in its annual Agency Financial Report.

FY 2016 BUDGET REQUEST FOR REEMPLOYMENT SERVICES FOR DISLOCATED WORKERS

Mr. Cole: How does the Department plan to award the additional $400 million requested in the FY 2016 budget for intensive reemployment services for dislocated workers?

Mr. Perez: The national Employment Service established by the Wagner-Peyser Act serves as the foundation of the public workforce system, providing 17 to 20 million individuals access to a range of labor market information and career services each year. This program has historically been funded with formula grants to states and has encountered several years of flat or declining funding, resulting in decreased availability of in-person counseling. Only 56 percent of participants received direct staff assistance in PY 2013 compared to over 65 percent in PY 2012. Participants who do not receive direct staff assistance must rely on online tools or self-directed job search.

The President's Budget increases funding for the Employment Service by $400 million and provides appropriations language to allow the Department to use these resources to fund supplemental requests made by states to expand the availability of intensive, staff-assisted counseling and other reemployment services to displaced workers. Along with the proposed $100 million increase for Reemployment Services and Eligibility Assessments, the Budget proposes a $500 million increase to provide more than 2 million unemployed workers with in-person reemployment services, which evidence suggests is an effective approach for getting these workers back to work more quickly and at higher wages.

The process for awarding the $400 million in supplemental grants is described on page 49 of the Congressional Budget Justification for State Unemployment Insurance and Employment Service Operations. Each state will be able to apply for a share of the additional $400 million, which will be determined by applying the statutory Employment Service formula. In the application, states will be required to demonstrate how they would provide intensive employment services to dislocated workers and other unemployment insurance claimants, use high-quality labor market information to guide these job seekers, and adopt other strategies intended to improve their employment outcomes. Any funding that remains available due to States not applying for supplemental grants or not receiving approval of a grant application would be provided to states that receive supplemental grants, have especially strong applications, and demonstrate a need for additional funding.

PERM BACKLOG INCREASE

Mr. Cole: What is the reason for the recent increase in the backlog of PERM cases?

Mr. Perez: Since FY 2010, annual PERM application volumes have increased by 77 percent, while OFLC appropriations have decreased by 9 percent. This has resulted in application backlogs, particularly for audited PERM cases. DOL is working to reduce the backlog of unadjudicated PERM audit cases by 50% by the end of FY 2015. In addition, the FY 2016 Budget proposes a one-time request of $13 million and 17 term FTE targeted directly at reducing the PERM backlog. With these resources, OFLC projects that 36 percent more PERM applications will be adjudicated in FY 2016 than were processed in FY 2014. The FY 2016 Budget also seeks to reduce the chance of future backlogs developing by proposing legislation to allow the Department to charge fees to cover the costs of adjudicating new applications filed under PERM. This will align OFLC's resources directly with the demand for its services and be used in part to streamline the audit process and maintain appropriate caseloads.

FY 2016 BUDGET REQUEST FOR OCCUPATIONAL LICENSING GRANTS

Mr. Cole: What activities is the Department proposing to undertake with the funds requested in FY 2016 for occupational licensing grants and how will the funds be awarded?

Mr. Perez: The Department is requesting $15 million to identify, explore, and address areas where licensing requirements create an unnecessary barrier to labor market entry or labor mobility and where interstate portability of licenses can improve economic growth and opportunity, particularly for dislocated workers, transitioning servicemembers, veterans, and military spouses. With the funds requested in FY 2016, the Department plans to issue two sets of grant awards to states that are interested in modifying their current occupational licensing environment to enhance geographic and economic mobility for workers and increase opportunities for entrepreneurship, while maintaining necessary protections for public health and safety. The first set of grant awards will support reciprocity and portability, including comparison studies; development of competency-based standards; identification or development of national certifications or examinations acceptable to qualifying for a currently licensed occupation; or development of potential compact agreements for mutual recognition of each state's occupational licenses. Funds may be used to document promising practices in states that have already entered into interstate agreements or have implemented sunrise or sunset provisions to disseminate to grantee states as models for their grant efforts. The second round of grants will support states aiming to reduce licensing barriers, review licenses that are coming up for reauthorization, and develop new certification and credentialing frameworks. Activities may include developing procedures to study and evaluate the merits of new licenses when they are proposed; or establishing procedures to review existing licenses on a periodic basis to assess if they are still needed to protect public health and safety, and to determine the costs and benefits of existing licensing provisions.

The Department will award both sets of grants through a funding opportunity announcement for states. Eligibility criteria will be specified in the funding opportunity announcement, and grantees may include consortia of states facing similar issues regarding occupational licensing, or states that make up combined labor market areas or commuting sheds.

WORKER MISCLASSIFICATION PROGRAM

Mr. Cole: Please list the organizations within the Department and other government agencies that are responsible of enforcing laws and regulations related to the classification of employees.

Mr. Perez: A number of agencies within the Department of Labor share an interest in and are working to address the classification of employees. The Employment and Training Administration, which oversees the Unemployment Insurance program; the Wage and Hour Division, the Employee Benefits Security Administration, the Occupational Safety and Health Administration, and the Office of Federal Contract Compliance Programs all work on issues related to misclassified workers and appropriate enforcement activities. Outside the Department, the Internal Revenue Service is responsible for enforcing laws and regulations related to the

classification of employees. A number of other federal and state agencies responsible for enforcing labor law protections also face issues related to the classification of employees.

Mr. Cole: Please explain the need for a separate grants program within the UI operations account to address worker misclassification.

Mr. Perez: Fiscal Year (FY) 2014 was the first year that the worker misclassification grants were made available to states to allow for additional or enhanced prevention and detection efforts. The misclassification of workers as independent contractors instead of employees is a significant issue in the UI program. It results in employees not receiving credit for the work they have done, which impacts their eligibility for benefits like unemployment insurance and workers' compensation protections if they are subsequently laid off or hurt on the job. In addition, because employers do not pay UI taxes for misclassified workers, worker misclassification hinders states' ability to maintain solvent unemployment trust funds and creates an uneven playing field for law-abiding employers.

Mr. Cole: If reducing misclassification of workers is the goal of these grants, what is the rationale for awarding bonus payments to high performing States?

Mr. Perez: High performance awards were intended to: (1) encourage and incentivize improved state efforts to detect and address misclassification, (2) recognize high-performing states, and (3) provide additional resources to states to fund enhancements in their systems (some of which could be leveraged by other States). In FY 2014 four states received the high performance awards.

APPRENTICESHIP

Mr. Cole: What authorizing statutes is the Department proposing to use to establish programs, projects and activities to support the expansion of Registered Apprenticeships in FY 2016?

Mr. Perez: The authorization for current Registered Apprenticeship (RA) and State Apprenticeship activities can be found under the National Apprenticeship Act of 1937 (Fitzgerald Act) (50 Stat. 664). This Act provides broad authority to the Department over the national apprenticeship system. WIOA also recognizes the importance of RA as a proven model that provides workers with career pathways and opportunities to earn while they learn. Complementing the Fitzgerald Act authority, WIOA section 169(b)(5) provides the Secretary the authority to carry out apprenticeship grant programs and other activities to spur apprenticeships. The Department is also using $100,000,000 of its H-1B fee funding in FY 2015 to expand registered apprenticeship programs in high-skilled, high-growth industries.

Mr. Cole: What activities is the Department funding in FY 2015 with H-1B fees?

Mr. Perez: The Department awarded approximately $170,000,000 in Ready to Work grants in early FY 2015. The Department anticipates funding two additional competitions in FY

2015 with H-1B funds: $25,000,000 to establish an online skills academy and $100,000,000 to expand registered apprenticeship programs in high-skilled, high-growth industries.

The Ready to Work grants will help address long-term unemployment by supporting and scaling innovative collaborations between employers, nonprofit organizations, and federal job training programs. These programs will help connect ready-to-work Americans with ready-to-be-filled jobs.

DOL will competitively award $25,000,000 to launch an online skills academy that offers open online courses of study, helping students earn credentials online through participating accredited institutions, and expand access to curriculum designed to speed the time to gain credit and completion. The academy will offer courses that are free to access and provide a low cost means for earning credentials and degrees. Building off the burgeoning marketplace of free and open-licensed learning resources, including content developed through the TAACCCT grant program accessible through DOL's online repository, Skillscommons.org, the online skills academy will ensure that workers can get the education and training they need to advance their careers in in-demand fields.

Additionally, last December the Department announced the American Apprenticeship Grant competition. Approximately 25 grants from $2,500,000 to $5,000,000 each will be awarded using H1-B funds. Registered Apprenticeship programs funded by this initiative will provide U.S. workers with training to fill jobs that 1) are projected to hire a substantial number of new workers; 2) are being transformed by technology and innovations that require 21st century skills for workers; 3) are new and emerging industries and/or businesses that are projected to grow; or 4) have a significant impact on the economy overall. The grants will also encourage greater access to apprenticeship opportunities for historically underrepresented populations including women, young men and women of color, people with disabilities, and veterans and transitioning service members. The types of grants that can be awarded using the H-1B fees do not encompass the entire range of fields where apprenticeships should be expanded. The Department expects to learn from the H-1B apprenticeships process, and we are excited to continue to expand the apprenticeship model with our FY 2016 request.

The TechHire H1-B grants recently announced by the Administration will make $100,000,000 available to support innovative approaches to moving lower skilled workers with barriers to training and employment on the fastest paths to well-paying IT and high growth jobs in industries like healthcare, advanced manufacturing, financial services, and other in-demand sectors. The funding opportunity announcement will publish in early fall 2015 and will be awarded in FY 2016.

PAID LEAVE

Mr. Cole: Is there an authorizing statute that the Department plans to use to establish programs, projects and activities under its paid leave initiative?

Mr. Perez: The Budget would establish two new programs -- the State Paid Leave Fund and the Paid Leave Partnership Initiative within the Employment and Training Administration

(ETA) to encourage states to develop paid family and medical leave program. The Department is requesting the funding and authority for the proposed activities through the appropriations process.

In FY 2014, the Department used the authorization for the Women's Bureau to issue grants for paid leave feasibility studies to support the development or implementation of paid family and medical leave programs at the state level.

Mr. Cole: If there is no authorization how does the Department propose to establish selection criteria, eligible activities and performance goals?

Mr. Perez: As noted above, the Department is requesting the funding and authority for the proposed activities through the appropriations process. The Department plans to competitively award the funds and in the funding opportunity announcements would establish selection criteria, further define eligible activities, and establish metrics for grant performance and reporting.

Mr. Cole: What was the source of funds used for paid leave planning grants in 2014?

Mr. Perez: Grants for feasibility and research studies to support the development of state paid leave programs were made using Women's Bureau appropriated funds.

UPDATING EBSA LEGISLATIVE AUTHORITIES

The fiscal year 2016 budget request includes proposals for appropriations language that would authorize new activities and amend existing authority.

Mr. Cole: Has the Department proposed any legislation or worked with the authorizing committees of jurisdiction on legislation that would provide this authority?

Mr. Perez: In the FY 2016 budget submission for EBSA, DOL requested multi-year budget authority for the procurement of expert witnesses for enforcement litigation, a provision that is related only to appropriations. DOL also seeks multi-year funding to assist States in the creation of pilot programs to promote retirement savings, along with authority to grant temporary waivers of the preemption provisions of the Employee Retirement Income Security Act of 1974 (ERISA) for the State pilot programs. DOL has not previously requested multi-year appropriations, nor has the Agency worked directly with authorizing committees to develop legislation pertaining to State pilots. While the preemption waivers are explicitly linked to the budget request to fund State pilots, the Department would welcome the opportunity to provide any necessary technical assistance to either the Appropriations or authorizing committees on the pilot program or any of its other proposals.

EBSA ACTIVITIES UNDER THE AFFORDABLE CARE ACT (ACA)

Mr. Cole: Please list the activities undertaken and funding used to sustain effective implementation of the ACA?

Mr. Perez: In FY 2012, DOL received an appropriation for EBSA that included a program increase of $22,883,000 and 93 FTE that in part provided resources for ACA and other health care responsibilities including: economic research and regulatory analysis; development of health plan standards and registration of Multiemployer Welfare Arrangements (MEWAs); public outreach and education; informal resolution of complaints through participant assistance; and enforcement and litigation support.

With these resources, the department has undertaken a myriad of regulatory and implementation projects that include ACA guidance issued solely by DOL or jointly with HHS and the Internal Revenue Service (see attached tables). The department has also conducted a robust public education and outreach program for participants and service providers. These activities included, but were not limited to, conducting over 4,300 participant assistance events including: two-day compliance assistance seminars; half day workshops for employers and workers; rapid response events for individuals facing job loss; and national webcasts for employers and plan service providers as well as workers. Several of the webcasts and workshops were held in Spanish. The 35 compliance seminars were coordinated with the State Insurance Commissioners, the HHS and officials from the state health insurance marketplace and Treasury.

The department has continued to update its 30 health publications impacted by the ACA, adding more information as additional guidance was issued and to reflect full implementation. This includes adding an ACA checklist to our health benefits laws compliance guide. The department is also developing two new publications for workers focused on the new ACA protections. The department has established a dedicated web page for the ACA, developed upon enactment of the law, where new guidance, research and outreach notices are posted. We also have a dedicated ACA page for workers. These pages have had over 300,000 visits and over 500,000 views.

Since FY 2012, DOL employee benefits security programs have experienced program decreases, budget reductions (pursuant to Section 251A of the Balanced Budget and Emergency Deficit Control Act, as amended, issued by the President on March 1, 2013), and rescissions totaling $14,530,000. Subject to these constraints, the Agency has continued to carry out its ACA responsibilities consistent with budgeted resources.

Tables

Table 1. ACA Guidance Issued by DOL			
	Date Issued	**Type of Guidance**	**Subject**
1	23-Aug-10	Technical Release 2010-01	Interim Procedures for Federal External Review
2	26-Aug-10	Notice of Availability	Interim Procedures for Federal External Review
3	20-Sep-10	Technical Release 2010-02	Interim Procedures for Internal Claims and Appeals
4	20-Sep-10	FAQ I	Compliance, Grandfather Status, Claims & Appeals & External Review, Dependents to Age 26, Out-of-Network Emergency Services, Highly Compensated Employees
5	8-Oct-10	FAQ II	Grandfather Status, Dental & Vision Benefits, Rescissions, Preventive Care, Policy Year & Effective Date
6	12-Oct-10	FAQ III	Very Small Plan Exception
7	29-Oct-10	FAQ IV	Grandfather Status, Essential Health Benefits
8	17-Nov-10	RFI	Federal External Review Process
9	22-Dec-10	FAQ V	VBID & Preventive Care, Auto-enrollment, 2715 SMM Disclosure, Dependents to Age 26, Pre-ex, Grandfather Status, MHPAEA, Wellness
10	18-Mar-11	Technical Release 2011-02	Extension of Non-Enforcement Period Relating to Certain Interim Procedures for Internal Claims and Appeals
11	1-Apr-11	FAQ VI	Grandfather Status
12	22-Jun-11	Technical Release 2011-02	Guidance on External Review for Group Health Plans and Health Insurance Issuers Offering Group and Individual Health Coverage, and Guidance for States on State External Review Processes
13	17-Nov-11	FAQ VII	Summary of Benefits and Coverage, MHPAEA
	9-Feb-12	Technical Release 2012-01	Auto-enrollment, Shared Responsibility, and Waiting Periods
14	19-Mar-12	FAQ VIII	Summary of Benefits and Coverage
15	11-May-12	FAQ IX	Summary of Benefits and Coverage
16	7-Aug-	FAQ X	Summary of Benefits and Coverage

Table 1. ACA Guidance Issued by DOL			
	Date Issued	**Type of Guidance**	**Subject**
	12		
17	31-Aug-12	Technical Release 2012-02	Guidance on 90-day Wellness Period Limitation
18	24-Jan-13	FAQ XI	Employer Notice of Coverage Options, Health Reimbursement Arrangements, Disclosure of Information Related to Firearms, Employer Group Waiver Plans Supplementing Medicare Part D, Fixed Indemnity Insurance, Payment of PCORI Fees
19	20-Feb-13	FAQ XII	ACA Cost-Sharing Limitations, Coverage of Preventive Services
20	8-Mar-13	FAQ XIII	Expatriate Plans
21	15-Mar-13	Technical Release 2013-01	Extension of the Transition Period for the Temporary NAIC-similar State External Review Process under the ACA
22	23-Apr-13	FAQ XIV	Summary of Benefits and Coverage
23	29-Apr-13	FAQ XV	Annual Limit Waivers, Provider Non-Discrimination, Coverage for Individuals in Approved Clinical Trials, Transparency Reporting
24	8-May-13	Technical Release 2013-02	Guidance on the Notice to Employees of Coverage Options under Fair Labor Standards Act 18B and Updated Model Election Notice Under COBRA
25	30-May-13	Study	Workplace Wellness Programs
26	4-Sep-13	FAQ XVI	Employer Notice of Coverage Options and 90 Day Waiting Period Limitation
27	11-Sep-13	FAQ	Notice to Employees of Coverage Options
28	13-Sep-13	Technical Release 2013-03	Application of Market Reform and other Provisions of the Affordable Care Act to HRAs, Health FSAs, and Certain other Employer Healthcare Arrangements
29	18-Sep-13	Technical Release 2013-04	Guidance to Employee Benefit Plans on the Definition of "Spouse" and "Marriage" under ERISA and the Supreme Court's Decision in United States v. Windsor
30	6-Nov-14	Technical Release 2014-01	Guidance on State Regulation of Stop-Loss Insurance
31	8-Nov-	FAQ XVII	Mental Health Parity Implementation

Table 1. ACA Guidance Issued by DOL			
	Date Issued	**Type of Guidance**	**Subject**
	13		
32	9-Jan-14	FAQ XVIII	Coverage of preventive services, limitations on cost-sharing, expatriate health plans, wellness programs, fixed indemnity insurance, and the Mental Health Parity and Addiction Equity Act of 2008
33	2-May-14	FAQ XIX	Compliance, grandfathered health plans, claims, internal appeals and external review, dependent coverage of children, out-of-network emergency services, and highly compensated employees
34	17-Jul-14	FAQ XX	Coverage of Preventive Services
35	10-Oct-14	FAQ XXI	Limitations on cost-sharing (Reference-Based Pricing)
36	6-Nov-14	FAQ XXII	Compliance of premium reimbursement arrangements
37	13-Feb-15	FAQ XXIII	Excepted Benefits
38	30-Mar-15	FAQ XXIV	Summary of Benefits and Coverage

Table 2. ACA Regulations Issued by DOL			
	Date Issued	**Type of Regulation**	**Subject**
1	13-May-10	Interim Final Regulation	Dependent Coverage to Age 26
2	17-Jun-10	Interim Final Regulation	Grandfathered Health Plan Status
3	28-Jun-10	Interim Final Regulation	Preexes, Annual/Lifetime Limits, Rescissions, Patient Protections
4	19-Jul-10	Interim Final Regulation	Preventive Services
5	23-Jul-10	Interim Final Regulation	Internal Claims and External Review
6	17-Nov-10	Amendment to IFR	Grandfathered Health Plan Status Amendment (Change of Issuers)
7	28-Dec-10	RFI	VBID in Connection with Preventive Services
8	24-Jun-11	Amendment to IFR	Internal Claims and External review
9	3-Aug-11	Amendment to IFR	Preventive Services
10	22-Aug-11	NPRM	Summary of Benefits and Coverage
11	6-Dec-11	NPRM	MEWA Filing
12	6-Dec-11	NPRM	Ex Parte Cease and Desist and Summary Seizure Orders - MEWAs
13	14-Feb-12	Final Rule, Notice, Templates	Summary of Benefits and Coverage
14	15-Feb-12	Final Rule	Preventive Services Exemption
15	21-Mar-12	ANPRM	Preventive Services
16	Nov. 26, 2012	NPRM	Incentives for Wellness Programs in Group Health Plans
17	6-Feb-13	NPRM	Coverage of Certain Preventive Services
18	1-Mar-13	Final Rule	MEWA Filings
19	1-Mar-13	Final Rule	Ex Parte Cease and Desist and Summary Seizure Orders - MEWA
20	1-Mar-13	Notice	2012 Form M-1 Revisions

Table 2. ACA Regulations Issued by DOL			
	Date Issued	**Type of Regulation**	**Subject**
21	21-Mar-13	NPRM	Ninety Day Waiting Period Limitation and Technical Amendments to Certain Health Coverage Requirements Under the Affordable Care Act
22	8-May-13	Notice	Model Notice For Employers Who Offer a Health Plan to Some or All Employees
23	8-May-13	Notice	Model Notice For Employers Who Do Not Offer a Health Plan
24	8-May-13	Notice	COBRA Model Election Notice
25	30-May-13	Final Rule	Incentives for Wellness Programs in Group Health Plans
26	28-Jun-13	Final Rule	Coverage of Certain Preventive Services
27	28-Jun-13	Certification Form	EBSA Form 700 – Certification (Form for Eligible Organizations)
28	13-Nov-13	Final Rules	Final Rules Under the Paul Wellstone and Pete Domenici Mental Health Parity and Addiction Equity Act of 2008; Technical Amendment to External Review for Multi-State Plan Program
29	24-Dec-13	NPRM	Amendments to Excepted Benefits
30	24-Feb-14	Final Rules	Ninety Day Waiting Period Limitation
31	24-Feb-14	NPRM	Ninety Day Waiting Period Limitation (orientation period)
32	12-Mar-14	RFI	Provider Non-Discrimination
33	7-May-14	NPRM and Model Notices	Health Care Continuation Coverage
34	25-Jun-14	Final Rules	Ninety Day Waiting Period Limitation (orientation period)
35	27-Aug-14	Interim Final Rules	Coverage of Preventive Services
36	27-Aug-14	NPRM	Coverage of Preventive Services
37	27-Aug-14	Certification Form	EBSA Form 700 – Certification (Form for Eligible Organizations)
38	27-Aug-14	Model Notice	Model Notice to Secretary of HHS
39	10-Oct-14	Final Rules	Amendments to Excepted Benefits

Table 2. ACA Regulations Issued by DOL			
	Date Issued	**Type of Regulation**	**Subject**
40	23-Dec-14	Proposed Rule	Amendments to Excepted Benefits
41	30-Dec-14	Proposed Rule, Notice, Templates	Summary of Benefits and Coverage
42	18-Mar-15	Final Rule	Amendments to Excepted Benefits (Limited Wrap Around Coverage)

Table 3. ACA Guidance Issued by HHS			
	Date Issued	**Type of Guidance**	**Subject**
1	3-May-10	Memorandum	User Access and Authorization for Health Insurance Oversight System
2	26-Aug-10	Technical Guidance	Interim Procedures for Federal External Review
3	1-Sep-10	Technical Guidance	Individual Market County Estimates for CLAS Standards Set forth in Claims and Appeals and External Review Requirements
4	3-Sep-10	Sub-Regulatory Guidance	Process for Obtaining an Annual Limit Waiver
5	23-Sep-10	Technical Guidance	Interim Procedures for External Review for Self-Insured Non-Federal Governmental Plans
6	6-Oct-10	Guidance	PCIP and Newborn Coverage
7	13-Oct-10	Q&A	Enrollment of Children Under 19 Under the New Policy That Prohibits Pre-Existing Condition Exclusions
8	3-Nov-10	Guidance	Exchange and Medicaid IT Systems
9	5-Nov-10	Supplemental Guidance	Waiver of Annual Limit Requirements
10	18-Nov-10	Guidance	Initial Guidance to States on Exchanges
11	9-Dec-10	Supplemental Guidance	Consumer Notices on Annual Limit Waivers
12	9-Dec-10	Supplemental Guidance	Sale of New Business by Issuers Receiving Waivers
13	17-Dec-10	Technical Guidance	Process for a State to Submit a Request for Adjustment of MLR Standard
14	28-Dec-10	Guidance	Portability of Coverage, Enrollee Notices, and Third Party Payments Under PCIP

Table 3. ACA Guidance Issued by HHS			
	Date Issued	**Type of Guidance**	**Subject**
15	2-Dec-11	Technical Release 2011-04	MLR Rebates
16	17-Feb-11	Guidance	Eligibility for Children Under 19 in PCIP
17	23-Mar-11	Guidance	PCIP Eligibility and Access to Other Creditable Coverage
18	26-Apr-11	Technical Guidance	Submission of 2011 Quarterly Reports of MLR Data by Issuers of Mini-Med and Expatriate Plans
19	13-May-11	Technical Guidance	Q&A Regarding MLR IFR
20	19-May-11	Technical Guidance	Deadline for Submission of 2011 First Quarter MLR Data by Issuers of Mini-Med and Expatriate Plans
21	31-May-11	Guidance	PCIP Premium and Benefit Revisions
22	31-May-11	Guidance	Q&A Regarding Anti-Dumping Provisions Related to PCIP
23	31-May-11	Guidance	Guidance for Exchange and Medicaid IT Systems: Version 2.0
24	17-Jun-11	Supplemental Guidance	Concluding Annual Limit Waiver Application Process
25	22-Jun-11	Technical Guidance	Updated Instructions for Calculating County Level Estimates for CLAS Standards
26	22-Jun-11	Technical Guidance	Instructions for Self-Insured Nonfederal Governmental Plans and Health Insurance Issuers on How to Elect a Federal External Review Process
27	18-Jul-11	Technical Guidance	Q&A Regarding MLR IFR
28	19-Aug-11	Supplemental Guidance	Exemption for HRAs Subject to PHSA Section 2711
29	1-Sep-11	Technical Guidance	Application of Individual and Group Market Requirements Under Title XXVII of PHSA When Coverage is Sold To or Through Associations
30	1-Sep-11	Technical Guidance	Application of Individual and Group Market Requirements Under Title XXVII of PHSA When Coverage is Sold To or Through Associations
31	29-Nov-11	Q&A	Exchange Implementation
32	2-Dec-11	Technical Release 2011-04	MLR Rebates
33	16-Dec-11	Bulletin	Essential Health Benefits (EHB)

Table 3. ACA Guidance Issued by HHS			
	Date Issued	**Type of Guidance**	**Subject**
34	25-Jan-11	Guidance	EHB: Illustrative List of the Largest Three Small Group Products by State
35	10-Feb-12	Technical Guidance	Preventive Services Safe Harbor
36	10-Feb-12	Technical Guidance	Q&A Regarding MLR IFR
37	17-Feb-12	FAQ	EHB Bulletin
38	24-Feb-12	Bulletin	Actuarial Value and Cost-Sharing Reductions
39	30-Mar-12	Memo to Insurance Companies	MLR Annual Reporting Procedures
40	30-Mar-12	Guidance	State-Specific Threshold Proposals Guidance for States
41	20-Apr-12	Technical Guidance	Q&A Regarding MLR Regulation
42	26-Apr-12	Bulletin	Verification of Access to Employer-Sponsored Coverage
43	1-May-12	Bulletin	Risk Adjustment Program: Proposed Operations by the Department of Health and Human Services
44	15-May-12	Memo	Guidance for MLR Annual Reporting Form & MLR Notices of Rebates
45	16-May-12	Guidance	General Guidance on Federally-Facilitated Exchanges
46	24-May-12	Technical Guidance	Q&A Regarding MLR Reporting Form
47	25-May-12	Memo	Memo to PCIP Contractors Regarding PCIP Program Changes in 2012
48	30-May-12	Technical Guidance	Q&A Regarding MLR Reporting Requirements
49	31-May-12	Memo	PCIP Premium and Benefit Revisions
50	31-May-12	Memo	Q&A Regarding Anti-Dumping Provisions Related to the PCIP Program
51	31-May-12	Bulletin	Transitional Reinsurance Program: Proposed Payment Operations by the Department of Health and Human Services
52	28-Jun-13	Guidance	Preventive Services Safe Harbor

Table 3. ACA Guidance Issued by HHS			
	Date Issued	**Type of Guidance**	**Subject**
53	2-Jul-12	Guidance	A guide to facilitate States' selection of the benchmark plans that would serve as the reference plans for the EHBs.
54	17-Jul-12	Technical Guidance	MLR Q&A
55	15-Aug-12	Updated Technical Guidance	Temporary Enforcement Safe Harbor for Certain Employers, Group Health Plans and Group Health Insurance Issuers with Respect to the Requirement to Cover Contraceptive Services Without Cost Sharing
56	17-Aug-12	Technical Guidance	Content of Notices – Adverse benefit determinations and final internal adverse benefit determinations for beneficiaries in non-federal governmental health plans
57	10-Dec-12	FAQs	Exchanges and Market Reforms
58	3-Jan-13	Guidance	Guidance on State Partnership Exchange
59	25-Jan-13	Bulletin	Employer Prescription Drug Coverage that Supplements Medicare Part D Coverage provided through an Employer Group Waiver Plan
60	28-Jan-13	Guidance	Issuers of Stand-alone Dental Plans
61	20-Feb-13	FAQs	State Evaluation of Plan Management Activities of Health Plans and Issuers
62	20-Feb-13	Guidance	Additional Information on State EHB Benchmark Plans
63	25-Feb-13	Guidance and Disclosure Form	Guidance Regarding Age Curves, Geographical Rating Areas and State Reporting
64	1-Mar-13	Letter to Issuers	Letter to Issuers on Federally-facilitated and State Partnership Exchanges
65	4-Apr-13	Q&As	Questions and Answers on Consumer Operated and Oriented Plan Program Contingency Fund
66	4-Apr-13	Q&As	Questions and Answers Regarding the MLR Reporting and Rebate Requirements
67	5-Apr-13	Letter to Issuers	Letter to Issuers on Federally-Facilitated and State Partnership Exchanges
68	1-May-13	Memorandum	Role of Agents, Brokers, and Web-brokers in Health Insurance Marketplaces
69	7-May-13	Guidance	HHS-Developed Risk Adjustment Model Algorithm Software
70	10-May-13	FAQs	Small Business Health Options Program (SHOP) –Only Marketplace FAQs

Table 3. ACA Guidance Issued by HHS			
	Date Issued	**Type of Guidance**	**Subject**
71	30-May-13	FAQs	CCIIO Technical Guidance: Question and Answer Regarding the Requirement that Issuers of Certain Health Insurance Coverage sold as Fixed Indemnity Insurance submit an annual Medical Loss Ratio (MLR) report to the Secretary.
72	18-Jun-13	Guidance	Guidance on State Alternative Applications for Health Coverage
73	26-Jun-13	Guidance	Guidance on Hardship Exemption Criteria and Special Enrollment Periods
74	28-Jun-13	Guidance	Preventive Services Safe Harbor
75	2-Jul-13	Bulletin	Question and Answer Regarding the Medical Loss Ratio Reporting and Rebate Requirements
76	12-Jul-13	Guidance and Sample Application	Certified Application Counselor Program for the Federally-Facilitated Marketplace including State Partnership Marketplaces
77	24-Jul-13	Technical Guidance	Updated Instructions for Calculating County Level Estimates Pertaining to the Culturally and Linguistically Appropriate Standards Set Forth in the Internal Claims and Appeals and External Review Processes
78	9-Aug-13	Guidance	Guidance on State Alternative Applications for Health Coverage through the Small Business Health Options Program (SHOP)
79	16-Sep-13	Guidance	Application of Affordable Care Act Provisions to Certain Healthcare Arrangements
80	3-Oct-13	Guidance	Federally Facilitated Marketplace
			Enrollment Operational Policy & Guidance
81	31-Oct-13	Guidance and Resources	Minimum Essential Coverage
82	20-Nov-13	Guidance	Procedural Guidance Regarding State Reporting for Plan or Policy Years Beginning in 2015
83	21-Nov-13	Bulletin	Standard Notices for Transition to ACA Compliant Policies
84	19-Dec-13	Guidance	Options Available for Consumers with Cancelled Policies
85	30-Dec-13	Technical Guidance	Question and Answer Regarding the Medical Loss Ratio Reporting and Rebate Requirements.
86	3-Jan-14	Q&As	Questions and Answers on Options Available for Consumers with Cancelled Policies
87	10-Jan-14	Bulletin	The Sale of Individual Market Policies to Medicare Beneficiaries Under 65 Losing Coverage Due to High Risk Pool Closures

Table 3. ACA Guidance Issued by HHS			
	Date Issued	**Type of Guidance**	**Subject**
88	31-Jan-14	FAQs	Frequently Asked Questions on the Sale of Individual Market Policies to Medicare Beneficiaries Under 65 Losing Coverage Due to High Risk Pool Closures
89	4-Feb-14	Letter to Issuers	Draft 2015 Letter to Issuers in the Federally-facilitated Marketplaces
90	27-Feb-14	Bulletin	CMS Bulletin to Marketplaces on Availability of Retroactive Advance Payments of the PTC and CSRs in 2014 Due to Exceptional Circumstances
91	3-Mar-14	Bulletin	Extension of Transitional Policy through October 1, 2016
92	4-Mar-14	Guidance, Actuarial Value Calculator, Methodology	Notice of Benefit and Payment Parameters for 2015
93	13-Mar-14	Guidance	Casework Guidance for Issuers in Federally-facilitated Marketplaces, including State Partnership Market Places
94	14-Mar-14	Letter to Issuers	2015 Letter to Issuers in the Federally-facilitated Marketplaces
95	14-Mar-14	FAQs	Frequently Asked Question on Coverage of Same-Sex Spouses
96	14-Mar-14	Bulletin	Draft Notices When Discontinuing or Renewing a Product in the Group or Individual Market
97	26-Mar-14	Guidance	
			Guidance for Issuers on People "In Line" for the Federally-facilitated Marketplace at the end of the Initial Open Enrollment Period
98	26-Mar-14	Guidance	Guidance for Issuers on Special Enrollment Periods for Complex Cases in the Federally-facilitated Marketplace after the Initial Open Enrollment Period
99	31-Mar-14	Guidance	Victims of Domestic Abuse
100	31-Mar-14	Guidance	Shared Responsibility Provision Question and Answer
101	24-Apr-14	Bulletin	Special Enrollment Period for Individuals Losing Coverage through the Pre-Existing Condition Insurance Program (PCIP) on April 30, 2014
102	2-May-14	Bulletin	Special Enrollment Periods and Hardship Exemptions for Persons Meeting Certain Criteria
103	6-May-14	Guidance	Issuers of Stand-alone Dental Plans: Intent to Offer in FFE States
104	26-Jun-14	Guidance	Annual Redeterminations for coverage

Table 3. ACA Guidance Issued by HHS			
	Date Issued	**Type of Guidance**	**Subject**
105	15-Aug-14	Guidance	State Technical Assistance on State-Specific Data for Actuarial Value Calculator and Actuarial Value Calculator Continuance Tables
106	2-Sep-14	Bulletin	Form and Manner of Notices When Discontinuing or Renewing a Product in the Group or Individual Market
107	18-Sep-14	Guidance	Shared Responsibility Guidance – Filing Threshold Hardship Exemption
108	18-Sep-14	Guidance	Shared Responsibility Guidance – Ex emption for Individuals Eligible for Services through an Indian Health Care Provider
109	6-Oct-14	Guidance	Hardship Exemptions, Age Offs, and Renewal of Catastrophic Coverage
110	20-Oct-14	Guidance	The Transitional Reinsurance Program: Availability of the ACA Transitional Reinsurance Program Annual Enrollment and Contributions Submission Form on Pay.gov
111	24-Oct-14	Guidance	Guidance for Issuers on the Termination of a Consumer's Enrollment in the Federally-facilitated Marketplace Due to Death
112	24-Oct-14	Guidance	Marketplace Eligibility Appeals – Options for Paper-based Processes
113	21-Nov-14	Guidance	Guidance on Hardship Exemptions for Persons Meeting Certain Criteria
114	1-Dec-14	Guidance	Guidance for Issuers on 2015 Reenrollment in the Federally-facilitated Marketplace
115	19-Dec-14	Guidance	Draft 2016 Letter to Issuers in the Federally-facilitated Marketplaces
116	13-Feb-15	Guidance	Minimum Essential Coverage Application Review Process
117	19-Feb-15	Guidance	Issuers of Stand-alone Dental Plans: Intent to Offer in FFM in 2016
118	20-Feb-15	Guidance	Final 2016 Letter to Issuers in the Federally-facilitated Marketplace
119	20-Mar-15	Guidance	Hardship Exemption for Persons Meeting Certain Criteria
120	24-Mar-15	Guidance	Vendors of FFM Training and Information Verification for Agents and Brokers – Plan Year 2016 Application
121	31-Mar-15	Guidance	Ending Special Enrollment Periods for Coverage During Calendar Year 2014

Table 3. ACA Guidance Issued by HHS			
	Date Issued	**Type of Guidance**	**Subject**
122	8-Apr-15	Guidance	Essential Health Benefits: List of the Largest Three Small Group Products by State

Table 4. ACA Regulations Issued by HHS			
	Date Issued	**Type of Guidance**	**Subject**
1	5-May-10	Interim Final Regulation	Early Retiree Reinsurance Program (ERRP)
2	5-May-10	Interim Final Regulation	Health Care Reform Insurance Web Portal Requirements
3	23-Jun-10	Notice	Establishment of Consumer Operated and Oriented Plan (CO-OP) Advisory Board
4	19-Jul-10	Recommendation	Recommendations of US Preventive Services Task Force
5	30-Jul-10	Interim Final Regulation	Pre-Existing Condition Insurance Plan Program (PCIP)
6	26-Aug-10	Notice of Availability	Interim Procedures for Federal External Review
7	17-Nov-10	RFI	Federal External Review Process
8	22-Nov-10	Reg. Impact Analysis, Technical Appendix	Health Insurance Issuers Implementing Medical Loss Ratio (MLR) Requirements
9	1-Dec-10	Interim Final Rule	Health Insurance Issuers Implementing Medical Loss Ratio (MLR) Requirements
10	13-Dec-10	Notice	ERRP Notice Regarding Incurred Claims Date
11	23-Dec-10	NPRM	Rate Increase Disclosure and Review
12	30-Dec-10	Technical Correction	MLR IFR
13	11-Feb-11	Proposed Rule	Student Health Insurance Coverage
14	10-Mar-11	Proposed Rule	Application, Review, and Reporting Process for Waivers for State Innovation
15	19-May-11	Final Rule	Rate Increase Disclosure and Review

Table 4. ACA Regulations Issued by HHS			
	Date Issued	**Type of Guidance**	**Subject**
16	15-Jul-11	Proposed Rule	Establishment of Exchanges and Qualified Health Plans
17	15-Jul-11	Proposed Rule	Standards Related to Reinsurance, Risk Corridors, and Risk Adjustment
18	15-Jul-11	Preliminary Reg Impact Analysis	Establishment of Exchanges and Qualified Health Plans, and Standards Related to Reinsurance, Risk Corridors, and Risk Adjustment
19	20-Jul-11	Proposed Rule	Establishment of CO-OP Program
20	26-Jul-11	Correction to IFR Amendment	Internal Claims and External Review
21	1-Aug-11	Guidelines	HRSA'S Women's Preventive Services Guidelines
22	17-Aug-11	Proposed Rule	Exchange Functions in the Individual Market
23	17-Aug-11	Proposed Rule	Medicaid Program: Eligibility Changes Under ACA
24	6-Sep-11	Amendment to Final Rule	Rate Increase Disclosure and Review: Definition of Individual Market and Small Group Market
25	30-Sep-11	Extension of Comment Period	Establishment of Exchanges and Qualified Health Plans, and Standards Related to Reinsurance, Risk Corridors, and Risk Adjustment
26	7-Dec-11	Final Rule	MLR Requirements
27	7-Dec-11	Interim Final Rule	MLR Rebate Requirements for Nonfederal Governmental Plans
28	13-Dec-11	Final Rule	Establishment of CO-OP Program
29	22-Feb-12	Final Rule	Application, Review, and Reporting Process for Waivers for State Innovation
30	16-Mar-12	Reg Impact Analysis	Establishment of Exchanges and Qualified Health Plans, and Standards Related to Reinsurance, Risk Corridors, and Risk Adjustment
31	21-Mar-12	Notice	ERRP Notice Regarding Date by Which Plan Sponsor Must Use Funds
32	21-Mar-12	Final Rule	Student Health Insurance Coverage
33	23-Mar-12	Final Rule	Standards Related to Reinsurance, Risk Corridors and Risk Adjustment
34	27-Mar-12	Final Rule	Establishment of Exchanges and Qualified Health Plans, and Exchange Standards for Employers

Table 4. ACA Regulations Issued by HHS			
	Date Issued	**Type of Guidance**	**Subject**
35	1-May-12	RFI	Stop Loss Insurance
36	16-May-12	Final Rule & Correcting Amendment	MLR Requirements
37	4-Jun-12	Transitional Calculator	Transitional Calculator to Complete Coverage Example Portion of SBC Form
38	5-Jun-12	NPRM	Data Collection to Support Standards Related to Essential Health Benefits; Recognition of Entities for the Accreditation of Qualified Health Plans
39	18-Jul-12	Final Rule	Data Collection Standards for Defining EHBs; Accrediting Entities for Certifying QHPs.
40	30-Aug-12	Amendment to IFR	Pre-Existing Condition Insurance Plan Program
41	23-Nov-12	Notice	Recognition of Entities for the Accreditation of Qualified Health Plans
42	26-Nov-12	NPRM	Standards Related to EHB, Actuarial Value, and Accreditation
43	26-Nov-12	NPRM	Health Insurance Market Rules, Rate Review
44	30-Nov-12	NPRM	HHS Benefit and Payment Parameters for 2014, and MLR
45	15-Jan-13	Instructions and Technical Details	Proposed HHS Risk Adjustment Model
46	22-Jan-13	NPRM	Essential Health Benefits in Alternative Benefit Plans, Eligibility Notices, Fair Hearing and Appeal Processes for Medicaid and Exchange Eligibility Appeals
47	31-Jan-13	Companion Guide	Companion Guide for the Enrollment Transaction Information
48	1-Feb-13	NPRM	Eligibility for Exemptions; Miscellaneous Minimum Essential Coverage Provisions
49	20-Feb-13	Actuarial Value Calculator and Methodology	Standards Related to Essential Health Benefits, Actuarial Value, and Accreditation
50	20-Feb-13	Minimum Value Calculator and Methodology	Standards Related to Essential Health Benefits, Actuarial Value, and Accreditation
51	25-Feb-13	Final Rule	Standards Related to Essential Health Benefits, Actuarial Value, and Accreditation
52	27-Feb-13	Final Rule	Health Insurance Market Rules and Rate Review
53	11-Mar-	NPRM	Establishment of Exchanges and

Table 4. ACA Regulations Issued by HHS			
	Date Issued	**Type of Guidance**	**Subject**
	13		Qualified Health Plans; Small Business Health Options Program
54	11-Mar-13	Final Rule and Amendments	HHS Benefit and Payment Parameters for 2014, and MLR
55	3-Apr-13	NPRM	Exchange Functions: Standards for Navigators and Non-Navigator Assistance Personnel
56	12-Apr-13	Companion Guide	Companion Guide for the Enrollment Transaction Information
57	23-Apr-13	Notice	Early Retiree Reinsurance Program Notice regarding Termination of Several Operational Processes
58	6-May-13	Model Language	Model Language for Individual Market Renewal Notices
59	22-May-13	Interim Final Rule	Pre-Existing Condition Insurance Plan Program
60	31-May-13	Final Rule	Establishment of Exchanges and Qualified Health Plans; Small Business Health Options Program
61	26-Jun-13	Final Rule	Exchange Functions: Eligibility for Exemptions; Miscellaneous Minimum Essential Coverage Provisions
62	15-Jul-13	Final Rule	Medicaid and Children's Health Insurance Programs: Essential Health Benefits in Alternative Benefit Plans, Eligibility Notices, Fair Hearing and Appeal Processes, and Premiums and Cost Sharing; Exchanges: Eligibility and Enrollment
63	17-Jul-13	Final Rule	Exchange Functions: Standards for Navigators and Non-Navigator Assistance Personnel; Consumer Assistance Tools and Programs of an Exchange and Certified Application Counselors
64	28-Aug-13	Final Rule	Program Integrity, Exchange, SHOP, and Eligibility Appeals
65	24-Oct-13	Final Rule	Program Integrity: Exchange, Premium Stabilization Programs, and Market Standards; Amendments to the HHS Notice of Benefit and Payment Parameters for 2014
66	19-Nov-13	Notice	Exchanges and Qualified Health Plans, Quality Rating System (QRS), Framework Measures and Methodology
67	25-Nov-	NPRM, Proposed	Notice of Benefit and

Table 4. ACA Regulations Issued by HHS			
	Date Issued	**Type of Guidance**	**Subject**
	13	Actuarial Value Calculator, Methodology and Draft User Guide	Payment Parameters for 2015
68	12-Dec-13	Interim Final Rule	Maximizing January 1, 2014
			Coverage Opportunities
69	31-Dec-13	Final Rule	Program Integrity: Exchange,
			Premium Stabilization Programs, and
			Market Standards; Amendments to the HHS Notice of Benefit and Payment Parameters for 2014 Correction
70	14-Mar-14	Interim Final Rule	Third Party Payment of Qualified Health Plan Premiums
71	14-Mar-14	NPRM	Exchange and Insurance Market Standards for 2015 and Beyond
72	16-May-14	Final Rule	Exchange and Insurance
			Market Standards for 2015 and Beyond
73	2-Jun-14	Instructions, Technical Details, and Software	HHS-Developed Risk Adjustment Model Algorithm Software
74	26-Jun-14	NPRM	Annual Eligibility Redeterminations for Exchange Participation and Insurance Affordability Programs; Health Insurance Issuer Standards Under the Affordable Care Act, Including Standards Related to Exchanges
75	26-Jun-14	Draft notice and instructions	Product discontinuation and renewal in the small group or individual market
76	2-Sep-14	Final Rules	Annual Eligibility Redeterminations for
			Exchange Participation and Insurance Affordability Programs; Health Insurance Issuer
			Standards under the Affordable Care Act, Including Standards Related to Exchanges
77	16-Jan-15	Calculator and Methodology	Actuarial Value
78	20-Feb-15	Notice	Final HHS Notice of Benefit Payment Parameters for 2016

Table 5. ACA Guidance Issued by IRS/Treasury			
	Date Issued	**Type of Guidance**	**Subject**
1	3-May-11	Notice 2011-36	Request for Comments on Shared Responsibility for Employers Regarding Health Coverage
2	27-May-11	Notice 2011-46	Deferral of Dates Related to 2011 Branded Prescription Drug Fee
3	9-Jun-11	Notice 2011-35	Request for Comments on Funding of Patient-Centered Outcomes Research
			Through Fees Payable by Issuers of Health Insurance Policies and Self-Insured
			Health Plan Sponsors
4	10-Jun-11	Notice 2011-51	Extension of Interim Guidance on Modification of Section 833 Treatment of Certain Health Organizations (special rules for the taxation of Blue Cross and Blue Shield organizations and certain other organizations that provide health insurance)
5	7-Jul-11	Notice 2011-52	Request for Comments Regarding the Community Health Needs Assessment Requirements for Tax-exempt Hospitals
6	13-Sep-11	Notice 2011-73	Request for Comments on Health Coverage Affordability Safe Harbor for Employers
7	4-Nov-11	Notice 2011-92	Branded Prescription Drug Fee; Fee Year 2012 Guidance
8	2-Jan-12	Notice 2012-09	Interim Guidance on Informational Reporting to Employees of the Cost of Their Group Health Insurance Coverage
9	26-Apr-12	Notice 2012-31	Minimum Value
10	26-Apr-12	Notice 2012-32	Reporting on Health Insurance Requirements Under Code Section 6055
11	26-Apr-12	Notice 2012-33	Reporting by Applicable Large Employers on Health Insurance Coverage Under Employer-Sponsored Plans
12	25-May-12	Notice 2012-37	Extension of Interim Guidance on Modification of Section 833 Treatment of Certain
			Health Organizations (special rules for the taxation of Blue Cross and Blue Shield organizations and certain other organizations that provide health insurance)
13	30-May-12	Notice 2012-40	Health FSAs not subject to $2,500 limit on salary reduction contributions for plan years beginning before 2013 and comments requested on potential modification of use-or-lose rule
14	31-Aug-12	Notice 2012-58	Determining Full-Time Employees for Purposes of Shared Responsibility for Employers
			Regarding Health Coverage (§ 4980H)

Table 5. ACA Guidance Issued by IRS/Treasury			
	Date Issued	**Type of Guidance**	**Subject**
15	29-Nov-12	Notice 2012-74	Branded Prescription Drug Fee; Guidance for the 2013 Fee Year
16	5-Dec-12	NPRM and FAQs	Net Investment Income Tax, New Code section 1411 created under ACA section 1402(a)(1)
17	5-Dec-12	NPRM and FAQs	Rules Relating to Additional Medicare Tax
18	5-Dec-12	Notice 2012-77 and FAQs	Interim Guidance Relating to the Excise Tax on Medical Devices
19	30-Jan-13	NPRM and FAQs	Shared Responsibility Payment for Not Maintaining Minimum Essential Coverage
20	26-Jun-13	Notice 2013-41	Eligibility for Minimum Essential Coverage for Purposes of the Premium Tax Credit
21	26-Jun-13	Notice 2013-42 and FAQs	Transition Relief for Employees and Related Individuals Eligible to Enroll in Eligible Employer-Sponsored Health Plans for Non-Calendar Plan Years that Begin in 2013 and End in 2014
22	28-Jun-13	NPRM and FAQs	Information Reporting for Affordable Insurance Exchanges
23	9-Jul-13	Notice 2013-45	Transition Relief for 2014 Under §§ 6055 (§ 6055 Information Reporting), 6056 (§ 6056 Information Reporting) and 4980H (Employer Shared Responsibility Provisions)
24	5-Aug-13	Notice 2013-51	Branded Prescription Drug Fee
25	29-Aug-13	Revenue Ruling 2013-17 and FAQs	Same-sex Marriages for Federal Tax Purposes
26	13-Sep-13	Notice 2013-57	Preventive health services required under Public Health Service Act section 2713 and preventive care for purposes of Health Savings Accounts
27	31-Oct-13	Notice 2013-71	Modification of "Use-or-Lose" Rule For Health Flexible Spending Arrangements (FSAs) and Clarification Regarding 2013-2014 Non-Calendar Year Salary Reduction Elections Under § 125 Cafeteria Plans
28	26-Nov-13	NPRM and FAQs	Net Investment Income Tax
29	26-Nov-13	Final Rules and FAQs	Additional Medicare Tax
30	17-Dec-13	Notice 2014-6	Transition Relief with Respect to the Tax Credit for Employee Health Insurance Expenses of Certain Small Employers
31	30-Dec-13	Notice 2014-2	Reliance on Proposed Regulations for Tax-exempt Hospitals

Table 5. ACA Guidance Issued by IRS/Treasury			
	Date Issued	**Type of Guidance**	**Subject**
32	30-Dec-13	Notice 2014-3	Proposed Procedures for Charitable Hospitals to Correct and Disclose Failures to Meet § 501(r)
33	23-Jan-14	Notice 2014-10	Section 5000A Transition Relief for Individuals with Certain Government-Sponsored Limited-Benefit Health Coverage
34	26-Mar-14	Notice 2014-23	Eligibility for Premium Tax Credit for Victims of Domestic Abuse
35	28-Mar-14	Notice 2014-24	Health Insurance Providers Fee; Procedural and Administrative Guidance
36	24-Jul-14	Notice 2014-42	Branded Prescription Drug Fee
37	12-Aug-14	Notice 2014-47	Health Insurance Providers Fee
38	18-Sep-14	Notice 2014-49	Section 4980H – Shared Responsibility for Employers Regarding Health Coverage – Approach to Changes in Measurement Periods or Methods Applicable to an Employee
39	18-Sep-14	Notice 2014-56	Adjusted Applicable Dollar Amount for Fee Imposed by §§ 4375 and 4376
40	24-Oct-14	Notice 2014-67	Private business use of tax-exempt bond financed facilities
41	4-Nov-14	Notice 2014-69	Group Health Plans that Fail to Cover In-Patient Hospitalization Services
42	7-Nov-14	Notice 2014-71	Eligibility for Minimum Essential Coverage Under Pregnancy-Based Medicaid and CHIP Programs
43	16-Jan-15	Notice 2015-08	Guidance with Respect to the Tax Credit for Employee Health Insurance Expenses of Certain Small Employers
44	18-Feb-15	Notice 2015-17	Guidance on the Application of Code §4980D to Certain Types of Health Coverage Reimbursement Arrangements
45	23-Feb-15	Notice 2015-16	Section 4980I – Excise Tax on High Cost Employer-Sponsored Health Coverage
46	30-Mar-15	Notice 2015-29	Health Insurance Providers Fee; Procedural and Administrative Guidance
47	10-Apr-15	Notice 2015-30	Penalty Relief Related to Incorrect or Delayed Forms 1095-A

Table 6. ACA Regulations Issued by IRS/Treasury			
	Date Issued	**Type of Guidance**	**Subject**
1	14-Apr-10	RFI	MLR
2	15-Jun-10	Final and Temporary Regulations	Indoor Tanning Services, Cosmetic Services, Excise Tax
3	26-Aug-10	Notice of Availability	Interim Procedures for Federal External Review
4	29-Sep-10	Revenue Procedures 2010-31 & 2010-35	Adoption Tax Credit
5	17-Nov-10	RFI	Federal External Review Process
6	2-May-11	Revenue Procedure 2011-24	Branded Prescription Drug Sales
7	12-Aug-11	NPRM	Health Insurance Premium Tax Credit
8	15-Aug-11	Temporary Regulation & NPRM	Branded Prescription Drug Fee
9	20-Oct-11	Revenue Procedure 2011-52	Adoption Tax Credit
10	3-Feb-12	NPRM	Medical Devise Excise Tax
11	7-Feb-12	Temporary Regulation & NPRM & Revenue Procedure 2012-11	Application for Recognition as 501(c)(29) Organization (Qualified Non-profit Health Insurance Issuers, i.e. CO-OPs)
12	17-Apr-12	NPRM	Fees on Health Insurance Policies and Self-Insured Plans for the Patient-Centered Outcomes Research Trust Fund
13	27-Apr-12	NPRM	Disclosure of Tax Return Information to carry out eligibility requirements for health insurance affordability programs (premium tax-credit eligibility)
14	1-May-12	RFI	Stop Loss Insurance
15	18-May-12	Final Rule	Health Insurance Premium Tax Credit (Guidance for individuals who enroll in QHPs through Exchanges and claim the premium tax credit, and for Exchanges that make QHPs available to individuals and employers)

Table 6. ACA Regulations Issued by IRS/Treasury			
	Date Issued	**Type of Guidance**	**Subject**
16	22-Jun-12	NPRM	Additional Requirements for Charitable Hospitals/tax-exempt hospitals relating to financial assistance and emergency medical care policies
17	5-Dec-12	NPRM and FAQs	Net Investment Income Tax, New Code section 1411 created under ACA section 1402(a)(1)
18	5-Dec-12	NPRM and FAQs	Rules Relating to Additional Medicare Tax
19	7-Dec-12	Final Rule	Taxable Medical Devices
20	28-Dec-12	NPRM	Shared Responsibility for Employers Regarding Health Coverage (§ 4980H)
21	30-Jan-13	Final Rule	Health Insurance Premium Tax Credit
22	30-Jan-13	NPRM and FAQs	Shared Responsibility Payment for Not Maintaining Minimum Essential Coverage
23	1-Mar-13	NPRM	Health Insurance Providers Fee
24	1-Apr-13	NPRM	The $500,000 Deduction Limitation for Remuneration Provided by Certain Health Insurance Providers
25	5-Apr-13	NPRM	Community Health Needs Assessments for Charitable Hospitals
26	30-Apr-13	NPRM	Minimum Value of Eligible Employer-Sponsored Plans and Other Rules Regarding the Health Insurance Premium Tax Credit
27	13-May-13	NPRM	Computation of, and rules relating to, Medical Loss Ratio
28	28-Jun-13	NPRM and FAQs	Information Reporting for Affordable Insurance Exchanges
29	13-Aug-13	Final Rule	Disclosure of Return Information to Carry Out Eligibility Requirements for Health Insurance Affordability Programs
30	14-Aug-13	Final and Temporary Regulations and NPRM	Requirement of a Section 4959 Excise Tax Return and Time for Filing the Return
31	29-Aug-13	Revenue Ruling 2013-17 and FAQs	Same-sex Marriages for Federal Tax Purposes
32	5-Sep-13	NPRM	Information Reporting by Applicable Large Employers on Health Insurance Coverage Offered Under Employer-Sponsored Plans

Table 6. ACA Regulations Issued by IRS/Treasury			
	Date Issued	**Type of Guidance**	**Subject**
33	5-Sep-13	NPRM	Information Reporting of Minimum Essential Coverage
34	26-Nov-13	NPRM and FAQs	Net Investment Income Tax
35	26-Nov-13	Final Rules and FAQs	Additional Medicare Tax
36	26-Nov-13	Final Rules	Health Insurance Providers Fee
37	6-Jan-14	Final Rules	Computation of, and Rules Relating to, Medical Loss Ratio
38	23-Jan-14	NPRM	Minimum Essential Coverage and Other Rules Regarding the Shared Responsibility Payment for Individuals
39	10-Feb-14	Final Rules	Shared Responsibility for Employers Regarding Health Coverage (§ 4980H)
40	5-Mar-14	Final Rules	Information Reporting by Applicable Large Employers on Health Insurance Coverage
41	5-Mar-14	Final Rules	Information Reporting of Minimum Essential Coverage
42	12-Mar-14	RFI	Provider Non-Discrimination
43	7-May-14	Final Regulations	Information Reporting for Affordable Insurance Exchanges
44	3-Jun-14	Correction to NPRM	Minimum Essential Coverage and Other Rules Regarding the Shared Responsibility Payment for Individuals; Correction
45	24-Jul-14	Final and Temporary Rules	Branded Prescription Drug Fee
46	24-Jul-14	Draft Form	Employer Provided Health Insurance Offer and Coverage (Information reporting)
47	24-Jul-14	Draft Form	Health Insurance Marketplace Statement (Information reporting)
48	24-Jul-14	Proposed Temporary and Final Rules	Health Insurance Premium Tax Credit
49	24-Jul-14	Rev. Proc. 2014-41	Methods for determining 162(l) deduction and the premium tax credit for self-employed individuals
50	24-Jul-14	Rev. Proc. 2014-46	2014 monthly national average premium for bronze level QHPs for determining maximum individual shared responsibility payment
51	28-Aug-14	Draft Instructions	Employer Provided Health Insurance Offer and Coverage (Information reporting)

Table 6. ACA Regulations Issued by IRS/Treasury			
	Date Issued	**Type of Guidance**	**Subject**
52	28-Aug-14	Draft Instructions	Health Insurance Marketplace Statement (Information reporting)
53	18-Sep-14	Final Regulations	The $500,000 Deduction Limitation for Remuneration Provided by Certain
			Health Insurance Providers
54	29-Dec-14	Final Rule	Additional Requirements for Charitable Hospitals; Community Health Needs
			Assessments for Charitable Hospitals; Requirement of a Section 4959 Excise Tax
			Return and Time for Filing the Return
55	16-Jan-15	Rev. Proc. 2015-15	2015 monthly national average premium for qualified health plans that have a bronze level of coverage for taxpayers to use in determining their maximum individual shared responsibility payment

THRIFT SAVINGS PLAN (TSP) AUDITS

The Department's FY 2016 budget requests an additional $1.9 million and 2 FTE to conduct audits of the Thrift Savings Plan (TSP).

Mr. Cole: Is the TSP currently audited on an annual basis and are each of the individual TSP funds also separately audited?

Mr. Perez: The Thrift Savings Plan (TSP) was authorized by Congress under the Federal Employees' Retirement System Act of 1986 (FERSA). FERSA charges the Secretary of Labor with establishing a program of audits to assure compliance with applicable legal standards. In enacting FERSA, Congress established the Federal Retirement Thrift Investment Board (FRTIB) to administer the TSP. The Board is an independent "non-appropriated" agency of the Executive Branch. It has five members appointed by the President with the advice and consent of the Senate, and an Executive Director, appointed by the Board. The Board's principal statutory duties are to set policies for investment of the Thrift Savings Fund's assets and for administration of the TSP within the requirements of the Act. The Executive Director carries out the policies established by the Board, which operates as an independent government agency.

EBSA's annual, ongoing audit program is designed to ensure that TSP assets have been properly safeguarded and that appropriate steps have been taken by TSP fiduciaries to comply with FERSA. For over 25 years, the Agency's strategy has been to conduct a specialized fiduciary audit of the operation and administration of the TSP. The Agency establishes and maintains a strategic audit plan, the objectives of which include: (1) reviewing whether the TSP fiduciaries act in the sole interest of the participants and beneficiaries; (2) reviewing whether all plan fiduciaries comply with the fiduciary rules and prohibited transactions requirements of FERSA; (3) reviewing the Plan's security practices with respect to personal and financial data; (4) reviewing benefit records, customer service recordkeeping systems, and administrative policies and procedures; and (5) reviewing investment management organization and operation (in FY 2015, this included review of the G Fund, Lifecycle Funds, and the investment management operations of the C, S, I, and F Funds).

Mr. Cole: What audit activity is the Department proposing to undertake with these funds that isn't already being done?

Mr. Perez: Since FERSA's enactment, the TSP has grown to be the largest retirement plan of its type in the world with 4.7 million accounts and approximately $450 billion in assets. The TSP essentially functions as a very large financial institution, with the responsibility to process participants' varied investment transactions and safeguard their account balances. For example in 2012, the TSP processed over 2 million investment transactions, 3.5 million post-separation withdrawals and 600,000 loan disbursements.

As the TSP has grown (over the last six years plan assets have increased by 50% and the number of participants has increased by 33%), so has the complexity of its operations, particularly with respect to its IT infrastructure. The TSP has recently undergone a major IT restructuring and enhancement in order to accommodate the increasing transaction volumes associated with the

increase in participants and the additional investment options mandated by Congress. Departmental oversight audits suggest that the greatest risks to the TSP systems are IT related, including recommendations to reduce risk by limiting access to sensitive financial and personal data. Based on departmental audit work and several recent security incidents, DOL believes that more funding is needed to improve the quality and scope of the TSP audit program. The requested funding will allow DOL to: (a) reorient and reprioritize some of the Agency's oversight activities to focus on the TSP's overall internal control operating environment, and (b) perform more in-depth reviews of TSP's increasingly complex IT vendor and sub-vendor operating structure, and associated risks.

QUALIFIED PROFESSIONAL ASSET MANAGER (QPAM) EXEMPTIONS

Mr. Cole: Why isn't the Department able to process QPAM exemptions more quickly?

Mr. Perez: The time the Department takes to process an exemption request depends on several factors, many of which are out of the control of the Department. Factors include: (1) the completeness of the exemption application; (2) the responsiveness of the applicant to supplemental information requests made by the Department; (3) the uniqueness and complexity of the transaction that is the subject of the request; (4) the construction and inclusion of conditions necessitated by the subject transaction's particular facts and circumstances; and (5) the receipt and consideration of comments during the comment period.

Mr. Cole: If an applicant satisfies the written regulatory criteria and no interested parties present relevant evidence under the current rules why can't the Department then quickly finalize and approve an application?

Mr. Perez: Pursuant to Section 408(a) of ERISA, the Department must make certain affirmative findings prior to granting an administrative exemption. In order to determine whether the statutory and regulatory criteria have been met, the Department must thoroughly explore the factual information relevant to the subject application. If the Department determines that the regulatory standards for such relief are satisfied and that it should exercise its discretion to propose an exemption, it must then adhere to an orderly process for public notice and comment. Accordingly, the Department publishes proposed exemptions in the Federal Register, and affords interested parties an opportunity to comment or to request a public hearing on the application. Comments and testimony may be received from parties who are directly involved with the subject areas of the exemption or from parties with information they believe would be relevant to the Department's ultimate determination. Even in the absence of public comments and testimony, the Department cannot issue a final exemption until the period for notice and comment has expired. The precise amount of time that the process takes is likely to depend upon a number of variables, including the extent of the public comments, the complexity or range of transactions covered by the exemption, the difficulty of the analysis, the potential dangers to plan participants and IRA owners of granting relief from ERISA's prohibited transaction rules, and the competing demands of other projects in light of the Department's limited resources. Once the final exemption has been approved, it is published in the Federal Register.

Mr. Cole: For pending QPAM exemptions, why is it necessary for Department to re-open comment periods and ignore deadlines for non-germane testimony from parties who are not plan sponsors, participants or beneficiaries?

Mr. Perez: The Department exercises the flexibility to extend a given comment period when it believes the extension is necessary to obtain information from stakeholders who believe they have information relevant to the Department's consideration of a proposed exemption. Comments from persons other than plan sponsors, participants or beneficiaries are considered to the extent the Department believes such testimony may further the Department's ability to construct a protective exemption, or reject an exemption request. The flexibility to consider a wide range of comments is particularly important when the relief requested is not limited to a particular transaction and tightly limited group of parties, but rather would extend for years into the future and encompass a large range of potential transactions with unspecified plans and parties. Accordingly, the Department carefully considers all information from interested parties and exercises discretion in determining germane testimony for administrative exemptions.

Mr. Cole: Will the Department continue to deviate from its written procedures for processing exemptions?

Mr. Perez: The Department does not deviate from its written procedures for processing exemptions and will continue to rely on flexibilities afforded by these written procedures to ensure that plans, plan sponsors, participants and beneficiaries are adequately protected with respect to an administrative exemption and that the notice and comment process is adequately respected.

OSHA TRANSITION TO VOLUNTARY PROTECTION PROGRAMS (VPP)

Mr. Cole: What steps is OSHA taking to ensure greater continuity and provide assistance to employers that grow out of the SHARP program in order to transition to the VPP program?

Mr. Perez: Due to a policy change issued on March 20, 2015, OSHA is no longer requiring employers that grow out of the size limits of the Safety and Health Achievement Recognition Program (SHARP) to transition to the VPP program.

On November 24, 2014, OSHA issued the *Safety and Health Achievement Recognition Program: Updated Size* memorandum. This memorandum was issued in response to information that SHARP and consultation resources intended for small businesses were being provided to small affiliates of very large corporations - some with tens or hundreds of thousands of employees that have the resources and responsibility to ensure safe conditions in their smaller facilities. This memorandum was intended to reaffirm SHARP's focus on small employers. The memorandum reasserted the size requirements for employer participation in SHARP, and provided SHARP sites that exceeded the size requirements the opportunity to remain in SHARP until they could transition to OSHA's Voluntary Protection Program (VPP).

In response to concerns raised about the memo, OSHA issued a revised memorandum. The new policy allows all worksites of any size that are currently participants in SHARP to remain in

SHARP and continue to reapply for SHARP renewal. It also permits current SHARP sites that grow in size beyond the size limits identified in the policy to remain in the program.

Mr. Cole: How much funding did the Department allocate to the VPP program in fiscal year 2014?

Mr. Perez: Funding for VPP is included in the Federal Compliance Assistance budget activity. Federal Compliance Assistance was funded at $69,433,000 in FY 2014.

Mr. Cole: Does the Department believe that sufficient funding is available to meet program demand?

Mr. Perez: The FY 2016 Budget provides sufficient funding for OSHA to fully administer the VPP program. In FY 2016 OSHA will continue to focus on program consistency and oversight, data integrity, and reevaluation of policies for VPP sites with injury and illness rates higher than industry averages.

Mr. Cole: How much additional funding does the Department estimate will be required for the transition of PSM VPP participants?

Mr. Perez: In FY 2016, OSHA plans to fully implement a 5-year demonstration program to give applicants and participants covered by OSHA's process safety management (PSM) standard an alternative method for meeting VPP requirements. This new process would be more appropriate to the hazards faced by companies covered under the OSHA PSM standard. OSHA plans to use a portion of the $4,611,000 requested increase in FY 2016 for Federal Compliance Assistance to cover administrative costs associated with monitoring the transition of approximately 300 PSM VPP participants into the demonstration program.

MSHA INSPECTION OF CLOSED COAL MINES

Mr. Cole: Please describe MSHA's authority and responsibilities for enforcement and inspection of coal mines that are not currently in operation.

Mr. Perez: MSHA follows the statutory definition of a "coal or other mine," under Section 3(h)(1) of the Mine Act, to determine jurisdiction for inspection purposes. Section 3(h)(1) covers three time periods -- present, future, and past -- with respect to land, structures, facilities, equipment, impoundments, ponds, etc., that are "used in," "to be used in," or "resulting from" coal extraction. It also covers two time periods -- present and future -- pertaining to structures, facilities, equipment, etc., that are "used in" or "to be used in" the milling or preparation of minerals.

Section 103(a) of the Mine Act requires a minimum of four inspections a year for underground mines and a minimum of two inspections a year for surface mines. Because workers need to be protected from hazards in the workplace regardless if coal is being produced, mines must be inspected regardless of whether the mine is producing or non-producing, so long as persons are present and performing maintenance activities. The procedures for conducting the inspection of

an underground mine in its entirety at least four times a year and a surface mine in its entirety at least twice a year are set forth in the respective General Inspection Procedures Handbook for Coal Mines.

MSHA's Coal Mine General Inspection Procedures Handbook states that regular safety and health inspections must be conducted at non-producing mines at which persons are working. Inspections are also conducted at mines with impoundments on mine property, even if the mine has been placed in a non-producing status and persons do not regularly work there. At underground mines that are declared inactive by the operator, permanently closed, or abandoned for more than 90 days, inspections of surface areas are conducted to determine compliance with MSHA's requirements for sealing of mines under 30 C.F.R. 75.1711.

MSHA is no longer required to conduct inspections and enforcement once the mine has been sealed and permanently abandoned. If a coal surface mine that does not have impoundments is abandoned and reclamation and re-seeding have been accomplished, MSHA no longer inspects that mine. If a coal surface mine has impoundments, MSHA must inspect the mine until the impoundment is abandoned or breached.

Mr. Cole: At what point in the process of closing a mine is MSHA no longer required to conduct inspections and enforcement at the site?

Mr. Perez: MSHA is involved in inspections and enforcements for the duration of the process of closing of the mine. In order for a mine operator to close and abandon a mine, the operator must submit appropriate documentation to MSHA (e.g., status change reports for dust sampling and underground mine abandonment and closure map). Once the notification has been submitted, the District Manager must ensure that all impacted branches in the district (impoundment, roof control or ventilation departments) are notified that the mine is either being closed or abandoned. The District Manager must also ensure that the underground mine openings are sealed in accordance with MSHA's requirements for sealing of mines. Once MSHA determines that the mine has been sealed and permanently abandoned, MSHA is no longer required to conduct inspections and enforcement at that site.

OFFICE OF ADMINISTRATIVE LAW JUDGES (OALJ) PERM REQUEST

Mr. Cole: Is the request for an additional $3 million and 26 FTE in OALJ in order to reduce the backlog in PERM cases in addition to the $13 million and 17 term FTE requested for this purpose under Federal Administration in the SUIESO account?

Mr. Perez: The OALJ request for $3 million and 26 FTE is in addition to ETA's request of $13 million and 17 term FTE as these offices play different roles in the Permanent Labor Certification Program (PERM). ETA's request is to reduce the escalating backlog of the initial processing of PERM cases. This one-time request will allow ETA's Office of Foreign Labor Certification (OFLC) to reduce the growing backlog of initial PERM case decisions and significantly decrease the amount of time that cases must wait prior to initial processing. With these resources, OFLC projects that 96,450 PERM applications will be processed, which is a 36 percent increase from FY 2014.

As ETA reduces its backlog, the new cases received at OALJ for review of ETA's initial decisions will increase from 2,500 projected in FY 2015 to 5,740 cases in FY 2016, which is a 130 percent increase. The requested OALJ resources will increase productivity of case processing by an additional 4,085 PERM cases per year above the 2,215 cases already in the base budget for a total of 6,300 cases to be disposed in FY 2016. This is a 184 percent increase in OALJ productivity, which will reduce backlogs from 28 months at the end of FY 2015 to nine months at the end of FY 2016.

DOL PROGRAM EVALUATION ACTIVITIES

Mr. Cole: Please describe how grant making authority would help improve the Department's program evaluation efforts.

Would grant funds be used to evaluate existing programs, projects and activities or pilot new workforce intervention strategies?

Mr. Perez: In the FY 2016 budget submission, the Department of Labor is requesting grant-making authority for the Chief Evaluation Office (CEO), within the Departmental Management budget category. Currently, the CEO funds independent third-party evaluations through formal competitive contract procurements. To further the Department's overall mission, grant-making authority will enable CEO to pursue more flexible options and gain efficiencies to test innovations, provide further evidence of what works, and encourage academie evaluations on labor topics.

For example, there is strong evidence that Reemployment and Eligibility Assessments (REAs) work from a study in Nevada, but we need to learn more. Currently an evaluation is underway with additional states to determine which aspects and which types of REA are most effective. In the current authority, CEO procured an evaluation contractor to conduct the evaluation and develop agreements with two –four states to provide the resources needed for their data and other participation resources. With grant making authority, CEO could directly provide resources to states through a competitive process and independently procure an evaluation contract to determine the effectiveness of these grants.

Other research and evaluation offices, such as within the Employment and Training Administration, currently have authority for grants to fund pilots, demonstrations, and evaluations. Having grant-making authority in CEO will provide the Department with an additional tool to evaluate and strengthen the effectiveness of agency initiatives and programs.

DOL EVALUATION TRANSFER AUTHORITY

Mr. Cole: Please provide a table showing the amount of funding set-aside through the Department's evaluation transfer authority in fiscal year 2015 including the total amounts from each account that was transferred.

Mr. Perez: While the Department has not completed the transfer process, the following table summarizes the planned transfers for FY 2015. These amounts may change as agencies evaluate their needs during the remainder of the fiscal year.

U.S. Department of Labor
Transferred Obligations by Activity

Employment and Training Administration
Training and Employment Services Account
(160174)

Obligations by Activity

Transfers-Out:

Activity	FY 2015 Appropriation	Post Transfer Level	Proposed Transfer (+) or (-)
Training and Employment Services	$3,139,706,000	$3,131,857,000	-$7,849,000
Adult Employment and Training	$776,736,000	$774,593,000	- $2,143,000
Youth Activities	$831,842,000	$829,547,000	-$2,295,000
Dislocated Worker Employment and Training Activities Dislocated	$1,015,530,000	$1,012,728,000	-$2,802,000
Worker National Reserve	$220,859,000	$220,250,000	-$609,000
All other TES accounts	$294,739,000	$294,739,000	$0

Employment and Training Administration Office of Job Corps Account (160181)

Obligations by Activity

Transfers-Out

Activity	FY 2015 Appropriation	Post Transfer Level	Proposed Transfer (+) or (-)
Office of Job Corps	$1,688,155,000	$1,683,935,000	-$4,220,000

Employment and Training Administration Community Service Employment Account (160175)

Obligations by Activity

Transfers-Out

Activity	FY 2015 Appropriation	Post Transfer Level	Proposed Transfer (+) or (-)
Community Service Employment	$434,371,000	$433,285,000	-$1,086,000

Employment and Training Administration State Unemployment Insurance and Employment Service Operations Account (160179)
Obligations by Activity

Transfers-Out

Activity	FY 2015 Appropriation	Post Transfer Level	Proposed Transfer (+) or (-)
State Unemployment Insurance and Employment Service Operations	**$3,597,150,000**	**$3,588,157,000**	**-$,993,000**
SUIESO State Operations	$2,684,793,000	$2,677,584,000	-$7,209,000
SUIESO ES Grants to States	$664,184,000	$662,400,000	-$1,784,000
All other SUIESO accounts	$248,173,000	$248,173,000	$0

Departmental Management Salaries and Expense Account
Obligations by Activity

Activity	FY 2015 Appropriation	Post Transfer Level	Proposed Transfer (+) or (-)
1. Program Evaluation	$8,040,000	$30,188,000	+$22,148,000

Mr. Cole: How much additional funding does the Department anticipate setting aside for this purpose should the transfer authority be increased to 1 percent as requested in fiscal year 2016? What evaluation activities does the Department plan to undertake with the additional funding?

Mr. Perez: Allowing the Department's programs to transfer up to 1% of their appropriation for specific program related evaluations will provide increased flexibilities if such a need arises to ensure the Departments programs and grants are evaluated. For example, the Workforce Innovation and Opportunity Act includes several important evaluation requirements that the Department may need to access additional funding to carry out. The Department will continue to provide notification to the Appropriations Committees, as we have done in previous years, for all transfers.

GOLD STANDARD EVALUATION OF WORKFORCE TRAINING PROGRAMS

Mr. Cole: Is the Department's Gold Standard evaluation of workforce training programs still on track to release first impact estimates by December 2015?

Mr. Perez: The WIA Gold Standard Evaluation Interim Impact Report, the first impact report, will present the results from the 15-month follow-up participant survey. The Interim Impact Report will be submitted to the Department in late 2015 and is scheduled to be released in mid-2016 following Departmental review and clearance. The Final Impact Report is scheduled to be released in early 2018.

REGULATIONS

Mr. Cole: In the Department of Labor budget factsheet, it references updating regulations regarding who qualifies for overtime protections. Which regulations will the Department propose to update?

Mr. Perez: On March 13, 2014, President Barack Obama issued a memorandum to the Secretary of Labor that directed the Department to modernize and streamline the existing overtime regulations for executive, administrative, and professional employees. See 79 FR 18737. As a result, the Department intends to propose changes to 29 C.F.R. part 541 "Defining and Delimiting the Exemptions for Executive, Administrative, Professional, Computer and Outside Sales, Employees". Proposed changes will be subject to public comment before they are made final.

UNIFIED REGULATORY AGENDA

Mr. Cole: According to the most recent Unified Regulatory Agenda, OSHA expects to finalize changes in reporting injuries and illness that occur at the worksite. Does the Department believe this rule will actually make workplaces safer and if so, how?

Mr. Perez: The Department believes that this rule will make workplaces safer through improved prevention of workplace injuries and illnesses via better identification of the workplaces where workers are at greatest risk. This will enable OSHA to better target its compliance assistance activities, including referrals to its free onsite consultation programs. It will also enable OSHA to better target its enforcement efforts by targeting inspections at workplaces with the highest injury and illness rates.

In addition, the Department believes that access to public, easily-available, timely, establishment-specific injury/illness information will help employers, employees, potential employees, customers, the public, and researchers make workplaces safer by using the data to identify, evaluate and abate occupational hazards through the following means:

- Employers will be able to compare their own injury/illness rates to those of other employers in their industry, which will encourage employers and employees at some particularly dangerous workplaces to identify issues and focus on hazard-reduction activities.
- Potential employees will be able to make more informed decisions about potential places of employment. In addition, the preferential selection of safer employers by workers will encourage employers to improve workplace safety conditions in order to reduce injury rates and attract more skilled employees.
- Researchers will be able to identify patterns of injuries or illnesses that are masked by the aggregation of injury/illness data in existing data sources.

Mr. Cole: How will the Department ensure that personally identifiable information and other sensitive employee data such as medical information will not be disclosed on the OSHA website? Will OSHA ensure that all data published on its website is consistent with the protective provisions of the Freedom of Information Act, the Privacy Act, the Trade Secrets Act and the provisions of 29 C.F.R. 1904?

Mr. Perez: The publication of specific data elements will in part be restricted by provisions of the Freedom of Information Act and the Privacy Act, as well as specific provisions within Part 1904.

To avoid publishing Personally Identifiable Information (PII) by mistake, OSHA will comply with the May 22, 2007, OMB Memorandum for the Heads of Executive Departments and Agencies, "Safeguarding Against and Responding to the Breach of Personally Identifiable Information" (OMB Memorandum M-07-1616).

Finally, OSHA will ensure that all data published on its website will be consistent with the protective provisions of the Freedom of Information Act, the Privacy Act, the Trade Secrets Act, and the provisions of 29 C.F.R. 1904.

Mr. Cole: How much funding is requested in the fiscal year 2016 budget to implement and administer the proposed tracking regime?

Mr. Perez: In the FY 2016 budget request, no additional funding was requested for this requirement, and the Agency will administer the tracking through base funding.

EBSA FY 2016 BUDGET REQUEST

Mr. Cole: In the Department's budget request for FY 2016, EBSA is requesting an additional $20 million and 41 FTE for tasks under its existing responsibilities and unrelated to responsibilities associated with the proposed fiduciary rule. Please describe the enforcement regime envisioned for the fiduciary rule.

Mr. Perez: The DOL enforcement regime for EBSA promotes the protection of pension and welfare benefits under ERISA by ensuring a strong and effective national and field office enforcement program through: (1) policy formulation; (2) project identification and program planning; (3) guidance development and implementation; (4) field liaison; (5) field and project evaluation; (6) investigations to detect and correct violations of Title I of ERISA and related criminal laws.

Historically, after the implementation of a new regulation like the proposed fiduciary rule, the Department carefully develops an enforcement strategy that includes training and guidance to the investigative staff, identifying effective targeting techniques, promoting voluntary compliance, and determining the allocation of adequate resources for competing enforcement priorities.

Mr. Cole: What agencies will be responsible for enforcement of the final rule?

Mr. Perez: EBSA is the agency within the Department of Labor responsible for administration and enforcement of Title I of ERISA. These responsibilities will include enforcement of a final rule on conflicts of interest and investment advice fiduciaries. DOL already works cooperatively with other federal and state agencies with regulatory responsibilities that relate to employee benefit plans, and we would expect such cooperative efforts to include enforcement activities under the final rule in appropriate cases. Also, to the extent persons or organizations are investment advice fiduciaries under the final rule they may be covered by excise tax provisions in section 4975 of the Internal Revenue Code. The Internal Revenue Service would be responsible for enforcement of those excise taxes.

Mr. Cole: What estimates have each of these agencies or OMB developed for the costs of implementing and enforcing the rule?

Mr. Perez: Because the fiduciary rule has not been finalized, the scope of any potential need for additional resources has not been determined. The FY 2016 budget request for an additional $20 million and 41 FTE does not include any funding or FTE for responsibilities associated with the conflict of interest rule. After the final rule is published and becomes effective, DOL expects that enforcement activities would be undertaken as part of its overall budget for conducting enforcement, outreach/education, and regulatory activities with respect to its areas of responsibilities under ERISA and Reorganization Plan No. 4 of 1978. We expect that our experience with implementation and enforcement of a final conflict of interest rule would be a basis for any request for additional funding or FTE resources in future years.

Mr. Cole: Are any funds requested for this purpose in the FY 2016 budget? When is it expected the resources will be needed?

Mr. Perez: DOL has not requested specific funds for implementing and enforcing the rule in FY 2016. As noted above, DOL expects that its experience with implementation and enforcement of a conflict of interest rule once it is finalized could inform its analysis of whether a request for additional funding or FTE resources is appropriate in future budget requests.

Mr. Cole: Were any Department of Labor appropriations used to develop content that appears on the saveourretirement.com website?

Mr. Perez: No. DOL appropriations or resources were not used to develop the website. Any DOL content that the website sponsors added to their website was independently developed by DOL for its own website and is generally available for public use. For example, there is a motion graphic on the saveourretirement home page which was developed by DOL and published on DOL's Protect Your Savings site (www.dol.gov/featured/protectyoursavings/). Similarly, under the saveourretirement resources page, there is a link to the "Common DOL Fiduciary Questions and Answers" Fact Sheet, written by the Consumer Federation of America, which links to the U.S. Department of Labor, Employee Benefits Security Administration, Private Pension Plan Bulletin Historical Tables and Graphs (June 2013) (www.dol.gov/ebsa/pdf/historicaltables.pdf), which is also publicly available information.

OFCCP PROPOSED DATA COMPENSATION TOOL

Mr. Cole: OFCCP's proposed Data Compensation Tool will require contractors to file a new report on employee compensation. Based on the data OFCCP already collects why is this rule necessary?

Mr. Perez: OFCCP currently collects information from contractors about their employees' compensation only from those contractor establishments that OFCCP schedules for compliance reviews or investigates pursuant to a compensation discrimination complaint. Thus, in searching for pay discrimination violations, OFCCP is limited to the data provided by the nearly 4,000 contractors and subcontractors it evaluates annually. This cohort is a small fraction of the more than 116,000 establishments that are estimated to fall under OFCCP's jurisdiction. Using some combination of aggregate contractor summary compensation data and data from publicly available sources such as the Bureau of Labor Statistics and American Community Survey would allow OFCCP to develop a data-driven approach for identifying and focusing OFCCP's evaluations and resources on Federal contractors that have potentially discriminatory compensation differences when compared to an objective industry standard.

A Presidential Memorandum issued on April 8, 2014, directed the Secretary of DOL to develop a compensation data proposal that would: (1) maximize the efficiency and effectiveness of the agency's enforcement and its ability to focus on more likely violators; (2) minimize, to the extent feasible, the burden on Federal contractors and subcontractors, especially small businesses and small nonprofit organizations; and (3) use the data collected to encourage greater voluntary compliance and to identify and analyze industry trends. The Memorandum also encouraged DOL to develop a proposal that relies on existing reporting requirements and frameworks to the extent feasible, and to consider available independent studies regarding the collection of compensation data.

DOL issued the NPRM on August 8, 2014, and the comment period closed on January 5, 2015. The Department is currently reviewing the comments received on this NPRM, including comments on the necessity of the rule.

Mr. Cole: Is data from employees' W-2 forms the most accurate way to determine total compensation?

Mr. Perez: The NPRM for the Data Compensation Tool proposed collecting W-2 wages because (1) W-2 wages account for a broad range of pay elements such as bonuses and commissions, (2) existing contractor systems currently gather and report W2 earnings data, and (3) W2 earnings are most appropriate for setting objective industry standards because all contractors must annually report W2 earnings to the IRS.

The comment period for this NPRM closed on January 5, 2015. The Department is currently reviewing the comments received on this NPRM, including comments on the appropriate data to use to measure wages.

IMPLEMENTATION OF EO 13673

Mr. Cole: What role does the Department have in the implementation of EO 13673 "Fair Pay and Safe Workplaces?"

Mr. Perez: EO 13673 directs the Secretary of Labor, among other things, to issue guidance for determining whether labor law violations are serious, repeated, willful, and pervasive; and develop processes as part of the Executive Order's implementation. Proposed guidance is expected to be published soon in the Federal Register for public comment, along with proposed FAR Council regulations. The Department is also committed to helping contracting officers and the contracting community get the information they need to understand their obligations under the Executive Order, and will work with agency Labor Compliance Advisors to ensure consistent application of the requirements across the Government. We also plan to provide opportunities for contractors and subcontractors to engage early with DOL's enforcement agencies when they know they have violations that may require remediation, so the results of those engagements can be used by contracting officers to help establish responsibility when a contractor bids for work.

Mr. Cole: Please provide a table listing all funding amounts and FTE that are being requested in the fiscal year 2016 budget and are proposed to be used to assist with the implementation of this order.

Mr. Perez: The funding included in the FY 2016 Budget Request is for $2.62 million and 15 FTE to facilitate cross-agency sharing of enforcement data and information to improve the targeting of enforcement and compliance assistance efforts. These resources will improve the effectiveness of compliance efforts by leveraging the resources of all relevant agencies and government Departments.

OSHA PROPOSED SILICA STANDARD

Mr. Cole: A study recently released by the Construction Industry Safety Coalition found that OSHA's proposed silica standard will cost the construction industry $5 billion per year. This is approximately $4.5 billion more than OSHA cost estimate for the industry. To what does the Department attribute such a huge difference?

Mr. Perez: OSHA has been carefully reviewing the extensive comments and other submissions in the rulemaking record concerning the Agency's proposed silica standard. This includes documents and testimony submitted by the Construction Industry Safety Coalition while the rulemaking record was open. The Agency is still in the process of reviewing commenters' alternative cost estimates and reconciling them with OSHA's estimates.

Mr. Cole: OSHA has historically recognized the uniqueness of the construction industry, changing working environments, and vast number of tools and trades. Will OSHA commit to instituting alternatives that are technologically and economically feasible for the construction industry that meet OSHA's goal of protecting workers from silica exposure?

Mr. Perez: Yes. The Occupational Safety and Health Act of 1970 (the OSH Act) mandates that any final rule issued by OSHA must be feasible for affected industries [29 U.S.C. 655(b)(5)]. Consequently, OSHA will ensure that any silica standard applicable to the construction industry will be technologically and economically feasible for that industry, while protecting workers from the adverse health effects caused by silica exposure.

Mr. Cole: Please describe the enforcement regime the Department plans to implement including how enforcement will be targeted and the sampling equipment that will be used to determine compliance.

Mr. Perez: Final decisions on OSHA's enforcement regime that will be used to target and determine compliance must, of course, await formulation of a final standard. However, the general intention is for OSHA to continue using the policies and procedures implemented in its National Emphasis Program (NEP) for Crystalline Silica (CPL 03-00-007, dated January 1, 2008) to target workplaces where silica is a concern. OSHA would likely update its NEP Instruction as necessary to align its existing inspection procedures with any new provisions.

Targeted enforcement would likely be accomplished by a combined effort of compliance assistance and inspection targeting at work sites that likely create high silica exposures. OSHA would also continue to investigate silica-related complaints or referrals from other government entities.

Outreach to stakeholders such as employer groups, temporary employment agencies, as well as partnerships with groups representing employees would be used to enhance public knowledge and increase compliance.

The collection of airborne crystalline silica is currently done using a 10-mm nylon Dorr-Oliver cyclone with a personal sampling pump; the respirable dust collected is then deposited onto a 5-

m pore size, 37-mm diameter polyvinyl chloride (PVC) filter for analysis. OSHA may continue to use this method of sampling following the publication of any final rule, but this determination, like the others discussed above, could depend on the Agency's final decisions after it completes its review and analysis of stakeholder comments and submissions.

Mr. Cole: The FY 2016 budget states that the Department anticipates finalizing the silica rule in FY 2016. Of the funds requested for OSHA, how much does the Department estimate will be used for implementation and enforcement of the final silica rule?

Mr. Perez: When OSHA issues a final rule, the Agency allows sufficient time for the regulated community to obtain the rule and understand its requirements, undertake the planning and preparation necessary for compliance, and implement measures needed for compliance. Although OSHA anticipates finalizing the silica rule in FY 2016, the Agency does not expect to begin enforcing the rule in FY 2016. OSHA does anticipate that substantial resources will be devoted to outreach and compliance assistance efforts related to respirable crystalline silica in FY 2016, as well as continued enforcement of the Agency's current permissible exposure limits (PELs) for respirable crystalline silica.

OSHA REQUEST FOR INFORMATION (RFI)

Mr. Cole: On October 10, 2014, OSHA issued a request for information (RFI) on chemical management and permissible exposure limits where the agency outlined the review of its overall approach to managing chemical exposures in the workplace and sought stakeholder input about different regulatory approaches. Will OSHA commit to following the process for promulgating standards set forth in the OSH Act, established case law on the promulgation of health standards, and the Regulatory Flexibility Act which requires federal agencies to review regulations for their impact on small businesses and consider less burdensome alternatives?

Mr. Perez: The Chemical Management RFI will have no impact on the existing regulatory process by which OSHA promulgates health standards. The purpose of the RFI is to solicit information about approaches the Agency may take to address the serious problem of OSHA's outdated permissible exposure limits and to better assist employers in managing the risk from exposure to chemicals. The ideas and concepts that are explored in the RFI will not circumvent legal requirements established under the OSH Act, the Regulatory Flexibility Act, and other legislative mandates for promulgating new standards.

OES WAGE LEVELS

Mr. Cole: Has the Department's ability to issue H-2B prevailing wage determinations using the OES wage levels, pursuant to the 2013 IFR ever been challenged in court?

Mr. Perez: The 2013 interim final rule's (2013 IFR) requirement that prevailing wages based on the OES survey be set at the OES mean has not been challenged in court. The issuing of OES prevailing wage rates at "skill levels" under the 2008 rule was challenged. In *Comite de Apoyo a los Trabajadores Agricolas v. Solis* (CATA II), 933 F. Supp. 2d 700 (E.D. Pa. 2013), the court vacated the regulatory provision authorizing the four-tiered wage structure and

remanded the matter to DOL, ordering it to comply within 30 days. In response, DOL and DHS issued the 2013 IFR, which requires prevailing wages based on the OES survey to be set at the OES mean, rather than at OES skill-based "skill levels" as under the 2008 rule. The 2013 IFR left in place all other provisions of the 2008 rule, including the rest of the prevailing wage methodology and all procedures for requesting a prevailing wage. The 2013 IFR was replaced by a new final H-2B wage rule, published and effective on April 29, 2015.

Mr. Cole: Why can't the Department continue to provide DHS with OES-based prevailing wage determinations?

Mr. Perez: The combination of court decisions vacating the 2008 H-2B rule, then the regulatory provision permitting employer-provided surveys and finally the rest of the 2008 regulations for requesting and issuing prevailing wages, left DOL without a complete methodology or any procedures to set prevailing wages in the H-2B program until the court's stay. DOL is now processing all prevailing wage requests under the new final H-2B wage rule, published and effective on April 29, 2015. The rule allows for OES-based prevailing wage determinations as well as private surveys in limited circumstances.

Questions for the Record from Mr. Simpson

REGARDING RAISING MINIMUM WAGE TO $10.10 PER HOUR FOR OUTFITTERS WITH A FEDERAL PERMIT (DONE BY EXECUTIVE ORDER ON OCTOBER 1, 2014)

Mr. Simpson: When the Department of Labor (DOL) issued this EO, did you take into account outfitters and guides with permits on public lands and the impacts it could have on their business?

Mr. Perez: Yes, the Department of Labor expressly considered outfitters and guides with permits on Federal lands when we issued our final rule implementing the Executive Order. The Department engaged in notice and comment rulemaking when we issued our regulations. In response to the Department's proposed rule, we received a few comments seeking clarification and expressing concern about the coverage of outfitter and guide permits. The Department carefully considered these comments and thoroughly addressed them in our final rule. *See, e.g.*, 79 Fed. Reg. 60652, 60655-57 (Oct. 7, 2014).

Mr. Simpson: In your rule, you threaten to disbar any permit holder for failure to apply this rule to their subcontractors. How can small, family run businesses in rural Idaho figure out who is a subcontractor under your rules and then be the Department of Labor's enforcement arm to make those subcontractors comply?

Mr. Perez: As with a number of other contracting requirements, the provisions of the Executive Order that are applicable to covered prime contracts and contractors apply with equal force to covered subcontracts and subcontractors. Given the long-established practice of the "flow-down" of requirements from prime contractors to subcontractors, the Department expects that prime contractors that contract with the Federal Government know when they subcontract out work to subcontractors. Moreover, the SCA and the DBA both have "flow-down" liability

provisions that are comparable to the provisions in the Department's regulations implementing the Executive Order, with which federal contractors should already be familiar.

The contractor and any subcontractor will include in any covered subcontracts the Executive Order minimum wage contract clause and will require, as a condition of payment, that the subcontractor include the minimum wage contract clause in any lower-tier subcontracts. As a practical matter, the federal contracting agency will include the required contract clause in its contract with the prime contractor and that clause will specifically direct the prime contractor as well as all lower-tier subcontractors to include the same clause verbatim in their covered subcontracts. The prime contractor and any upper-tier contractor are responsible for the compliance by any subcontractor or lower-tier subcontractor with the Executive Order minimum wage requirements, whether or not the contract clause was included in the subcontract.

Finally, the Department notes that the debarment remedy does not attach to all violations of the Executive Order. As explained in the Department's final rule, debarment is only appropriate when a contractor is found by the Secretary of Labor to have disregarded its obligations to workers or subcontractors under the Executive Order or the Department's regulations. The Department also notes that it provides extensive compliance assistance and is committed to providing its customers America's employers, workers, job seekers and retirees -- with clear and easy to access information on how to comply with federal employment laws.

Mr. Simpson: Please explain why guides and outfitters do not qualify for the seasonal recreational establishment exemption under the FLSA which would invalidate the applicability of this new rule?

Mr. Perez: Guides and outfitters may qualify for the seasonal recreational establishment exemption under the FLSA if they satisfy all of the criteria for the exemption set forth at 29 U.S.C. 213(a)(3). That statutory provision exempts employees of certain amusement and recreational establishments from the minimum wage and overtime provisions of the FLSA. The exemption expressly states that it does not apply with respect to any employee of a private entity engaged in providing services or facilities (other than, in the case of the exemption from the minimum wage requirements of the FLSA, a private entity engaged in providing services and facilities directly related to skiing) in a national park or a national forest, or on land in the National Wildlife Refuge System, under a contract with the Secretary of the Interior or the Secretary of Agriculture. If the guides and outfitters mentioned in this question provide services in a national park under a contract with the Secretary of the Interior, for example, Congress has determined that the FLSA's seasonal recreational establishment exemption does not apply to them.

Neither Executive Order 13658 nor the Department's implementing regulations affect the scope or applicability of the seasonal recreational establishment exemption under the FLSA. In order for the minimum wage protections of the Executive Order to extend to a particular worker performing on or in connection with a covered contract, that worker's wages must be governed by the FLSA, the Service Contract Act (SCA), or the Davis-Bacon Act (DBA).

SHEEP HERDERS ISSUE WITH H-2A VISA PROPOSED RULE EXPECTED TO BE RELEASED ON APRIL 15, 2015

Mr. Simpson: Can DOL work with the sheep and cattle herders so we can come up with a workable solution that recognizes the unique aspect of this business that doesn't harm the industry as a whole?

Mr. Perez: DOL recognizes the unique nature of this industry and its importance to U.S. agriculture. Over the last several months, the Department held meetings with representatives of sheep and cattle herders, as well as the National Council of Agricultural Employers, to discuss new regulations as a result of *Mendoza v. Perez,* in which the court held that DOL violated the Administrative Procedure Act by promulgating special procedures for the sheep herder industry without public notice and an opportunity for comment. DOL published in the Federal Register on April 15, 2015, a Notice of Proposed Rulemaking (NPRM) on the special procedures covering occupations involved in sheep herding, goat herding and the open range production of livestock through notice and comment process in accordance with the APA. This NPRM provides for a public comment period during which the affected industries and other interested stakeholders will have the opportunity to provide input regarding the proposed variances and wage-setting methodology for the covered occupations. In response to requests from stakeholders, DOL has extended the comment period for the NPRM to allow adequate time for stakeholders to develop and submit feedback. Thereafter, the Department will review the comments and will develop a Final Rule for publication in the Federal Register. DOL encourages the submission of all information pertinent to its effort to issue special procedures for these industries through the notice and comment process of the APA.

Questions for the Record from Mr. Harris

WORKFORCE INNOVATION AND OPPORTUNITY ACT OF 2014 AND THE CONSOLIDATED APPROPRIATIONS ACT OF 2015

Three out of four Job Corps centers (95) are operated by private businesses. Historically, the government used full and open competition to select businesses that would deliver the best student outcomes and value to the government as required by the Competition in Contracting Act. Pursuant to Subpart 19.502-2 of the Federal Acquisition Regulations, a fair proportion of contracts were exempted from requirements for full and open competition if DOL determined that at least two small businesses were both responsible and capable of offering fair market prices. At the start of this Administration, it was announced at a small business contracting conference that any small business with a line of credit and a single former Job Corps employee would be deemed responsible and capable of offering fair market prices. Since 2009, the number of restricted procurement competitions increased over 100%, from 16 to 33. In response, last year the Congress included language in WIOA to make the eligibility criteria for prospective Job Corps center operators far more rigorous. However, since the start of 2014, DOL has issued 24 Job Corps procurements with fewer than 40% utilizing full and open competition.

Mr. Harris: In the Consolidated Appropriations Act of 2014, the Workforce Innovation and Opportunity Act of 2014 and the Consolidated Appropriations Act of 2015, Congress made

it clear that it was concerned about the high number of set asides, especially among high performing Centers.

How is the Employment and Training Administration (ETA) responding to Congress' concerns?

How does the ETA make the decision to set aside a Job Corps Center contract for small business bids only, especially when the Center is high performing?

Mr. Perez: The Department complies with all applicable statutes and regulations, including the Competition in Contracting Act, the Small Business Act, and Federal Acquisition Regulation (FAR), as well as both the Fiscal Year 2014 and 2015 Appropriations Acts and the Workforce Innovation and Opportunity Act, when conducting procurements related to the Job Corps program. These statutes and regulations establish the policies and requirements for procurements, including those set aside for small businesses.

Consistent with these requirements, the Department has conducted market research for all Job Corps procurements so that the Department can understand more about the potential marketplace for Job Corps contractors. One part of this market research is an extensive sources sought notice that requests information from contractors on their qualifications in 12 different capability areas, including describing organizational experience operating a large scale job training program similar in size and scope to a Job Corps center and offering career and technical education and training; demonstrated record of placing at-risk youth into employment and postsecondary education; financial management experience with a cost reimbursement type contract and access to sufficient financial resources. For all market research conducted after January 1, 2015, this process will include the new WIOA selection criteria. Based on the information received from the market research process, the contracting officer must set the procurement aside for small businesses if she determines that there are two or more small businesses capable of performing the contract and that award will be made at fair market prices.

Mr. Harris: It is clear that the Job Corps program is in the midst of a serious procurement problem. This year, JC celebrates its 50th anniversary. For more than 45 years, the contract procurement process had run smoothly. Beginning in 2010, however, the ETA has allowed a significant procurement backlog to build. The key precipitating action seems to be when key financial and contract administration functions were removed from OJC and moved to the newly established ETA/Office of Contract Management and ETA/Office of Financial Administration. Now under the oversight of the Assistant Secretary for the Employment and Training Administration as opposed to the National Director of Job Corps, the officials managing these functions have no expertise concerning the Job Corps program. Do you believe that the ETA can manage the Job Corps procurement backlog?

Mr. Perez: Yes, the Department developed a plan in 2013 for tackling the backlogged procurements. In January 2014, ETA published the plan, obtained contractor feedback through public webinars, and revised and re-issued the plan to eliminate a backlog. The Department continues to implement that plan.

Mr. Harris: Does the process of contract procurement, as handled outside of the Office of Job Corps, work and serve the best interest of Job Corps students?

Wouldn't the program be better served by having its financial and contracting management under the direct supervision of the National Director of Job Corps?

Mr. Perez: Working closely together, the Office of Contracts Management, Office of Financial Administration and Office of Job Corps monitor the procurement process to ensure that the best interest of Job Corps students remains a priority. With the partnership between the three offices, the Job Corps program has checks and balances that ensure effective controls and reduce the risks that can challenge successful management of the Job Corps program, which will also strengthen the experience of students who attend Job Corps. Further, the addition of a single administrator overseeing contracts in the national office has increased oversight of all Job Corps contracts, centralized procurement, and prioritized ensuring contract staff are properly trained in accordance with the FAR.

Questions for the Record from Mr. Dent

RESUMPTION OF H-2B PROCESSING

Mr. Dent: DOL and DHS have expressed to Congress their intention to issue an interim final rule to allow the resumption of H-2B processing by April 30. Many employers need their workers now and are losing money and business with every day that the program is shutdown. What steps are the Departments taking to resume processing prior to April 30?

Mr. Perez: DOL shares the interest in the continued operation of the H-2B program and has taken prompt actions to address the problem. DOL requested a temporary stay of the court order in *Perez v. Perez*, which was granted on March 18, 2015. Upon receiving the temporary stay, DOL immediately resumed issuing labor certifications and prevailing wage determinations under the 2008 H-2B rule as modified by the 2013 IFR. DOL also published FAQs on its website at www.foreignlaborcert.doleta.gov in order to assist employers and other stakeholders in understanding the scope and effects of the court's order. In addition, DHS resumed adjudications of H-2B petitions based on temporary labor certifications previously issued by DOL. DOL and DHS released an interim final rule governing the issuance of temporary labor certifications in the H-2B program. This regulation was published in the Federal Register on Wednesday, April 29, 2015.

DOL H-2B RULEMAKING AUTHORITY

Mr. Dent: With respect to the H-2B program, Congress directed DOL to consult with the Department of Homeland Security. DOL does not have rulemaking authority under the program. What assurances can you provide to the committee that a new interim final rule will limit the role of DOL in administering the program to the consultant function mandated by Congress?

Mr. Perez: In order to ensure that there would be no question about the authority for and validity of the regulations in this area, DHS and DOL jointly issued an interim final rule

governing the issuance of temporary labor certifications in the H-2B program. This regulation was published in the Federal Register on Wednesday, April 29, 2015. The interim final rule is consistent with the role of each agency under the Immigration and Nationality Act (INA). Section 214(c)(1) of the INA requires DHS to consult with "appropriate agencies of the Government" before adjudicating an H-2B petition. DHS, in conjunction with DOL, has determined that the best way to provide this consultation is by requiring the employer to first apply for a temporary labor certification from DOL before filing an H-2B petition, and DHS has put this requirement in its regulation, 8 CFR 214.2(h)(6)(iii)(A). The temporary labor certification serves as DOL's expert consultation and advice to DHS on whether U.S. workers capable of performing the services or labor are available, and whether the employment of the foreign worker(s) will adversely affect the wages and working conditions of similarly employed U.S. workers.

WAGE SURVEYS

Mr. Dent: In December, in response to a court order, DOL stopped issuing prevailing wage determinations based on employer provided wage surveys. These surveys are important because in many cases, they allow employers to establish a more accurate representation of local wage rates than those provided by the DOL's Occupational Employment Statistics (OES) database. Does DOL have any plans to again allow the use of wage surveys to allow employers to arrive at the most accurate representation of wages in their local area?

Mr. Perez: DOL issued an interim final regulation in April 2013, which expressly permitted the use of private wage surveys. However, on December 5, 2014, in *Comité de Apoyo a los Trabajadores Agricolas v. Perez (CATA III)*, the Third Circuit held that the Department's regulation, 20 CFR 655.10(f), permitting the use of employer-provided surveys to set the prevailing wage for an H-2B occupation, was invalid. Consequently, the court vacated that regulation along with the 2009 Guidance that the Department used to assess survey quality. As a result of the court's vacatur, DOL stopped accepting employer-provided wage surveys in the H-2B program. DOL and DHS issued an H-2B wage rule that, effective upon publication, sets the conditions under which employer-provided surveys are accepted in the H-2B program, consistent with the court's decision in *CATA III*. This regulation was published in the Federal Register on Wednesday, April 29, 2015.

SMALL BUSINESS COMPLIANCE

Mr. Dent: At present, your agency has approximately 1,500 individuals enforcing OSHA standards, yet only approximately 250 individuals tasked with compliance assistance for companies that want to follow the law. Mr. Secretary, with the need for safe work places, why have you requested funding for additional enforcement employees, but not for employees devoted to compliance assistance?

Mr. Perez: To be most effective in preventing injuries, illnesses and fatalities, OSHA uses a range of tools and strategies. These include fair and strong enforcement, compliance assistance, and education, and we have proposed increases in several areas to maintain the balance of approaches, including critical cost-of-living increases for compliance assistance. OSHA realizes

that the vast majority of employers want to do the right thing and protect their workers from harm on the job -- and OSHA is committed to helping them do so.

The enforcement increases are, however, well justified. In light of the 2013 West Fertilizer catastrophe in West, TX, and the potential for other high-impact events, including those at PSM-covered chemical plants and refineries, OSHA is requesting $2,700,000 and 20 FTE to support the President's Executive Order (EO) 13650, "Improving Chemical Facility Safety and Security."

As a co-chair of the Chemical Facility Safety and Security Working Group tasked with implementing that Executive Order along with representatives from the Department of Homeland Security and the Environmental Protection Agency (EPA), OSHA is working to identify and implement ways to enhance safety and security at chemical facilities, and improve response procedures when events occur. OSHA is requesting funding for additional Compliance Safety and Health Officers (CSHOs) to conduct PSM inspections, and for staff in the Directorate of Enforcement Programs to assist with the research and support of highly technical abatement solutions for the anticipated increase in PSM workload. The CSHOs will conduct the labor intensive inspections of highly complex sites. Without the additional inspectorate resources, the Agency would have to divert CSHO staff from other programmed inspections.

The FY 2016 Budget also includes an increase of $6,700,000 and 40 FTE to manage the expected increase in investigations resulting from OSHA's new reporting regulation, which requires employers to report work-related fatalities to OSHA within eight hours of the fatality and all work-related in-patient hospitalizations, as well as amputations and losses of an eye, to OSHA within 24 hours of the injury.

Analysis of the final rule projects that 112,000 work-related hospitalizations and an additional 5,000 amputations not requiring hospitalizations occur each year nationwide. OSHA plans to inspect a portion of employers who file reports, and handle a percentage of the reports through a process similar to that used for non-formal complaints. Even with this prioritization approach, OSHA will require additional FTE to conduct the needed inspections without having to curtail enforcement work in other areas.

Mr. Dent: We can all agree that we want to protect worker health and safety. However, due to the record number of regulations imposed on small businesses, an employer can often be unaware of what is expected of him or her. Instead of penalizing employers, such as imposing onerous fines of $5,000 per infraction, your department should be helping them. Mr. Secretary, more broadly, what is your agency doing to increase compliance assistance?

Mr. Perez: OSHA's Compliance Assistance Specialist positions were not filled/backfilled in recent years as a result of funding cuts. Restoring staff to these critical positions will enable the agency to expand the number of training and educational outreach events it conducts across the nation to assist employers understand workplace hazards and how to comply with OSHA requirements. It will also enable the agency to create additional partnerships and Alliances with employer and worker organizations, fostering relationships that will help amplify OSHA's own outreach effort. While these efforts are geared toward all employers, OSHA is keenly aware of

the needs of small businesses and focuses attention on reaching small employers through these direct efforts.

Nationally, OSHA will continue to enhance its website and web resources, reach out and create National Alliances with key industry Associations and Organizations, and expand the use of tools such as its successful Heat Illness Prevention and Fall Prevention campaigns to highlight key workplace hazards, provide necessary outreach and training, and foster cross-employer and cross-industry conversations that promote information sharing on best practices and practical hazard abatement techniques. The 2016 Budget also preserves funding for the State Consultation program, which provides free on-site compliance assistance to small businesses.

Mr. Dent: What specific steps are being taken at the Department of Labor to increase compliance assistance for small business employers?

Mr. Perez: To be most effective in preventing injuries, illnesses and fatalities, OSHA uses a range of tools and strategies. These include fair and strong enforcement, compliance assistance, and education. OSHA realizes that the vast majority of employers want to do the right thing and protect their workers from harm on the job - and OSHA is committed to providing them assistance. OSHA focuses a large amount of resources on providing small businesses with compliance assistance resources and information. OSHA relies heavily on its field Compliance Assistance Specialists (CASs) to interact directly with employer and worker groups and to promote awareness of the OSHA resources and services that assist employers, particularly small businesses, to better understand OSHA's requirements and how to effectively meet them in their workplaces. OSHA has requested $73,044,000 for its federal compliance assistance budget activity, which includes an increase of $4,611,000 from the FY 2015 enacted level to restore program efforts to their prior levels. This increase will enable the agency to restore some CAS staff in its Area Offices who conduct direct outreach activities.

OSHA's On-site Consultation Program offers free and confidential on-site safety and occupational health advice to small businesses, with priority given to high-hazard worksites. On-site Consultation services are separate from enforcement and do not result in penalties or citations. Consultants from state agencies or universities work with employers to identify workplace hazards, provide advice on compliance with OSHA standards, and assist in establishing injury and illness prevention programs. In FY 2014, OSHA's On-site Consultation Program conducted over 26,000 visits to worksites, of which, approximately 98% were to worksites with fewer than 250 employees onsite.

To raise awareness about this program within the small business community, OSHA has partnered with the Small Business Administration (SBA) and affiliated local Small Business Development Centers (SBDCs) to provide the small businesses that use SBDC services with direct information about OSHA's programs, training and outreach resources, and, specifically, the Onsite Consultation Program. OSHA has also partnered with the National Institute for Standards and Technology (NIST) through their Manufacturers Exchange Program to reach small manufacturers with this same type of information with a goal of generating more requests to the On-site Consultation Projects from this high-hazard industry sector. OSHA and DOL have also directed a multi-year study to increase marketing and outreach on On-site Consultation,

disseminating test brochures describing the program and its benefits to over 30,000 small business owners during FY 2014, evaluating the outcome in FY 2015, and implementing the brochures and practices recommended in FY 2016. Phase II of the study will evaluate the impact of On-site Consultation services on the businesses that use them and will include additional recommendations for the agency to consider.

Mr. Dent: How much funding has been dedicated to increase this assistance?

Mr. Perez: The Agency is requesting $73,044,000 in FY 2016 for the Federal Compliance Assistance budget activity, an increase of $4,611,000 from the FY 2015 Enacted level. This budget activity supports OSHA's outreach to small businesses through the development of guidance materials, such as Fact/Info Sheets, Cards, longer publications, videos and similar sources of guidance for employers, which are available on OSHA's web site. In addition, OSHA is requesting $57,775,000 to support its On-site Consultation Program, which offers free and confidential workplace safety and health advice to small businesses in all states across the country, with priority given to high-hazard worksites.

JUSTIFICATION FOR HIGH-PERFORMANCE BONUSES TO STATES

Mr. Dent: In September of last year, your department gave over $10 million to a handful of states to go after employers who use independent contractors. As part of this money, certain states were given a "high-performance bonus." One could rightly assume the bonus went to states that conducted the most audits and brought in the most revenue for the program. What is the justification for using "high-performance bonuses" given this likely outcome?

Mr. Perez: The grants in question are not targeted at employers who legitimately use independent contractors, but rather those who misclassify workers as independent contractors when they are actually employees. In Fiscal Year (FY) 2014, out of the $10 million available for misclassification detection grants, a total of $2 million in high performance awards were given to four states. As proposed in the President's FY 2014 Budget, the high performance bonus grants were awarded to the best performers using the UI Effective Audit Measure, which is a report collected by the Employment and Training Administration that captures the average number of misclassified workers discovered per audit conducted by the states. Based on the successful use of bonus awards in the Supplemental Nutrition Assistance Program, we determined that high performance awards would be an effective way to: (1) encourage and incentivize improved state operations, (2) recognize high performance states as examples for other states for desired levels of achievement, and (3) provide additional resources to states that have proven suitable for further enhancements to their operations.

EXISTING SILICA STANDARD VERSUS NEW SILICA STANDARD

Mr. Dent: OSHA has admitted it has only been able to achieve about a 70 percent compliance rate with the existing silica standard. So why is OSHA going a step further with scarce budget resources to develop a new standard that is technologically and economically infeasible?

Mr. Perez: OSHA vigorously enforces the current permissible exposure limits (PELs) for silica. However, OSHA's current PELs for silica do not adequately protect workers. The peer reviewed risk assessments performed by OSHA, the National Institute for Occupational Safety and Health (NIOSH), and others show that exposure at the current general industry PEL results in highly significant risks of dying of lung cancer, kidney disease, silicosis, or other lung diseases. Risks are even higher at the PEL for construction and shipyards, which is over twice as high as the current general industry PEL. Simply enforcing the current PELs will not substantially reduce or eliminate this significant risk. However, as required by the OSH Act, any final rule promulgated by the Agency will be based upon the best available evidence, protect workers from significant health risks, and be feasible for employers.

Mr. Dent: Shouldn't OSHA instead use its limited resources to improve compliance rates for the existing standard, which has resulted in a 93 percent drop in silicosis deaths?

Mr. Perez: Although the number of deaths attributed to silicosis has declined in recent decades, the existing standard is insufficient to protect workers. According to CDC data from 2009 through 2013, silicosis was listed as the underlying or a contributing cause of death on over 500 death certificates in the United States, and, as explained in the Notice of Proposed Rulemaking, this data is likely to understate the true impact of exposure of U.S. workers to crystalline silica. Factors like health care professionals' lack of information about worker exposure histories and difficulty in recognizing occupational illnesses that have long latency periods, like silicosis, contributes to under-recognition and underreporting by health care providers. Also, many silica-related deaths are caused by chronic bronchitis, emphysema, lung cancer, kidney disease and other diseases. The proposed rule is expected to save close to 700 lives and prevent more than 1,600 cases of silicosis each year. Simply enforcing the current PEL will not substantially reduce or eliminate the significant risk that workers face.

Mr. Dent: Secretary, so I have to ask: Did OSHA staff indicate to you how dated the small business feedback was before you authorized the agency to move forward?

Mr. Perez: OSHA's extensive comment process has included small business feedback not only from the original Small Business Regulatory Enforcement Fairness Act (SBREFA) review in 2003, but also from the subsequent written comment period in 2013 and 2014, as well as from the public hearing period in 2014.

The review of the draft proposed silica rule under SBREFA was completed in December of 2003. OSHA conducted the review early in the rulemaking process in order to address small business concerns in the development of the proposal. The Agency used information gathered during the SBREFA review to make significant changes to the proposed rule itself, as well as to the cost, impact, and other analyses contained in the proposal. OSHA's proposal contains six pages of tables that include every recommendation from the Small Business Advocacy Review Panel, along with the Agency's responses.

Small businesses continued to have a voice in the development of the rule after the SBREFA review. Nearly an entire year was provided for public input on the proposed rule (from August 23, 2013 to August 18, 2014). OSHA received over 1,700 comments on the proposed silica rule;

hundreds of these comments were from small businesses. Small entities from all affected industries were also invited to provide written comments and to participate in the public hearings on the proposed silica rule. The public hearings were held from March 18, 2014 through April 4, 2014. Over 200 stakeholders representing over 70 organizations presented testimony and submitted post-hearing comments, including many small business representatives.

OSHA believes that the record of the comments received and the transcript of the hearings shows that the major issues with respect to technological feasibility, costs, economic feasibility and possible alternatives to the proposed rule represent largely the same issues addressed by small entity representatives in 2003. To the extent there may be new issues, OSHA is confident that commenters from industry, including small entities, were able to raise those issues and express whatever concerns they had about them. These include the recent and current economic conditions under which they are operating. OSHA will use this information to review the provisions in the proposed rule and update all data as the rulemaking process goes forward.

PROPOSED RULE TO REGULATE WORKER EXPOSURE TO CRYSTALLINE SILICA

Mr. Dent: Contrary to OSHA's own analysis, independent estimates show that the agency's proposed rule to regulate worker exposure to crystalline silica is expected to cost the construction industry over four billion dollars a year to comply with a new lower permissible exposure limit and costly engineering control solutions which may not even be feasible to achieve the lower protection level. Due to the uniqueness of the construction industry, with its transient workforce, ever-changing working environment, and vast number of tools and trades involved; will OSHA commit to instituting alternatives which are technologically and economically feasible for the construction industry that meet OSHA's goal of protecting workers from silica exposure?

Mr. Perez: OSHA proposed a separate silica standard for the construction industry in order to tailor solutions to the conditions in construction workplaces. The proposed standard provides flexible alternatives, which are especially useful for small employers. Employers can choose to measure their workers' exposure to silica and independently decide which dust controls work best in their workplaces, or employers can use a control method that is laid out in Table 1 of the construction standard. Table 1 matches common construction tasks with dust control methods that can be used to limit worker exposures to silica, so employers know exactly what they need to do for every job and every worker. The dust control measures listed in the table include methods that are known to be effective, like using water to keep dust from getting into the air or using ventilation to capture dust. In some operations, respirators may also be needed. If an employer chooses to use a method in Table 1, they would not need to measure workers' exposure to silica.

OSHA received input from employers and others on these proposed provisions, and suggestions for other provisions, through written comments and in testimony presented during public hearings on the proposed rule. The Agency is now considering options that would enhance the flexibilities that would be provided to employers. OSHA is committed to developing a silica rule

that is based upon the best available evidence, protects workers from significant health risks, and is feasible for employers, as required by the OSH Act.

UPDATING PERMISSIBLE EXPOSURE LIMITS (PELS)

Mr. Dent: On October 10, 2014, OSHA issued a request for information (RFI) on chemical management and permissible exposure limits where the agency outlined the review of its overall approach to managing chemical exposures in the workplace and sought stakeholder input about different regulatory approaches. The RFI has the potential to fundamentally alter the approach that the agency takes in promulgating health standards, an approach already grounded in Congress's direction to OSHA as set forth in the Occupational Safety and Health Act of 1970 (OSH Act). Will OSHA commit to following the process for promulgating standards set forth in the OSH Act, established case law on the promulgation of health standards, and the Regulatory Flexibility Act which requires federal agencies to review regulations for their impact on small businesses and consider less burdensome alternatives?

Mr. Perez: The Chemical Management RFI will have no impact on the existing regulatory process by which OSHA promulgates health standards. The purpose of the RFI is to solicit information about approaches the Agency may take to address the serious problem of OSHA's outdated permissible exposure limits and to better assist employers in managing the risk from exposure to chemicals. The ideas and concepts that are explored in the RFI are not designed to circumvent legal requirements established under the OSH Act, the Regulatory Flexibility Act, and other legislative mandates for promulgating new standards.

Questions for the Record from Ms. Roybal-Allard

DEPARTMENT OF LABOR ISSUED A NOTICE OF PROPOSED RULE MAKING (NPRM)

For the last 14 years I have introduced the CARE Act to end the double standard that allows children in agriculture to work at younger ages, for longer hours, and in more dangerous circumstances, than those working in all other industries. Although agriculture has a fatality rate nearly eight times higher than the national average, my attempts to protect our nation's children working in agriculture have been met with strong opposition. In September 2011 the Department of Labor issued a Notice of Proposed Rule Making (NPRM) to revise the child labor regulations to strengthen the safety requirements for young workers employed in agriculture. Unfortunately, the Farm Bureau and their allies strongly opposed these modest, common sense regulations and the Department of Labor was forced to withdraw the regulations in April 2012. The Administration went so far as to say that they would not pursue these regulations again for the duration of President Obama's tenure. Without equal protection for these children under our laws, robust oversight and enforcement of current laws is essential to providing some level of protection to our children in agriculture.

Ms. Roybal-Allard: The FY16 budget request includes an increase of $43.39 million dedicated to the Wage and Hour Division to dedicate additional resources for increased investigations in industries that are at high risk of wage and hour violations.

Does the Department expect to use some of these funds to increase investigations of child labor violations in agriculture? And are you planning to assess more meaningful penalties for child labor violations?

Mr. Perez: Child farm workers are among the most vulnerable of our nation's workers. One of the highest priorities of the Department of Labor's Wage and Hour Division (WHD) has been and continues to be protecting child workers, particularly those employed in hazardous occupations. WHD uses strategic enforcement to increase the cost of non-compliance with the FLSA's child labor provisions by using all enforcement tools provided by Congress where appropriate, including civil money penalties. We are identifying the contracting stream, or supply chains, within various industries, so those at the top of the chain will evaluate the compliance practices of those below them. In FY 2014, WHD conducted more than 1,400 investigations in agriculture. It is WHD standard operating procedure to look for child labor in all FLSA investigations. WHD also conducts extensive outreach, including explaining the child labor rules, to both employee and employer stakeholders in agriculture.

While the Department is proposing broader changes to strengthen the Department's civil monetary penalties, including for violations of the Fair Labor Standards Act, it is not proposing changes to the specific penalty for child labor at this time.

Ms. Roybal-Allard: Last year Human Rights Watch issued a detailed report highlighting the dangers child tobacco workers face. In response to that report, tobacco industry leaders, including the Council on Burley Tobacco, which represents 5,000 tobacco growers, have acknowledged that children under 16 should not harvest tobacco. Given this acknowledgement by the industry, which includes calls for federal regulation by Philip Morris International, will the Department of Labor consider issuing a stand-alone regulation that protects children from hazardous tobacco work?

Mr. Perez: The Department is not, at this time, considering new regulatory action. The Department continues to use its available tools, discussed above, to help prevent death and injury of children from employment in hazardous occupations and will continue to work collaboratively with stakeholders. Through the Wage and Hour Division national and district offices, and the Occupational Safety and Health Administration, the Department has undertaken a number of initiatives in the past in collaboration with state agencies, growers, farmers, manufacturers, and other stakeholders to educate, train, and protect the health and safety of young agricultural workers, including those on tobacco farms, and will continue to do so in fiscal year 2015.

YOUTHBUILD

It is estimated that there are 2.3 million or more low income young Americans, ages 16-24 who are out of school and out of work. Without alternative education and training opportunities, many of these young people end up in the criminal justice system, or otherwise costing the public hundreds of thousands of dollars in direct and indirect costs over their lifetimes. However, DOL data show strong outcomes, including decreased recidivism, from investments in the YouthBuild program. As you know, these programs help young people obtain their GED or diploma, and get hands-on work-based job skills, while building affordable housing for their communities.

Ms. Roybal-Allard: I was pleased to see that the President's Budget proposes an increase to the YouthBuild program. I know programs like LaCausa YouthBuild, in my district, would appreciate the additional resources. However, do you have an estimate of what the potential demand will be beyond the 5200 youth that could be served by the FY16 request?

Mr. Perez: The Department has not calculated an estimate of the number of youth who are eligible and interested in the YouthBuild program, but we do recognize that there are many more youth who could be served by the YouthBuild program than current capacity allows. The last three completed grant classes all exceeded their enrollment goals. Additionally, the YouthBuild program consistently receives more than 300 grant applications but can award only 75 to 80 grants each year.

WEDNESDAY, MARCH 18, 2015.

OVERSIGHT HEARING—CLOSING THE ACHIEVEMENT GAP IN HIGHER EDUCATION

WITNESSES

GAIL MELLOW, PRESIDENT, LA GUARDIA COMMUNITY COLLEGE

AARON THOMPSON, EXECUTIVE VICE PRESIDENT AND CHIEF ACADEMIC OFFICER, KENTUCKY COUNCIL ON POSTSECONDARY EDUCATION

BENJAMIN L. CASTLEMAN, ASSISTANT PROFESSOR OF EDUCATION AND PUBLIC POLICY, THE UNIVERSITY OF VIRGINIA

CAROL L. FISCHER, PH.D., POST–DOCTORAL FELLOW, THE UNIVERSITY OF IOWA

BRIAN K. FITZGERALD, ED.D., CHIEF EXECUTIVE OFFICER, THE BUSINESS–HIGHER EDUCATION FORUM

Mr. COLE. Good morning. And just for informational purposes, President Mellow is stuck in the Metro or someplace in traffic, something that we are all familiar with around here. So as soon as she gets in, she will be joining the panel. And we are trying to get her here as quickly and as easily as possible.

I am going to have my prepared statement here for a second, but I just want to open, as I visited with you privately beforehand, and I want to tell you how pleased I am that we have each and every one of you here. I was so thrilled reading your testimony last night. I appreciate collectively your efforts to make sure that folks that often don't have opportunities or that have slipped through cracks find ways to move forward and this focus on helping particularly first-generation college kids succeed. And not always kids, as Dr. Fischer will tell us a little bit later. But I am just extraordinarily pleased with your work.

Again, this is a committee where we sometimes have some spirited differences. This is actually one of the topics that tends to bring us together across partisan lines. So, again, I am really thrilled you are here.

And my pleasure to welcome our witnesses today to the Subcommittee on Labor, Health and Human Services, and Education to discuss closing the achievement gap in higher education. Looking forward to hearing your testimonies.

Our country's system of higher education is unparalleled in the world. Our institutions of higher education have produced advancements in science, technology, and the humanities, and have been critical in making the United States economically competitive. Our higher education system has also made a difference in the lives of millions of Americans by helping individuals from disadvantaged backgrounds to improve their economic prospects and enter the middle class. And they have educated tens of thousands from

around the globe, while setting a global standard in access and excellence that is the envy and inspiration of much of the world.

Despite its many successes, our higher education system faces challenges. Minorities and children from low-income families are less likely to attend college compared to their wealthier counterparts. Additionally, entering college does not guarantee success. Students from these same groups are also less likely to persist in higher education and eventually obtain a degree.

While the cost of higher education is certainly a factor, it is not the only factor. Often these students lack a network of family and friends who have attended college and are familiar with the in and outs of applying for aid, choosing classes, and preparing for a career after graduation.

There is a role for the Federal Government to play in helping disadvantaged students to be successful in higher education. A more educated populous strengthens our workforce and our international competitiveness. Individuals who complete their course of study and obtain a degree are more likely to be employed and earn more than their counterparts who were not able to do so.

The Department of Education's loan and grant programs make higher education a possibility for millions of Americans, and programs such as TRIO and GEAR UP help students to make use of these financial resources. Through these programs, the Federal Government partners with States, school districts, institutions of higher education, nonprofits, private industry, and tribes to help develop students to prepare for, enroll in, and complete a higher education. This preparation is essential for helping these students make use of the financial aid and educational opportunities that are available to them.

Today we look forward to hearing from our witnesses about ways in which the efforts I have mentioned can improve college access and completion among first-generation college students.

Today I am pleased to welcome—and she is not yet here but will be, so I am going to go ahead and mention her—Dr. Gail Mellow, the president of La Guardia Community College in Long Island City, New York, who will testify about successful interventions that have been piloted at La Guardia and elsewhere to help students succeed in completing their chosen degree programs.

Dr. Brian Fitzgerald, CEO of the Business-Higher Education Forum, who will testify about private sector partnerships to increase educational attainment for underrepresented populations, particularly in areas aligned with workforce needs.

Dr. Ben Castleman, assistant professor of education and public policy at the Curry School of Education at the University of Virginia, who will testify about his research on the impact of relatively low-cost interventions providing information on financial aid on keeping disadvantaged students in school.

Dr. Aaron Thompson, executive vice president and chief academic officer of the Kentucky Council on Postsecondary Education and professor in the Department of Educational Leadership and Policy Studies at Eastern Kentucky University, who will testify about efforts in the State of Kentucky to develop partnerships to improve higher education.

And Dr. Carol Fischer, postdoctoral fellow at Dows Institute for Dental Research at the University of Iowa and adjunct professor in biology at Kirkwood Community College in Cedar Rapids, Iowa, who will testify about her experience with the McNair Program, a part of TRIO, which helped her overcome obstacles as a first-generation college student and obtain a Ph.D. I must add she also is a former resident of the district that I am privileged to represent.

So it is very wonderful to have you here. And that is a program at East Central I am very, very familiar with, and it has just done a great job for literally thousands of students over many decades now.

So I look forward to hearing all of your testimony. I would like to yield now to my ranking member for the day, at least for the outset of this hearing, the gentleman from Pennsylvania, Mr. Fattah, for any opening remarks he cares to make.

Mr. FATTAH. Thank you, Mr. Chairman.

I think that this is a critically important hearing. And, obviously, as our country economically competes with billion-plus populated countries like China and India, the question about how we make sure more and more of our young people live up to their potential and have the opportunities to be productive, both entrepreneurs and part of our workforce in the country, is critically important.

For far too long these discussions have centered around the challenges that these young people and their families face. But I think more and more now we see that the country faces a significant challenge because, as the President said, we have fallen so far in the list of nations with adults with a college degree. And we see emerging economic powers like China, which is going to graduate 280 million people. We sit here in a country with just a little over 300 million people. And if we are going to remain the leading nation in the world, every one of these young people are going to have to have the opportunity to achieve.

This discussion of an achievement gap is somewhat mislabeled because a lot of it is an opportunity gap. These young people don't get the opportunity in the K–12 circumstance to prepare themselves to adequately matriculate at a higher education level.

So I am concerned about the achievement gap from the terminal degree down. I think we have challenges at every particular sector in our country in which we need to be producing more and more college-educated adults. In our federal workforce, for national security purposes, we do not now have the replacement persons that we need to go into critical infrastructures, like maintaining our nuclear weapon stockpile. And so we have a lot of challenges.

And so at the base of this, obviously, I have been very interested over the years, from GEAR UP, TRIO, Upward Bound, the Opportunity Tax Credit, I mean, we can go through the laundry list. But the country will have to come to grips with this. And I am so pleased that the chairman is hosting this hearing.

I spent some time a few years ago, I came out to Oklahoma City, I went over to Oklahoma University. At that time, it just opened up a new engineering school, and they had some GEAR UP kids there. And you were looking down over this overhang balcony to see them doing the work, and you could see future Dean Kamens

right there. And we need engineers to solve problems, and in order to produce them we need people like those presented here.

So, Chairman, I look forward to hearing the testimony.

Mr. COLE. Thank you very much, my friend.

And I had not looked out in the audience but, look, I see some proud East Central and Oklahoma. So get up. These are people from my district. So I am going to exercise the chairman's prerogative and ask you just to stand up and let us recognize you and express our appreciation for all you do. Pretty proud of your alum that are here. So thank you guys very much and appreciate you being at the hearing.

With that, we will go to the testimony. Obviously, as I mentioned, when President Mellow gets here we will sort of insert her in the lineup. But if we can, Dr. Fitzgerald, we will start with you.

Mr. FITZGERALD. Good morning, Mr. Chairman, members of the subcommittee. As a first-generation college grad myself, I thank you for inviting me to speak with you this morning about the need to close the achievement gap at all levels in higher education and how the Business-Higher Education or BHEF projects are addressing this challenge. Now in its 38th year, BHEF is the Nation's oldest membership organization of Fortune 500 CEOs, college and university presidents, and other leaders dedicated to advancing innovative higher education and workforce solutions and improving U.S. Competitiveness and national security.

Far too few students who enroll in postsecondary education persist to complete an industry-valued credential within a reasonable period of matriculation. The causes are well documented, but the result is unmistakable. Far too many first-generation, low-income, and underrepresented students leave postsecondary education with neither the credentials nor the skills to succeed in an increasingly competitive global economy.

BUSINESS-HIGHER EDUCATION

BHEF's signature initiative is designed to address this gap. Through the collaboration of its business and academic members, BHEF has launched the National Higher Ed and Workforce Initiative, a 6-year effort that includes regional projects focused on business-higher education partnerships to improve degree completion. It also includes a national effort to disseminate learning from the projects and scale effective practices. These partnerships are scaled with other businesses partners, including the Aerospace Industries Association and the Business Roundtable.

The regional projects demonstrate how to meet emerging workforce needs, increase undergraduate interest and persistence in key disciplines, and help students graduate from community colleges and universities workforce ready.

BHEF has a history of developing groundbreaking simulation tools to demonstrate the impact of scaling evidence-based practices on college completion. BHEF's original P–16 STEM Education Model provided insights into how degree completion represents a key leverage point in a national workforce and competitiveness strategy.

BHEF and the U.S. Navy's Office of Naval Research collaborated to develop the U.S. STEM Undergraduate Education Model to show

how the Navy's investment in cutting-edge student retention strategies can have the strongest impact on its future workforce needs. Although the modeling focused on students enrolled in STEM majors, it provides a window on the broader completion challenge.

The modeling demonstrates that strategies like providing summer bridge programs before matriculation and offering early research internships boost persistence in degree completion. However, the modeling showed that multidimensional programs, those that combine strategies and continue over time, have a far greater impact on degree completion. Examples include the Meyerhoff Scholars Program, the Louis Stokes Alliances for Minority Participation, and the Freshman Research Initiative.

Many first-generation students begin their postsecondary education at community colleges. However, less than 10 percent of all students who start community colleges in STEM majors earn a degree in STEM within 6 years. NSF has provided BHEF with a 5-year grant to launch the Undergraduate STEM Interventions with Industry Consortium, a group of BHEF member-led sites that will engage business and apply combinations of evidence-based interventions designed to increase student persistence and completion.

Business engagement with first-generation and low-income students before they transfer to 4-year institutions is essential. When business plays an active role, it helps ensure that students will complete their postsecondary education and are provided with opportunities to pursue high-skill, high-wage jobs.

FEDERAL AID

The effectiveness of BHEF's initiatives, however, is dependent on a healthy higher education system and adequate financial aid for its students. BHEF believes that maintaining the health of the Pell Grant program and the purchasing power of the Pell Grant maximum award, as well as other Title IV programs, are critical components of a national completion strategy. Federal student aid should remain a priority to ensure that all Americans, regardless of their economic status, have the opportunity to attend college, improve their knowledge and skills to excel in a 21st century economy.

BHEF recommends funding the Pell Grant program at least at the 2015 level and increasing the Pell maximum award. Congress also should support the Federal SEOG, Work Study, TRIO, and GEAR Up programs to serve more disadvantaged and low-income students. Each of these programs plays an important role in preparing first-generation, low-income, and underrepresented students for college, encouraging persistence and ultimately degree completion.

Thank you for the opportunity to testify.

Mr. COLE. Appreciate that very much, Dr. Fitzgerald.

[The information follows:]

Statement of Dr. Brian K. Fitzgerald,
Chief Executive Officer, Business-Higher Education Forum
Before the Subcommittee on Labor, Health and Human Services,
Education, and Related Agencies, Committee on Appropriations
U.S. House of Representatives
Hearing on
"Closing the Achievement Gap in Higher Education"

March 18, 2015

Good morning Chairman Cole, Ranking Member DeLauro and Members of the Subcommittee. Thank you for inviting me to speak with you this morning about the need to close the achievement gap in higher education and the barriers students face to successful degree completion.

Overview of BHEF

Now in its 38th year, the Business-Higher Education Forum (BHEF) is the nation's oldest membership organization of Fortune 500 CEOs, prominent college and university presidents, and other leaders dedicated to advancing innovative education and workforce solutions and improving U.S. competitiveness. BHEF's business and academic members collaborate in regions across the country to design and deploy higher education-workforce solutions in the high-demand and emerging fields, such as cybersecurity and big data, that are so critical to innovation and national security. BHEF and its members generate insights from research, modeling, and regional projects, work to influence public policy at the national and state levels, and inspire other leaders to act.

The Completion Challenge

Far too few students who enroll in postsecondary education persist to complete an industry-valued credential including: certificate, associates or baccalaureate degree within a reasonable period after matriculation. The causes as manifold and well-documented, including lack of adequate academic preparation in P-12, inadequate financial resources and academic support, and excessive work while enrolled. In addition, students' awareness of and connection to high-demand jobs is far too weak, leaving them unable to develop skills required for the 21st century economy. As a result, far too many students leave postsecondary education with neither the credentials nor skills required to excel in an increasingly technology-driven and competitive 21st century American economy.

Higher Education and Workforce Initiative

BHEF's signature initiative is designed to address this challenge. Through the collaboration of its business and academic members—Fortune 500 CEOs, presidents of prominent colleges and universities, and other leaders—BHEF has launched the National Higher Education and Workforce Initiative (HEWI), a six-year effort that includes regional projects focused on business-higher education partnerships in selected regions and states, as well as a national effort to disseminate the learnings from the projects and scale effective practices in partnership with national partners such as the Business Roundtable and Aerospace Industries Association. The initiative deploys a unique model of strategic business engagement in higher education, one where relationships move from transactional to strategic and sustained, to address our members' high-skill, high-priority workforce needs and to attract and improve degree completion among women, minorities, and veterans.

BHEF has launched innovative regional partnerships in data science and analytics, financial services, cybersecurity, water and materials sciences, energy, and engineering. Backed by some of the nation's most committed business and academic leaders, these partnerships demonstrate how BHEF meets America's higher education and workforce challenges. Through the initiative, the model enables business and higher education to build sustainable, high- impact regional projects in emerging fields that meet regions' high-demand workforce needs, increase undergraduate interest and persistence in these disciplines, and help students graduate community college and universities college workforce ready.

BHEF's System Dynamics Modeling of Degree Completion

BHEF has a history of developing groundbreaking tools to demonstrate the impact of scaling evidence-based practices to boost college completion. In 2009, after three years of intensive modeling work under the leadership of then-BHEF Chair William H. Swanson, Raytheon's Chairman debuted and donated to BHEF the original P-16 U.S. STEM Education Model®. Originally designed to assess what it would take for BHEF to reach its goal of doubling the number of STEM grads in the U.S., it has provided not only key insights into how higher education represents the greatest leverage point in the STEM education pipeline—about half of students who begin STEM majors as freshman drop out of these majors before junior year—but also how degree completion represents a key leverage point in a national workforce and competiveness strategy.

Beginning in 2011, BHEF and the United States Navy's Office of Naval Research (ONR) collaborated to deepen the understanding of the impact of the adoption of evidence-based practices on degree completion. ONR asked BHEF to develop the U.S. STEM Undergraduate Education Model® to show how its investments in cutting-edge STEM student retention strategies can have the strongest impact on the Navy's future workforce needs. Insights from the model inform the Navy's strategy to grow a robust civilian workforce that is strongly invested with Navy-relevant STEM knowledge and skills, and ready to contribute to the next generation of Naval innovation.

Although the modeling focused on students enrolled in STEM majors, the modeling provides a window on the larger completion challenge and the retention strategies included in the model are generally applicable to all students, regardless of major. BHEF's Highly Effective Undergraduate Intervention Strategies: Literature Review Summaries provides evidence of effective retention strategies used in the modeling. The literature and modeling demonstrate that strategies like providing summer bridge programs before matriculation and offering early undergraduate research internships boost persistence and degree completion. However, the modeling showed that 'multidimensional programs' that combine strategies and continue over time have far greater impact on degree completion than unidimensional, one-time interventions. Three examples of these multidimensional programs include:

- The Meyerhoff Scholars Program. Based at the University of Maryland, Baltimore County, the program is designated for undergraduate students, with a focus on women and minority students pursuing STEM degrees. It combines financial aid, student learning communities, summer bridge programs, mentoring, personal advising, and counseling into one comprehensive program. Matched interventions include: student learning communities, course redesign to induce active engagement, summer bridge programs, and scholarships.
- The Louis Stokes Alliances for Minority Participation. This national program was established in 1991 by the National Science Foundation to develop strategies to increase the

number of minority students who successfully complete baccalaureate degrees in STEM fields and who continue on to graduate studies in these fields. Matched interventions include: early undergraduate research internships, student learning communities, summer bridge programs, and scholarships.

- The Freshman Research Initiative. Based at the University of Texas, Austin, this program provides on-campus research experiences to first-year students in STEM majors. Participants are paired with faculty and peer mentors, participate in a learning community with other participants, and engage in outreach activities intended to expose K-12 students to research in STEM fields. The program is funded by the National Science Foundation and the Howard Hughes Medical Institute. Matched interventions include: early undergraduate research internships, course redesign to induce active engagement, and student learning communities.

BHEF's National Science Foundation-Funded Work: Community College as a Gateway to STEM Bachelor's Degrees

BHEF research indicates that 14 percent of all high school seniors are STEM-interested but not college-ready in math. For many of these students, their first postsecondary institution will be a community college. As reports from the President's Council of Advisors on Science and Technology and others indicate, less than 40 percent of the students who declare a STEM major go on to earn STEM degrees. This attrition rate peaks in the first two years of the undergraduate experience, particularly for women and minority students.

Many students begin their postsecondary education at community colleges, especially first generation, low-income and underrepresented minorities. Community college students have the capability to increase and diversify the nation's STEM-skilled talent pool. With more than 1,100 community colleges in the United States, these institutions enroll more than 7.4 million degree-seeking students, and represent 46 percent of all U.S. undergraduates and 41 percent of first-time freshmen[1]. Of those, 50 to 80 percent plan to transfer and earn a bachelor's degree, making community colleges a principal gateway into four-year baccalaureate programs[2]. Nationally, 45 percent of community college students are minorities, and 36 percent are first-generation college students.[3] Since 1985, women account for more than half of all community college students. However, less than ten percent of students who start community college in a STEM major earn a bachelor's degree within six years. For these reasons, BHEF focuses its National Science Foundation (NSF) resources at the juncture between two year- and four-year institutions.

NSF has provided BHEF with a five-year grant to launch the Undergraduate STEM Interventions with Industry or USI[2] Consortium, a group of BHEF member-led sites that will engage business and apply combinations of evidence-based interventions designed to increase STEM student persistence and completion. The campus projects will develop models for assisting students to transfer from two- to four-year institutions. By creating pathways for a large segment of this population to attain

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[1] American Association of Community Colleges (AACC). 2015 Fact Sheet. Available at: http:// www.aacc.nche.edu/ AboutCC/ Pages/ fastfactsfactsheet.aspx.

[2] Horn, L. (2009). On Track to Complete? A Taxonomy of Beginning Community College Students and Their Outcomes 3 Years After Enrolling 2003–04 Through 2006 (NCES 2009-152). National Center for Education Statistics, Institute of Education Sciences, U.S. Department of Education. Washington, D.C.

[3] AACC, 2015.

degree completion, USI^2 could significantly increase diversity in undergraduate STEM baccalaureate achievement.

Each USI^2 site implements an industry-driven multidimensional program designed with evidence-based intervention strategies to increase student persistence and degree completion. These partnerships focus on high-skill, high-demand fields, such as cybersecurity and data science, which can be applied to an array of industry sectors. The partnerships and their foci are:

- The City University of New York (CUNY) and IBM: CUNY, the nation's largest urban university, and IBM will support students transferring from two-year to four-year programs in data science or urban sustainability. Students will partake in a summer bridge program, complete a capstone/ senior thesis project, and participate in internships at IBM.
- Miami Dade College and NextEra Energy: Miami Dade, which offers both two- and four-year degrees, will partner with NextEra Energy and Siemens to build a four-year program in data science for two-year students who continue to pursue their baccalaureate degrees at Miami Dade. Each student will participate in a research experience and internship.
- The Massachusetts Competitive Partnership (MACP) companies: MACP members will partner with local community colleges and universities to support transfer students pursuing cybersecurity degrees.
- The University of Wisconsin System (UW) and The Water Council: UW and The Water Council will assist transfer students from Milwaukee Area Technical College and Waukesha County Technical College to UW-Milwaukee's School of Freshwater Science. The program will offer students mentored research experiences at each stage of their postsecondary experience.
- Washington University in St. Louis (Wash U) and The Boeing Company: Wash U and Boeing will support transfer students from Florissant Valley Community College (in Fergusson, MO), to Wash U and the University of Missouri St. Louis's Joint Engineering Program. Graduates will receive a nationally-recognized accredited engineering degree.

Business engagement with community college students before and after they transfer to four-year universities is essential to completion. When business plays an active role, it helps ensure that students complete their postsecondary education and are provided with opportunities to pursue high-skill, high-wage jobs in the regional economy.

Federal Support for Higher Education and Student Financial Assistance

The effectiveness of BHEF's work in the National Higher Education and Workforce Initiative is dependent on a healthy higher education system and adequate federal financial aid for its students. For BHEF's research universities, federal R&D investments are critical to promoting innovation, entrepreneurship and economic growth in the regions in which BHEF works and BHEF has consistently supported federal R&D investments.

Adequate student aid is essential to access and completion for low-and moderate-income students at all institutions of higher education. Maintaining the health of the Federal Pell Grant program, as well as other Title IV programs, and the purchasing power of the Pell Grant maximum award is a critical component of a completion strategy.

BHEF has consistently supported robust federal investments in R&D and maintain a healthy Pell Grant program with a maximum award that will promote full-time enrollment, which improved completion rates. In addition, programs like summer bridge programs improve college readiness and completion. However, the elimination of year-round Pell has eliminated a source of funding for students enrolled in the programs. Permitting use of additional Pell Grant dollars beyond the maximum for programs that better prepare low-income, first generation students to success and complete will yield a high return on investment.

Summary and recommendations

BHEF's research, modeling and project work on completion has provided insights on highly effective college completion strategies for low-income and first generation students. BHEF's projects serve as proof points for improving completion for all students.

BHEF recommends maintaining funding for the Pell Grant program at least at FY2015 levels and that Congress consider reinstating 2 Pell Grants or a portion thereof for use in summer bridge programs.

Mr. COLE. President, welcome. We introduced you and explained that you have, like all of us, encountered traffic problems in Washington, D.C. So if you are ready, we will move to your testimony if that is okay.

Ms. MELLOW. I am. Thank you so much, Chairman Cole. And I did have every form of possible delay, airplane delay, someone sick on the Metro. It was a wonderful morning. So I am just so delighted to be here. And I am so honored to give you testimony today. And I am sorry for not having heard my colleagues.

I am going to speak as a community college president. So there certainly are major national issues, but I wanted you to hear it from the street level, if you will, from what my life is like.

LAGUARDIA

So at LaGuardia we have about 60,000 students. About 20,000 of those, are going for a degree. About 40,000 of those are getting workforce development training with us. But like most community college students, beer blast is not a problem that I have at LaGuardia.

These students are majority female. Over half are over 25. They all commute. About 60 percent of them work. Of my females, about a quarter of them are mothers. Sixty-eight percent of these students, and this is true nationally, are working over 20 hours a week. And when you look at who community college students are, I think you see these are the individuals who want to make it in America. They believe in the American dream. And they are doing everything that they can to get there.

When we look at the kinds of things that we want to do to help them, I think back, so I am revealing my age, I graduated from high school in 1971. When I graduated, 28 percent of the jobs needed something beyond a high school diploma. Now it is 60 percent.

And so at community colleges we have to be relentlessly pragmatic in two ways. One is that there are really necessary technical and near-term skills that our students need because they are poor and they need to work. And so we want to make an investment in skills that will really allow them to immediately enter the workforce. And that is why our relationship with business is so important, and I will speak to that in a minute.

But we also want to make sure that we give students what I will call the general competencies, the longer-term skills, because those are like patient capital. Those will really pay not immediate rewards, but long-term rewards. And I think together what we all want is an economy and a society that is filled with people who are living the American dream. So I want to speak just a little bit about four ways I have found as a college president that really make a difference in the lives of students.

Before I do that, and because I am in front of a congressional panel, I couldn't help but do one line of reference to funding. And I will just point out that for community colleges in our country, we serve now over half of all undergraduates and we get about two-thirds of all the public funding. So that relationship between what we get and what others get for the hardest-to-serve students is a big gap.

But the four areas that I wanted to speak to you about that are sort of on the ground, if you will, one is investing in helping faculty be better teachers. We do this all the time in K–12. No one pays any attention once that student walks across the graduation stage when they get out of high school.

INVESTING IN FACULTY

And so what we have found at LaGuardia is investing in helping these faculty teach better is essential. They are facing students unlike any we have ever seen before. And what we have found is that while most of the technology is focused on teaching students, we have to also use that technology to teach the teachers. They need better skills. And we have got to do that, because if we could get those faculty to help just two more students pass their class in every class, we would raise graduation rates by 7 percent without any additional dollars. And so we have to be smart about technology. LaGuardia is now working with community colleges in Arizona and in Florida to really use technology to help faculty get better.

We have also found the same to be true when we look at getting students from a high school equivalency, adults who didn't make it out of high school, up to and through college, because the high school equivalency isn't enough. We did a random control trial study in our Bridges to Career and College Program and we found when we had full-time faculty, well trained, we could make a huge difference, double the graduation, triple the number of students who went to college.

CONTEXTUALIZE EDUCATION

But we also had something very important, and that is the segue to my second issue, which is that we contextualize that education for these adults who have not made it out of high school. It is wonderful to read "Moby Dick." I love that. But if you are going to be a healthcare worker it is also pretty important for you to read some medical records, to understand the kind of language that will be used within your occupation.

And that is where the connection with business is so important. We need to know realistically what is needed in the workplace. And we have found, for example, in working with Weill Cornell, which is a major hospital conglomerate, if you will, in New York City, that they were hiring bachelor's degree students for their front office staff. They were bright, they were wonderful, and they stayed about 6 months, because they wanted to do other things.

When they worked with us and we customized a 17-week program to train students who were in their first year of college and who had not yet entered college to learn the skills that were really necessary, two things happened. One is that those individuals stayed longer. And the second is that they are now eligible for Weill Cornell's tuition reimbursement. So we are really taking people on a ladder step by step.

But business had to put some skin in the game. It took them time to really identify what were the skills that were needed. So that relationship with business is essential.

APPLIED LEARNING

The third, leading me to my third point, which is that applied learning is essential. Many of my students have never met one of us, never met a person who went to work in a suit. They never met a professional, much less worked in a professional area. So internships and applied learning is so important. But to do that is hard. It is hard for the businesses. It actually costs time to have volunteer help. And it gets harder. Our students are so poor at the community colleges that they can't give up their second or third part-time job in order to do a free internship.

So I think as a country we need to really think of a tripartite relationship where education and business and government come together and give students support for working in companies where they then can understand what it is like, what the job is really like. And the companies, frankly, get to see these students, who, they are not from Princeton, they are not from Yale, they are not from Harvard, but, boy, they are going to make a difference in the American economy.

INTENSIVE SUPPORT

And the last thing that I would say is that we have found that intensive support for these students really makes a difference. At the City University of New York where LaGuardia is one of seven community colleges we have a program called ASAP, which is an intensive program that through intensive—it is actually intrusive advisement, you don't get away without talking to your advisor every other week—with full-time status, with support for tuition, whatever tuition gap there is, for things as simple as a Metro card, and for really focusing on what you should be doing, going to school all the time, we have found that we are able to double the number of students who graduate in half the amount of time.

It is a wonderful program. The challenge is it is an expensive program. It has to be an investment. So we find in ASAP we need an additional about $4,000 per student per year. It is not cheap. But the end, to get that student through in 3 years means they begin a lifetime of earnings.

And so, Chairman and the rest of the committee members, the way to think about community colleges, I think, is to really understand that this is a different group of individuals who really want to make a difference. They don't need a lot. They need a little bit of a helping hand. And then the results are pretty extraordinary.

Thank you so much for asking me here for my testimony.

Mr. COLE. Thank you very much.

[The information follows:]

Community College

DARE TO DO MORE

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Testimony of Dr. Gail O. Mellow, President of LaGuardia Community College
for the
Subcommittee on Labor, Health and Human Services, Education and Related Agencies
of the House Appropriations Committee
on
Closing the Achievement Gap in Higher Education
March 18, 2015
Washington, D.C.

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I want to thank Chairman Cole and Congresswoman DeLauro, and the Committee members and their staff, for giving me the opportunity to testify before the Committee and discuss strategies that our nation's colleges, in partnership with government, can take to address the pressing need to ensure that more Americans can attend college, earn a degree and achieve a better life for themselves and their families.

I am Dr. Gail O. Mellow, President of LaGuardia Community College located in Queens, New York. Part of the City University of New York, the nation's largest urban public college system, LaGuardia serves over 20,000 students annually in over 50 credit-bearing degree programs. We also educate another 30,000 students in a range of non-credit programs that span from helping adults earn a high school equivalency degree to training entrepreneurs to grow their businesses and create jobs.

Our college reflects the changing face of America and who attends college. Approximately 50% of our students are foreign-born, representing over 160 countries and speaking 111 different native languages. Our students defy what "traditional" college students look like—they are older (more than one-third of our students are over the age of 30), most work at least part-time and many are working full-time jobs. Our students struggle financially—more than two-thirds of students report family income of $25,000 or less. In many ways, these poor students are the model of who goes to college in America— attending community colleges while working and supporting families.

Today's hearing is critically important, because we know that college completion changes students' life trajectories. Our economy rewards those with a college degree—with higher income, more stable employment, better health and more civic participation. The future of the United States will rise or fall on our ability to help low-income students, students from under-represented minorities and first generation students, persist in college and earn a degree. To do so, America should focus her attention on the community college system.

The inclusive, democratic and meritocratic impulses of community colleges have kept alive a promise of advancement and opportunity unlike any other institution in the U.S. It is why Lloyd Blankfein, the head of Goldman Sachs, as his company invested funds in LaGuardia and other community colleges stated, "Community colleges are the most powerful tools we have in the United States to move people into the middle class."

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Studies show that lifetime earnings increase more than $400,000 for those students with an associate's degree. But, the investment goes beyond that, as a highly educated populace, in turn, advances communities and collectively the country. Community colleges are as essential to our democratic and economic ecosystem as clean air and water are to our environment.

But we must remember that community colleges educate the most challenged students—those who live in poverty, must balance complex lives of work, school and family and often come from high schools that offered compromised academics—and do so with the fewest resources. Community colleges educate nearly half of all undergraduates, and yet receive two-thirds fewer public dollars than four year colleges. Our private research institutions spend 350% more than public community colleges in teaching students. And we receive pitifully few philanthropic dollars.

In my testimony today, I want to outline what we know are the strategies that work for community college students, to offer an "on-the-ground" perspective. What I won't do in my testimony is address important policy issues surrounding financial aid and workforce development that deeply impact our students and are currently under discussion here in Congress. I'd be happy to elaborate on them in any follow-up questions.

Let's begin by more closely examining where students go to college. We are in the midst of an increasing stratification of who attends college and where they attend. Four-year college students are getting whiter and more affluent, while two-year college students are becoming blacker, browner and increasingly low-income. Georgetown's Center on Education and the Workforce looked at enrollment and found that since 1995, 85 percent of incoming white students attended selective four-year schools, while 72 percent of incoming Latino students and 68 percent of their black peers instead went to two-year colleges. Fifty-eight percent of students attending community colleges are from the bottom 50 percent of income levels in the United States, compared to 15 percent at highly selective colleges. Sixty-two percent of community college students attend part-time, and more than 56 percent work more than 20 hours a week. This compares with four-year colleges, where less than 22 percent are part-time and only 24 percent work more than 20 hours. Low-income, black and Latino students do not complete college at rates anywhere near white students. The achievement gap is a pernicious one and its roots run deep.

While the responsibility of community colleges to graduate students is welcomed, it is formidable. We educate the hardest to serve with the least funding. While increasing graduation rates is essential, we must not ignore the multiple barriers our students face and the severe constraints we have in getting students to the finish line. In many ways, every student that earns a degree is one that defies the odds. Our common challenge is to improve those odds.

Ginia Bellafante, a columnist for *The New York Times*, recently wrote a series of three major articles about community colleges. By telling personal stories of students, faculty and student affairs professionals, she highlights, as does reams of other research, the major factors needed to help students graduate: Great faculty, effective curriculum, intensive advising and sufficient financial resources. I review each of these below:

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High-Quality Teaching by Great Faculty: What makes for higher learning is great faculty. We all know that it is an inspired, talented and knowledgeable faculty member that makes material come alive, whether it is introductory biology or advanced computing. Today's students are vastly different from the students who attended college even 20 years ago. And the variation in the students that attend LaGuardia, compared to those that attend prestigious colleges, such as NYU or Columbia, contributes to vastly different teaching contexts for faculty, which in turn makes the preparation that faculty need and the assessment of teaching quality even more complex.

As noted earlier, our students face multiple challenges. Most are poor. Some are homeless or have been previously incarcerated. Others, like the population at large, live with mental illness, learning disabilities or are in poor health. These students raise issues for administrators and present challenges for faculty. Faculty often describe how diverse, complex, and challenging teaching in higher education is today.

College faculty are invested in teaching and most take great pride and care in their practice. Faculty are committed to professional development that would help them to improve their teaching so more students learn and succeed. However, often they don't have opportunities for such development. Adjuncts, as part-time employees, are often disconnected from other faculty and their institutions, and they don't yet have experience dealing with at-risk students.

With over $3 million in philanthropic support—first from the Gates Foundation and now from the Kresge Foundation—LaGuardia has launched an important project, *Taking College Teaching Seriously*, in which we are working with 150 faculty from three large community colleges to use technology to support improvements in teaching practices, reaching over 9,000 students this year, with the potential to scale to every college in the U.S. We work from the premise that hundreds of research studies have examined the profound impact of good teaching on elementary and high school students, but almost none look at the impact of good teaching on college students. We must support college faculty as professionals who educate a group of students with extraordinary diversity. Early research into this kind of faculty development shows promise; we know that if we helped each faculty member better reach just two more students in each class, our graduation rates could go up by 7 percent without any additional financial support.

Excellent faculty make a difference. We see that in numerous programs, including programs that help adult students returning to LaGuardia to get their high school equivalency degree. At LaGuardia, a randomized controlled study followed our "Bridge to Careers and College" program and found that rates for passing the high school equivalency exam, then known as the G.E.D., doubled, and enrollment in post-secondary education tripled when there were full-time faculty teaching these adults in a special program that contextualized the learning to future careers in business or health. We were recently awarded a U.S. Department of Education "First in the World" grant and one major component of our grant will support expanded efforts to make that path from our high school equivalency programs to our credit programs a more seamless transition.

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Effective & Engaged Curriculum: College curriculum, to be effective, must be linked to the emerging issues facing organizations and businesses. To educate students to solve the unscripted problems of the future in science, international relations, and technology, we have to both teach students to learn general competencies like writing, oral communication and critical thinking, as well as job-specific competencies. Specific occupational skills result in immediate changes in income, while more general skills serve students over the long-term.

Community colleges have an ability to move quickly to adapt curriculum to meet emerging demands, but we need active partners in business and industry to give us dedicated time and focused guidance on the development of curriculum. For example, LaGuardia Community College's work with Weill Cornell Hospital allowed us to customize a training program for front office staff for their private practice physicians. Their previous strategy of hiring highly accomplished bachelor's degree graduates failed as these employees frequently left for higher-paying positions. The graduates of LaGuardia's training program want these middle-level skill jobs, have the specific occupational skills to do them well, and may qualify for tuition reimbursement to continue their education while they are working. However to achieve these mutually beneficial results, Weill Cornell staff had to work hand-in-hand with the college to launch the project.

U.S. corporations now spend over $165 billion annually to train their workforce. There is enormous untapped opportunity for those companies to partner more effectively with community colleges. By creating economic incentives, through tax credits for example, employers could be motivated to partner with community colleges to address their employment needs, aid in developing curricula specific to those needs and enhance employee skills, ultimately to their benefit.

Enhancing Student Learning through Experiential Education: We need to think differently about what our students need to persist in college and the skills they need to succeed when they graduate. For many of our students their understanding of a career in their desired career is a vague one. They haven't had the real-life exposure because their social networks don't open those doors. Very simply, many of our low-income students live busy, but professionally shallow lives. They infrequently have opportunities to interact with professionals in the corporate world.

These students lack the real-life experiences that allow them to apply their learning and motivate them to continue their studies. Internships are essential. But without paid internships, particularly challenging for small businesses to provide, low-income students must forego what their wealthier peers can access. We need businesses to put money toward their complaints that students do not graduate from college prepared to be effective, and we need the federal government to make investments in creating true apprenticeship programs that give students the necessary on-the-job training by augmenting the real costs that businesses and organizations incur in operating these programs.

Building Support Systems that Help Students Graduate: Intrusive advising, where advisors "insert" themselves into students' lives; case management, where advisors help students navigate social services and family and medical and transportation issues; peer academic tutoring and child

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care are a few of the proven strategies that help students graduate. Yet these are the very services that are most challenging to deliver at systemically underfunded community colleges, and unlikely to be allowed in federal and state job training grants. And funding has sadly declined: from 2000 to 2010, spending at community colleges for student services declined five percent and spending for academic supports, 13 percent. In that period, private universities' spending increased by nearly one-third.

In his State of the Union address, President Obama highlighted the highly successful ASAP (Accelerated Study for Academic Progress) program, one offered at LaGuardia Community College and several other community colleges in the City University of New York. A random control trial evaluation conducted by MDRC found that it is the most effective program yet documented in the U.S.—doubling the graduation rates of the students. For students who agree to attend college full-time, this program combines intrusive advising and financial supports, such as providing students with transportation assistance, free books and tuition waivers for those students ineligible for financial aid. The necessary ingredient for providing these support mechanisms is a significant financial investment. The program costs approximately $4,000 additional dollars per student annually, bringing the cost of graduating an ASAP student to $16,500. The results are impressive, and the investment pays off: because graduation rates double, the money ultimately spent on each degree actually decreases. But it takes a combination of smart programs and significant investment to achieve our lofty goals.

What is absolutely clear is that we've starved community colleges of adequate funding for far too long. Philanthropy is highly focused on those colleges that already have the largest endowments. Community colleges receive less than 3% of all private financial support. Policies that increase tax incentives for donations to colleges serving more low-income students might make a huge impact. Hopefully, more individual and corporate donors will make this type of investment, but the role of the federal government is essential.

Unfortunately, we are heading in the wrong direction. The Center for American Progress recently reported that community colleges in 45 states have experienced a decrease in funding, all this while enrollments have grown. We need a robust role for the federal government that includes investing federal money in community colleges in ways that leverage state support. President Obama's America College Promise is an important step; it appropriately sets us on a course that recognizes that a high school degree is just not enough to build a middle class life. It also proposes a significant increase in federal funding. I understand the objections that many might have, but I urge this Committee to not ignore the pressing need to begin investing in our nation's community colleges—providing the financial support our students need to stay in school and enabling colleges to hire and retain great faculty, improve teaching, strengthen our curriculum and allow all of our students to have the enriching education that made it possible for all of us to be in this room today.

Thank you for the opportunity to testify, and I look forward to your questions.

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Mr. COLE. And now bear with me here. I didn't say this, we have a 5-minute rule. When the light goes red, it is up. But we are going to be very generous. I don't want you to be intimidated by that. I just try to keep our testimony moving along. Your full statements will all be entered into the record. But say what you want to say because this committee is extraordinarily interested in it. And particularly given how far and hard you had a trip to get here, we appreciate you arriving.

So if we can, I will move next to Professor Castleman.

Mr. CASTLEMAN. Thank you very much, Mr. Chairman and members of the subcommittee. I am honored to be here with you today to testify about low-cost, scalable strategies to increase college persistence and success, particularly among economically disadvantaged students.

We have made considerable progress over the last decade increasing the share of the populous that pursues postsecondary education. At the same time that we have witnessed improvements in college going, however, gaps in college completion between low- and high-income families have only widened over time.

Recent innovations highlight the potential for low-cost, scalable strategies to reduce these inequalities. These innovations stem from the growing recognition that targeted information and advising about college and financial aid can play an essential role in helping students and families navigate critical junctures on the road to and through college.

SUSTAINED ADVISING

Policymakers and educators have long recognized that a lack of access to advising can prevent talented students from going to college, and a wide variety of college access programs have emerged over the years to address this gap. Until recently, however, what we largely failed to recognize is how important sustained advising is for students even after they successfully navigate the college and financial aid application process. During the summer after high school, for instance, high school graduates who have been accepted to college and plan to enroll still have to complete a complex array of financial and procedural tasks in order to successfully matriculate, yet they typically lack access to professional assistance during these months.

In a phenomenon that we have called summer melt, my colleagues and I find that 20 to 30 percent of college-intending high school graduates from urban districts fail to enroll anywhere in the year after high school as a result of challenges they encounter completing these tasks.

The good news is that we have developed a variety of innovative and inexpensive solutions to help students navigate these complex processes and continue on the path through college. Much of my own work has leveraged text messaging as a strategy to provide students with personalized college information and to make it easy for them to connect to professional advising when they need help. We can use texting to deliver consolidated bursts of information about tasks that students need to complete with the confidence that at least for a moment in time that content will reach students and grab their attention.

TEXT MESSAGING

My colleagues and I have run a series of text messaging campaigns to help reduce summer melt. These texting campaigns cost less than $10 per student, which includes hiring counselors to work over the summer, but can increase the share of college-intending high school graduates who make it to campus by over 10 percent, with the biggest impacts among the lowest-income students.

We have also applied these text-messaging strategies in a pilot study to encourage college freshman to successfully renew their financial aid. Community college freshman who received these messages were 25 percent more likely to persist through sophomore year than students who didn't receive the texts.

I think we are just at the cusp of seeing how technology can be creatively leveraged to help students more effectively navigate what has historically been very complex and challenging decisions. For instance, there is broad recognition of the need to provide students with better loan counseling so they can make informed borrowing decisions. Work is now underway at the Community College of Baltimore County to use text messaging as a channel for connecting students to one-on-one loan counseling from a financial aid professional.

OTHER APPLICATIONS

Texting is not the only form of interactive technology that we can leverage to connect students to high-quality advising. With support from Bloomberg Philanthropies, several prominent college access organization are reaching out to tens of thousands of high-achieving high school seniors to offer them sustained virtual college advising. By leveraging interactive technologies, like screen sharing and video chat, these advisers can from thousands of miles away provide the kind of personalized advising to which these students wouldn't otherwise have access.

What sets text messaging and other interactive technologies apart are their low cost and scalability. Any organization with access to students can collect cell phone numbers and consent to message them. I am proud to be collaborating with the Institute for Education Sciences and Abt Associates to investigate how digital messaging can be leveraged to help GEAR UP students make a successful transition from high school into the first year of college.

Federal student aid is similarly well positioned to use personalized digital messaging to help students and their families navigate various stages of the financial aid process. The FAFSA and the loan entrance counseling process both provide ideal access points to collect cell phone numbers and other forms of contact from millions of students who could benefit from simplified information and access to help with these complex decisions.

In closing, it is worth emphasizing that the success of these strategies depends on being able to direct students to existing resources, like the federal financial aid and college advising programs. With these resources in place, and as long as students continue to encounter complexities on the road to and through college, creative leveraging of technology offers a low-cost and scalable

strategy to improve college persistence and success among disadvantaged students.

Thank you again very much for the opportunity to testify before the subcommittee today.

Mr. COLE. Thank you.

[The information follows:]

Testimony of:
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Prepared for Labor-HHS-Education Subcommittee, United States House of Representatives
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Mr. Chairman, Ranking Member DeLauro, and Members of the Subcommittee:

I am honored to be here with you today to testify about low-cost, scalable strategies to increase college persistence and success, particularly among economically-disadvantaged students.

Gains in College Access, Widening Inequality in College Success

We have made considerable progress over the last decade increasing the share of the populace that pursues postsecondary education. Enrollment in degree-granting institutions has increased 32 percent over this time period (NCES, 2014). Of particular importance, the gap in college enrollment between low- and high-income high school graduates is now narrower than it has been anytime in the last 25 years (Baum, Ma, and Payea, 2013).

At the same time that we have witnessed improvements in college going, however, disparities in college completion have actually widened over time (Bailey & Dynarski, 2012). Among students who started college in 2003, nearly 60 percent from the top family income quartile earned a bachelor's degree within six years, compared with only 25 percent of students from the bottom income quartile (Baum, 2015). These differences persist even when we compare students with similar academic achievement going into college (Belley & Lochner, 2007).

Traditional policy approaches to remedy these inequalities

Traditionally, policy efforts to increase college persistence and success have focused on improving college affordability and academic readiness for students. Recent rigorous research shows that these approaches can generate substantial positive effects. In research with my colleague Bridget Terry Long, for instance, we find that Florida high school seniors who were eligible for a $1,300 need-based grant were over twenty percent more likely to earn a bachelor's degree from a Florida public university within six years of high school than very similar students who just missed the eligibility cut-off (Castleman and Long, 2013). There have also been a variety of effective policy solutions to improve academic readiness for college, such as the City University of New York Accelerated Study in Associate Programs, or ASAP, which provides students with a highly structured and supportive academic program. The program, which targets students assigned to remedial education, doubled graduation rates for participants (MDRC, 2015).

The importance of information and advising in improving persistence and success

I believe policies to improve affordability and academic readiness will continue to be integral elements of the national push to increase the share of Americans—both young and old—who earn postsecondary credentials. While we continue to invest in these policies, recent innovations also highlight the potential for low-cost, scalable strategies to generate meaningful improvements in college persistence and success. These innovations stem from the growing recognition that targeted information and advising about college and financial aid can play an essential role in helping students and families navigate critical junctures on the road to and through college.

I owe my own success in college to my mother and high school counselor, both of whom invested countless hours in helping me find a school that was a good fit for my abilities and interests. But for too many low-income youth, this kind of sustained, individualized advising is often unavailable. Parents want to help but lack personal college experience; high school counselors often have caseloads of nearly 500 students and spend only a fifth of their time on college planning (Civic Enterprises, 2011). Policy makers and educators have long recognized that a lack of access to advising can prevent talented students from getting to college, and a wide variety of college access programs have emerged over the years to address this gap.

Until recently, however, what we largely failed to recognize is how important sustained advising is for students even after they successfully navigate the college and financial aid application process. During the summer after high school, for instance, high school graduates who have been accepted to college and plan to enroll still have to complete a complex array of financial and procedural tasks to successfully matriculate, yet they typically lack access to professional assistance during these months. In a phenomenon that we've called summer melt, my colleagues and I find that 20 – 30 percent of college-intending graduates from urban districts fail to enroll anywhere in the year after high school as a result of challenges they encounter completing these tasks (Castleman and Page, 2014). Even students who make it to college and are successful academically continue to struggle with complex tasks. For example, one out of six freshman Pell Grant recipients with GPAs of 3.0 or higher fail to refile the FAFSA in order to renew their financial aid (Bird and Castleman, 2014). Failure to refile the FAFSA is strongly associated with students dropping out before they earn a degree.

The 160-character solution: how text messaging can improve persistence and success

The good news is that we have developed a variety of innovative and inexpensive solutions to help students navigate these complex processes and continue on the path through college. Much of my own work has leveraged text messaging as a strategy to provide students personalized college information and to make it easy for them to connect to professional advising when they need help. Texting is the primary means by which young people communicate, and we can automate and personalize text messages to be delivered at scale in the same way that we can with email. We can use texting to deliver consolidated bursts of information about tasks students need to complete, with the confidence that—at least for a moment in time—that content will reach students and grab their attention. And we can configure messages so that connecting one-on-one with a college advisor is as simple as responding to the text.

My colleagues and I have run a series of text messaging campaigns to help reduce summer melt. Working with school districts like the Dallas and Austin Independent School districts and the Boston-based college access organization uAspire, and with the generous support of the Gates Foundation and other philanthropies, we've sent students texts that provide simple information about the financial and procedural tasks they have to complete, and that invite them to write back if they need help from a counselor. These texting campaigns cost less than $10 per student to operate, which includes hiring counselors to work over the summer, but can increase the share of college-intending high school graduates who make it to campus by over ten percent, with the biggest impacts among the lowest-income students (Castleman and Page, forthcoming-a; Castleman and Page, in progress).

With generous support from The Heckscher Foundation for Children, we have also applied these text messaging strategies in a pilot study to encourage college freshmen to successfully renew their financial aid. Starting in January of freshman year and continuing through the following summer, we sent students about 15 messages with information about important financial aid deadlines and with the offer of help completing their FAFSA or renewing award letters. Community college freshman who received these messages were 25 percent more likely to persist through sophomore year than students who didn't receive the texts (Castleman and Page, forthcoming-b).

Bringing text messaging to scale

I think we're just at the cusp of seeing how technology can be creatively leveraged to help students more effectively navigate what have historically been very complex and challenging decisions. Much of my texting work has been conducted with urban populations; with support from the Kresge Foundation, the West Virginia GEAR UP program has a texting project underway demonstrating that these strategies can be equally effective for rural students.

Separately, there's broad recognition of the need to provide students with better loan counseling so they can make informed borrowing decisions. With generous funding from the Lumina Foundation, work is now underway at the Community College of Baltimore County to use text messaging as a channel for providing students with simplified information about borrowing, like the relationship between how much they borrow and what they would owe in monthly payments. These texts also provide an easy way for community college students—who often balance extensive academic, work, and family commitments and spend limited time on campus—to receive one-on-one loan counseling from a financial aid professional. Student engagement in this texting campaign has been particularly impressive.

Texting is not the only form of interactive technology that we can leverage to connect students to high-quality advising. With support from Bloomberg Philanthropies, the non-profit America Achieves and several prominent college access organizations are reaching out to tens of thousands of high-achieving high school seniors to offer them sustained, virtual college advising. By leveraging interactive technologies like screen sharing and video chat, these advisors can, from thousands of miles away, provide the kind of personalized advising to which these students wouldn't otherwise have access. This same kind of model could be applied to help college students across the country.

Now, technology is not the only means of connecting college students to individualized college advising. Two of the more successful college success organizations, Bottom Line and College Forward, have adapted their high school advising models to focus on college persistence. Working in partnership with several colleges and universities, Bottom Line and College Forward provide intensive in-person coaching to help students navigate the various academic and social challenges they encounter. Early indications from both organizations is that this type of intensive coaching for college freshman can generate double-digit gains in sophomore year persistence.

What sets text messaging and other interactive technologies apart, however, are their low-cost and scalability. Any organization with access to students can collect cell phone numbers and consent to message them. There are a variety of technological platforms on the market that can automate and deliver tens if not hundreds of thousands of highly personalized messages to students, drawing on data the organization already has. These platforms can also facilitate rich and real time two-way exchanges between students and counselors. I am proud to be collaborating with the Institute for Education Sciences and Abt Associates to investigate how digital messaging can be leveraged to help GEAR UP students make a successful transition from high school into tbe first year of college. This demonstration project capitalizes on the option Congress gave the GEAR UP program in the 2008 Higher Education Authorization Act to support students in the transition year after high school, and I think it bas considerable potential to further GEAR UP's positive impact on students.

Federal Student Aid is similarly well-positioned to utilize personalized digital messaging to help students and their families navigate various stages of the financial aid process, from successfully filing the FAFSA to making informed borrowing and repayment decisions. The FAFSA and the loan entrance counseling process both provide ideal access points to collect cell phone numbers and other forms of contact from millions of students who could benefit from simplified information and access to help with these complex processes.

Conclusion

In closing, it is worth emphasizing that the success of these strategies depends on being able to direct students to existing resources, like the federal financial aid and college advising programs. With these resources in place, and so long as students continue to encounter complexities on the road to and through college, creative leveraging of interactive technologies offers a low-cost and scalable strategy to improve college persistence and success among disadvantaged students.

Thank you again for the opportunity to testify before the Committee today.

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Mr. COLE. Professor Thompson, if we can, we will move to you for your statement.

Mr. THOMPSON. Chair Cole, Congressman Fattah, and distinguished committee members, thank you for the invitation and good morning. It is my pleasure being here today representing many Kentucky students, both in K–12 and higher education. But I am also here representing what I believe to be one of the more powerful programs that will address and is addressing what my distinguished colleagues have already mentioned, that is closing the gap.

What do we know about closing the gap? We know, especially for low-income students, they are five times more likely not to enroll in college. We know that if they do enroll in college they graduate at about half the rate of those that are not low income. And many of these exact sort of demographics can apply to students of color.

Personally and professionally, I have to tell you, I have something to bring to the table on this issue. And, President Mellow, I appreciate you offering that personal touch. Because I am a first-generation high school student, as well as college student. I am from central Appalachia. My father was an illiterate coal miner. My mother had an eighth-grade education. And I will tell you that the value of education was always talked about in my home. I have to tell you that when they talked about it, I probably interpreted it a little bit different than what they really meant it. But that is okay. That is about building capacity in a person.

My father talked about, boy, you get an education, you get a chance to not be in the coal mines. My mother said you get an education, you have a chance of actually getting money. Both of those were very powerful items. So in the last two-plus decades in my professional career I have been studying exactly what it takes to reach success for those that are most disenfranchised.

To make a long story short, there are four big items, four big pillars, four big building blocks that it takes in order to make it happen. And even though this doesn't work this way, I would want you to imagine these four building blocks as being equal in power.

FAMILY

The one is the family. We know that the more input a family member has, especially with parents, the greater chance that that child will actually succeed, right? And that is previous education also.

COMMUNITY

We also know that community matters. And the community, you guys mentioned this business partnership. In Kentucky, we are really into the partnerships with K–12 and higher ed. We know working together we can do that.

PEERS

We also know that peers, by the time they get to be 11 or 12, may be the most powerful influence on that child. I will tell you, my mother always said, boy, you hang out with the no-goods, you are going to be no good. And her point is that if you build a powerful peer relationship, it can be good.

INSTITUTION

The third is the institution itself. And this is where your distinguished committee, with very bipartisan efforts, have put forth the kind of programs that work. We know that that institution may be the place that many of these folks come to that they have to actually replicate the first and the second building blocks. And we know that is important. And you may have been reading, the U.S. DOE came out and said that some of these efforts are working, we are closing some of these gaps. But, Congressman Fattah, I agree with you, it is about opportunity.

INDIVIDUAL CAPACITY

And the fourth one is the student him or herself or the person him or herself. We have to be able to build the capacity of that person. There are two things that we know that we need to build. And I will tell you, GEAR UP, what I am going to talk about in a second, does that. We know we have to be able to teach them how to self-actualize and recognize when they don't have what it takes to be successful. And, number two, about going about finding it. You have heard this before, if you give them a fish, they will eat one time. If you teach them how to fish, they will eat multiple times.

GEAR UP

So this is what we are talking about. GEAR UP is a competitive 6- or 7-year grant program that funds either States or community partnerships to collaborate and improve the academic, social, and financial readiness of low-income students and increase the number who graduate from high school and enroll in postsecondary education.

What is unique about GEAR UP, we start early. We know the earlier you start in elementary or middle school and follow those students through in a cohort fashion, the more input that you have across those four building blocks. GEAR UP does that starting in the seventh grade. It provides services to its students and families.

So we try to build the capacity of those parents and family members to help these students get through. We do mentoring, intrusive advising. We get them on colleges. Because much of this we are talking about is the college-going culture. Many of the kids still—I am from Appalachia, I have to tell you—we still have to get them to believe that college and graduating from high school being college ready or career ready gives them a key towards success. We build the professional, the students, the teachers, and the leadership of that school to be very much a part of this creation of the college-going culture.

Why is it unique? As I said, it starts early, from seventh grade all the way through the first year of college. It serves all students and all grades. We believe that building together, raising all tides, gets us to where we need to go. It creates partnerships with businesses and community members, especially the partnership grants build those unique partnerships that direct itself toward the community issues.

We have a State grant. That is building a strategic agenda throughout the State where GEAR UP is a key element, a key portion of our overall State agenda, which my office actually sets.

GEAR UP in Kentucky, I want to tell you really quick, when we look at comparing the schools that were not in GEAR UP, before they got in GEAR UP, we see those schools actually increasing their college-going rate by 22 percent. We also see that they actually have great success in the first year of college. We are now in the process of tracking those students as they go through college and see how well they do.

Berea has several GEAR UP grants, and one of the things that they shared with us that I want to share with you is that students are reading above grade level, they are doing math at 17 percent more than their other cohorts, and they are actually demonstrating that students who are coming from the most disenfranchised area can have a huge input on the opportunity that you mentioned earlier.

So what do we need? We are asking you to continue but expand the efforts that we know work. GEAR UP is one of the most cost-effective programs that you have, by the way. It serves at $547 the kind of impact that I was just mentioning. That is per student per year.

But the need is greater. Less than one in five applicants for new GEAR UP projects received the funding in 2014. We could get a lot more if we could get more funding obviously. So we are asking that you think about it along these terms. We have $301,600,000 right now of appropriations that support over half a million low-income students. We know that even just a modest 20,000,000 more dollars would serve at least 35,000 more students. And then you can start calculating above that.

Mr. Chair, I apologize for going over, but I will tell you that GEAR UP works.

[The information follows:]

Testimony of Aaron Thompson, Executive Vice President and Chief Academic Officer
Kentucky Council on Postsecondary Education

Committee on Appropriations, Subcommittee on Labor, Health and Human Services, Education, and Related Agencies

"Oversight Hearing - Closing the Achievement Gap in Higher Education"

March 18, 2015

I. Introduction
Chairman Cole, Ranking Member DeLauro, and distinguished Members of the Subcommittee, thank you for inviting me to testify on behalf of the Kentucky Council on Postsecondary Education and the national GEAR UP community.

I sit before you today wearing multiple "hats." In addition to my role at the Council, I have spent 25 years engaged in scholarly research focused on issues of equity, diversity and student success in education. My long-standing involvement in multiple state and national efforts includes the federally-funded GEAR UP (Gaining Early Awareness and Readiness for Undergraduate Programs) initiative, which has enabled Kentucky to increase college-going rates for participating low-income students by 22 percentage points.

Through this work, I've been able to share and apply what I have learned from my research about what works in increasing access and success in education for all students regardless of background, identity, or income. That is at the heart of what I will share with you today--because I am a real life example of the transformative power of the opportunity that education can provide.

My father was an illiterate coal miner and tenant farmer who signed his name with an X, and my mother was the leading academic of the family with her eighth grade education. As African-American parents living in poverty in rural eastern Kentucky, they couldn't provide me with the financial assistance needed for college, nor the guidance about how to navigate that unchartered path. What they did give me is something far more important and lasting—their deeply held belief in the value of education as a key to a sustainable income and a better, more secure life.

But beyond my story, education is the engine of economic growth and opportunity that impacts us all more than ever before. Not only has the share of jobs that require postsecondary education doubled over the last 40 years,[i] research shows that higher levels of educational attainment benefit individuals and society. College graduates are less likely to be unemployed or incarcerated, and more likely to live healthier lifestyles and be engaged citizens.[ii] These outcomes fuel our national and state economies and have a profound generational impact. The benefits of education are even more powerful for low-income individuals, who are five times more likely to move out of poverty if they attain a college degree[iii]. I am here today as living evidence of education as the stepping stone out of the cycle of poverty.

My children will have a better chance to achieve prosperity because of my education, as will many of yours. But many students still face the same obstacles that I encountered along the way. The term "achievement gap" refers to the different levels of performance between different groups of students, whether it be students from higher-income and lower-income households, racial/ethnic minority and majority students, or students who are breaking the mold to become the 'first generation" to pursue postsecondary education. For the purpose of this testimony, we will refer to these student groups collectively as "gap students." Although we see no difference in the college aspirations of gap students,[iv] the disparity is alarmingly apparent when we look at how prepared they are for postsecondary education, whether or not they are choosing to enroll in college, and how often they persist to earn a degree.

When we look at the overall picture, there's no doubt progress is occurring, especially in Kentucky. In 2010, only 34 percent of Kentucky high school graduates were ready for college or a career on graduation day. Four years later, this number had increased to 62 percent.[v] These remarkable gains have put a national spotlight on Kentucky's efforts. Building up our history of education reform dating back 25 years, our most recent landmark legislation in 2009 (SB1) spurred us to adopt statewide definitions and standards for college and career readiness, which has fostered

an increasingly seamless relationships between K-12 and postsecondary systems. Next on the horizon, we will leverage this synergy by employing a systemic approach to improving teacher quality. Our K-12 and postsecondary institutions are now working together to reimagine how we better prepare Kentucky teachers for today's classrooms and Kentucky students for a global economy through an initiative we call Kentucky Rising.

Despite this remarkable progress, challenges persist for gap students who have so much to benefit from higher education. Nationally, low-income students are enrolling in college at substantially lower rates[vi] and are half as likely as their higher income peers to earn a degree within 6 years[vii]. The educational gaps that emerge early between low- and high-income students manifest themselves later across nearly every dimension of college access, readiness, and success. This disparity points to the need for early emphasis on improving the academic, social, and financial readiness of gap students to be integrated into our state and national strategies. GEAR UP has been proven to be an effective catalyst for states and communities to working together toward this common goal through comprehensive solutions that are a result of K-12 schools, postsecondary institutions, and community organizations.

Though academic readiness isn't the only factor that influences college completion, it is a prominent one. Based on scores on the ACT college entrance exam, we see a substantial and persistent gap in academic readiness in terms of race/ethnicity and income at the state and national levels. Kentucky students of color have trailed the ACT scores of their white peers by as much 24 percentage points, a performance gap that is even larger and persistent at the national level.[viii] Similarly, only 20 percent of low-income students met at least three of the four ACT college readiness benchmark scores, compared to 62 percent of students from high-income families. Even more telling, nearly half of low-income students didn't meet a single benchmark.[ix]

But a single set of standardized test results does not tell the whole story. When it comes to equipping and empowering our students to be successful, four key influencers are in play: family, institution, community, and self.[x] I call these the "Four Pillars of Student Success," and each represents the individuals or communities that influence student life choices. When all four are aligned in support of educational success, we see positive outcomes.

Pillar #1: Family. The first teachers and primary caregivers of students are their family. Regardless of its structure, a student's family has a huge impact on how they value education, perceive themselves as capable of achieving their goals, and access financial resources to pursue them. Many gap students have parents/guardians with low levels of educational attainment and limited experience (if any) navigating the career planning and college entrance processes. This often results in a lack of family encouragement or involvement in plans to enroll in college or persist to graduation. Low income families often consider college beyond their reach because of their perceptions of how much it will cost. With nearly one in five Kentuckians living in poverty and a median household income of $42,610,[xi] the price tag for a college education is a constant and growing challenge for our students. Even if they are able to access grants and/or student loans, conflicting commitments to family and/or employers often pull students' time and energy away from the academic demands and social experiences of college, decreasing their likelihood of success.

Pillar #2: Community. Students are also influenced by individuals and groups outside the family unit, such as employers and faith- or community-based organizations. In the formative adolescence years, the level of this pillar of influence increases, with the strongest of voices being those of peers. Students in communities with low educational attainment often feel alienated from friends who choose to not pursue postsecondary education. The disconnect between their everyday culture and personal educational attainment goals, along with a lack of sufficient role models in their community and on college campuses, can negatively impact their likelihood of earning a degree.

Pillar #3: Institutional. Each institution students move through along their educational journey has a different but vital role to play in ensuring they have adequate life skills and receive rigorous instruction, career planning guidance, academic advising and extra supports when needed. Gap students that lack adequate family and community involvement may depend on institutional involvement at higher levels. Unfortunately, because gap students are often held to lower expectations by K-12 teachers,[xii] they are too often steered away from taking more rigorous courses, an essential ingredient for college readiness. Compounding the problem, school counselors are stretched far too thin, as indicated by the national average counselor-to-student ratio of 457:1[xiii]. This further limits access to the needed guidance that gap students can't find elsewhere, making them less likely to take the right steps to prepare for life

after high school. On the other hand, when gap students are in an environment of high expectations and high support, they rise to the challenge.[xiv]

Pillar #4: Student self. The pillars of family, community and institution individually and collectively form the contours of a student's self-esteem and their ability to assess and monitor their own behavior and skills. If a student has adequate self-actualization, he or she is able to recognize what they need to be successful, see where they are lacking and then find the appropriate resources to address those gaps. When a student's influencers don't support their educational success, the student is less likely to establish sufficient goals or maintain a commitment to college. If they persist toward their goals independent of these pillars, they may experience social alienation, inadequately plan for college and career, and develop ineffective study habits.

II. Why GEAR UP Works

To close these gaps, our response must be comprehensive and target the unique needs of gap students by mobilizing and aligning these key student influencers toward a common goal.

Congress has invested more than $4.5 billion since 1999 in a bipartisan effort to better prepare millions of low-income students to enter and succeed in postsecondary education through the GEAR UP program. A competitive, six- or seven-year grant program administered by the Department of Education, GEAR UP provides funding to either states or partnerships of middle/high schools, postsecondary institutions and community organizations. Grantees work directly with students in both rural and urban areas which, regardless of geographic location, enroll high proportions of gap students.

This year, the $301.6 million GEAR UP appropriation will support 551,000 students through 128 existing projects in 43 states and one territory. These grantees utilize GEAR UP to ensure students are a) academically ready for postsecondary work, b) aspire to complete college, and c) have the knowledge and resources they need to successfully enter and complete postsecondary education after high school. In Kentucky, our state GEAR UP project at the Council and three partnership projects at Berea College serve more than 40,000 students in 47 counties, 23 of which are classified as "distressed" areas. Your current seven-year investment of $140 million in Kentucky is equally matched with $140 million in contributions and cost sharing from project partners and reaches into 133 middle and high schools in some of the most economically challenged communities in the Commonwealth.

One of the most powerful and unique characteristics of GEAR UP is its school-based cohort approach. While many college access outreach programs work with targeted groups of students based on a specific needs or characteristics, GEAR UP projects serve entire grade levels within a school beginning in 7th grade and follow these students through the first year of postsecondary education. This ongoing intervention model establishes educational expectations early and supports the realization of student goals by bridging the often difficult transitions from middle to high school and from high school to college. Because research shows that persisting to a second year of college substantially increases the odds of earning a degree for gap students,[xv] GEAR UP continues to provide support services through the end of the college freshman year. It was this unique cohort approach that compelled the New America Foundation to name GEAR UP as "the most promising college readiness outreach program" and call for tripling funding support for grantees to work with schools longer and serve additional cohorts.[xvi]

Through GEAR UP, states and local communities are able to establish comprehensive K-12 and higher education partnerships to address the pathway to college success as a whole. The unique approach of GEAR UP as a *holistic and early* intervention is successful because **it supports and aligns all four pillars of student success.**

GEAR UP intentionally **involves families** so they understand that college is critical and accessible, and that their support is irreplaceable. Through family workshops, campus visits, college planning resources and other services, GEA R UP equips parents and family members to support their children in becoming college ready. Projects supplement family financial resources by awarding student scholarships and providing financial aid counseling. For students who don't have family support available, GEAR UP mobilizes counselors to mentor them as they progress, developing deep bonds. For example, the GEAR UP Kentucky project supplements the deficient school counselor-to-student ratio by providing one College & Career Advisor for every 250 students in participating cohorts.

GEAR UP fosters **community involvement** for student success within its very structure. Not only does the 100% match requirement create partnerships built upon mutual contributions and benefits, the two different types of GEAR UP grants offer unique opportunities for community involvement. GEAR UP partnership grants provide the impetus for local communities to evaluate their unique areas of need and then leverage GEAR UP resources to specifically target those needs. This flexibility for local control gives GEAR UP a unique effectiveness even in the most rural areas of the nation–an important reason why GEAR UP has been so effective in Kentucky. On the other hand, state grants provide the opportunity to scale up effective practices and embed them into state policy. In Kentucky, we see GEAR UP as the natural bridge between K-12 and postsecondary education reform efforts, which you will see reflected in our statewide strategic agenda.

Rather than solely providing services to students for a set period of time until funding runs out, GEAR UP fosters **institutional involvement** by focusing on building a college-going culture in schools so that sustainable change occurs and benefits future classes of students after grant funding ends. School improvement efforts in GEAR UP are centered on using student data to inform decisions about school practice, policy and professional development, especially when it comes to ensuring all students have access to rigorous instruction.

GEAR UP **serves the whole student self** – not just through increasing their awareness of the importance of postsecondary education, but in supporting them to become academically, socially and emotionally ready for the college experience. Whether it is expanding students' confidence about becoming a college student through campus visits and summer programs, or intentionally developing self-regulation skills through a 21st century skills curriculum, the early and ongoing mentoring of GEAR UP builds self-esteem and survival skills needed for college success.

III. How We Know GEAR UP Works

As you can see, GEAR UP doesn't tinker around the edges. As a result of its research-based approach and comprehensive structure, GEAR UP is raising students' aspirations, giving them the necessary tools and support to succeed, and changing their lives in profound and permanent ways.

Like you, our GEAR UP community is deeply committed to ensuring a measurable return on the taxpayer's investment. We focus our time as a learning community on advancing our evaluation efforts so that each program is guided by evidence, more responsive to changing practices, and ultimately more accountable for outcomes. While our existing data collection and reporting infrastructure is far from ideal, we are pioneering unique solutions to long-standing challenges. For example, Kentucky is one of 14 state GEAR UP programs that have formally committed to dramatically higher evaluation standards through the voluntary and state-led College and Career Readiness Evaluation Consortium. Since 2012, project leaders in these states have collaborated to conduct a multi-state evaluation of the GEAR UP program and assess the impact of interventions against specific indicators of success. It's all about improving our ability to consistently measure and report outcomes of individual projects, compare data across grants and states, and most importantly, use data to improve our practices as a whole.

While this work to align data collection and reporting is ongoing, there is already ample evidence to demonstrate the effectiveness and impact of GEAR UP. As a beneficiary of your committed bipartisan investment in GEAR UP for 15 years, Kentucky has reaped significant outcomes. Between 2000 and 2010, the number of GEAR UP students who planned to attain a postsecondary degree increased 18 points (from 64 percent to 82 percent), and those who were advised about college entrance exams increased 35 points (from 25 percent to 60 percent). We saw significant improvements in how low-income students perceived their ability to afford a college education, and the percentage of students who took Pre-Algebra in 8th grade (a proven indicator of college success) nearly doubled. In our second GEAR UP project, the college-going rate at participating schools increased from 45% in 2004 to 67% in 2011.

Our colleagues at Berea College GEAR UP have had extraordinary success working with low-performing Appalachian middle and high schools. With the support of GEAR UP, the percentage of students at or above grade level on K-12 state assessments increased by 17% in math and 15% in reading. Their innovative approaches have consistently increased high school graduation rates and college enrollment in some of our most challenging communities in Kentucky.

Nationally, the data show that GEAR UP is meeting or exceeding expectations in indicators related to taking rigorous courses, college and financial aid awareness, and most importantly, college enrollment. The Department of Education reports that between 2011 and 2013, cohorts of GEAR UP high school graduates enrolled immediately into postsecondary education at rates of 60, 62, and 75 percent respectively. In comparison, the National Center for Education Statistics reports that 66 percent of ALL high school students nationally enrolled immediately, and only 51 percent of low-income students do the same[xvii]. Clearly, GEAR UP demonstrates that narrowing the college enrollment gap is achievable.

IV. The Ongoing Demand for GEAR UP

We must capitalize on what we know works. It's vital to not only sustain effective efforts/programs like GEAR UP, but to seek ways to continually improve what we are doing and scale up effective practices to reach more students and communities. Unfortunately, stagnant funding for GEAR UP over the last four years has resulted in a tragic loss of successful projects. For example, in 2011, eight GEAR UP projects were active in Kentucky; in 2012, only three were refunded for a new grant. This has also spurred dramatic increases in competition for funding for new projects.

The current investment in GEAR UP is highly successful, but federal funds are not adequate to serve all the low-income students, students of color, and first-generation students who need help. In the 2014 GEAR UP competition, we estimate that less than one in five applicants were ultimately funded. If level funded in FY 2016, the Department of Education will be unable to host a new competition for awards, effectively closing the door on communities who would greatly benefit from the program for several years.

We need to move from pockets of success to a comprehensive system that meets the current need. Given its cohesive approach, flexibility for local control/customization, and adaptability to all geographic regions, GEAR UP is the most promising investment. At an average of $547 per GEAR UP student this year, this investment is also a cost-effective one. While the demand for GEAR UP is substantial, we estimate that even with a modest $20 million increase in FY 2016, we could serve an additional 35,000 students through new awards. With increased support, GEAR UP could expand interventions and practices proven to be effective for students who may otherwise fall between the cracks.

While the numbers speak loudly to the remarkable impact of GEAR UP, the greatest testament can be found within the stories and experiences of the students it serves. Allow me to offer you to a real life example of the GEAR UP promise realized in a community close to my hometown.

Harold grew up in in Rockcastle County, Kentucky, where one in every four of his 17,000 neighbors lived in poverty. Not only did he lack adult role models who had successfully completed college (only 10% have a bachelor's degree), one in every four in his county dropped out of high school. An alumnus of Berea College and a beneficiary of its GEAR UP program, Harold says the following about how GEAR UP was a game changer for him:

> *"Without GEAR UP, my adult life would likely look completely different. I probably would not have gone to college without having gained what I did from GEAR UP. If I did go, it probably would not have been straight out of high school, and definitely would not have been the best-fit college. ... [Since graduating college] college access and success is a field I have spent working in for the last five years, and I am thankful that I learned back then in high school about my ability to have a genuine connection with others. I feel I am called to impact change in the world. To be a GEAR UP alum is very precious to me, and I wish to continue making meaningful connections with youth, in the same way the GEAR UP staff supported me, every day indefinitely."*

Thank you for the opportunity to speak with you this morning and I'll be happy to respond to any questions.

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Mr. COLE. Well, you don't need to apologize. First of all, as I am sure you know, you have the congressional father of GEAR UP up here whose grin was getting progressively bigger.

Mr. FATTAH. Definitely is music to my ears, Chairman.

Mr. COLE. And the only other thing I can say is your mom clearly knew my mom.

Mr. THOMPSON. Moms believe in behavioral modification.

Mr. COLE. It was very similar. We seem to have gotten the same parenting advice growing up.

If we can, next I want to move to Dr. Fischer. And just a delight to have you here.

TRIO

Ms. FISCHER. Thank you, Mr. Chairman and members of the subcommittee. I am honored to have the opportunity to testify today about the impact of the TRIO program on my life. I particularly want to encourage the subcommittee to invest more in the TRIO programs in the fiscal year 2016 so that more students can be served. While TRIO served nearly 880,000 students in 2005, only about 785,000 students are served today. And we very much hope that the House can move towards restoring necessary funding for additional students.

So I grew up in a family that didn't value education at all. My home was a very severely abusive one. I missed weeks of school at a time because I couldn't go to school with cuts or bruises or a busted-up face. And when I was in the sixth grade my mom removed my siblings and I from public school under the guise of home schooling. And as a sixth-grader I became a teacher to my six younger siblings and two younger cousins who lived with us. I taught them everything I knew, how to read, write, and do math, at least as much as a sixth-grader knows, but there was no one to teach me.

A few years later, and an abusive marriage later, I was walking through a county fair in Oklahoma when an East Central University recruiter stopped me and asked me if I wanted to go to college. I never even considered going to college because I literally knew nothing about education. I was a 33-year-old single mother of two boys and I lacked a lot in the education department. And then there was the issue of money. I honestly didn't know that there was money to help people in my situation. But this wonderful gentleman convinced me that I could and should go to college.

So to say that attending college was a challenge is a pretty big understatement. I hadn't been in a classroom since the sixth grade, and I had a lot of catching up to do. Also, I couldn't shake the feeling that I was an imposter. So I was struggling to gather enough courage and confidence to keep going.

And then I discovered science, something I hadn't really experienced because of my lack of formal education, and I knew I had found something that I could be passionate about. The class was general zoology, and that professor kept me on the edge of my seat. I literally wanted to go to class every day. By the end of that semester, I had changed my major to biology, and several professors in the Biology Department had started to talk to me about a graduate degree and how the TRIO McNair Postbaccalaureate Achieve-

ment program could help me navigate that process. I had never heard of a Ph.D., and I certainly didn't know how to obtain one, but I loved science and if it would help me learn more about science and even be able to teach science, I was interested.

So the McNair office became my home base for the remainder of my time at East Central University. TRIO programs enable low-income, first-generation students to address the nonfinancial obstacles that they encounter to prepare for, apply for, enroll in, and complete college.

The lack of family support that I described is certainly not universal among low-income, first-generation students, but the presence of major nonfinancial obstacles, together with real financial obstacles, are almost always there. For example, I almost always worked two or three jobs while I was caring for two young children and full-time college, and the sense of being different, maybe just not being ready, is so often present for low-income, first-generation students regardless of their aspirations and motivations.

MCNAIR

Ronald McNair, himself, encouraged students to dare to dream, because big things can happen if you dream big and work hard. But sometimes a person doesn't even know how to dream. I didn't know how to dream, because I didn't know what to dream about. I didn't know what was available.

But the McNair program helped with that. They were so much more than program staff. They became my family and my biggest cheerleaders, and they literally changed my life. They opened my eyes to opportunities that I didn't know were available. And the open-door policies of McNair mentors allowed me to keep asking questions until I got answers. And by then I was really hungry for answers and for knowledge.

One of the biggest impacts of the program was that students in the program were not treated differently because of their less than ideal backgrounds. In fact, the opposite was true. For the first time in my life, I started to feel like an equal citizen, capable of accomplishing anything I set my mind to. They also fostered this community feeling among the students so that we became a family. And we supported each other not just in classwork, but in personal crises.

I persevered in my studies, and I ultimately did complete my doctorate at the University of Iowa. It was in oral microbiology. And I am now engaged in a postdoctoral research program, and I am committed to a life of teaching and research. And I discovered that passion through research and teaching opportunities in the McNair program.

One of the major reasons to invest in TRIO is the profound change it is able to make in an individual life, like mine. Another is its reach. TRIO touched me through a small college in Oklahoma. But with 2,800 programs in every U.S. State and several territories, it is an ideal vehicle for introducing effective approaches to student success, but more funds are necessary to expand and intensify existing services.

And I thank you for listening to my story and considering my views.

[The information follows:]

Testimony of Carol Fischer, Ph.D.
Post-Doctoral Fellow, University of Iowa
Hearing - "Closing the Achievement Gap in Higher Education"
Labor, Health and Human Services, and Education Subcommittee
U.S. House of Representatives
March 18, 2015

Mr. Chairman, Members of the Subcommittee, I want to thank you for the opportunity to testify before the Subcommittee on the Labor, Health and Human Services, and Education Appropriations and discuss the impact of the TRIO programs on my life. I particularly want to encourage the Subcommittee to invest more in the TRIO programs in Fiscal Year 2016 so that more students can be served. While TRIO served nearly 880,000 students in 2005, only about 785,000 students are served today. We very much hope that the House can move towards restoring necessary funding for additional students. The Administration has proposed $20 million in additional funding for an innovation fund for TRIO. However, the Council for Opportunity in Education, which represents colleges and agencies that sponsor TRIO programs, wants to emphasize that a higher priority should be placed on restoring students who can no longer be served in TRIO than on this competitive innovation fund.

I grew up in a family that didn't value education – at all. My home was a severely abusive one. I missed weeks of school at a time because I couldn't go to school with bruises, cuts, or a busted-up face. When I was in the 6th grade, mom and my grandmother (who lived with us and was the source of most of the abuse) removed my siblings and me from public school under the guise of "home-schooling." But what that really meant was that they wanted all the questions about us missing so much school to stop. At that time I, as a sixth-grader, became teacher to my six younger siblings and two cousins who lived with us. I taught them everything I knew: how to

read, write, and do math. But there was no one to teach me. Mom did make an effort – she obtained a home study high school course for me, but then she and my grandmother decided that many of the subjects were inappropriate for me so I didn't get to complete them even though I did get a high school diploma from that course.

A few years and an abusive marriage later, I was walking through a county fair in Pauls Valley, Oklahoma when an East Central University recruiter asked me if I wanted to go to college. I had never considered going to college because I literally knew nothing about education. I was a 33-year-old single mother of two boys and I lacked so very much in the education department. And then there was the issue of money – I honestly didn't know there was money available to help people in my situation. I was under the mistaken belief that only "rich kids" could afford to go to college. But this wonderful gentleman convinced me that I could, and should, go to college. The next thing I knew I was sitting in his office discussing the ACT and enrolling in classes to assist me to enroll at East Central.

To say that attending college was a challenge is a severe understatement. I was absolutely terrified, and my self-confidence was non-existent. I had not been in a classroom since the 6th grade so I spent countless hours catching up. I couldn't shake the feeling that I was an imposter; and imposter feelings are extremely difficult to shake. For every person who continually tells a kid they're worthless and will never amount to anything, it takes thousands of rebuttals from caring individuals to push those memories into the background enough to gain some self-confidence. So I was struggling to gather enough courage and confidence to keep going.

And then I discovered science – and science brought TRIO McNair. In the second semester of my

freshman year, I took my first science course, something I had never experienced before in my formal education – and I knew I had found something I could be passionate about. The class was General Zoology and the professor literally kept me on the edge of my seat the entire semester. By the end of that semester I had changed my major to Biology and several professors in the Biology Department began to talk to me about a graduate degree and how the TRIO McNair Postbaccalaureate Achievement program could help me navigate that process. I had never heard of a PhD – or how to obtain one – but if it would help me learn more about science and be able to teach science, I was interested. The McNair Office became my home base for the remainder of my time at East Central University.

TRIO programs were authorized to enable low-income, first-generation students to address the non-financial obstacles that they encounter in preparing for, applying for, enrolling in and completing college. The lack of family support I describe is certainly not universal among low-income, first-generation students. But the presence of major non-financial obstacles, taken together with real financial obstacles are almost always there. (In college, I was almost always working two or three jobs, while caring for two young children.) The sense of being different, of maybe just not being ready is so often present for low-ineome, first-generation students, regardless of their aspirations and motivation.

TRIO McNair was established as one of two TRIO undergraduate programs to prepare low-income, first-generation college students for doctoral study. A personal quote from Ronald McNair himself encouraged students to "Dare to Dream" because big things can happen when people dream big and work hard. But sometimes a person doesn't even know how to dream –

especially if their life has been so crushed by the circumstances they were born into. I didn't know how to dream – because I didn't know what to dream ABOUT. I didn't know anything about opportunities that were available and many of the available opportunities seemed way out of MY reach. But the McNair Program helped with that. They were so much more than just program staff – they became my family and my biggest cheerleaders and they literally changed my life. They opened my eyes to so many more opportunities than I ever knew were available and provided many excellent and caring mentors. The open door policies of these mentors allowed me to keep asking questions until I found satisfactory answers. And by then I was really hungry for answers and knowledge.

One of the biggest impacts of this program was that students in the program were not treated differently because of their less-than-ideal backgrounds; in fact, the opposite was true. For the first time in my life, I started to feel like an equal citizen, capable of accomplishing anything I set my mind to. Instead of being surprised at my success, they made me feel like they had known all along that I could do it – like it was expected of me. They also fostered a community feeling among students in the program so that we became family and we supported each other through classwork as well as personal crises.

Of all the opportunities provided through this TRIO program, it was the research and teaching assistantship opportunities that most influenced the direction my life would take. The funny thing is that without these opportunities I would never have discovered the things that I am so passionate about today. If you had asked me 13 years ago if I wanted to do research or teach college level classes I probably would have said no. But through these research and teaching

opportunities I discovered a passion for teaching and sharing knowledge with others.

The first graduate program I entered was not a good fit for me. Add to that the stress of moving two kids (by myself) to a new state and all of us trying to adjust at the same time – it was extremely difficult. Also, during that first year my mother was diagnosed with a rare brain tumor. We didn't think she was going to make it. During that time the McNair program advisors and mentors maintained close contact with me by email and telephone and continued to support and encourage me. Because of this support, I persevered in my studies and ultimately completed my doctorate at the University of Iowa. I am now engaged in postdoctoral research and am committed to a life of teaching and research.

Certainly one of the major reasons to invest in TRIO is the profound change it is able to make in individual lives – lives like mine. Another is its reach. TRIO touched me through a small college in Oklahoma. TRIO's reach through its 2,800 programs in every U.S. state and several territories makes it an ideal vehicle for introducing effective approaches. But more funds are necessary to expand and intensify existing services.

Closing the achievement and attainment gap will require additional investment in supportive services, such as those provided by TRIO. There are millions of individuals like myself who need the assistance these programs provide. The nation can only benefit from helping all of its citizens meet their full potential and contribute to society.

Thank you for listening to my story and considering my views.

Mr. COLE. Well, Dr. Fischer, I want you to know my science teacher kept me on the edge of my seat too. But I was wondering whether or not I could pass. I am glad yours was much more successful.

I am going to open up. And an interesting common theme to me in all of your remarks was, frankly, how many different things are necessary. We look at this often as a financial problem, but as all of you have mentioned in different ways, there is a whole panoply of support here. And we know if we provide it, it really pays off.

ITEMS FOR FOCUS

Now, having admitted that up front, I am also going to put you on the spot collectively, and I will start with you, Dr. Fischer and then just work across, and ask you, if you had to pick one or two things that in your experience are extraordinarily important for us to focus on as a committee, what would those things do? Because we are usually in a position of having to make choices up here. We never have as much money as we would like. So if you had to say this is the one that makes a difference, if you have to prioritize, where you would prioritize, I would love to get your response. So if I can start with you, Dr. Fischer.

Ms. FISCHER. That is a big one because it is overall——

Mr. COLE. It is very unfair too.

REACHING STUDENTS

Ms. FISCHER. It is.

I think one thing that is really important, first of all, is reaching students as soon as possible. I discovered through my children that they learned a lot about education through me. And they started talking to their friends. And I actually am able to go talk to classrooms in my kids' schools now about this process because they are curious and they want to know. And many of them don't think that they can do this. And so I think that it is really important, to start reaching them as early as possible, so that they know what to dream about.

And also, while we need money, financial things, many of us work multiple jobs to make this happen while some of us are taking care of kids, we also need the funding to have people available to be there for you because we don't have the support, a lot of us don't have the support that we need.

Mr. COLE. Thank you very much.

BUILD CAPACITY

Professor Thompson.

Mr. THOMPSON. Well, you probably have guessed, I have asked that in Kentucky several times. The things that we know that we have to do now, we have to be able to build capacity. We have to build on those things that work. We also have to look at how many of the folks will have skin in the game to help us to do that. One of the reasons why I like GEAR UP so much, because it is a dollar-for-dollar partnership in what we create and how we do. So we get double at least the magnitude out of the federal dollar.

But the other thing that I think is important, we have to look at—and I would agree with you—building the holistic capacity of a student. And it has to start early. But we also have to look as we get them through college—and when I say college, I mean in some cases it may just be a 1-year certificate—but the idea that many of our students still drop out of college because of this gap that we are talking about. So the need for need-based aid for completion is crucial. And we have research that is coming out on that all the time.

So the idea of being able to build holistically the capacity from elementary school all the way through, with the right kind of teachers, the right kind of inputs in the schools, and all the way through having to make sure that they are college ready and career ready when they go on to college, but yet giving them the kind of inputs that it takes for them to be successful in college. So holistic capacity is one of two of the things that I would argue that I would consider.

Mr. COLE. Great.

NEED-BASED AID

Professor Castleman.

Mr. CASTLEMAN. My position is much easier coming third in line because I can build on the insightful comments of Dr. Thompson and Dr. Fischer.

To reiterate something Dr. Thompson said, I think it is crucial to sustain need-based aid for college. There is a variety of very rigorous research showing long-term benefits from need-based aid on outcomes. I have worked with my colleague and mentor Bridget Terry Long at Harvard University showing that a $1,300 need-based grant offered to students at the end of their senior year in high school in Florida increased the share that earned a bachelor's degree within 6 years by over 20 percent. I think that is a worthwhile investment in terms of the lifelong benefits that student is going to get. So I think it is very important to sustain financial aid.

I also think Dr. Fischer's point is very well taken, that even with financial aid in place students encounter very, very complex decisions in evaluating where to go to college, how to access financial aid and maintain their aid. And there are critical junctures along that pathway where students do not complete the FAFSA, they don't apply to a broad set of colleges, they don't renew their financial aid. Students who have worked very hard, showed tremendous promise for themselves and their families, but also for our country, may fall through the cracks.

And so I think figuring out ways that we can be smart and strategic in how we make help available to students. And as you heard from my testimony, I think that technology offers us low-cost and scalable solutions to connect hard-working students to one-on-one sustained advising, even if they don't have access to that in their households or their community.

Mr. COLE. Thank you.

PELL GRANT

Dr. Fitzgerald.

Mr. FITZGERALD. Well, Mr. Chairman, in the spirit of full disclosure, I spent 17 years as the staff director of the Federal Advisory Committee on Student Financial Assistance. So we have been through a lot of battles over a lot of things, not the least of which was the FAFSA.

But I would point to, not to get too technical, but I would point to two things. First of all, the purchasing of the maximum Pell Grant, because without a strong Pell Grant program virtually nothing we are talking about here will work.

The second is something that we tried to do to clear the information barriers, and it is something we worked with Congress to write into the Higher Ed reauthorization in 1998, and that is the automatic zero. And the closer we can get the automatic zero to free and reduced lunch, the simpler the communications challenge becomes, essentially equating federal benefit, means-tested benefit programs. Obviously, free and reduced lunches in every school, the ability to communicate with parents about the fact that students would be eligible for a Pell Grant because they are a free and reduced lunch recipient would go a long way to reducing barriers. But it is expensive.

Mr. COLE. Thank you.

And if my friend, Mr. Fattah, will indulge me, I want to allow President Mellow to answer the question, then we will move to him. And I will be equally generous on the time.

TECHNOLOGY

Ms. MELLOW. Again, coming last, I absolutely agree with everything that has been said and said so well. So I will just take a slightly different tack.

I would say that the challenge of America is not just who is in college, but who should be in college. And I see those students who have dropped out of high school, especially in urban areas, especially men. We are having a crisis of men who have dropped out of high school.

So I would say let's really look at the higher education continuum as starting with students who have not made it out of high school and really thinking deeply about how our workforce development dollars align with our college dollars in ways that really make sense and hold us to a high standard. But in that, make sure that we use all the available activities that have just been mentioned.

And I would especially talk about technology. The work of being like a 911, sort of like get them before they fail, could be so helpful. I have seen students drop out of college because they couldn't find the babysitter when their mom who used to take care of the kids couldn't come. I have seen students walk for 2 hours to college because they didn't have a $100-a-month Metro card. So little things can make a big difference, and technology can really help us see that.

And the second piece is that I would really talk about deepening partnerships with business and industry, because the need of our students, particularly low-income students, to work is real. And it is real when you have two kids and you are working two or three jobs. It is real when you are thinking about college.

So having the ability to make that connection so that the curriculum that I teach at our college is effective for my local community and that students really have the experience to join with a business really opens up extraordinary opportunity. One of our students who grew up poor in the Bronx, single mom, said, "I have always had dreams, but until I had my internship I never saw myself in those dreams." And that is what we want to do.

Mr. COLE. Thank you very much.

And I thank my friend for being generous on the time. And, Mr. Fattah, you are recognized.

BUSINESS PERSPECTIVE

Mr. FATTAH. Thank you.

I am going to start with Mr. Fitzgerald. You represent the business community. I spent a long time yesterday interacting with one of our leading businesses, IBM. They have been instructive in creating what are called P–TECH high schools. And we are bringing them into Pennsylvania, into Philadelphia. But they have set up these schools in a number of States. A number of States have acted. They create an early college opportunity for the young people we are talking about who are in challenged circumstances, 2 years of high school, 2 years they get an associate's degree in science. And then they get a certificate, a technical certificate, in a year.

And so I am interested, obviously we are interested in every young person being successful. But when you think about the country, one of the reasons that the business community is interested in this is not on the idea of each young person being successful, it is the fact that we need these young people. If our businesses are going to be successful, we need them to be part of the workforce and the leadership force. So I am interested in what your sense is, given what we see in our economic competitors, in China and India and what they are doing, right, vis-a-vis all of the young people that we are leaving behind, and what that means to American business down the road in terms of finding the people they need.

Mr. FITZGERALD. Mr. Fattah, it is huge. And IBM is a member. Our current chair is Roger Ferguson, who is president and CEO of TIAA–CREF in New York City.

Our strategy is to support very unique partnerships between our business and our academic members to build new pathways, including from P–TECH high schools, into very high-demand, high-skilled jobs. So, for example, one of the NSF sites is, in fact, part of CUNY, and it is taking those students from a P–TECH high school and transferring them successfully into a baccalaureate program in technology.

Mr. FATTAH. What I am interested in is, what is the flip side of that? What happens if we don't succeed at this effort here? What does that mean? I have heard from Bill Gates, other people, say, look, we need these people, and if we can't find them here in America to hire we are going to hire them somewhere else, right?

Mr. FITZGERALD. That is correct.

Mr. FATTAH. And given the technological circumstances we live in, X-rays that used to be read and reviewed in Philadelphia, Hahnemann Hospital, are now being read and reviewed in India. I got insurance companies that are sending work via satellite overseas

in the morning and getting it back in the evening. We have got H&R Block and others who take taxpayers' information and send it to India to do their taxes, to do the math for Americans to file their taxes. To pony up to their civic responsibility here.

What I guess I am trying to get you to help the committee understand is that this is really not just about whether we are going to help some child somewhere find their future. I see it more that it really is inextricably intertwined with whether America is going to remain the leading nation in the world, whether we actually take kids that we have been kind of leaving in the shadows and give them this shot.

SKILL GAP

Mr. FITZGERALD. Mr. Fattah, members of the committee, every one of my business members will tell you that there is nothing more important to the success of their firms and the United States than talent. And right now there is a huge talent gap. And it is not just talents, but it is skills.

And this relates also to national security. So one of the fields that we are working in to connect young people to is cybersecurity. And, for example, Wes Bush, the chairman and CEO of Northrop Grumman, and Brit Kirwan, the chancellor of the university system, worked together to create the first honors college in cybersecurity in the country to meet the Federal Government's cybersecurity needs.

So in virtually every sector there are critical workforce challenges, and we need the students from campuses like LaGuardia to be able to see pathways to any level, whether it is a certificate, an associate's degree, or a baccalaureate, because my companies and I know all companies cannot succeed without that talent. The jobs will go elsewhere.

Mr. FATTAH. Thank you.

The ranking member has arrived, Mr. Chairman. And I want to yield the time to Rosa DeLauro.

Mr. COLE. Okay. Well, in that case, we will go to Mr. Fleischmann next. And we will come to you next if that is okay.

Ms. DELAURO. That is fine.

Mr. FLEISCHMANN. Thank you, Mr. Chairman.

And to this distinguished panel, thank you all for being here today.

I too am the first generation to go to college in my family. I had two elementary schools, three middle schools, and two high schools, all in the public education system, all around the United States, and it was tough. But to hear the great stories that we heard from you all today and your commitment to education, I just want to thank you. Because we cannot fail. I want to hear more success stories for our Nation's youth and even some adults who go back to college and get a shot at that great American dream. So I thank you all.

My question is for Dr. Mellow today. I see you are from LaGuardia Community College. I know you have a great airport there, former mayor, Fiorello.

Ms. MELLOW. Yes.

Mr. FLEISCHMANN. Great.

PARTNERSHIP WITH BUSINESS

Dr. Mellow, given your role as President at LaGuardia Community College and your expertise with workforce development initiatives, my question today is for you. In my district—and that is the 3rd District of Tennessee, we have Chattanooga, Oak Ridge, Athens, it is a wonderful east Tennessee district—there is a growing demand for skilled workers. Educators and businesses are working together to respond to this demand by combining hands-on training experience with classroom instruction.

For example, Chattanooga State's Engineering Technology Department has formed a number of unique partnerships designed to provide training for the local workforce that will qualify them for high-tech positions. These partnerships include the Tennessee Building and Construction Institute of Chattanooga, the Institute of Material Joining and Testing, the Tennessee Valley Authority Partnership Program, the Wacker Institute, and the Volkswagen Academy. These programs can offer students a comprehensive learning environment that blends classroom instruction and laboratory instruction with paid on-the-job training experience.

These workforce development initiatives have been highly successful and crucial to our local economy, and we need more like them. My question for you is, how can federal and state officials help facilitate partnerships and collaboration between schools and businesses to respond to the growing need of local employers for skilled workers? And I thank you.

Ms. MELLOW. What is happening in Tennessee is just so exciting. It is exactly, I think, what can happen. And it is very different. What is happening in Tennessee should be different than what is happening in Mississippi or what is happening in northern Washington. So the process that you described, I think, is very interesting.

One of the things that happens is that, when you look at Department of Labor, Department of Commerce, Department of Agriculture maybe in some places, other kinds of federal agencies that could support that, the support often presumes that those relationships are already made, so that there will be funding for the enactment of that program, rarely for the creation. It is hard work to really create a real partnership.

And so part of it is let's fund the whole line of development. Let's fund the creation of that collaboration. And then on the other end let's really reward the companies who put their time and effort into that, because it will be a real cost to the companies who have worked hard.

So those would be two of my suggestions.

Mr. FLEISCHMANN. Thank you very much, Dr. Mellow. With that, Mr. Chairman, I will yield back.

Mr. COLE. If we can, I will go to our ranking member next if she is ready.

Ms. DELAURO. Thank you very much, Mr. Chairman. My apologies for being late. First of all, I would just like to say I thank you all. I have read all the testimony, so I appreciate your efforts, and this is an important topic for all of us.

And, Mr. Chairman, what I will do is I am not going to make any opening statement. I will just get it for the record and so forth.

[The information follows:]

REMARKS OF THE HON. ROSA DELAURO
LHHS HEARING: HIGHER EDUCATION
WEDNESDAY, MARCH 18TH, 2015

Thank you, Mr. Chairman. And thank you to our witnesses who have traveled many miles to join us today. Each of you has a valuable perspective to add. I look forward to hearing from all of you. Before we do, I would like to say a few words about why I think this topic is so important.

Americans have long since agreed that education is a public good. Its benefits extend way beyond the individual. In fact, higher education is critical to keeping our civil society strong and maintaining our edge as the world's most dynamic economy.

It used to be that hard work and a high school diploma were a sufficient stepping stone to the middle class. No longer. As President Obama said in his most recent weekly address:

"In an economy increasingly built on innovation, the most important skill you can sell is your knowledge. That is why higher education is, more than ever, the surest ticket to the middle class."

He is right. It has been estimated that, by the year 2020, two-thirds of all jobs will require some postsecondary education. That is why we must work to ensure the broadest possible access. Lack of financial resources should never be a barrier to getting a degree.

The Federal government has an important role to play in making that ideal a reality. For fifty years or more, programs funded by this subcommittee, such as Pell Grants and Work Study, have been helping to keep the doors to higher education open – especially for those students whose background may put them at a disadvantage.

Unfortunately, in more recent years, those doors have begun to swing shut once more. Pell Grants, for example, now cover less than one-third of the cost of college – the lowest percentage since 1970. Congress has made matters worse by raising the bar for qualification and eliminating year-round grants.

I am gravely concerned about the bad practices at some for-profit colleges, which exploit some of our most at-risk students in the name of financial gain.

I support the Administration's efforts to strengthen the Pell Grant program through program integrity regulations, so students and taxpayer dollars are protected. But we must do more.

Other programs have faced severe real-terms reductions since 2010. Federal Work Study has been cut by $75 million. Grants for students with the most need, Supplemental Educational Opportunity Grants, have lost $89 million.

We are also underfunding programs that help the neediest students enroll in and complete college. TRIO has been reduced by $87 million since 2010; GEAR UP by $49 million.

Some of my colleagues may say these choices were made because of budget constraints. But, as the saying goes, "If you think education is expensive, try ignorance." In other words, I believe these cuts reflect grossly misplaced priorities.

Instead of starving these programs, we need to invest in them and strengthen them. We must ensure that students have the support not just to access college but to complete their degrees.

Disadvantaged students face even more difficulty completing college now than they have in the past. Forty-five years ago, learners from wealthy families were five times more likely to earn a bachelor's degree by age 24 than their low-income peers. Today, they are eight times more likely to graduate. This is a huge problem.

Amid these troubling statistics, we find pockets of success: disadvantaged students who overcome the odds; colleges helping those who have fallen furthest behind complete their degrees and find good jobs; groundbreaking research on interventions that make a difference.

By investing in higher education, we can help make these success stories the norm, rather than the exception.

I am delighted by the America's College Promise proposal put forward by President Obama in his budget request. The program would provide two years of free community college tuition to students who get good grades and stay the course. This is something I myself have advocated for many years.

Community colleges enroll nearly half of all undergraduates – more than 7 million students per year. Pell students are more likely to attend community colleges than any other type of institution. So, if we want to improve attainment rates for at-risk students, it makes sense to start with community colleges.

That is why I believe the President's proposal would go a long way toward addressing inequality in access and achievement.

An investment in higher education is an investment in the future of our country.

Students have skin in the game, because success in college is increasingly the price of admission to the middle class.

Government has skin in the game, because our civil society and our economic prosperity depend upon broad access to education. We have an obligation to invest taxpayer dollars where they can do the most good.

Institutions have a responsibility to make sure students get the supports they need to succeed.

If we continue leaving at-risk students behind, we will be making a grave mistake. We will be wasting not only the potential of each student, but the promise of a stronger economy and a more equitable society.

Although the challenges are great, there is hope we can correct course. That is why I am so pleased to hear from this distinguished panel today. Through your own experiences, you can offer valuable insights into the Federal government's role in increasing student success. You can tell us what works, and what we can do to take it to scale.

I look forward to your testimonies. Thank you.

MS. DELAURO. I will just move to questions. I would just like to say to Dr. Mellow, I thought I recalled your name and seeing you and listening to you, and it was in November 3, 2011 where you came to the Democratic Steering and Policy Committee sharing Reigniting the American Dream: Americas Entrepreneurial Spirit as the Centerpiece of the Supercommittees Work, et cetera, and where you were outstanding in terms of what is going on at LaGuardia Community College.

I am a very, very big believer in community colleges. I do believe that they should be front and center in our education system; that they are the path for the middle class, and to get the range of the students, you know, younger but older people who self-select to get an education.

ASAP INTERVENTION

Kids reach the community college level, or older Americans do in that regard without all the math, reading, and writing skills, and you may have talked about this already, so we need to deal with the kind of remedial attention that they need in order to be able to deal with developing further their education. My understanding is that when developmental education students enter college, they succeed at a lower rate than their peers, and that only 15 percent of these students earn a degree or certificate within 3 years. A number of reforms have been tried, and I am excited to learn about your Accelerated Study and Associate Programs, ASAP intervention.

You have had significant success in boosting college completion rates for these students. What was the most critical piece of this intervention? And a follow-up is, what funding was used to support the initiative? I know that the program in the long-term reduces costs by getting students through school more quickly, but it must have been a substantial investment up front. How can this intervention be replicated on other campuses with limited resources?

Ms. MELLOW. Those are really important questions. I will start out by why it worked. It did work because it really eliminated the barriers that most low-income students face to get a degree. So it eliminated the need for multiple part-time jobs. It provided the ability to go to college full-time. One of the reasons when we say students didn't graduate in 3 years is, that is because they are going part-time. They went full-time a semester, and now they are working, or taking care of kids; and so part of the challenge is let's get the metrics right. And one of the things that IPEDS, our national database, doesn't do is really capture the complexity of today's community college students.

The New York City experiment was really funded in multiple ways, primarily, though, from the City of New York. We had extraordinary support from Mayor Bloomberg, and now from Mayor DiBlasio. It took a while. It really took a while to perfect it. We are talking with other colleges in other States. But I would say it does point to what I think is a hard truth, that for low-income students for whom our public education system has not been supportive for them, or for whom life has gotten in the way, that we are going to make a serious investment.

The other thing I would say is that some of the other experiments that have been powerful are really about accelerating the move through developmental education. We do it through contextualization. We do it through summer immersion programs. The issue is it is a deficit that we want to overcome.

I also think there is a growing national movement to rethink the kind of mathematics that has been a barrier. What we find is that if you go into health care, if you go into a lot of businesses, not if you go into engineering, not if you go into science, but into many, many other forms of very productive professional work, statistics is as powerful a quantitative analysis as learning to factor a quadratic equation, which frankly as a college president, I haven't done recently; but I use statistics all the time.

So part of it is that when we work more closely with business and say, okay, we academics, we always thought it had to be algebra. Working with you, what do you really need? So I think we have to attack it in all those multiple ways, through funding, through intensity, through the wraparound services, the intensive advising, the support that students got, but also rethinking our curricular structures to really make a difference for adults and for students today.

Ms. DELAURO. I would just love to know, and you can get back to me, you said you are talking to other States, who are you speaking to, and how is that going and others who might be replicating your system? Thank you.

Ms. MELLOW. It is being replicated in Ohio.

Ms. DELAURO. In Ohio. Thank you.

Mr. COLE. Thank you. If we can, just by order of arrival, we will go to my friend, Mr. Dent, from Pennsylvania next.

FREE COMMUNITY COLLEGE

Mr. DENT. Thank you, Mr. Chairman, and thank all of you for being here this morning. It has been a very interesting panel. I wanted to just talk a little bit about the Obama administration's proposal for free community college. I just heard Mr. Fleischmann make some interesting comments about the Wacker training programs and Volkswagen which are very targeted, very successful. I am aware of what many of the German companies are doing in the United States, trying to replicate to the best of their ability their very successful apprenticeship programs here, very effective.

At the same time, I have been very much interested in GEAR UP and TRIO programs in my district that I think have been effective helping a lot of students who may have not had a background, or families who have backgrounds in higher education, help them move forward with their education and careers. I am deeply concerned about the community college program, because the free community college is, well, one, it is not based on need. I have two children in college. I am paying two tuitions. I don't think that the government should be paying for my children's tuition at a community college or anywhere else, given my circumstances and others like me. And I am not complaining, but I am just saying, it is not based on need. It is not targeted. I always thought the Federal Government's role in higher education should be very specific and that we should focus science, technology, engineering, and math on need-

based assistance, and programs like the ones that some of you are representing here today.

I am concerned that we will be diluting our resources very much, that these community colleges will no longer be community colleges but become Federal colleges, because in my State, the local communities have a very difficult time meeting their obligations to the community colleges, and the States and tuition are forced to play a greater role. If the community colleges see the Feds are going to pay up, I suspect maybe the local communities will invest less, and then we will have to make up the difference, and it will almost be like the Medicaid program, in terms of the burden that would fall on the States at some point down the road if Federal commitment isn't there.

I would like to hear your comments on this about the idea of free community college, and how would it impact programs like those that you work with with TRIO and GEAR UP.

Ms. FISCHER. Are you asking me?

Mr. DENT. Yes.

Ms. FISCHER. Okay. Free college, I have one in college and one that is going into college next year, and that sounds great. But I feel like the biggest need is to find the people who aren't in college, to access people or people who are going to college but they are not likely to make it, and I think the money would be better spent in programs to help those students navigate their way through college and support them in college, and maybe help them to move on like I did to higher levels of education, because without that, we are not going to have people.

And there are people like me out there who didn't know that this was an option, and it may or may not help me to get there without the support, and I really think the money to help support the people while they are in there is very helpful.

Mr. DENT. So essentially, you are saying we should target these funds much more than a broad just throw all the money out there.

Ms. FISCHER. Correct.

Mr. THOMPSON. In Kentucky, we don't have community support for community colleges. It is State-supported and tuition supported.

Mr. DENT. All State and tuition, no county governments or school districts.

Mr. THOMPSON. No. Which has been very problematic to us because I do believe that community colleges should be our low-cost alternative to some of our 4-year institutions, and I would have no problem with my children going to community colleges. What I do feel that we could do is be able to help the students that may not have money for access to go to community colleges. I will say another item, and I am glad the ranking member actually made this statement.

One way of looking at—many of our community colleges are, they have students that are in remedial need. If we help K–12, slow that down and help them, we won't have as much of that in our community colleges or in Kentucky, many of our 4-year institutions. My argument is that whether we have free community colleges or not, we have got to figure out a better way to get more students engaged and some low-cost alternatives, and I believe community colleges could be that direction. We could do that with

financial aid, need-based aid, and so on. But more than just access, we have got to help them to success because it is better to keep them than to try to recruit them again.

The last statement I will make about this is that when we look at students that are highly engaged for a variety of reasons, whether they have the income or not have the income, if they are highly engaged, then they have a greater chance of getting success. In other words, we need to target our dollars towards that engagement, whether it is in K–12 with programs like ours, or whether it is in the community colleges or other 4-year institutions whereby they can actually get involved at a deeper level than we see many of them having the opportunity now.

In Kentucky, we have almost 1,000,000 students that are adult learners that could come back that have some college degree. We need to target dollars toward getting many of these students back engaged to become active members of the workforce.

Mr. DENT. Thank you. My time is expired, and I yield back.

Mr. COLE. Thank you very much. If I can, I will go to my good friend from California, the gentlelady, Ms. Lee.

SPECIAL POPULATIONS

Ms. LEE. Thank you very much. I want to thank our witnesses and our panel for being here today, and I want to ask you a couple questions. First, let me just preface it by saying now a lot of attention is focused on the nontraditional student. It is nice to see that because now I know that I was a nontraditional student. I wondered what I was. Okay. I was a single mom with two kids, on public assistance, receiving food stamps, work study. I couldn't live on campus because I had two kids. Day care was so expensive I had to take my children to school with me, the whole 9 yards.

Now fortunately, in the day, I could stay on public assistance while going to college, and I could stay on food stamps. And I wanted to ask you as it relates to now the budget cuts, as it relates to food stamps, and under welfare reform, the time limits and the work requirements, what are you seeing in terms of students like myself and how difficult or easy it is now for them to complete college? That is the first question.

Secondly, as it relates to formerly incarcerated individuals, there is a lifetime ban on Pell grants if you have been in jail. Once you have paid your dues, once you have completed your time, many of us believe you deserve a second chance. Yet this lifetime ban on Pell grants prevents people who have already been punished, who are out trying to take care of their families, they continue to be punished because they can't receive Pell grants to go to college. Could you kind of tell me what you think about that, and do you think that is a reasonable policy? Or do you think we need to look at a change in that to provide access to formerly incarcerated individuals, which are primarily African American and Latino men?

Ms. MELLOW. Let me start with your first question, which is it is hard for poor people who are accessing social support to continue in college, and yet like you, so many are. And so all I can say is that those are hurdles that are placed in front of people, and the extraordinary challenges are often faced, and then we see success-

ful role models like yourself. So I am going to go back and tell all my students to look you up.

Ms. LEE. But tell your students also there was a safety net in place that hadn't been gutted or cut.

Ms. MELLOW. Yes, it is hard. It is hard. And many community colleges work very hard to maximize social support so students can really get what they need. And probably, my chancellor is not ready for me to say this, but I feel very strongly that looking very deeply at issues around punishment and redemption, that looking at what should be an American role for individuals who have both committed a crime and paid for that crime and the punishment that we said, what should we do to bring those individuals back into society?

I think that is an extraordinarily important issue. I think it has to be carefully analyzed. You know, when I think of my student body now, who do I want to invite in? Who do I want sitting next to some 19-year-old at 9:00 at night when she has just worked all day? Those are tough questions, but we haven't had that dialogue in a very long time.

When I was 24 I taught in the Maryland minimum security prisons. It was the scariest walk through the prison, I don't know what you call it, the yard, that I have ever had in my life; and they were the most extraordinary learners I had ever met. And so, I think we have to engage in this, because otherwise we have doomed generations of people to have no way back into society, and so I very much agree that while it is tough, and I am not sure where I would fall, that the time to have that kind of serious dialogue is now.

Ms. LEE. Mr. Thompson.

Mr. THOMPSON. Let me speak as an African American man. Without a doubt, education is almost a cure-all for all those things that you mentioned. Whether or not they will be on public assistance or in prison, we know that there is a direct correlation, some would even argue causal analysis—I am a statistician, but it has been a few years since I have done that, too—to say that education truly is the preventative measure by which we might get there. But I will tell you this: We have a crisis in society, and we have to admit that crisis. Much of that falls around men, yes, but African American men in particular. If we are not getting these folks engaged somehow or reengaged, then I think we are losing a key element of who we are as a society.

So my argument simply is this: Whether or not it is as simple as letting them have voting rights or getting them involved in other activities to be reacclimated to society, whatever it takes, we better figure out a solution, because if we keep seeing what is happening in our society based on this disfranchisement, then I think we are going to end up having many more issues than we could ever think about having.

Ms. LEE. Thank you, Mr. Chairman. I hope we can talk about this in terms of barriers to accessing higher education at some point from this committee, because there are certain issues I think that could be bipartisan that we need to work on that I think both sides could agree on.

Mr. COLE. I would like to work with the gentlelady on this and find some way to do this, and a lot of this would, to me, get down

to where if we remove the ban, then what do we do to empower you to be able to make discriminating decisions. I want you to be able to exercise judgment in a way that we can't from a distance, but you might be able to. But I think my friend raises a really, really good point that we ought to continue to look at. So thank you very much for bringing it up.

Ms. LEE. Thank you very much.

Mr. COLE. If we can, I am going to go to my good friend, the gentlelady from Alabama, Ms. Roby.

EARLY INTERVENTION

Mrs. ROBY. Thank you, Mr. Chairman. Thank you all for being here today, and thank you all for your sincere commitment to help Americans succeed, so I really appreciate what each of you do. Just yesterday I met with TRIO representatives from my State, Alabama. And as you know, TRIO dollars are so important to work with first-generation, low-income college students. We know that there are tremendous success stories with TRIO, with programs starting as young as the sixth grade. And so my first question is—and any of you feel free to jump in—but what grade do you think is the perfect time in a perfect world for early intervention to help these children succeed? Anybody. All of you.

Mr. THOMPSON. I will tell you that we know that if you are not able to read or be at grade level by Grade 3, you are in trouble. Right?

Mrs. ROBY. Right.

Mr. THOMPSON. So I am going to argue early childhood education is super important. I am going to also argue that that has to be a continual effect, because we also know that even high-performing 3rd and 4th grade students that are of low-income or of color tend to lose that trajectory by the time they get to high school because we are not having the kind of intervention that we need to have in order to keep them going in that direction.

Once again, we talked about GEAR UP and these TRIO programs. GEAR UP starts in the 7th grade. My argument is we should even back that up somewhat. But when you look at early childhood education, we have to do something about that. We just have to. Right? But we also know that we can't just do that. We are going to have to have the kind of intervention that we are trying to do with our TRIO programs and GEAR UP in the earlier years, but I would say starting heavily once again in the 4th and 5th grade.

Mrs. ROBY. Okay. Yeah. Sure.

Mr. CASTLEMAN. Thank you very much. I think it is a very important question. I very much agree with Dr. Thompson. I think there is a lot of very good, long-term rigorous research saying that investments in quality preschool education and early learning opportunities generate long-term benefits that affect whether students go to college and are successful, that affect how much they earn, and that affect their health, their criminal behavior or lack thereof. And so I very much agree that the earlier we can make investments in education, the longer benefits we can generate.

At the same time I imagine as a committee you are constantly wrestling with the question of where do you direct the scarce re-

sources that you as a committee and we as a country have access to. I believe that—I certainly agree with Dr. Thompson about starting early. I think there are millions of students across the country who have done the hard work to be academically ready, and in many cases, socially ready for college and struggle when they get to junior and senior year to identify colleges that are a good match for their abilities and interests, and that struggle to access the financial aid that our country makes available to students if they complete the application.

There are hundreds of thousands, if not over 1,000,000 students, who would be eligible for aid who do not apply. I think for the committee's work, as you continue to invest in education, broadly hopefully, I think there is an opportunity to make very targeted low-cost investments for academically-ready students in their junior and senior year that can lead to substantial improvements in the share of traditionally underrepresented students who are able to get to and then be very successful once they are in college.

Mr. THOMPSON. Here, here.

Mrs. ROBY. Anybody else?

Ms. MELLOW. I will take a slightly different tack, and I am going to use Dr. Fischer's words, who went to college and was the first in her family to go to college and has young children who watched her go to college, and she did it as a returning adult. And the other way to think about dealing with low-income students who are in those TRIO programs are also that sometimes, their parents are going to community colleges and really thinking about that as also an investment in a community. There is nothing so powerful as seeing your mom or dad study as a role model.

STUDENTS WITH DISABILITIES

Mrs. ROBY. Sure. Dr. Castleman and Dr. Thompson, how do colleges and universities and organizations ensure students and student services are coordinated, especially for students with disabilities? And I have got just a little bit of time, so——

Mr. THOMPSON. I think that is a crucial question. As I said earlier in my testimony, the more you can coordinate these efforts, the greater impact you will have. We have to start thinking about critical mass, right. So the idea we may not ever be able to measure exactly what inputs or formative outputs that each of these individually have, but what we know is that once they are coordinated under one umbrella that focuses on particular goals and outcomes, then the greater chance that all of them will have a larger capacity. But my argument is just not those programs that are located within those walls. It is also getting community resources to buy into this.

Businesses are able to do this. Churches are able to do this. Right? It is being able to develop peer leadership programs that they can build. So it is taking those and then doing a SWOT analysis, if you will, and looking at where the holes are——

Mrs. ROBY. Right.

Mr. THOMPSON [continuing]. To build that capacity. So in the short amount of time I have, I will just say this: That that is what all of us should be doing within the four walls, looking at how they

can be better coordinated and then doing a SWOT analysis and seeing what else we can put into it from outside the walls.

Mrs. ROBY. Thank you. Sorry, my time expired. Mr. Chairman.

Mr. COLE. If you would look to go ahead and finish that answer, please do, Mr. Castleman.

Mr. CASTLEMAN. No, sir. I don't have anything to add beyond what Dr. Thompson shared.

Mrs. ROBY. Thank you, Mr. Chairman.

Mr. COLE. Again, we will go to the other gentlelady from California, Ms. Roybal-Allard.

YEAR-ROUND PELL GRANT

Ms. ROYBAL-ALLARD. Thank you, Mr. Chairman. Many colleges and universities offer accelerated degrees which allow students to work through the traditional summer break to finish their degrees faster, and this is particularly important, as has been mentioned, to low-income students who are often motivated to enter the job market as quickly as possible. It is my understanding that these programs also help with retention as students face a gap semester are less likely to come back the following semester and are more likely to drop out altogether.

Unfortunately, Pell grants now only cover tuition from fall to spring, and that means that students who wish to accelerate their studies have to either take out more loans or skip summer classes altogether. The year-round Pell grant offered some relief in 2010 and 2011, but unfortunately was eliminated in 2012.

I recently spoke with President Covino at Cal State L.A. University about the Pell grants. And based on his observations and experiences, he found that these grants actually helped students to graduate in a more timely manner and improved the University's graduation rates.

Dr. Mellow, I will start with you. Did you find this to be true at LaGuardia Community College? And what would be the impact of restoring the year-round Pell grant for low-income students? And what would be the benefits of reinstating this program, say, for example, to our economy?

Ms. MELLOW. It really was a wonderful program. When you see students struggle so hard to get through a semester and the gears are starting to turn; they are sort of getting into it, and then Pell no longer covers summer, it slows them down. And to build up that energy, we talked about your need to not only do the academic work, but you have to change a mental model of yourself. And when you go back to, you know, washing dishes or doing luggage at LaGuardia Airport from 12 to 6 a.m., it takes that away from you. We found that sort of sunshine that shone on us for a little bit of time with the year-round Pell was very important for exactly the reasons that you stated.

Ms. ROYBAL-ALLARD. Yes?

Mr. CASTLEMAN. The other issue that I think is worth mentioning, and I imagine many on the committee are aware of this, is that one of the challenges I think we face in increasing the share of students who earn a degree is the extended time in which it takes students to complete. You all probably know that 50 percent roughly of first-time college students earn a degree within 6 years.

The time to a degree is actually growing over time, and I think finding ways like students being able to takes courses over the summer can increase the speed with which they can earn a bachelor's degree or an associate's degree. That is certainly beneficial, I think, to our economy to have smart, well-trained people entering the labor market earlier and may also be very beneficial to the student in reducing how much they need to borrow.

I think year-round Pell is one approach to that. I think the ASAP program that President Mellow discussed is another very innovative and promising solution.

I want to draw attention, some of you may be aware of an organization called Complete College America that works with 33, 34 different States to develop other innovative solutions, like increasing the number of credits students complete during the academic year, increasing the share of students who get intrusive advising, to use President Mellow's phrase, and providing students more structure and guidance around their course-taking to choose courses that move them more effectively towards a degree.

I think all of these strategies are very important to reduce the time it takes students to earn a degree, so that they can get out in the labor market, get better jobs, reduce the amount of loan burden, and I do think that additional Pell funding during the summer could be part of that solution.

AFFORDABILITY

Ms. ROYBAL-ALLARD. Thank you. President Obama's America's College Promise Initiative would help make college more affordable for community college students across the Nation. However, tuition is just one component of the cost of attending community college, and many low-income students already receive free or reduced tuition or fees in different States. The Community College League of California has found that other costs of college, including textbooks, transportation, and living expenses, are far more substantial and far more likely to prove a barrier to student success. Would there be a value in allowing flexibility in funding for this initiative beyond just tuition and fees, and is there a better way to target this initiative so that it makes community college more financially accessible to low-income students?

Ms. MELLOW. I will quickly say that one of the things that is important, I think, is to understand that so many of these students, because they are low-income, and because community colleges are relatively low cost, tuition is one part of the problem; but the other thing you do when you apply with your FAFSA is to really understand the gap. And the average gap in terms of what a student actually needs at LaGuardia to maintain their ability to go to college, is, on average, $7,000 of unmet needs.

So I think what we are talking about is a huge watershed moment in American history. It used to be that a high school diploma was enough. We are now saying for our country to be competitive, it has to be more, and I think the challenge is what should we do to allow students to get what they need for our country and for our economy?

Mr. THOMPSON. And let me just add, especially in community colleges, I think this is true, life intervenes with many of these stu-

dents. And when we see students dropping out, it is for financial reasons mainly. It is not just tuition. Very seldom it is tuition. It is a variety of other inputs that happen in their lives, whether it is a family issue or they can't afford the books. We have seen students, literally, we have looked at them—I was on a campus for many years as the enrollment manager and the head of retention and student success, and we were a campus that served a lot of first-generation, low-income students from Appalachia.

We saw many of these students who had full rides, if you will, as far as we think of full rides in college, but they hadn't gotten their books 3 weeks into the semester, or 4 weeks into the semester, because they didn't have the money to do so. With that, what we found out, these students could not catch up. So it is that. And I wanted to add one other thing to my friend here. And even the Pell grants, we have to do more in colleges with structured degree programs, having accelerated opportunities, but also having developmental education figure out a way to make those hours count better and stop the gateway course problems or the barriers. But we also know that if we could use financial aid in a more efficient manner toward helping students succeed, whether its financial aid for books or a variety of other issues, I think then we would have a better opportunity of getting more of these students across that barrier.

Mr. COLE. The chair wishes to advise people when you hear the whistling, that is the wind. Okay. That is not the mics. That is just one of the peculiarities of our building. We tried for years to deal with this, but it quite often makes a dramatic point. I want you to be aware. If I can, I want to go to my friend, Mr. Harris, from Maryland.

TECHNOLOGY IN EDUCATION

Mr. HARRIS. Thank you very much, Mr. Chairman. Thank you for holding the hearing. You know, as a University faculty member on leave, I have an intense interest in making sure that our workforce is educated and the best in the world to compete. I am sorry we had to step out, because you know we have the Agriculture Subcommittee meeting, and I have a big rural district, so I was over there. But actually one of the topics that we just discussed about over there actually is important to this; and, again, I haven't heard all the testimony, so I don't know if you have touched on this. But we have all been talking about, I hate to say it, more or less traditional approaches to education, classroom-oriented, you know, things like that. But, you know, my teenagers learn in a very different way. When my son had trouble with algebra, he went on the Khan Academy, and he learned more online than he learned in a traditional classroom, and you know what, it was free.

You know, there are these people who think given the new technology and given the new generation, look, I probably have enough bias that it would be hard for me to do, but my daughter in nursing school, this semester, two of her courses are the ones she has to actually touch patients, so she can't do that online. The other three are online courses.

I have got to believe that the great equalizer in the world is the Internet. If we give people access—now we will need things like in-

trusive advising, so that we make certain because people who teach online tell me that is the problem. The student's not there. You don't know when they are falling behind, so you do have to track it. It becomes a different way of teaching. But, my gosh, if you want to equalize education, this is a tremendous opportunity. I am not sure, and I want to hear how in the areas in which you operate, how are you using this tremendous opportunity, because you know the cost, and you know, President Mellow, you know that once you take it outside the traditional classroom, university and capital and all the rest, we bring down the cost way down.

So how are we using this new technology, this new ability to teach in order to achieve what we are talking about here today? Because I think you can actually educate at a lower cost, not a higher cost, if you do it right and you use some of these new technologies.

So again, it is wide open. Anyone wants to address it. How do we do this? My understanding is, I guess, the University of Georgia said look, we could do this, $10,000, we could educate someone, give them a 4-year college education if it is all online and we do it right.

I am not sure you can do it all online. There are some things you just have to learn in person. But, again, wide open, what are your thoughts on this? How do we go for it? How can we encourage this on this subcommittee?

Mr. CASTLEMAN. Dr. Harris, I very much appreciate the question, and I agree with you that I think much of the exciting development in higher education, and in education more broadly, is figuring out how to leverage technology to deliver content in at least a more cost-effective ways, but potentially in more pedagogically-informed ways, so I think there is interesting work with tablets, for instance, that can be responsive to students and make learning more personalized. I think there are a variety of programs that provide online education that allow students who wouldn't otherwise have the opportunity to participate in college to do so.

And so I think there is a tremendous amount of promise in practice. I think that the quality varies substantially, and so I think there are some online college programs, for instance, where instead of a person lecturing in a classroom in a building, they are now lecturing on a video, and students may not be getting a lot of value. I think that some programs struggle with issues of attrition and student engagement. I should say by way of full disclosure that my mother is the dean of a school of continuing education that certainly thinks about these issues, and so I get to hear her perspective often on this.

What I would suggest, from my perspective that I think the Federal Government can do, is provide support for the further development of innovative practices around technology-based education or technology-infused education, but to structure those programs in a way that the providers have to rigorously evaluate what they are doing, because I think our greatest need in some ways is not the development of additional innovation. We should do that. But our greatest need is to better understand the relative success and efficacy of the different innovative practices that are currently on the

market to help inform policymakers and educators of where to then invest more substantially.

Mr. HARRIS. Let me just add, you know, because the issue was, a lot of students that we are talking about have one, two, three part-time jobs. It is hard for them to schedule Monday, Wednesday, Friday, 6:00 to 7:30 at night at the community college. Again, with the Internet, you don't need it. My son goes on Khan Academy at 10:30 at night until 10:45, and that is it, and he can schedule it in, so with that——

Mr. THOMPSON. Let's take it one step farther. I have been a professor a lot of decades. I won't tell you how old I am either, but I will tell you that the sit and get is long over. We are going to have to think of that. Don't get me wrong. There is a need to have face-to-face interaction with students in engagement in a variety of ways, but you can engage also online. What we have found out in Kentucky, and our community colleges have led the way here, is competency-based education, the idea that many of the folk are coming to the table with a lot of knowledge already, and we haven't been able to measure how much knowledge that is. Now we can. I mean, with credit for prior learning. But also that as they reach a certain level of competency, they can move on when ready.

So it is more than just online education, and it is more than just thinking about online education purely as a way of delivering instruction. I think we have to get better at this. We just got a couple of our campuses, our 4-year campuses, who, with our community colleges, got an experimental site from U.S. DOE to allow for caliper (ph) dollars to be used in this approach that we are piloting.

So there are ways that we need to be thinking about this. There are ways that we can also get interaction from the workforce or the employers to help us to understand exactly what are those competencies in addition to what we feel, as professor types, that are needed in order to create the kind of degree in a faster manner that would be more of an employable opportunity for these students.

Mr. HARRIS. Thank you. I yield.

SUPPORT FOR STUDENTS

Mr. COLE. Thank you very much. I think my friend from Maryland makes a really important point, because we are all worried about costs, and we are worried about resources, so we are constantly searching. But also I reflect back on my time when I used to teach in college or my time as a student or just being around, and so often, it is one thing to learn online if you are used to doing that and you are at home surrounded by a family that is supportive. It is quite another thing if nobody in your home has ever gone to college and then you start there.

So these things work for some kids, and they just simply don't for others. Dr. Fischer, I want to call on you, and all of you have such wonderful, unique personal experiences, but I found so often when I look at students, it is actually the intangible stuff that makes the difference. It is a role model when you don't come from a family that has them. It is, as you mentioned in your testimony, the support system around you, quite often from people moving

through exactly similar circumstances to you, and it is having seen somebody else succeed, you sort of know that you can.

So I would like you to reflect both on your own career and your interaction with students now as a professional about those intangible things, and we can't programmatically create those things, but we do do programs like TRIO where the odds of that happening go way up for a student as opposed to——

When I used to teach at the University of Oklahoma as a graduate student and an adjunct professor, I used to see kids showing up that were living in dormitories that were bigger than the towns they were from. And you put a kid in a dormitory with a thousand other kids that are their age, and I guarantee you, you don't have a socially reinforcing learning experience going on there most of the time. Anyway, your reflections would be most welcome, and your suggestions would be helpful.

Ms. FISCHER. Okay. The non-financial aspects are huge. I was considering your question, Dr. Harris, because in the situation that I was in, even if online education were free and available at the point, I would have never even considered doing it because I didn't have the support or even knowledge or understand that I could.

And so coming into a program where I had—McNair is very unique, I believe, because the professors on campus serve as advisors, and so every time I was going through the halls, there was this connection between professors and advisors, and they were constant support, and everywhere I was, there were people telling me that I could do it and that I was doing a good job, and you do learn through that process. I think that is probably even more important than the financial, although you can't get through it without the financial. You just can't make it without those intangible things like people there all the time to support you and show you that you can.

Mr. COLE. Any of the rest of you have, again, specific strategies or examples? Again, that is just very helpful to hear, because learning is not an easily programmable, technical process. It is a very human process, and everybody approaches it in a different way and usually from a different starting point.

ATTRITION

Mr. FITZPATRICK. Mr. Chairman, one of the challenges that we are confronting is the attrition rate in the first 2 years of college. This is particularly problematic among STEM majors. Fifty percent of STEM majors drop out of the major in the first 2 years, and a surprisingly high percentage drop out of college, even though they are well-prepared.

And so one of the strategies we are using, and again, this is in forming partnerships with our business members, as we create these new programs in data science and cyber security, social mobile cloud technologies, risk analysis and management, water materials science, et cetera, is to use the company's employees as mentors, to connect them to workforce to a career. The honors program in cyber security at College Park is sponsored by Northrop. Every one of those students gets a Northrop engineer as a mentor. Each can compete for early internships that make a huge difference. Now this assumes they have arrived on campus, and we are fo-

cused on just preserving human capital. But those connections, whether they are mentors when students are in high school, and Northrop and our other defense contractors do a lot of that through CyberPatriot and FIRST Robotics and other kinds of programs, but encouraging mentorships can be exceptionally powerful.

Mr. COLE. I have to tell you, I have seen a Northrop Grumman program actually in Lawton, Oklahoma, which is a STEM program deep into the high schools. This is a high school that is now our highest performing high school in the State. And the corporate involvement there—that happens to be the home of the field artillery, and there is a big demand for computer programmers and for people that can work on very sophisticated weapons system. What they have done there, number one, it has been wonderful for the community; but number two, in terms of providing a local workforce that can move into some of the operations they have there, it has just been absolutely fantastic. So I appreciate your making that point. If I may, I will go to my good friend, the ranking member from Connecticut.

Ms. DELAURO. Thank you. Dr. Fitzgerald, I would just say that working with some of our high schools in my community with Platt Tech and others who work with United Technologies and so forth and some of our small businesses, our manufacturing small businesses, who help to train these youngsters and then put them to work after; it is an internship; it is an apprenticeship; it is all of the above, and it has proved to be remarkably successful.

I would just let you know this piece of information, that there was a budget rolled out yesterday that if any and all of you are interested in the Pell grant, the budget that was rolled out yesterday would freeze the Pell grant dollars at the current level, and that would freeze it for the next 10 years. I think that is not very forward-thinking, but I mention it to all of you as educators that you should engage in the debate and discussion around that issue.

Dr. Castleman, a pleasure to see you. Mr. Chairman, Dr. Castleman was an intern in my office in 1994, so yea, team here. This is great.

Mr. COLE. Before or after you were a doctor?

Mr. CASTLEMAN. Well, well before.

Ms. DELAURO. Well before.

Mr. COLE. Well, clearly you had the appropriate role model, and you were driven to success.

Ms. DELAURO. Well, from Madison, Connecticut. I have a couple things on technology I want to ask you, Dr. Mellow, about faculty at community colleges and their intermittent, part-time, adjunct, et cetera.

TEXTING

Dr. Castleman, we have talked about technology, and we have talked about, you have looked at this text messaging in addressing the summer melt issue. How would that strategy work? I won't go through all of this effort, and it is cheaper, I might add, at about $7 a student to move in this direction. How would that interact with something like TRIO or GEAR UP? What are the barriers that exist to allowing this to go to scale?

Mr. CASTLEMAN. I think that is a great question. I am very excited to be here just a week after or so it appeared in the Federal Register that GEAR UP is directly embracing these strategies in collaboration with Institute for Education Sciences and with Apps Associates to launch a national demonstration project on how GEAR UP can use digital messaging like text messaging to provide students with personalized reminders throughout the summer after high school, but continuing into college as a low-cost way to support students after they have gone through the wonderful support of the GEAR UP program to continue to succeed in college, and so I think that is already happening within GEAR UP.

I think there are also lots of opportunities for this to be integrated into other dimensions of the Federal Government's higher education-related programming, like Federal student aid, and within the loan entrance counseling process. In order for these technologies to scale, they are not expensive. The messaging itself, sending students personalized messaging requires about a dollar per student per month that we want to send messages as a ballpark. And what we need in order to do that is an access point through which we can collect contact information.

The FAFSA provides a tremendous access point. We know the FAFSA is already collecting some contact information. It could expand to collect others, and once students have submitted the FAFSA, we could be using that as an access point to provide much more personalized and behaviorally informed information that helps students understand the stages of the financial aid process that follow completion of the FAFSA, like verifying their income if they are required to by the Department of Education, like considering their loan eligibility.

So we need an access point, and again I think the Federal Government has several. I think these campaigns benefit when we are able to make the information personalized to students. So to the extent we can leverage information in the FAFSA that GEAR UP has collected from students and say, Dear Aaron, here is some messaging that is specific to you, I think that further enhances the success.

And then finally what I would say is that I think one way well-designed messaging can be effective, I think we also know as Dr. Fischer talked about earlier, that many of these decisions are made sufficiently complex. That in addition to getting personalized reminders through technology like text messaging that young people are engaging with, having the opportunity to write back to a message, to connect one on one to a college or financial aid professional can also be important, so that may be an additional need for them to be successful.

Ms. DELAURO. Will we have another opportunity——

Mr. COLE. We will go through one more round. I will go to Mr. Harris, and then you and I will sort of close it out, if that is okay. Mr. Harris, you have no questions?

UNITED STATES AND OTHER COUNTRIES

Mr. COLE. Okay. So we get to split the last 10 minutes here. I wanted to actually make a point and then ask a question. I want to, number one, again, thank all of you, which I will do at the end.

Each one of you has shown how much these programs that I think are the classic hand-up-not-hand-out programs make a huge difference for us, how important it is. Mr. Fattah made this point, Mr. Fitzgerald, you have all made it one way or the other, how important to us it is as a country to simply use the human talent that we have available.

And, secondly, it is the right thing to do. There is no question. But it is also the smart thing to do. These are investments that ultimately really, really pay off for this country. Looking across, because some of you think internationally, not just nationally we have been focused here. Give us, and I will let any of you pick up on this. Dr. Mellow, you may be the appropriate one to kick it off. I am very interested in where you would rank us relative to looking at other countries and what they are doing.

I mean, there was a time when we were the unquestioned leader in the world, and we provided more access than anybody else. We know that has changed a little bit, but I am very curious about where you think we are and if there are any international strategies that you see in other places around the world that we ought to be adopting here?

Ms. MELLOW. Well, it is true, Chairman, and we could talk for a long time about the parsing of the statistics, and there can be a lot of conversation about that. We are academics, right, we love that kind of stuff. But I would say America is slipping. And for me, people of my—so I am 62. Now you know—people of my generation are more educated and when we were educated, than anybody else in the world. When you look at the 20 to 24, they are about 13th, and they are less educated than our generation. So we are slipping internally; our kids are not as educated as we are, as the budding elders. I don't know what group I am in. But we are slipping internationally. And I think our acknowledgement of that has to be serious. I don't think in any way it means that Americans are less smart, less gutsy, less committed; but I think we have to really rethink how we imagine an education system K–12 through college, and how to bring back in those adults.

Mr. COLE. Thank you. Any other care to address that? Mr. Thompson.

Mr. THOMPSON. Let me tell you, in Kentucky we have something called Kentucky Rising now where we are taking the best K–12 countries around the world, and we are emulating what they do right; and we are trying to replicate that in Kentucky. We want to stay cutting edge on reform in that area so they can tell us that. I would agree with Dr. Mellow, but I will say that we have—by the way, gaps are the biggest things that we see that are creating some of the issues that make us not as powerful in many ways in our overall growth. But I will tell you we still have the best higher education system in the world. This is a baseline that we can play with and build off of. We still have some of the best intervention programs to try to address some of our ills. We talked about GEAR UP and McNair and other TRIO programs today, so there are hopes that we can look at.

One other item I will add, we have also recognized, and we are not—we are a heterogeneous Nation. I mean, so many of our comparisons look very homogenous in many ways, and I wish I had

more time to talk about that, but you know what I mean. I will tell you just like whether it is online education or face-to-face, engagement still matters, so faculty still matters, so we know we are going to have to increase the output of our teacher ed folk to help them to engage those issues in our K–12. But we also know the interaction with faculty in and out of the classroom helps the retention rate. That engagement still matters.

So we have the evidence of what to do, so our baseline is strong. Now, whether we get the right inputs to help us to build that baseline I think is what you guys are called to talk about. We know high rigor, high expectations, and high inputs all the way through the system of education helps us to actually get back to where we need to be and where we once were forever. I like being number one.

Mr. COLE. Yeah, we know that in Kentucky, and I think we are going to see a pretty convincing demonstration of it in short order, too. Anybody else care to make a comment?

TALENT RECRUITMENT

Mr. FITZPATRICK. Mr. Chairman, I would just like to highlight, I will give you two examples of the ability to find talent, and these are two—I won't name them, but they are two of my member companies—and it deals with computer science and the ability to grow our own talent from K–12 on up. Two insurance companies, both facing problems on the IT side. One of them moved the entire operation to Bangalore. The other imported chief scientists from India, and that was a very bold move, because you are not just taking the chief scientists and moving them to India; you are taking the entire stream of jobs and moving them.

And so, if you look at who is in our graduate schools, two-thirds of our graduate students in the STEM disciplines are foreign students. We have the best graduate universities in the world, but our education system is highly stratified, and if you just look at graduation rates, research one universities that are in the 90 percents. But we desperately need a talent strategy that will pull all of our institutions up and give students opportunities to access high-demand jobs that will benefit our companies, the Federal Government in areas like national security, and the Nation.

Mr. COLE. Thank you very much. I am going to turn to my ranking member for the last question of the day.

Ms. DELAURO. Thank you. Just if I can make a comment on what you have just said here. If we are not willing to make the investment, and I listened to Mr. Thompson here about early childhood education, K–12, we should have universal early childhood education, or universal preschool in the United States, K–12, high school, colleges, in a way that allows us to be able to take from zero to 3 through higher education; and if we view that is the way to succeed as a Nation in terms of economic growth, then that is where our priorities ought to be.

One of the things that I really am concerned about in the U.S. is that it used to be that education was just in the purview of the wealthiest people who could afford to send their kids to school. I represent Wesleyan University, Yale University, you know, places, you know, that we have seen educate some of the brightest people

in the world. We as an institution of the Congress, and I always view that the Congress has what it has historically done great things. One of them is to allow the sons and daughters of working families, low-income families, to be able to get an education to succeed. My dad went to the 7th grade. My mother was a garment worker in the old sweatshops in New Haven, Connecticut. They put me through college, graduate school. There were loans and grants and so forth that allowed me to get an education which allows me to sit here today.

We have walked back from that mission, and I fear that we are looking at, once again, education for those families who can afford it; and our low-income kids, our middle class families' kids, are unable to be able to take the opportunity without the grants, without Pell, without those inputs that you speak about. The teachers, which is the question that I want to get to of Dr. Mellow, you talked about teachers and making a difference. Teachers that you find to be most successful with at-risk kids, key characteristics, how do we prepare faculty to educate these kids?

TEACHER DEVELOPMENT

Less than a third of Community College faculty are full-time. Adjunct faculty appointments on the rise. Given that part-time faculty spend less time on campus, what kinds of professional development should be available so we can help our kids who are at risk to be able to succeed?

Ms. MELLOW. And this is where technology is amazing. So what I am doing now is working with 150 faculty from Florida, Arizona, and LaGuardia. Sixty percent of them are adjunct faculty. And we are using technology to get people to focus on, what are you doing right? What does it look like? We have a mechanism to really code what faculty are doing so you can have some rigor in that. And then surround them with professional support so that you really think of teaching as a profession in the same way you would a medical doctor who would do an operation in front of other people and other physicians would help them get better.

And so there are ways to take college teaching seriously. And I think technology is going to be our friend in this. But we must understand that now almost a third of the people working in the United States, from the last figures I saw, are entrepreneurs, they are doing it on their own. And I think we have to understand that we are living in a different economy. And in that, we have to find supports that go to the people where they are. So conferences are great. It is lovely to have a mentor. But really using technology to make a difference in connecting with the faculty who are teaching today in our colleges is essential.

COMMUNITY COLLEGE INITIATIVE

Ms. DELAURO. Community college initiative, is that something, that the President has offered, not everybody got a chance to answer, just what, good, bad, mediocre?

Ms. MELLOW. I think we have to raise this conversation about what does it take to prepare people for our world. And it is no longer high school. And we have to really understand that community colleges are an American invention. They are the most demo-

cratic system of higher education in the world. Nobody else is like us. And how to really use that to further the interests of the country I think are essential.

Ms. DELAURO. Thank you. Thank you, Mr. Chairman.

Mr. COLE. Thank you.

LOCAL AND STATE FUNDING

Just in conclusion, because I want to pick up on a point that my friend the ranking member made and I agree with in terms of resource commitment here. There is also a role, we didn't explore it here, but I have seen States cutting back a lot, if you look at the percentage of what they spend in their budgets, and expecting us to fill in, which stretches our resources. Because I think what we really want to do or focus on, on students that, frankly, are the most disadvantaged or the most challenged or, frankly, just have not had the chance. And that is a very important role for us as a Federal Government, I think, to play, and it is a national mission.

The second area, and this doesn't apply to any of you because, frankly, you work in the kind of institutions that do this automatically, but I watched my good friend, former Governor Mitch Daniels, this morning talking on "Morning Joe" about college education. And he made the point at Purdue they have actually frozen tuition 3 years in a row. But he said, we are a land grant institution, our original mission was to educate people that were not wealthy, that did not have opportunities, and maybe we had forgotten about that a little bit and we need to move back toward understanding what our role is. It is different than maybe an elite private university.

And so those are things for all of us to think of, because I think to get to where all of us want to be it is a collective effort. There is certainly a big federal component here, but there needs to be state and local support. In my State, actually local communities do support community colleges with taxation, and they do support career tech. They literally tax themselves to have that opportunity available.

And it is up to every State to choose how they want to do that. I can't hold us up as a model because we are not always spending as much money in other areas as I would like. I have watched the higher education portion of our budget shrink over about the last 20 years in terms of not dollars, but percentages. And the amount of the cost of education we offload on a student is considerably higher today than it was when I was a state senator in the 1980s. We made it tougher, not easier. We have a lot of programs, but if you actually looked at it en masse, it is tougher for our kids than it ought to be.

With that, I want to thank each and every one of you, not just for taking your time to be here today, because it is really important to help our committee understand the problems and to create the public record so we can make some of the decisions that we need to make going forward. But much more importantly, just thank you for what you do each and every day to make sure that people have an access to the American dream, that they get that opportunity, and that we try and address some of the inequalities and divisions and inequities in our society and give people the opportunity.

You have all given us not only terrific information and great suggestions, but, frankly, the telling anecdote or the personal experience that quite often drives it home. So I can see why you are all exceptional educators and very successful in your field.

So it has been a great hearing, and appreciate it very much. I want to thank the ranking member for being here as well.

Mr. Harris, thank you.

With that, we are adjourned.

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