

**DEPARTMENTS OF LABOR, HEALTH AND HUMAN
SERVICES, EDUCATION AND RELATED AGENCIES
APPROPRIATIONS FOR FISCAL YEAR 1990**

HEARINGS

BEFORE A

**SUBCOMMITTEE OF THE
COMMITTEE ON APPROPRIATIONS
UNITED STATES SENATE
ONE HUNDRED FIRST CONGRESS**

FIRST SESSION

ON

H.R. 2990/H.R. 3566

AN ACT MAKING APPROPRIATIONS FOR THE DEPARTMENTS OF LABOR,
HEALTH AND HUMAN SERVICES, AND EDUCATION, AND RELATED
AGENCIES, FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 1990, AND
FOR OTHER PURPOSES

Part 1 (Pages 1-948)

ACTION
CORPORATION FOR PUBLIC BROADCASTING
DEPARTMENT OF EDUCATION
DEPARTMENT OF LABOR
FEDERAL MEDIATION AND CONCILIATION SERVICE
FEDERAL MINE SAFETY AND HEALTH REVIEW COMMISSION
NATIONAL COMMISSION ON LIBRARIES AND INFORMATION SCIENCE
NATIONAL COMMISSION TO PREVENT INFANT MORTALITY
NATIONAL COUNCIL ON DISABILITY
NATIONAL LABOR RELATIONS BOARD
NATIONAL MEDIATION BOARD
OCCUPATIONAL SAFETY AND HEALTH REVIEW COMMISSION
PHYSICIAN PAYMENT REVIEW COMMISSION
PROSPECTIVE PAYMENT REVIEW COMMISSION
RAILROAD RETIREMENT BOARD
U.S. BIPARTISAN COMMISSION ON COMPREHENSIVE HEALTH CARE
U.S. INSTITUTE OF PEACE
U.S. SOLDIERS' AND AIRMEN'S HOME

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DEPARTMENTS OF LABOR, HEALTH AND
HUMAN SERVICES, AND EDUCATION AND RE-
LATED AGENCIES APPROPRIATIONS FOR
FISCAL YEAR 1990

TUESDAY, APRIL 4, 1989

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

The subcommittee met at 9:35 a.m., in room SD-138, Dirksen
Senate Office Building, Hon. Tom Harkin (chairman) presiding.

Present: Senators Harkin, Burdick, Specter, Stevens, and Cochran.

DEPARTMENT OF EDUCATION

SECRETARY OF EDUCATION

STATEMENT OF LAURO CAVAZOS, SECRETARY OF EDUCATION

ACCOMPANIED BY:

CHARLES E.M. KOLB, DEPUTY UNDER SECRETARY FOR PLANNING,
BUDGET, AND EVALUATION

SALLY CHRISTENSEN, DIRECTOR, BUDGET SERVICE, OFFICE OF
PLANNING, BUDGET, AND EVALUATION

OPENING REMARKS BY CHAIRMAN HARKIN

Senator HARKIN. The Subcommittee on Labor, Health, Human Services, and Education, Related Agencies of the Appropriations Committee will come to order.

Good morning to everyone. I want to welcome Secretary Cavazos to our hearings this morning, and to his first appearance before this subcommittee.

We've heard a great deal from President Bush about his commitment to education, and his interest in being known as the education President. And I want you to know I welcome this kind of leadership. The future of our Nation and the competitiveness of American industry in world markets depends on a strong education for our children.

We in the Congress want to join President Bush. Many of us want to take up President Bush's challenge, as issued in his State of the Union Message, and become the education Congress. Together, I believe, we can make some very strong progress.

Given the challenge issued by President Bush, I am surprised, however, to see that the administration's budget does not support

the rhetoric. Instead of increases for education, we see that based on all the pending 1989 supplementals, and the 1990 proposed amendments to President Reagan's original budget, the total funding for education in fiscal year 1990 would actually decrease \$253.2 million below the fiscal year 1989 levels.

FLEXIBLE FREEZE IN 1990

We've heard a lot about the flexible freeze concept that would hold everything, except for some new initiatives, at the 1989 outlay level. This is one option the administration has suggested to help pay for the Bush initiatives, and still meet our deficit targets.

This initiative, however, would cut education another \$3.5 billion. Surely, this is an option that we must all reject.

CHAPTER 1 AND PELL GRANTS

Eighty-five percent of the President's education budget request is targeted on the needs of the disadvantaged. That's good. Yet, when we look at the two largest programs serving the disadvantaged, chapter 1 and Pell grants, we discover that inflation increases would result in no enhanced benefits to any students. In fact, just last week, the President sent us a budget amendment asking us to cut \$50 million from chapter 1 and cut \$64 million from student aid from the levels already enacted for 1989.

This morning we want to explore with Secretary Cavazos the question of the Department of Education having enough funding to meet the needs of the Nation, and to support President Bush in his commitment to become the education President.

STUDENT LOAN DEFAULT PROBLEM

Additionally, I want to focus this hearing on the student loan default problem.

For years there has been widespread concern expressed regarding the guaranteed student loan default rate which will cost us \$1.9 billion in fiscal year 1990, unless we do something about it. These precious dollars, now lost, could be reinvested in the education needs of the Nation. The cost of this problem has grown over \$650 million just since 1987.

Secretary Cavazos, to his credit, has been preparing a default management plan since he became Secretary last September and several default reduction proposals are included in the fiscal year 1990 budget. We want to talk with the Secretary this morning about those and other proposals that could help reduce the default rate and the default expenditure. We need to reduce this expenditure, which, in my mind, is nothing more or less than wasteful spending. It is a problem that we need to solve, so that we have the needed resources to meet our other commitments in education.

Again, I want to welcome Secretary Cavazos, who received his doctorate from, perhaps the most outstanding university in America, Iowa State University in Ames, IA, and all of the education officials here this morning to our hearing.

At this time I would keep the record open for an opening statement by our ranking member, Senator Specter. I would recognize