

THE PRESIDENT'S 2021 BUDGET

HEARING BEFORE THE COMMITTEE ON THE BUDGET HOUSE OF REPRESENTATIVES ONE HUNDRED SIXTEENTH CONGRESS SECOND SESSION

HEARING HELD IN WASHINGTON, D.C., FEBRUARY 12, 2020

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THE PRESIDENT'S 2021 BUDGET

WEDNESDAY, FEBRUARY 12, 2020

HOUSE OF REPRESENTATIVES,
COMMITTEE ON THE BUDGET,
Washington, DC.

The Committee met, pursuant to notice, at 10:01 a.m., in room 210, Cannon House Office Building, Hon. John A. Yarmuth [Chairman of the Committee] presiding.

Present: Representatives Yarmuth, Moulton, Jeffries, Higgins, Boyle, Khanna, DeLauro, Doggett, Price, Schakowsky, Kildee, Pannetta, Morelle, Horsford, Scott, Jackson Lee, Lee, Jayapal, Omar, Sires, Peters, Cooper; Womack, Woodall, Johnson, Smith, Flores, Holding, Stewart, Norman, Hern, Roy, Meuser, Crenshaw, and Burchett.

Chairman YARMUTH. This hearing will come to order. Good morning. I want to welcome everyone to this hearing on the President's budget submission, and certainly welcome the Acting Director of OMB, Russell Vought. Thank you for being here to testify on the President's 2021 budget proposal.

It is my hope that today's hearing will provide an open and honest examination of the priorities set forth by the Trump Administration, so we can get back to work passing legislation and appropriations bills that reflect the needs and priorities of the American people.

I will now yield myself five minutes for an opening statement.

Just six short months ago the President signed a bipartisan, two-year budget deal into law. It does everything the President's proposal fails to do. It set rational, discretionary top lines, allowing strong investments in our national and economic security. It had bipartisan support, including the Ranking Member and myself, and it set Congress up for a successful appropriations process.

But now the President is going back on his word. Instead, he is once again proposing deep cuts to critical programs that help American families and prepare our nation for the future. Once again, he is breaking his promises, and lying to the American people.

Less than a week after promising Medicare and Social Security would be safe from harsh budget cuts, the President went and proposed slashing a half-a-trillion dollars from Medicare, knowing it would hurt seniors and cut Social Security by at least \$24 billion, knowing it would hurt our nation's disabled workers.

During his State of the Union address, the President said he was working to improve Americans' health care. Then he turned around

and proposes cutting Medicaid by more than \$900 billion, knowing it will result in families losing life-saving health care coverage.

After talking up his plans to build an inclusive society by making sure that every young American gets a great education and the opportunity to achieve—and that is a quote—the President proposes slashing discretionary resources for the Department of Education by \$5.6 billion, disinvesting in America’s students. He then proposes a \$170 billion cut over 10 years to student loan programs, knowing it will make it harder for young people to earn a college degree.

The President is trying to cut nutrition assistance by more than \$180 billion, and that is before taking his recent mean-spirited regulations into account, knowing all along it will force more families to go hungry.

In his State of the Union speech, President Trump talked about planting trees to protect the environment. You know how you protect the environment? By putting people before polluters, and not gutting the EPA by more than 26 percent, like this budget would do.

Amid the deadly coronavirus outbreak, the President gave the American people his word that his Administration would, “take all necessary steps to safeguard our citizens from this threat.” That was another lie, because just days later his budget included a nearly 19 percent reduction to the Center for Disease Control and Prevention’s discretionary budget authority, despite this ongoing threat.

The bottom line here is that this President and his congressional Republican allies have routinely prioritized special interests and the rich and powerful over the health, safety, and economic security of American families. The President’s destructive and irrational budget continues that misplaced allegiance by intentionally going after working families and vulnerable Americans, while simultaneously extending tax cuts and giveaways to the very wealthiest individuals and large corporations.

Over the course of the decade, the President’s budget would slash non-defense discretionary funds by more than \$1.5 trillion, taking a wrecking ball to America’s economic future and security. At the same time, it extends expiring provisions of the 2017 GOP tax law, adding more than \$1 trillion to the debt, a reality the President was unable to hide, even with his fantasy growth projections.

This President is asking working Americans to sacrifice their safety, their health, their economic security, their futures to cover the cost of Republicans’ tax scam that was never going to pay for itself.

While I have come to expect shocking and unthinkable budget cuts from this Administration, it never gets any easier to see our President’s complete disregard for the human cost of his budget. Thankfully, with a budget already in place for 2020 and 2021, and the Senate majority leader reaffirming his commitment to the Bipartisan Budget Act of 2019, I am confident that Congress will stand firm against the President’s warped vision for our nation’s future.

Finally, Director Vought, for obvious reasons there is a lot of interest in your presence here today. This is the first time you have testified since President Trump was impeached.

I am not going to rehash that entire process, but a major finding of Congress's investigations was that the Administration broke federal law when OMB failed to abide by the Impoundment Control Act. That law falls squarely within the jurisdiction of the Budget Committee, so I think it is critically important that you speak to OMB's adherence to the ICA today. As Director, it is your responsibility, your obligation to make sure that OMB is in complete compliance with the ICA, and fully respects that the Constitution grants Congress the power of the purse.

I promise that this Committee will continue its vigilance, and not allow the President to unilaterally substitute this budget for the bipartisan budget already in place, and I keep my promises.

[The prepared statement of Chairman Yarmuth follows:]

Chairman John A. Yarmuth
Hearing on the President's Fiscal Year 2021 Budget
Opening Statement
February 12, 2020

This hearing will come to order. I would like to welcome OMB Acting Director Vought -- thank you for coming here to testify on the President's 2021 budget proposal. It is my hope that today's hearing will provide an open and honest examination of the priorities set forth by the Trump administration so we can get back to work passing legislation and appropriations bills that reflect the needs and priorities of the American people.

Just six short months ago, the President signed a bipartisan two-year budget deal into law. It does everything the President's proposal fails to do -- it set rational discretionary topline allowing strong investments in our national and economic security; it had bipartisan support -- including the Ranking Member and myself; and it set Congress up for a successful appropriations process. But now, the President is going back on his word. Instead, he is, once again, proposing deep cuts to critical programs that help American families and prepare our nation for the future. Once again, he is breaking his promises and lying to the American people.

Less than a week after promising Medicare and Social Security would be safe from harsh budget cuts, the President went and slashed a half a trillion dollars from Medicare - knowing it would hurt seniors - and cut Social Security by at least \$24 billion knowing it would hurt our nation's disabled workers. During his State of the Union address, the President said he was working to improve Americans' health care. Then he turned around and cut Medicaid by more than \$900 billion knowing it would result in families losing life-saving health care coverage.

After talking up his plans to "build an inclusive society" by "making sure that every young American gets a great education and the opportunity to achieve," the President proposes slashing discretionary resources for the Department of Education by \$5.6 billion, disinvesting in America's students. He then proposes a \$170 billion cut over 10 years to student loan programs knowing it will make it harder for young people to earn a college degree.

The President is trying to cut nutrition assistance by more than \$180 billion -- and that's before taking his recent mean-spirited regulations into account -- knowing it will force more families to go hungry. In his State of the Union speech, President Trump talked about planting trees to protect the environment. You know how you protect the environment? By putting people before polluters and not gutting the EPA by more than 26 percent like this budget does.

Amid the deadly coronavirus outbreak, the President gave the American people his word that his administration would "take all necessary steps to safeguard our citizens from this threat." That was another lie, because just days later his budget included a nearly 19 percent reduction to the Center for Disease Control and Prevention's discretionary budget authority despite this ongoing threat.

The bottom line here is that this President and his Congressional Republican allies have routinely prioritized special interests and the rich and powerful over the health, safety, and economic security of American families. The President's destructive and irrational budget continues that misplaced allegiance by intentionally going after working families and vulnerable Americans while simultaneously extending tax cuts and giveaways to the very wealthiest individuals and large corporations.

Over the course of the decade, the President's budget would slash non-defense discretionary funds by more than \$1.5 trillion, taking a wrecking ball to America's economic future and security. At the same time, it extends expiring provisions of the 2017 GOP tax law adding more than \$1 trillion to the debt – a reality the President was unable to hide even with his fantasy growth projections. This President is asking working Americans to sacrifice their safety, their health, their economic security, their futures – to cover the cost of Republicans' tax scam that was never going to pay for itself.

While I have come to expect shocking and unthinkable budget cuts from this Administration, it never gets any easier to see our President's complete disregard for the human cost of his budget. Thankfully, with a budget already in place for 2020 and 2021 and the Senate Majority Leader reaffirming his commitment to the Bipartisan Budget Act of 2019, I am confident that that Congress will stand firm against this President's warped vision for our nation's future.

Finally, Director Vought, for obvious reasons, there is a lot of interest in your presence here today. This is the first time you have testified since President Trump was impeached. I'm not going to rehash that entire process, but a major finding of Congress' investigations was that the Administration broke federal law when OMB failed to abide by the Impoundment Control Act. That law falls squarely within the jurisdiction of the Budget Committee, so I think it is critically important that you speak to OMB's adherence to the ICA today. As Director, it is your responsibility, your obligation, to make sure that OMB is in complete compliance with the ICA and fully respects that the Constitution grants Congress the power of the purse. I promise that this Committee will continue its vigilance and not allow the President to unilaterally substitute this budget for the bipartisan budget already in place. And I keep my promises. I look forward to hearing what you have to say.

Chairman YARMUTH. I look forward to hearing your testimony, and I now yield five minutes to the Ranking Member.

Mr. WOMACK. I thank the Chairman for holding the hearing, and I thank you, Acting Director Vought, for being here with us today.

We are here to examine the President's budget request for fiscal 2021. It is my hope that we will stay on task.

I applaud the President for actually doing a budget. Here in the House, the Budget Committee hasn't provided a budget. Interesting to me, because our Committee Majority's website—there is a section titled "Responsibility," and the first sentence in the section reads, "The Committee's chief responsibility is to draft an annual concurrent resolution on the budget that provides a congressional framework for spending and revenue levels, the federal surplus or deficit, and public debt."

As we all know, the Constitution gives Congress the power of the purse. Funding the priorities of the American people while addressing our nation's serious fiscal challenges is no easy task. It requires a lot of collaboration, which is why hearing from the Administration today is vitally important.

In recent months we have heard from the likes of the Congressional Budget Office, and just yesterday from the Federal Reserve, and many other outside experts who have all consistently warned that our nation is nearing a fiscal crisis. We ought to pay attention to those warnings.

The national debt is over \$23 trillion. It is projected to grow to more than \$36 trillion within a decade. Soon thereafter, on this path, the federal debt will reach the highest level in American history as a percentage of the economy. CBO projects that by 2049 the federal debt will equal \$248,000 per American. That is almost \$1 million per family of four.

From there, it only grows more. Interest payments on the debt will increasingly crowd out other federal spending that is directed toward programs that Americans rely on. CBO projects interest payments on the debt will amount to \$382 billion in fiscal 2020. That is 11 percent of federal tax revenue. We cannot continue on this path.

We have to lead by example. We have to make the tough choices necessary to reverse course. Yet here we are, the greatest nation in the history of the world, and we can't even manage to come up with something as simple as a doggone budget. But the President is doing his duty, and has put forward a budget that takes steps in the right direction. I recognize that there will be others that will push back on his plan. But at least we have a plan to look at.

The budget does not achieve balance within 10 years, but the overall 10-year fiscal trajectory puts the budget on a path to balance by 2035.

The President's budget reduces deficits by \$4.6 trillion between 2021 and 2030, whereas under current law deficits are more than \$1 trillion annually and, under this proposal the annual deficit would be lowered to \$261 billion by 2030.

Further, this budget reduces the share of debt held by the public from 81 percent of GDP to 66 percent of GDP. I kind of like that direction. That is a tremendous improvement from the historically high debt levels projected for 2030 under current law.

The President's budget also does not breach the spending caps called for in the Bipartisan Budget Act of 2019. It meets the defense spending cap, and is below the non-defense discretionary cap by \$37 billion for fiscal 2021.

Additionally, there are several priorities I am pleased to see in this budget.

First, as someone who served in the military, I believe ensuring the safety and security of the American people is probably our most fundamental purpose of the federal government. I appreciate the Trump Administration's clear commitment to this responsibility.

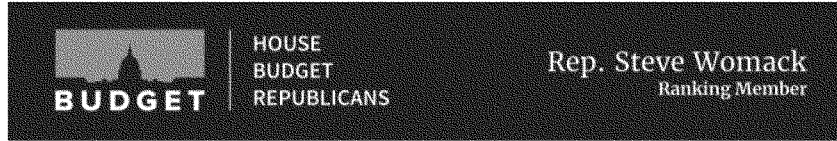
Second, I also appreciate the Administration's focus on this budget, on improving the long-term health of the American people by investing in measures to combat the opioid epidemic that is crippling communities across the country.

Third, we have heard in this room many times that our economy is historically strong. The number of jobs available exceeds the number of people looking for work by a million. We must ensure that our work force meets the demands of our strong economy, which is why I am pleased the Administration is once again investing in career and technical education.

But as I have said before, the biggest threat to all of these priorities, and to the long-term security of our nation, is our out-of-control mandatory spending. It accounts for 70 percent of all federal spending, and is projected to increase to 76 percent, according to CBO, by 2029. These programs have far outgrown their intended size and scope, and they have far exceeded what we can afford. I have said many times that we cannot have a real conversation about reducing the deficits and debt without addressing mandatory spending.

The President's budget takes steps in the right direction. There is a lot of work to be done. It is imperative we work together in a bipartisan, bicameral fashion to advance a budget that funds our nation's important priorities, while acknowledging our very real fiscal challenges.

[The prepared statement of Steve Womack follows:]



**Ranking Member Steve Womack (R-AR) Opening
Statement at Hearing Titled:
“The President’s Fiscal Year 2021 Budget”**

Remarks as prepared for delivery:

Thank you, Chairman Yarmuth, for holding this hearing, and thank you, Acting Director Vought, for being here with us today. We’re here to examine the President’s budget request for fiscal year 2021. I applaud him for actually doing a budget. Here, in the House Budget Committee, for the second year in a row, we did not.

This is interesting to me, because on our Committee Majority’s website, there is a section titled “Responsibility.” The first sentence in this section reads, “The Committee’s chief responsibility is to draft an annual concurrent resolution on the budget that provides a congressional framework for spending and revenue levels, the federal surplus or deficit, and public debt.”

As we all know, the Constitution gives Congress the power of the purse. Funding the priorities of the American people while addressing our nation’s serious fiscal challenges is no easy task. It requires a lot of collaboration, which is why hearing from the administration today is so important.

In recent months, we’ve heard from the Federal Reserve and the Congressional Budget Office (CBO), as well as many other outside

experts who have all consistently warned us that our nation is nearing a fiscal crisis.

The national debt is \$23 trillion, and it is projected to grow to more than \$36 trillion within a decade. Soon thereafter, on our current path, the federal debt will reach the highest level in American history as a percentage of the economy.

CBO projects that by 2049, the federal debt will equal \$248,000 per American – almost \$1 million per family of four. From there, it will continue to grow.

Interest payments on the debt will increasingly crowd out the other federal spending that is directed towards programs many Americans rely on. CBO projects interest payments on the debt will amount to \$382 billion in fiscal year 2020, which is 11 percent of federal tax revenue.

We cannot continue down this path. We must lead by example, making the tough choices necessary to reverse course. Yet, here we are, the greatest nation in the history of the world, and we can't even manage to come up with something as simple as a budget. But, the President is doing his duty and has put forward a budget that takes steps in the right direction.

This budget does not achieve balance within 10 years, but the overall 10-year fiscal trajectory puts the budget on a path to balance by 2035.

The President's budget reduces deficits by \$4.6 trillion between 2021 and 2030. Whereas, under current law, deficits are more than \$1 trillion annually, under this proposal, the annual deficit would be lowered to \$261 billion by 2030.

Further, this budget reduces the share of the debt held by the public from 81 percent of GDP to 66 percent of GDP – that’s a tremendous improvement from the historically high debt levels projected for 2030 under current law.

The President’s budget also does not breach the spending caps called for in the Bipartisan Budget Act of 2019. It meets the defense spending cap and is below the non-defense discretionary cap by \$37 billion for fiscal year 2021.

Additionally, there are several priorities I am pleased to see in this budget:

First, as someone who has served in the military, I believe ensuring the safety and security of the American people is the most fundamental purpose of the federal government. I appreciate the Trump Administration’s clear commitment to this responsibility.

Second, I also appreciate the administration’s focus in this budget on improving the long-term health of the American people by investing in measures to combat the opioid epidemic that is crippling communities across the country.

Third, we’ve heard here in this room many times that our economy is historically strong. The number of jobs available exceeds the number of people looking for work by one million. We must ensure that our workforce meets the demands of our strong economy, which is why I’m pleased that the administration is once again investing in career and technical education programs.

But, as I have said before, the biggest threat to all of these priorities – and to the long-term security of our nation – is our out-of-control mandatory spending. Today, mandatory spending programs account

for 70 percent of all federal spending and are projected to increase to 76 percent by 2029.

These programs have far outgrown their intended size and scope, and they have far exceeded what we can afford. I have said many times that we cannot have a real conversation about reducing the deficits and debt without addressing mandatory spending – the real driver of our fiscal troubles. That’s why I’m especially pleased that the President’s budget request proposes over \$2 trillion in cuts to mandatory spending.

In addition, the President’s budget wages war on wasteful spending, such as improper payments and imprudent end-of-year spending. According to data from the nonprofit group, Open the Books, in the final two days of 2018, federal agencies’ expenditures included \$4.6 million on lobster tails and crab, more than \$308,000 on alcohol, and more than \$673,000 on golf carts – just to name a few.

Eliminating this egregiously wasteful spending has been a priority in past Republican budgets, and I’m pleased that President Trump is continuing these important, commonsense efforts to stop the grossly irresponsible use of taxpayer dollars.

While the President’s budget takes steps in the right direction, there is still much work to be done. It is imperative that we work together in a bipartisan, bicameral fashion to advance a budget that funds our nation’s important priorities while acknowledging our very real fiscal challenges.

I look forward to this discussion. Thank you, Mr. Chairman. I yield back.

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Mr. WOMACK. I look forward to the discussion today. I thank the Chairman, and I yield back the balance of my time.

Chairman YARMUTH. I thank the gentleman for his opening statement.

Now, once again, welcome, Acting Director Vought. You have the floor, and you have five minutes for your prepared statement.

STATEMENT OF THE HONORABLE RUSSELL VOUGHT, ACTING DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET

Mr. VOUGHT. Thank you, Chairman Yarmuth, and Ranking Member Womack, and Members of the Budget Committee. I am here today to discuss the President's budget for Fiscal Year 2021, which we have titled, "A Budget for America's Future." This is a budget that reflects and builds upon the pro-growth economic policies of this President, which have unleashed one of the most powerful economies in American history.

Unemployment is down, across the board. People are coming back into the work force. Wages are rising, 401(k)'s, pensions, and college savings accounts are growing. This budget continues these economic policies, and once again provides a path for enduring economic expansion by tackling the very real problem of deficits and our nation's debt.

The plan offered today proposes to balance the budget within 15 years by proposing more deficit reduction, \$4.6 trillion, than any president in history. Under this budget, our current path of trillion-dollar deficits as far as the eye can see will be reduced to \$261 billion in 2030, with a surplus in 2035. Debt, as a percentage of GDP, currently at 81 percent and projected to grow to 100 percent within 10 years, will drop to 66 percent by the end of the 10-year window.

But this budget is not a green eyeshades budget. It funds national priorities that this Administration believes are vital for the security and prosperity of the American people. Let me give you a few examples.

Seven hundred and forty-one billion dollars for the defense of this country. This amount comes on the heels of defense budgets of \$700 billion, \$716 billion, and \$738 billion in prior years.

Nuclear modernization itself will receive a nearly 20 percent increase from the last fiscal year. At the same time, this budget also reflects at a high level an assumption that our overseas operations will require less funding as the President works to end endless wars.

The budget also makes substantial investments in border security and immigration enforcement, ensures that every high school has a high-quality career and technical education program, funds NASA's return to the moon by 2024 as a platform to Mars and thereafter, and grows VA medical care at 13 percent to fully fund the Mission Act.

It includes substantial resources to fight against the opioid epidemic, and proposes a \$1 trillion infrastructure package to rebuild our roads and bridges.

It also keeps the promises that President Trump has made to the American people, such as protecting Social Security and Medicare for seniors. This President is a promises made, promises kept kind of president, and this budget is no different.

Despite the predictable, misleading claims by many across the other side, Medicare will grow on average of 6 percent a year under this budget.

The budget does propose good government reforms to lower drug prices, root out improper payments, and address wasteful spending.

This budget proposes to remove from Medicare certain programs such as uncompensated care and graduate medical education, which are draining the Medicare Trust Fund, even though they benefit more than just seniors. To be clear, these programs would still be funded outside of Medicare, but with reforms to limit their growth.

Similarly, this budget proposes payment site neutrality for the same service being performed at a different health care location. So a CAT scan costs the same at an outpatient hospital as it does at the physician office.

Lowering the cost of health care is not a cut. Medicaid will grow at 3 percent, which is higher than the rate of inflation. But the program has \$57 billion in improper payments last year, and HHS lacks the statutory tools to recoup most of these costs. This budget would provide such authority, while giving states the option of a block grant or a per capita payment. Only in Washington, DC. does it look at a budget that grows every year faster than inflation and says that is a cut.

The budget proposes other common-sense, mandatory savers, such as a universal work requirement for Medicaid, TANF, housing, and food stamps. This will ensure that we are helping to lift able-bodied adults without dependents off of a cycle of dependency and onto a ladder of economic opportunity.

In terms of discretionary spending, this budget will propose a substantial reduction, similar to previous budgets. While budgeting at a defense cap under current law, this budget proposes a 5 percent cut.

This budget continues to be a statement from this President and his Administration that we stand with families and businesses across the country who have to balance their budgets. Washington, DC. does not stand with them, and for too long has operated under a different principle of recklessly spending other people's money. That has to change, and hopefully this budget leads to it.

I am ready to take your questions.

[The prepared statement of Russell Vought follows:]

**TESTIMONY
RUSS VOUGHT
ACTING DIRECTOR
OFFICE OF MANAGEMENT AND BUDGET
BEFORE THE HOUSE COMMITTEE ON THE BUDGET**

February 12, 2020

Chairman Yarmuth, Ranking Member Womack, Members of the Committee:

Thank you for this opportunity to testify on President Trump's Fiscal Year (FY) 2021 Budget.

PRO-GROWTH, PRO-WORKER

This Administration's pro-growth policies have ushered in one of the greatest economies in our history and have restored America's economic strength. President Trump's agenda of tax cuts, deregulation, trade reform, and energy independence has delivered incredible results for the American people.

More than 7 million jobs have been added to the economy since President Trump's election, with unemployment dropping to historic lows. There are more job openings than job seekers.

Americans of all backgrounds are thriving thanks to America's restored economic vitality. The unemployment rates for African Americans, Hispanic Americans, and Asian Americans have all reached record lows under President Trump. The unemployment rate for women reached its lowest level in nearly 70 years. After being stuck on the sidelines for years, workers by the thousands are jumping back into the labor pool to fuel our booming economy.

Today's economy is about the forgotten man and has rightfully been called a Blue Collar Revolution. Almost 2.5 million Americans have been lifted out of poverty, including nearly 1.4 million children. Ten million people have come off welfare and seven million off food stamps. And, under President Trump, the bottom half of households in our nation have seen their net worth grow by 47%—more than three times faster than the top 1%.

But as President Trump said during the State of the Union Address, "the best is yet to come." The current job market, and the economic confidence it has inspired in consumers and entrepreneurs, is the direct result of pro-growth policies put in place over the past three years. We have a firm foundation on which to take our prosperity to the next level. The FY 2021 Budget embodies the hope and optimism of this Great American Comeback and advances policies that will help working families across the country continue to prosper.

FISCAL RESPONSIBILITY

In fact, this Budget provides the path for an enduring economic expansion by tackling the very real problem of deficits and our Nation's debt. Washington's pastime of spending without

consequence must be stopped as it threatens long-term economic prosperity. By 2021, the United States will be spending more money to pay for the debt than for the budgets of the Departments of Veterans Affairs, Justice, and Homeland Security, and the National Aeronautics and Space Administration combined. If America's spending and debt crisis are not addressed, American families will experience a much lower standard of living.

The Budget policies offered today would bring deficits down each year and put the Federal Government on a path to a balanced budget in 15 years. It proposes more deficit reduction - \$4.6 trillion - than any president in history. The Budget includes \$1.5 trillion in deficit reduction from non-defense discretionary programs, including a 5-percent cut in 2021 and continuing reductions of 2 percent per year thereafter.

The trillion-dollar deficits as far as the eye can see - with debt as a percent of GDP now at 81% and growing to 100% within just ten years - will be a thing of the past, reduced to \$261 billion in 2030, with a surplus by 2035. Debt as a percentage of GDP will drop to 66% by the end of the ten-year window.

The Budget cuts low-priority and wasteful Government spending, reduces duplication, and eliminates programs and agencies that do not fulfill a Federal role or demonstrate results. It also includes a number of policies to improve payment accuracy and eliminate wasteful spending in mandatory programs. But, it is not simply a "green eye shades" Budget. The Budget includes spending restraint for Federal agencies while ensuring that vital priorities for the security and prosperity of the American people are funded.

BORDER SECURITY AND IMMIGRATION ENFORCEMENT

While working to further the dreams of the American people, the Administration is continuing to safeguard America's borders from uncontrolled migration, dangerous criminals, and lethal drugs. With a focus on infrastructure, technology, and law enforcement personnel, this Budget is based on what is required to keep the President's promise to gain operational control of the border. With available funding, the Administration will build up to an estimated 1,000 miles of border wall on the Southwest border.

The President's FY 2021 Budget provides funding for sizable investments in:

- Border security technology and equipment;
- Additional law enforcement personnel at U.S. Customs and Border Protection (CBP) and Immigration and Customs Enforcement (ICE);
- Increased capacity to administratively detain criminal aliens and those ordered removed;
- Increased capacity to adjudicate immigration cases at the Executive Office for Immigration Review (EOIR);
- Increased capacity to remove illegal aliens; and
- Shelter capacity and care for families and Unaccompanied Alien Children.

NATIONAL SECURITY

Abroad, the Budget promotes an America First agenda by advancing the four pillars of national power – economic competitiveness, national security strength, fair and free trade, and foreign partnerships that match intent and rhetoric with action and resources. It contains \$741 billion for the Nation’s defense – built upon the foundation of prior Trump Administration Budgets that included \$700 billion, \$716 billion, and \$738 billion.

The Administration has rebuilt our great and powerful military to deter aggression, counter adversaries, fight and win wars. The Budget reflects the Administration’s assumption that our overseas operations will require less funding as President Trump works to end “endless wars.”

The FY 2021 Budget builds a more lethal Joint Force by prioritizing investments in U.S. air, sea, land, space, and cyber capabilities that would support operations to ensure continued military superiority. Critical investments include procuring advanced fighter aircraft and new battle force ships, modernizing Army armored brigade combat teams, and funding recapitalization of the strategic ballistic missile submarine fleet. The Budget also supports exploring modifications to existing missile defense capabilities to defend the U.S. homeland, providing additional coverage on a faster timeline.

Modernization of our nuclear weapons stockpile alone will receive a nearly 20% increase over last fiscal year. And, the Budget supports the growth of the recently established U.S. Space Force, the sixth branch of the U.S. Armed Forces, to ensure that the United States can protect and defend America’s national interests in space.

But, the threats we face as a nation are rapidly changing and this Budget also reflects the need for a new American posture to match the realities of this new era. It promotes a whole-of-government approach to overcome rising risks from great power rivals and adversaries armed with emerging technology. This includes prioritizing Artificial Intelligence (AI), 5G, and industries of the future.

FAIRER TRADE

To keep America economically strong, the Administration’s trade policy has been designed to create more manufacturing jobs, protect America’s competitive advantage in technology and innovation, and secure greater market access for American businesses.

The Budget provides robust support towards these goals, including the Administration’s efforts to enforce trade agreements and protect American businesses and workers from trade violations and predatory business practices. The Budget also supports implementation of the United States-Mexico-Canada Agreement (USMCA) and next-step negotiations with China following the landmark phase one trade agreement.

ENERGY INDEPENDENCE

The Budget supports growth in the energy sector by removing unnecessary regulation and promoting domestic energy production and continues to promote the rise of the United States as the preeminent energy producer in the world. The Budget supports an array of efforts that emphasize and strengthen that unique advantage, leveraging the Nation's position as a global leader in energy production and technological innovation. With this development comes an evolution in U.S. energy independence as U.S. consumers become less dependent on foreign sources of energy -- and that independence can be seen, among other places, at the gas pump.

MANDATORY SPENDING REFORMS

The Budget also keeps the promises that President Trump has made to the American people, such as protecting Social Security and Medicare for seniors. In fact, Medicare will grow at 6% per year under this Budget

There are "good Government" reforms to lower drug prices, root out improper payments, and address wasteful and inefficient spending, as well. For instance, this Budget proposes to remove from Medicare certain programs, such as uncompensated care and graduate medical education, that are draining the Medicare Trust Fund. These costs will be funded outside of Medicare, with reforms to moderate their growth.

Similarly, this Budget proposes payment neutrality for the same services, whether it is performed at a doctor's office or as an outpatient procedure at a hospital. A CAT scan is a CAT scan. Lowering the cost of healthcare is not a cut and it provides substantial benefits to the American healthcare consumer.

Medicaid will grow at more than 3% per year, which is higher than per capita growth in Medicaid spending over the last twenty years. Medicaid actually had \$57 billion in improper payments last year, but HHS lacks the statutory tools to recoup most of it. This Budget will provide that commonsense authority and also give states new flexibility to manage the program's finances.

There are other commonsense mandatory savers, such as universal work requirements for Medicaid, TANF, housing, and food stamps. We are helping lift able-bodied adults without dependents off the cycle of dependency and onto a ladder of opportunity.

While some agencies will see increases in spending, such as the VA, DHS, and NASA, some will be asked to eliminate waste and inefficient programs. Veterans medical care grows at 13% to fully fund the MISSION Act. NASA's return to the moon by 2024 as a platform to Mars is funded. And, there's a trillion dollars in infrastructure funding to rebuild our roads and bridges. It ensures that every high school will have a high-quality Career and Technical Education program and includes substantial resources to fight the opioid epidemic. But, foreign aid, as an example, will be cut by 21%. Budgets are about priorities. This Budget meets our Nation's priorities.

Implementing the real spending restraint proposed in the FY 2021 Budget, coupled with other pro-growth policies, will keep the economy thriving and America prosperous for generations to come. Congress can choose this new path that the Administration offers with the Budget, or continue the path Washington has traditionally followed.

This Budget is a resounding statement of the President's commitment to stand with families and businesses across the country that have to balance their own budgets every day. Washington, for far too long, as operated under a different principle of recklessly spending other people's money. That has to change, and this Budget can start that change.

Thank you for your time, and I look forward to your questions.

Chairman YARMUTH. I thank you, Mr. Vought, for your opening statement. We will begin our question-and-answer session now.

As a reminder, Members may submit written questions to be answered later in writing. Those questions and Mr. Vought's answers will be made part of the formal hearing record. Any Members who wish to submit questions for the record may do so within seven days.

As we usually do, the Ranking Member and I will defer our questions until the end of the hearing. And I now recognize the Vice Chairman of the Committee, Mr. Moulton of Massachusetts for five minutes.

Mr. MOULTON. Mr. Vought, thank you very much for being here today.

I want to address my questions to the President's claim that this budget is good for national security, for national defense. I find that a little bit hard to believe when it conflicts so directly with the advice that he has been given by his own generals.

And, as co-chair of the Future Defense Task Force on the House Armed Services Committee, I am also particularly concerned about the investments that China is making in R&D to develop a new generation of weapons that we are failing to match.

Do you recall, Director, how we responded to the Sputnik moment in the—in 1957?

Mr. VOUGHT. We increased our national investment to make sure that we were prepared for our adversaries.

Mr. MOULTON. Right. And where did we increase those investments?

Mr. VOUGHT. We increased them in the research and development area.

Mr. MOULTON. Specifically in education, in graduate school education. And yet this budget proposes eliminating subsidized student loans. It cuts 8 percent from the Department of Education. How does that meet our next generation defense needs, if we are not doing this basic R&D, if we are not investing in the people who will make the new discoveries essential for our national defense?

Mr. VOUGHT. We believe we are investing in our people in this budget. We believe that we are making significant reforms to education as a result of this budget.

For instance, there is a new proposal, an education block grant, to take 30 different programs that we believe can be better reformed, and give states more flexibility to have better outcomes. And they know their people, they know their schools, they know their communities better. That is an example where we think, for basically the same amount of money, when you control for the fact that we are eliminating certain programs that are wasteful, for the same amount of money that you all appropriated last year, we are going to have better outcomes at the state level in the area of education.

Mr. MOULTON. So at its best, you are saying that we will have the same amount of money, when the President claims that we are actually investing more.

But what I would suggest is maybe you make those reforms first, and show how you can save the money before you cut 8 percent

from the Department of Education, because that is not going to help us prepare for a new generation of threats.

Let me give you another example. Congress and President Johnson came together and established DARPA to deal with a new generation of defense threats, the kinds of things that, in the 1960's, are analogous to artificial intelligence and autonomous weapons that China is pouring billions of dollars into today. Initial funding for DARPA was \$20 million. In today's dollars that is \$4,500 million. The President's budget proposes a total of \$459 million in defense, AI, R&D, \$459 million compared to 4,500. We are not meeting this threat.

Mr. VOUGHT. Congressman, we believe we have got a substantial investment, particularly in the area of AI and in Quantum that we want to double these important—

Mr. MOULTON. Yes, it is substantial, unless you look at what the competition is doing.

Now, the President's former Secretary of Defense, General Mattis, said, "If you don't fund the state department fully, then I need to buy more ammunition."

Admiral Mike Mullen, who served as chairman of the Joint Chiefs of Staff to both Presidents George W. Bush and Barack Obama, said, "This is a moment when more investment in diplomacy and development is needed, not less.'"

Director Vought, why does this budget do the exact opposite, cutting the state department by 21 percent?

Mr. VOUGHT. Because there is a difference between diplomacy, which we fully fund, and foreign aid, which we think we have gone on too long with providing at such high levels—

Mr. MOULTON. OK, so I will—so I was just in Vietnam. I was just in Vietnam two weeks ago, which has become a critical ally in the growing military and economic competition with China. What I heard from our military officers, our military officers and from Vietnamese officials on the ground, is that they want to be with us. They want to be with America, not with authoritarianism.

But our diplomatic and development effort is not keeping pace with China's Belt and Road Initiative. So they are asking for more development money, our military officers on the ground. You are doing the exact opposite.

I mean, does President Trump know more than our military officers on the ground, more than General Mattis and Admiral Mullen?

Mr. VOUGHT. We tripled the funding for the Development Finance Corporation that you just enacted into law, specifically so we can compete with China. We have an Indo-Pacific strategy in which countries of which you have already mentioned would also benefit.

But we think it is high time that we get out of the situation where we pay for statues to Bob Dylan in Mozambique, and other wasteful spending across the—

Mr. MOULTON. Well, Director Vought, I think that the President ought to spend some time on the ground in Vietnam. I know he doesn't believe in that, personally. He was happy to send someone else in his place. But it might teach him a little bit about what development and diplomacy does for our military.

Chairman YARMUTH. The gentleman's time has expired. I now recognize the gentleman from Ohio, Mr. Johnson, for five minutes.

Mr. JOHNSON. Thank you, Mr. Chairman. You know, sometimes these lines of questioning just appear to me to be very uninformed. When did the Sputnik challenge occur?

Mr. VOUGHT. The late 1950's to early 1960's.

Mr. JOHNSON. OK. When did we put a man on the moon?

Mr. VOUGHT. Late 1960's.

Mr. JOHNSON. When did the Department of Education come into being?

Mr. VOUGHT. The late 1970's.

Mr. JOHNSON. Yes. It seems to me we are pretty smart people. We learned how to solve a lot of problems: the light bulb, nuclear energy, space travel, overcoming the Soviet threat. And we did it without help from Washington bureaucrats on how to educate our kids.

I applaud what the President is doing.

Mr. Vought, thanks for being here today. You know, we saw the President's budget. It is a first important step in addressing the federal spending issue. I look forward to discussing the President's budget, and I hope working with my colleagues here to address our nation's unsustainable fiscal path, and ensuring that our economy remains strong.

Over the last few days I have heard a lot of criticism from my Democrat colleagues about the President's budget, how it is a blueprint for destroying America, and that budgets are more than just physical documents, they are a reflection of our values. Even the Speaker of the House has said the budget is a statement of our values. I find these statements ironic and, quite frankly, hypocritical.

If my colleagues truly believe that a budget is a reflection of our values, then they should produce a budget proposal of their own. Why is this the second year that the House Democrats have not produced a budget?

Why did they not produce a budget the last time they had control of the House if, as they say, it is a reflection of our values?

I don't get that.

One of my Democrat colleagues even called the President's budget proposal a declaration of war on the American Dream. I would like to respectfully remind my colleagues that the President's budget proposal is just that, a proposal.

And I am grateful that the President's budget is forcing us to have a discussion that many of my colleagues don't want to have. There is no question that federal spending is out of control, Medicare and Social Security are on a path to insolvency, and our congressional budget process is broken. As Members of this Committee, we must come together and find a bipartisan solution to solve these critical problems. The President submitted his budget to Congress. Now it is time for Congress to produce a budget.

Today we are here to discuss the President's 2021 budget proposal, which includes reforms of mandatory spending programs, key investments in national security funding, and a commitment to eradicate waste in government spending. More importantly, it provides for important and overdue investments in rural America, a region of the country that I represent.

As a representative of rural eastern and southeastern Ohio, I am happy to see that the President's budget is investing in rural communities, communities that are facing serious challenges, like the need for rural broadband and greater access to health care. Mr. Vought, can you tell me and our colleagues how the President's budget is investing in rural America, specifically how it invests in telecommunications infrastructure to better provide greater access to broadband in rural states?

Mr. VOUGHT. Sure, I would—thank you, Mr. Johnson. I would draw your attention to two things, in particular.

No. 1, the infrastructure package, as a whole, is something that we believe is going to have a substantial investment in rural America. That infrastructure package is a 10-year reauthorization at higher levels of the current formula for highway spending. But it also includes a \$190 billion surge to be able to deal with nationally significant areas, rural America, broadband, things of that nature.

And we continue to provide high levels of funding for the broadband initiative at the Department of Agriculture. We have another significant—a \$250 million investment this year. That is on top of about \$1.8 billion that is sitting there, waiting to be spent of carryover. So we are providing as much money as can be spent in that important area.

Mr. JOHNSON. Well, you know, last week we passed legislation here in the House to repeal the pre-funding mandate that has cost the Postal Service an average of \$5.4 billion. Postal Service in rural America is another very, very important service that our people need. Can you discuss how the budget, the President's budget, helps put the postal service on a physically sustainable path to avoid a taxpayer bailout, and protecting the benefits earned by postal workers?

Mr. VOUGHT. Yes, it is something we have considered in previous budgets, and it is reflected in this, as well. At the high level, we want to make sure that the post office has—while maintaining service to rural America, we want to be able to give them the tools that are necessary to cut costs and to have flexibility to operate as much as a normal business as possible.

If you look at postal reform over the last 30 or 40 years, the hope was that the post office in the 1970's, early in the 1970's, would be freed up to come as close to operating as a business as possible. Unfortunately, that has not been the case. And, to the extent that there have been bailouts, that has been unfortunate. We are trying to continue to put reforms included in this budget to be able to get them on a better firm foundation, going forward.

Mr. JOHNSON. Thank you. And Mr. Chairman, I yield back.

Chairman YARMUTH. The gentleman's time has expired. I now recognize the gentleman from New York, Mr. Jeffries, for five minutes.

Mr. JEFFRIES. I thank the distinguished Chair for your leadership and for yielding.

Mr. Vought, prior to you assuming your current position of working at the Office of Management and Budget, you were a conservative political operative. Is that right?

Mr. VOUGHT. I have both worked on Capitol Hill, in this Committee—I grew up professionally working for a number of the Mem-

bers who served on this Committee as a budget staffer. And I have a great fondness and affection for this place. I also did work at the Heritage Foundation in getting people involved in the political process.

Mr. JEFFRIES. OK. As vice president of Heritage Action, is that correct?

Mr. VOUGHT. That is correct.

Mr. JEFFRIES. And that is the political wing of the Heritage Foundation, true?

Mr. VOUGHT. It is the arm of Heritage Foundation that gets people involved in the political process.

Mr. JEFFRIES. OK. I am interested in trying to get some clarity as to reconciling the public statements that President Trump has made relative to his budget and policy priorities versus what is actually in the document that he submitted to this Congress.

On February 8th President Trump tweeted, “We will not be touching your Social Security or Medicare in fiscal 2021 budget.” Is that correct?

Mr. VOUGHT. He did say that.

Mr. JEFFRIES. But the 2021 budget, in fact, would result in a \$500 billion cut to Medicare over a 10-year period. True?

Mr. VOUGHT. That is not true. It does not cut Medicaid, Medicare or Medicaid.

Mr. JEFFRIES. OK. If it walks like a duck, and talks like a duck, and looks like a duck, it is a duck. It is a \$500 billion cut to Medicare over a 10-year period of time.

Now, the President’s budget also cuts Social Security disability by \$24 billion. True?

Mr. VOUGHT. The budget has reforms to the disability insurance program to ensure that people are getting off of a cycle of dependency and getting back into the work force when they can get jobs in the national economy.

Mr. JEFFRIES. Right. And that will result in a \$24 billion cut, correct?

Mr. VOUGHT. No, we don’t believe it will reduce—will be a cut. We believe that there are savings to be had from getting people back to work. It is also \$7 billion in improper payments in the disability insurance program, and that is reflected in our budget. But there is no cuts there.

Mr. JEFFRIES. OK, if we can stick to facts, as opposed to alternate facts, that would be helpful.

During the President’s State of the Union address, he stated, “I have made an ironclad pledge to American families. We will always protect patients with preexisting conditions.” Did he make that statement?

Mr. VOUGHT. He did. And he believes it, and this budget reflects it.

Mr. JEFFRIES. There is nothing in the 2021 budget that protects individuals with preexisting conditions. True?

Mr. VOUGHT. There is a health care allowance that reflects a future proposal that is not reflected in this budget to the degree of specificity. But this President has proposed—continues to propose that—

Mr. JEFFRIES. OK, reclaiming my time, let me ask you a particular question with precision. Does this budget support the repeal of the Affordable Care Act?

Mr. VOUGHT. The budget has a series—

Mr. JEFFRIES. Yes or no.

Mr. VOUGHT. The budget has a series of reforms with regard to health care reform that tackle some of the drivers, some of which were created as a result of the Obamacare law that was passed about 10 years ago.

Mr. JEFFRIES. OK.

Mr. VOUGHT. But we believe Medicaid will continue to grow at 3 percent, and Medicare will grow at three—at 6 percent.

Mr. JEFFRIES. Is the President currently in court through his Department of Justice supporting the repeal of the Affordable Care Act as unconstitutional? Yes or no.

Mr. VOUGHT. The Justice Department has—is involved. The—our view is that we want the court to work its will on a law that has long been viewed as unconstitutional. But that doesn't mean that, no matter what happens in the court, that this Administration won't respond with a clear repeal-and-replace piece of legislation, as we have had specifics in previous budgets.

Mr. JEFFRIES. Right. There is nothing in this budget that proposes a replacement for the Affordable Care Act that the Trump Department of Justice is trying to declare unconstitutional. Is that correct?

Mr. VOUGHT. That is not true. There is a health care allowance that is meant to look forward to a repeal-and-replace piece of legislation that fully protects individuals with preexisting conditions.

Mr. JEFFRIES. OK, that is inaccurate, but let's move on.

President Trump repeated a campaign promise recently that Mexico would be paying for a wall on the southern border. He says, "Mexico is, in fact, you will soon find out, paying for the wall." Did you make that statement in January?

Mr. VOUGHT. He has made that statement. I think if you look at the—what Mexico is doing—

Mr. JEFFRIES. But does your—I am sorry, reclaiming my time, does your budget propose \$2 billion in American taxpayer money for the border wall along the U.S.-Mexico border?

Mr. VOUGHT. It continues to propose money for the border wall along the southern border. We believe Mexico is doing a tremendous job in allowing—in helping us deal with the apprehensions along the southern border. Unfortunately, they have had to come up and step up to the—

Mr. JEFFRIES. Well, thank you. Reclaiming my time, just simply—you know, the President's budget is a living, breathing fact check on all of the public lies that he has told, relative to his policy priorities. And that is shameful. I yield back.

Chairman YARMUTH. The gentleman's time has expired. I now recognize the gentleman from Missouri, Mr. Smith, for five minutes.

Mr. SMITH. Thank you, Mr. Chairman. Thank you, Acting Director, for being here.

Let's look at some facts real quick. I am reminded, listening to my colleague ask you questions, you are the budget Acting Director.

I think of the number 302, 302. What do you think that is? Do you have any idea?

Mr. VOUGHT. I don't know if it is a trick question, but I think of it in terms of an allocation, but that is maybe because I am from this Committee.

Mr. SMITH. No, it is how many days have expired since the Democrats have failed to produce a budget from last year. Three hundred and two days ago, Congress was supposed to pass a budget. We didn't pass a budget. But you know what? Sixty-three is another number we need to pay attention to. That is how many days we have to pass this year's budget. Let's see if we can do either one of them.

You work for a gentleman who has presented a budget every year that he was required to present. I serve with the Democrats who have failed to even file a budget since they have been in the majority. Every year that the Republicans were in control we passed a budget out of this very Committee. In fact, the Republicans have a budget right now. The President submitted a budget.

Just file a budget. Just put it on paper.

It is so funny. I laughed. Started this week. The leader of the House Democrats, Speaker Pelosi, reiterated on Twitter on Sunday, "The budget is a statement of your values." Just Sunday. "The budget is a statement of your values." And then yesterday, in a press conference, she says it is the heart. And it is the beginning of all things that start out in Congress.

Well, I guess we can't start, because the other side can't file a budget.

Just file a budget. Show us your values. Your Speaker says that a budget is a statement of your values. I just wonder, I mean, don't they have values? Don't they have initiatives?

Maybe it is because they don't want the American public to know exactly what their plans are, what their proposals are, what their budget is. More than half of the Democrats on this very Committee are sponsors of the Green New Deal and Medicare for All.

That needs to be in your budget, if you had a budget. But guess what? That would cost over \$120 trillion. That is why you can't get a budget, because you don't want the American people to see how out of touch you are.

Since our country has been around, our national debt is \$22 trillion and growing. Just their two main proposals that they are campaigning on in New Hampshire and Iowa, and now South Carolina costs more than \$120 trillion.

The American people are onto you. That is why you won't file a budget. We serve on this Budget Committee. I want to see your values, if you have them.

So, Mr. Vought, don't you think that this Committee should present a budget and pass it so it can go on to the floor of the House?

Mr. VOUGHT. I do. It honestly saddens me that—to the extent that the House of Representatives have stopped doing budget resolutions. When I was serving in this important body, that was some-

thing that was a staple every year, that majority and minority would put forward alternatives. They would have it debated in March, and we would be able to see where do the members of this chamber put their values.

Mr. SMITH. We need to see the values.

I want to tie on to something that was asked to you in the prior questioning about preexisting conditions. The President was very clear. He is very clear every time he speaks at a rally that he wants to protect preexisting conditions. Just because you want to repeal Obamacare and replace it with effective health care legislation, you can do that, and we will do that by protecting people with preexisting conditions. It is not an all-or-nothing approach. We want to get rid of the garbage of Obamacare, and replace it with a great health care plan that protects preexisting conditions.

Thank you for being here.

Chairman YARMUTH. The gentleman's time has expired, and I now recognize the gentleman from New York, Mr. Higgins, for five minutes.

Mr. HIGGINS. Thank you, Mr. Chairman. Just for the record, there is only one federal law that protects people with preexisting conditions, and it is the Affordable Care Act. The President is trying to gut the Affordable Care Act through the federal courts. And, if he succeeds, there will be no law existing that protects people with preexisting conditions. That is a fact.

Sir, in 2017, with the Tax Cuts and Jobs Act, we were told in a letter by the White House Council of Economic Advisers that the result of that action would yield \$4,000 to \$9,000 per American household on a recurring basis. Has that occurred, and will it occur?

Mr. VOUGHT. Since the President took office, we have had \$6,000 in disposable income for families, on average. So far, just from the tax cuts, only a few years into it, we are at \$2,000 of disposable income. That is a substantial savings of people allowing to—being able to keep their own hard-earned money—

Mr. HIGGINS. Wait—

Mr. VOUGHT [continuing]. to invest in their—

Mr. HIGGINS. Is it \$6,000 or \$2,000?

Mr. VOUGHT. It is—\$6,000 is the disposable income from the economic agenda and the economic boom of this President since he took office.

Mr. HIGGINS. I don't understand what that means.

Mr. VOUGHT. I am trying to explain it to you. It is 6,000 since the President took office.

There are many things that is contributing to the economic boom that we have—are seeing, everything from the deregulatory initiative to, you know, investment confidence in the economy. These are leading to real results in people's pocketbooks.

Of the tax cut alone, \$2,000 is what has materialized thus far, and we believe it is going to get up to the \$4,000 level, for sure.

Mr. HIGGINS. What about the four to nine recurring every year?

Mr. VOUGHT. We believe that there will be significant savings along those lines in—

Mr. HIGGINS. I don't believe you.

Mr. VOUGHT [continuing]. in American families—

Mr. HIGGINS. I don't believe you.

Mr. VOUGHT [continuing]. pocketbooks.

Mr. HIGGINS. I don't believe you.

We were also told that these tax cuts would pay for themselves. Are they paying for themselves?

Mr. VOUGHT. We are on track for the economic agenda of this President to pay for the cost of this tax cut. And that is the fully loaded cost of both the original score from CBO, that is the cost of the extension, and that is the debt service cost.

Mr. HIGGINS. Are you familiar with the economist Mark Zandi?

Mr. VOUGHT. I am.

Mr. HIGGINS. Would you characterize him as a conservative economist?

Mr. VOUGHT. Not really.

Mr. HIGGINS. Who did he—did he advise a Democrat's or Republican's Presidential campaign?

Mr. VOUGHT. You tell me, Congressman.

Mr. HIGGINS. John McCain. He is generally viewed as a credible conservative economist with Moody's Analytics. He had said that the tax cuts of 2017, for every dollar that you give away, you can hope to reclaim \$.32. That is a 68 percent loss on investment.

So tax cuts don't pay for themselves. And because tax cuts don't pay for themselves, we went from an annual budget deficit of \$600 billion to more than \$1 trillion. And it is projected that we will take in \$1 trillion less than we spend for this year, and the out-years moving forward.

Under—because tax cuts don't pay for themselves, in the 36 months of this presidency there has been an increase in \$3 trillion to the national debt. That is because tax cuts don't pay for themselves.

Because tax cuts don't pay for themselves, you have a Medicare cut of \$756 billion over 10 years. You have a Social Security cut of \$24 billion. You have a Medicaid cut of \$920 billion. Cancer research has been cut. The Community Development Block Grant program has been eliminated. The National Endowment for the Arts and Humanities has been eliminated. Low-income energy assistance has been eliminated. Educational grants have been eliminated.

Let me just also—you brought up infrastructure. Your infrastructure program is weak and pathetic. The President promised a \$2 trillion infrastructure bill. What we need to do—that is equivalent, in the last 10 years, to what we spent rebuilding the roads and bridges in Iraq and Afghanistan. Those nations are approximately 35 million people. Everything we build for them, they destroy. We should nation-build at home. So I would encourage you to encourage the President to fulfill the obligation that he made to do a \$2 trillion infrastructure bill.

And it is not just the bricks and mortar of infrastructure, it is the growth that would occur, because the same economist that I had referred to before, Mark Zandi, a conservative economist, had said that, for every dollar that you spend in infrastructure, you can expect to recapture in future economic growth about \$1.60. The return on investment for infrastructure investment is about 60 percent.

I would encourage you to review the infrastructure proposal here and consider making changes.

With that I yield back.

Chairman YARMUTH. The gentleman's time has expired. I now recognize the gentleman from Utah, Mr. Stewart, for five minutes.

Mr. STEWART. Thank you, Mr. Chairman and Acting Director. Thank you for being here. Thank you for what is clearly a tough job.

I am going to wax poetic here for a minute. I am going to quote something, and I think everyone here will recognize it. This is from a great president, Theodore Roosevelt. He said, "It is not the critic who counts, nor how the man points out how the strong man stumbles or where the doer of deeds could have done better. The credit belongs to he who is actually in the arena."

For heaven's sakes, it is easy to sit upon this dais and criticize an effort. But if you are not doing that thing yourself, then you have no position, you have no authority in a real way to criticize the effort of this President if you don't have a budget, you haven't stated your values.

Again, it is easy to sit up here and to criticize and peck like a chicken along the ground. But that is all you are doing, because you haven't done the work. You are not in the arena saying what you all would do. You are just sitting on the sidelines and saying—and criticizing what others have done.

You know, there is one other thing. The budget, it is a serious effort. It should be bipartisan, at least as much as it can be. And I get it. I understand that there is a debate over these issues, and there always has been, and there probably always will be. We all, I think, can agree that we are trying to do the same thing. We are trying to provide for our national defense, for equal justice, and for the common good.

And again, I get it that the debate over those details can be contentious. But when the language is so over the top, and it is so contentious, most Americans don't believe it.

If you accuse the President of actually targeting senior citizens, as if he hates them and wants to deliberately hurt them, most Americans don't believe that.

If you accuse the President of targeting the poorest and the most vulnerable among us, as if the President hates them and actually wants to deliberately hurt them, most Americans don't believe that.

And when you couch every detail or every disagreement as if it is a lie, or as if it is pathetic, most Americans think that is incredibly divisive, and they don't accept it. And that is much of what we have heard here today.

From those who won't do the work themselves, who sit on the sidelines and criticize, and say things that are so over the top and outrageous, most Americans think, "I don't think that sounds true to me. I don't think the President actually wants to hurt the poor and the elderly."

Now, maybe if you just hate the President so badly you actually believe that stuff, there is a few people who do that. Some of them are sitting up here. But most Americans don't feel that way.

I would like to ask you something now regarding—and I think this is a key to most of what you are presenting here today. We

spend \$800 billion annually on more than 90 anti-poverty programs. What is the measure of success? How do we know if we are doing a good job at that? Is it by how much money we spend? Have we done better if we enrolled more and more and more people on these programs? Or is it better for us to measure that by saying, “Hey, you know what? We have provided jobs for people. We have provided an access for them into the middle class, lifting them out of poverty, and then—and allowing them a ladder forward.”

Mr. Vought, what do you think? How should we measure the success of these programs, this \$800 million that we spend?

Mr. VOUGHT. Yes, we believe in outcomes. We believe in measuring what we are doing, based on the results that they have, as opposed to figuring out how much from year to year we are spending as a dollar amount. Washington, DC. far too often wants to just say what is the dollar amount, and makes that the sacrosanct value for how you are doing with regard to your commitment.

But I would take an example of education, for instance, and respond to an earlier question, and say we are providing \$50 billion in tax incentives for additional education at the state level, in addition to what we are providing for the Department of Education. We believe that is a reflection of our values, as well. But if you look at it from a green eyeshades perspective here in D.C., it is just a revenue reduction. And it is anything but that.

Mr. STEWART. Well, and that is the point. And, you know, I think the success of these programs should be determined by Americans graduating off these programs, providing an economy where they have the dignity of work and the self-satisfaction that comes from improving their lives, rather than just the dependence on the federal government, sometimes generational.

And my time is almost up. And now we will continue with those who, again, aren't in the arena, haven't put a budget forward themselves, and they will continue to criticize you and the President for the work that you have done. But we are grateful for that. And the American people are very grateful, as well. Thank you.

I yield back.

Chairman YARMUTH. The gentleman's time has expired. I now recognize the gentleman from Pennsylvania, Mr. Boyle, for five minutes.

Mr. BOYLE. Thank you to the witness for being here. And thank you, Mr. Chairman. Here we go again.

A couple of years ago, three years ago now, we sat here debating the massive Republican tax cut. A number of us on this side of the aisle pointed out that this was actually step one in a three-step plan.

Step one, cut taxes, mostly for the top 1 percent to the tune of \$1.5 to \$2 trillion.

Step two, that would, of course, spike the deficit, spike the debt.

And then, step three, this White House and our Republican friends would come back, say, “My God, there is a deficit and a huge debt problem, we need to cut Social Security, Medicare, and Medicaid.”

Step one happened, the massive Trump tax cut, 83 percent of which went to the wealthiest 1 percent, was passed.

Step two is happening. We have the fastest-growing deficit in an expanding economy in American history.

And now, here we are with step three, massive cuts to Social Security, Medicare, Medicaid, education, SNAP, transportation funding, et cetera.

I want to focus, since a number of my colleagues have focused on the massive cuts to Social Security, Medicare, and Medicaid, since I am co-chairman of the Public Service Loan Forgiveness Program Caucus, I do want to focus on that program, specifically.

But first, before I get to that, just in terms of student loan spending, generally, let me read from a report from CNBC just yesterday: "As student debt continues to climb, President Trump on Monday released a budget for 2021 that would slash many of the programs aimed at helping borrowers. Student loan spending would be cut by \$170 billion in Trump's plan."

One of those areas that would be cut—forget cut, eliminated—is the Public Service Loan Forgiveness Program. This was a bipartisan achievement, actually signed into law in 2007 by George W. Bush. How in the world does cutting student loans by \$170 billion, and eliminating the Public Service Loan Forgiveness Program in any way help families afford and pay for college? Bearing in mind that, right now, we just hit the overall mark of \$1.7 trillion in total debt, in terms of all the student loans owed by every American combined. That is a major threat to our economy.

So here is a budget that would take that situation and make it far worse.

Mr. VOUGHT. It is totally untrue, Congressman. This budget has \$170 million—

Mr. BOYLE. Reclaiming my time, the CNBC report is untrue about cutting \$170 billion?

Mr. VOUGHT. There are savings for \$170 billion from consolidating—

Mr. BOYLE. Savings, savings.

Mr. VOUGHT [continuing]. programs into one new program.

Mr. BOYLE. Most normal Americans would call it a cut.

Mr. VOUGHT. No, because we are replacing it with an income-driven debt repayment plan over 15 years—

Mr. BOYLE. So—

Mr. VOUGHT [continuing]. over 30 years for—

Mr. BOYLE. Reclaiming my time, since we are time-limited, for those at home, any time anyone from Washington talks about savings, hold onto your wallet. The savings are coming from you.

Let me specifically focus, though, back to the Public Service Loan Forgiveness Program. I mentioned that I am co-chair. I have a Republican co-chair, Mr. Joyce of Ohio. This is a program that has had bipartisan support going back to its beginning in 2007. Why did you decide to just flat-out eliminate it?

Mr. VOUGHT. Because we don't want to pick winners and losers. And we were replacing it with an income-driven repayment plan that the President has had in every single one of his budgets that he ran on with the American people—

Mr. BOYLE. Reclaiming my time, reclaiming my time, what do you think this will do to those who have decided to enter public service, who forego higher salary in the private sector, have taken

on a ton of student debt, and now here you are eliminating the loan forgiveness program that they signed up for?

Mr. VOUGHT. They would be eligible for the new program that the—this budget and this Administration has been proposing for four years.

Mr. BOYLE. So, finally, with just 30 seconds left, let me say, yes, it is true, a budget is a statement of one's priorities. We see the priorities of this Administration: massive tax cuts for the wealthiest 1 percent paid for by cuts to ordinary Americans.

I yield back.

Chairman YARMUTH. The gentleman's time has expired. I now recognize the gentleman from Texas, Mr. Flores, for five minutes.

Mr. FLORES. So thank you, Mr. Chairman.

Mr. Vought, you didn't really have a chance—or Director Vought, you didn't really have a chance to respond to the questions regarding the student loan program. Would you like to expand so that the American people get the true story of what the President is proposing, in terms of coming up with a more efficient, more fair student loan program?

Mr. VOUGHT. I would be happy to. This Administration, this budget has put forward an income-driven student loan repayment plan that would allow students, after 15 years, to have debt relief. But in that 15 years they would pay a set amount of their monthly income toward debt repayment at 12.5 percent of their income for 15 years. And for graduate students, it would be relief after 30 years.

We consolidate a number of programs to be able to provide that program, and we think it will lead to more simplicity for student borrowers. So instead of having many different programs out there, and trying to figure out what is the best one for them, we would have the—an opportunity to have one simple 15-year debt relief plan for students. This is what the President ran on. It has been in every one of his budgets.

Mr. FLORES. Right. And so, in this particular situation, to address the claims that were made by the last questioner, if you had somebody that decided to go into public service and selected, you know, at a lower income level, then in that particular situation this loan repayment plan would automatically address that, wouldn't it?

Mr. VOUGHT. They would be eligible for this new plan.

Mr. FLORES. OK. And one of the things that the President has proposed in his budget, and I think it is pretty wise, because all the health care providers in my district, particularly the hospitals, have talked about the shortage of medical professionals. And so the President's budget proposes to move—to pull graduate medical education out of the Medicare part of the budget.

Can you explain the logic for that? Because it sounds perfectly reasonable to me, based on what I am hearing from real-world America.

Mr. VOUGHT. Sure. This is an example of where the—we are going to still commit to graduate medical education, but we don't want the Medicare Trust Fund to be drawn down from it. We don't want it to increase the insolvency of Medicare, as a result of a program that benefits far beyond today's seniors, and it helps a vast majority of the country and hospitals across the nation.

So this is an example where we take it out of Medicare, and we allow it to grow each and every year, just not at the same level of Medicare and—medical inflation.

Mr. FLORES. OK. And then you have done the same thing with uncompensated care, as well.

And so the net result of both of these is to strengthen the Medicare Trust Fund, is that correct?

Mr. VOUGHT. Absolutely.

Mr. FLORES. So Americans that are on Medicare or near Medicare are actually better off because of this, because the President has taken two things that aren't really part of Medicare and pulled them out, and allowed Medicare to be more self-sustaining.

So, I guess, you know, one of the things you hear is that—this word “cuts” a lot. So the—what is the Medicare spending level in the tenth year, versus the nearer year in the President's budget?

Mr. VOUGHT. Medicare will grow 6 percent, on average, each and every year in this President's budget.

Mr. FLORES. OK.

Mr. VOUGHT. There is no cuts to Medicare, whatsoever.

Mr. FLORES. OK. So “grow” is not a cut. And so, to the extent that anybody uses the word “cut” when the dollars are higher in the out year than they are in the near year, then they are just—they are not being truthful with the American people. Is that correct?

Mr. VOUGHT. That is correct. And we extend the Medicare Trust Fund solvency by at least 10 years. We do have assumptions that provide for lower prescription drugs. We thought that that was a bipartisan priority to have better health care at lower costs. And we just don't think that is a cut.

Mr. FLORES. Director Vought, thanks for your answers to set the record straight on these important issues, and I yield back the balance of my time.

Chairman YARMUTH. The gentleman's time has expired. I now recognize the gentleman from California, Mr. Khanna, for five minutes.

Mr. KHANNA. Thank you, Mr. Chairman. Representative Langevin yesterday at HASC asked for people to testify about the President's defense budget. He was told that witnesses had been directed by you, explicitly, not to speak to the President's budget requests. This has never happened in the history of Congress, whether it was President Reagan, President Bush.

Can you explain why you gave an illegal directive obstructing Congress to tell witnesses not to testify?

Mr. VOUGHT. I didn't.

Mr. KHANNA. Are you claiming that your office did not give that directive?

Mr. VOUGHT. We typically like to have this OMB testimony be the first testimony, so that may be what you are referring to. But in terms of not allowing agency heads to speak about the President's budget, that is not true.

Mr. KHANNA. So it is your testimony that you completely are OK with having agency heads testify, and that the witnesses yesterday, if they implied that you or OMB had instructed them not to do so, are lying?

Mr. VOUGHT. Not lying. My gut is that they are reflecting the reality that we want the OMB testimony here in the House Budget Committee to be the first set of testimony on behalf of the President's budget, and then to let agency heads go from there. That is my guess is what they were referring to.

But the idea that we would not want agency heads to go to the Hill and talk about the President's budget is not true.

Mr. KHANNA. Did you tell them at any time that—not to talk to the committees until you did?

Mr. VOUGHT. I am sure we had communication with agencies along those lines, but I certainly didn't. I am sure, like, as I have said, we provide guidance to agencies that says we don't want agency heads to go up to the Hill until we have an opportunity to come before this Committee.

Mr. KHANNA. For going forward, now that you have, you will be completely fine with agency heads going to—

Mr. VOUGHT. Of course. It is a vital aspect of this process.

Mr. KHANNA. In terms of the President wanting to lower drug costs, what is your view on H.R. bill 3, and whether that would do that?

Mr. VOUGHT. We have concerns with that piece of legislation. We put out a statement of Administrative Policy against it. We appreciate the desire, the intent to lower drug prices. But our Council of Economic Advisers looked at that piece of legislation and said it would lead to shutting down a third of the innovated drugs that are in the pipeline.

CBO didn't have numbers quite as large as that, but they also said that there would be an impact on innovation.

So, look, we want to get to the same place that you all are, in terms of lowering prescription drugs. We would love to have a bill on the President's desk. This is one of the areas of bipartisan work that we would want to endeavor to pursue.

It is one of the reasons why we have had, in this budget—in years past we provided a lot of specificity. In this budget we provide a general allowance to be able to have the House and the Senate work its will with us not providing new proposals that might impact that—

Mr. KHANNA. Does the President have a plan? I mean he is rejecting our plan. Has he offered a plan of what he would support?

Mr. VOUGHT. We have certainly offered plans in the past, things like having a price cap in Medicare Part B, reforming the Medicare Part D plan to put a catastrophic cap for seniors, and to change some of the disincentives. Some of those proposals are reflected in H.R. 3.

But we are very concerned to the extent that we don't want to fall on the other side of the balance of impacting innovation. And I would just say, as the father of someone that—of a child that has cystic fibrosis, is about to go onto medication that is disease-halting, that kind of ground-breaking, innovative prescription drugs is what we want to make sure that future kids, families, and seniors—

Mr. KHANNA. Well, we all—

Mr. VOUGHT [continuing]. have access to in the future.

Mr. KHANNA. I think we all want to do that.

On infrastructure, there has been a sense that the President wants to work with us. We have gone, the Speaker has gone, the Senate leader has gone, they agree on doing an infrastructure bill, and then two days later nothing happens because there is no agreement by the President on how to pay for it.

We are going to be working on an infrastructure bill that the House Democrats will propose. Will the President be committed to actually passing it and offering pay-fors through the Senate?

Mr. VOUGHT. Congressman, I think your question actually reveals the problem with where we are on infrastructure, which is that we want to pay for it by providing spending cuts and reforms.

You all, every time we try to have a conversation about infrastructure, the expectation is that we are going to roll back the President's tax cut. We are not going to do that. We are not going to have anything that raises taxes on this economic—

Mr. KHANNA. Let me ask one final, quick followup. Why wouldn't you be willing to just fund infrastructure, which actually would lead to 3 percent economic growth?

I mean why are you—you didn't have all pay-fors on your tax cuts, and the economists agree infrastructure actually would lead to growth. So why doesn't the President just commit he is going to do a infrastructure bill?

Mr. VOUGHT. He has committed to doing an infrastructure bill. There is a \$1 trillion infrastructure package in this budget resolution. It is—continues to be a priority. And we put forward savings along those lines, because infrastructure has been something that has been paid for.

But we are providing \$4.4 in spending reductions and deficit reduction that could be used for potential pay-fors.

Chairman YARMUTH. The gentleman's time has expired. I now recognize the gentleman from South Carolina, Mr. Norman, for five minutes.

Mr. NORMAN. Thank you, Mr. Chairman.

Mr. Vought, thank you for appearing today. You know, some of these comments I have sat here and listened to the last 45 minutes are really amazing. One that caught my eye was that my friends from the left are saying, "blueprint for financial disaster."

Do you live in a house?

Mr. VOUGHT. I do.

Mr. NORMAN. What if I—and I am a contractor. I am a builder. We build things. I am probably a deplorable, I drive pick-ups, bibles, guns we cling to.

What if I came to you and said I want to build you a house. What would you ask for?

Mr. VOUGHT. How much?

Mr. NORMAN. And a blueprint. I couldn't come to you and just say, "I want to build you a house." You would say, "Where are the plans? Where is the blueprint?"

Congressman Stewart is an accomplished pilot. What if I came to him and just said, "I want you to learn to fly a plane." He would have a right to say, "What kind of plane? Give me some"—"No, I just want you to fly a plane." That is what my friends from the left are asking the American people to believe. We haven't had a budget in two-and-a-half years.

Let me tell you some other things. You know, they are proposing free medical care. Put it on paper. What is the cost? Unless doctors are willing to work for free, which I don't think they are.

Free college education has been mentioned. Are professors, particularly tenured professors, not going to get a salary? Put it on paper, and let's see what it costs.

Free housing I have heard. Put it on paper, and see what it costs. Somebody has to pay for it.

Open borders. Is one of the cuts—and I just heard this yesterday—one of the cuts that my so-called friends to the left are saying is that if you come into this country and can't speak English, then you are disabled. Have you heard that?

Mr. VOUGHT. It is one of the qualifying factors right now within the disability insurance program that we are trying to reform.

Mr. NORMAN. How dumb is that? If you can't come into this country and speak English, you are entitled to all the benefits of this country because you can't speak the American—you can't speak English. The American people are onto it, and they get it.

Tax cuts don't pay for themselves. I think we have got a growing economy that has—the likes we haven't seen in—since this President took office. The previous eight years can't boast the numbers that we are boasting. All that—tax cuts don't pay for themselves? All that is is code language for taxpayers are too dumb to spend their own money. Let unelected bureaucrats and my liberal friends spend it for you. That is why you hear the Socialist programs that are coming up.

So I applaud you for defending this budget. You have at least got a budget. And I would ask the—you know, for us, we have got 60-some days to come up with a budget on paper. Defend what you are promising the American people, which they are simply not doing.

Could you go into some more—you haven't been allowed to finish many of your answers. Could you elaborate more on some of the—they are claiming, as they always do, cuts in Social Security, gutting Medicare, gutting Medicaid. Can you go into some more examples of where this just is untrue?

Mr. VOUGHT. Sure. There is just no cuts to Social Security and Medicare. The President's commitment to seniors is fully reflected in this budget.

We reform Medicare. It grows at 6 percent. What we mean by reforms, though, is lowering the cost of health care, \$135 billion in savings in prescription drugs from—lower costs to seniors. That shows up as a savings, but it is not a cut in any way.

Mr. NORMAN. But they classify it as a cut, because they don't want anything to change. That is why they are not putting it on paper, having a budget.

The military, what—go into some of the dollars where it is being spent, because this is something really to brag about from the Trump Administration.

Mr. VOUGHT. Fourth year of high defense spending, \$741 billion, fully consistent with the budget agreement that was recently passed. Within that top line we have a 20 percent increase to the NNSA to make sure nuclear modernization continues to be going forward on track. So we really went big in that area.

We continue to have 44 new ships over the next five years with the defense program.

We invest heavily with regard to R&D, to make sure some of the concerns—to be able to compete with our adversaries—are fully funded.

So this continues what the President promised to the American people to rebuild our defenses. And that will—we are not—we want to make sure those continue to grow up in the out years.

Mr. NORMAN. It is called looking after the taxpayer's dollars. You are looking at them, and looking at everything as a return on investment. What is the taxpayer getting for the dollars that he is putting in?

Well, I applaud you for it. I don't think, as has been implied, granny is not going over the cliff. What we are going to do, though, if we don't get a hold of this \$22 trillion deficit, which is the cruelest tax on future generations, then we are leaving our children and grandchildren over a cliff. It is unfair, it is un-American.

And thank you for what you are doing for this country, and we appreciate it.

I yield back.

Chairman YARMUTH. The gentleman's time has expired. I now recognize the gentleman from North Carolina, Mr. Price, for five minutes.

Mr. PRICE. Thank you, Mr. Chairman.

Mr. Director, welcome to the Committee. I want to ask a quick question first to clear up a little of the rhetoric we have heard this morning, but then turn to a more substantive inquiry.

The last year our Republican friends were in the majority—that would be 2018—did they or did they not bring a fiscal 2019 budget resolution to the House floor for a vote?

Mr. VOUGHT. I don't recall, Congressman.

Mr. PRICE. The answer is no. The answer is no.

It is critically important that we all recognize the influence that OMB has, not only over the President's budget requests that are sent to the Congress, but over the administration of funding that is provided by the Congress. That is what I want to ask you about. I want to ask you about important investments in infrastructure and disaster assistance that Congress has enacted and the President signed into law regarding Puerto Rico and other areas devastated by natural disasters.

Congress has already registered its frustration with the Department of Housing and Urban Development over repeated missed deadlines and a refusal to move this much-needed funding out the door. But this isn't just about HUD, as HUD officials have been very quick to tell us. It is also about OMB.

As the Director of OMB, you are responsible for the prudent execution of these plans. And, in fact, you are required by law to make sure the funds are made available to HUD. So I want to ask you two related questions.

First, why the demonstrated need for this funding in Puerto Rico and the Virgin Islands, and your statutory mandate to provide these funds to HUD, has OMB refused to apportion the funding as immediately available for obligation?

And second, HUD has provided testimony saying that OMB has purported to curtail their ability to even request this funding be made available to HUD. Is this true? Have you done this at the President's direction with regard to Puerto Rico?

OMB has no authority in law or anywhere else to control what an agency requests in the first place. Do you really disagree with that?

Mr. VOUGHT. Congressman, with regard to Puerto Rico, \$90 billion is projected to be spent to help the people of Puerto Rico recover from the hurricanes from a few years ago. Given the situation politically in there, in that territory, where there is rampant corruption, you had an administration that had to resign, a Governor that had to resign because of corruption—

Mr. PRICE. Excuse me, but we do have an inspector general's report. We don't have to just rely on your word for it.

And is it not true that, actually, the finding came up that the administering agency in Puerto Rico was not rampant with corruption? Quite the contrary, they operated according to normal procedures.

Mr. VOUGHT. You are suggesting there is no corruption—

Mr. PRICE. Anyway, that is not what I am asking you.

Mr. VOUGHT [continuing]. in Puerto Rico?

Mr. PRICE. I am not asking you for your personal judgment about the Government of Puerto Rico. I am asking about your authority and the way you have exercised your authority. So these are very specific questions.

Mr. VOUGHT. Sure. We operate with agencies on things like funding notifications. In this case, with CDBG, we had to implement the statute, which has never been authorized by Congress. So Congress set up a new—appropriated a new statute for mitigation funding, and then just left the agency on its own and said, "Go implement it however, without any instruction from Article I"—

Mr. PRICE. I am sorry, there are many, many programs that aren't authorized. That is a red herring.

Mr. VOUGHT. Not new ones at that level.

Mr. PRICE. This—we need a CDBG-DR authorization, and we are hoping that our friend, Mitch McConnell, will agree with that. We have passed it herein the House.

But my question has to do with the testimony—let me just move directly to that—the testimony of HUD that you haven't even authorized them to request the funding. This is duly appropriated funding, a bill signed by the President.

Mr. VOUGHT. We are apportioning everything that HUD needs to be able to move forward with the CDBG funding. We provided the initial \$1.5 billion that was tranching out, and then another \$8.2 billion for unmet needs. We are working on getting the grant agreement done right.

And here is the issue, Congressman, is that we don't want this money to go to waste. We want it to actually help the people of Puerto Rico. We want to make sure that they don't all get it one lump sum, and it overwhelms their political system, where they had a Governor that had to resign from corruption, and where FEMA finds undistributed disaster—

Mr. PRICE. Has anybody—

Mr. VOUGHT [continuing]. assistance in a closet.

Mr. PRICE [continuing]. remotely suggested you should simply hand the money over in a one lump sum?

Mr. VOUGHT. Well, your question suggested it.

Mr. PRICE. No, it doesn't suggest that. These are in tranches, and there are deadlines. There are statutory deadlines, it turns out. When deadlines were missed, we put them in statute. There are ample, ample opportunities, checkpoints for the—for judgments to be made about letting this tranche or that go forward. That is not what I am asking you.

I am asking you about the—what the HUD people tell us, that they have had trouble even getting authority to request the money from OMB. And that—and I am looking for what your authority is to do that.

Mr. VOUGHT. Yes, I am not going to get into the deliberative process between agencies that work together—

Mr. PRICE. I am asking you for—I am not asking about your deliberative process. I am asking about where this authority comes from.

Mr. VOUGHT. It comes from our apportionment statutes, the ability to make sure that money is spent efficiently and economically, to make sure that there are spend plans in place. And it comes from our authority to consider, when there are notifications, to be able to have new regulatory pronouncements that go out, to make sure that they go through a rigid, fact-based process.

Mr. PRICE. Mr. Chairman, I am going to ask, for the record, a detailed account of your answer to my question, with the citations of the authorities you are talking about.

Mr. VOUGHT. Sure, I would be happy to.

Chairman YARMUTH. The gentleman's time has expired. I now recognize the gentleman from Texas, Mr. Roy, for five minutes.

Mr. ROY. I thank the Chairman.

Mr. Vought, thank you for being here. Thank you for representing the President, and trying to stand up to actually put us on a path to some sort of fiscal responsibility and getting us a balanced—a budget that balances, while, unfortunately, my Democrat colleagues want to sit and pontificate, and actually do nothing, produce no budget, and not actually do their job. So thank you, Mr. Vought, for being here. I appreciate it.

Mr. Vought, is Secretary Mnuchin testifying this afternoon in the Senate in front of Senate Finance?

Mr. VOUGHT. He is.

Mr. ROY. Yes. So isn't it always the case that that process starts after you come and start this process off here at OMB?

Mr. VOUGHT. It does.

Mr. ROY. Yes. Nothing to hide there, right?

Mr. VOUGHT. Nothing to hide.

Mr. ROY. You know, let me ask you this question. Do you know who said the following just this week: "Debt doesn't seem to matter as much right now. Right now it is not an immediate concern. The size of the debt does not poll well. I don't see how that is a potent political issue." Do you know who said that this week?

Mr. VOUGHT. I have a suspicion, but I would rather you answer the question.

Mr. ROY. The Chairman of this Committee said that this week, as quoted by Chad Pergram on FOX News.

Do you, on behalf of the President, agree that debt does not matter?

Mr. VOUGHT. Absolutely not, and I think this is one of the things that these budgets are meant to have a debate with the country about, is that debt and deficits do matter. Washington, DC. has been borrowing recklessly because of spending. I have heard you in this Committee speak to the level of spending as a percentage of GDP compared to where revenues are as a percentage of GDP. This budget would maintain revenues at their post-World War II historical average.

The problem is on the spending. We need to get a handle on where we are spending. The easiest thing in the world would be to say that debt and deficits don't matter, that we don't want a balance. But we actually say we are going to balance in 15 years.

Mr. ROY. The national debt is \$23.2 trillion and growing?

Mr. VOUGHT. It is.

Mr. ROY. We are racking up about \$110 million of debt per hour. Is that roughly correct?

Mr. VOUGHT. That is roughly correct.

Mr. ROY. Right. So we are going to rack up another \$200 or \$300 million in here, while my Democrat colleagues demagogue, instead of actually producing a budget?

Mr. VOUGHT. Yes.

Mr. ROY. Chairman Yarmuth this morning said something in the zip code of he is confident that Congress will stand firm against the President's budget.

Let me just say on this I think the Chairman is most certainly correct. And that is unfortunate, that we are not going to start with the President's budget and try to work with the President's budget to actually do our job. That is unfortunate. Congress always stands against any attempt whatsoever to spend responsibly.

And let me just be clear: This is a bipartisan problem.

Let's look at this. In 2017, with respect to the President's ask, did Congress spend more than what the President asked for in 2017?

Mr. VOUGHT. Yes.

Mr. ROY. Did you all send up a budget that had a 10-year balanced proposal in 2017?

Mr. VOUGHT. Yes.

Mr. ROY. And was it effectively laughed back to the other end of Pennsylvania Avenue from this body?

Mr. VOUGHT. It was not adopted.

Mr. ROY. In 2018 was the President's ask that—sent up, did Congress spend more and bust the caps?

Mr. VOUGHT. Yes.

Mr. ROY. In 2019 was the President's ask honored, or did Congress spend more and bust the caps?

Mr. VOUGHT. Congress spent more.

Mr. ROY. In 2020, with respect to the President's ask, did Congress spend more and bust the caps by a lot?

Mr. VOUGHT. We spent more than the original budget that the President sent up.

Mr. ROY. And reset the caps last summer, and spent to those higher cap levels?

Mr. VOUGHT. That is correct.

Mr. ROY. So, to be clear, do you agree this is a bipartisan problem, if you look at that entire four years, that Congress has not been effectively doing its job to spend appropriately?

Mr. VOUGHT. I do.

Mr. ROY. Let's talk about economic growth and taxes. And you referred to it.

I asked the CBO Director in this room two weeks ago whether or not we will be maintaining revenue as a percentage of GDP at roughly the 17.4 historic rate, and he said yes. Do you agree?

Mr. VOUGHT. Yes, 17.2 percent under this budget.

Mr. ROY. And, in other words, we have a spending problem. We do not have a revenue problem.

Whatever the Democrat colleagues want to say about bloviating about tax cuts for the rich, the fact is we have revenues to the Treasury that are consistent with historic norms, and will for the next decade. Yet my Democrat colleagues want to demagogue about spending, and continue to spend more than we have. Is that correct?

Mr. VOUGHT. That is correct.

Mr. ROY. And so the key question—here is the fiscal policy—that is tax policy and regulatory policy that will free up the American people to produce.

Let me ask you this. With respect to the budget that you put forward, we project 68 percent debt-to-GDP by the end of the decade. Correct?

Mr. VOUGHT. We project—under this budget we would go down to 66 percent as a percent of GDP.

Mr. ROY. But that relies on 3 percent economic growth.

Mr. VOUGHT. It does.

Mr. ROY. Right. But that is a laudable aspiration. Can we get out of the mess that Congress has created without economic growth?

Mr. VOUGHT. No. We—this is an all-of-the-above strategy. Economic growth needs to be maintained, deficit reduction through spending, restraint needs to be maintained.

Mr. ROY. And you and I both know that my colleagues won't take this budget request seriously, right? They will tear it up, essentially like Speaker Pelosi tore up the state of the Union and threw it out with the daily papers.

If we don't get a hold of the debt, the ball game is over. No money for defense, no money for homeland security, no money for Medicare, no money for Social Security. In the words of Don Meredith, "Turn out the lights, the party is over."

Thank you for sending up a budget that we can actually start with. My Democrat colleagues should actually honor that. And let's work together to do the work of the American people.

Chairman YARMUTH. The gentleman's time has expired. And I will take this liberty to say that that was my joke I used yesterday, that I tried to tear the budget in two. But thank you for reiterating my joke.

[Laughter.]

Chairman YARMUTH. I now recognize the gentleman from New York, Mr. Morelle, for five minutes.

Mr. MORELLE. Thank you, Mr. Chairman, for holding this hearing today, and thank you, Acting Director Vought, for being here to discuss the budget.

Yesterday I received a copy of the budget, which has been titled, "Budget for America's Future." Inside it, as far as I can tell—and we are just beginning to go through it—were countless proposals that, unfortunately, in my view, disregard the realities of our future.

The budget—this budget, like all budgets, is a statement of priorities. But in my view, the priorities in this budget are to harm the present and future needs of families across the nation.

And I apologize, I had to step out, so I didn't hear your testimony regarding savings. But, as I see it, there is a half-trillion-dollar cut to Medicare, and a \$900 billion—nearly a \$1 trillion—cut to Medicaid, a reduction of food stamps, the Children's Health Insurance Program, which will jeopardize the livelihood and stability of millions of our vulnerable citizens.

And, from my perspective, the stark reality is the budget leaves many people wondering what sort of education their children will receive, uncertain of where their next meal will come from. It lacks the kinds of investments that will make American stronger moving into the future. And investing in our families, investing in education, investing in infrastructure, I think, are the things that have always been my priorities, I think the priorities of this country.

And I want to ensure that the values of my community are represented, and the voice of working families are heard.

Last week I held a town hall, 500 senior citizens came. And most of them voiced their fears about the future of Medicare, and whether it would continue to provide support for them, the shortcomings of Medicare as it is. They talked about their struggles with prescription drugs. They talked about how health care costs continue to rise.

I also spent time in the last two weeks visiting a number of senior citizen centers, and continue to hear in depth the real concerns and fear about the future. And so I am very, very concerned about this.

I would like to ask—I apologize if I am asking you to repeat yourself—but to tell me how you see savings in Medicare, where I see cuts. Can you describe how you envision that? Because I don't see this at all. I don't see anything—major reorganization, I don't see bending the cost curve by improving outcomes or improving patient experience, the things that we are all trying to do in health care, using social determinants.

Could you just briefly? Because I don't have a whole lot of time, and I have a couple of other questions.

Mr. VOUGHT. I would be happy to, Congressman. Medicare will grow at 6 percent every year.

One of the things that you mentioned in your question is that lowering the prescription—the cost of prescription drugs. That is something that we assume is a savings, compared to years past, that generates savings, even though it will benefit beneficiaries

and lead to better outcomes, as you mentioned. That is \$135 billion in this of savings, simply by lowering prescription drugs.

Mr. MORELLE. So in the prescription drug—are you prepared to authorize Medicare to negotiate lower prescription drugs, as is done in most of the industrial world?

Mr. VOUGHT. No. We have opposed H.R. 3. That is a proposal that we believe gets on the wrong side of the balance to be able to cutoff innovation that is currently in the pipeline.

That said, we have proposed less specificity, even though past budgets have been very detailed in this space, because we want to work with Congress, and we hope that, between the House and the Senate, a bill can get to the President's desk.

Mr. MORELLE. Well, I will editorialize here that every time I am with folks and they ask about prescription drugs—and, as you know, this is a growing, alarming situation—every time I talk about—even if I don't mention it, but you talk about the federal government using its ability, economies of scale, and the force of Medicare to negotiate prices, people are struck by the idea that we don't do it already.

Drug formularies and Medicaid, just about every commercial insurance program beg for this. And I just—for the life of me, I don't understand why the Administration—I think the President in the past has actually voiced support for using Medicare as a means of negotiating a lower drug price. I don't know what has changed. But, frankly, I think there has been very little leadership from the White House on this. And Americans, particularly senior citizens, are just crying for relief.

If I can, let me just move to a completely different topic. My home district of Rochester, New York has dealt with what, in the past, would have been deemed 100-year floods every other year. In fact, I met yesterday with the chair of the American—on the American side of the International Joint Commission. And we expect record flooding in the Great Lakes again this year.

One of the things that we are really relying on is resiliency studies for the Great Lakes that we hope the U.S. Army Corps of Engineers will conduct. We have appropriated money, the appropriation bill that the President signed, to have funding for those resiliency studies. Yet I note in this budget that the U.S. Army Corps of Engineers and their ability to protect us and provide resiliency has their funding cut by 22 percent.

I wish you could comment on that, and how I can help assure people back home that the flooding that they have seen, which is at record levels, and we expect it to be again this year, is advantaged by significant cuts to the U.S. Army Corps of Engineers.

Mr. VOUGHT. We provided more spending for Army Corps of Engineers than last year's budget. It is something that we continue to have challenges in the sense that we want to provide the infrastructure that is necessary in this space, but we also have concerns with how long it takes Army Corps of Engineers to build projects.

We want reforms in this area, and so our budgets have focused on making sure that projects that are in the—occurring already get done before we go on to new projects. We are trying to address the backlog.

Mr. MORELLE. Well, I will just issue this in my last—I am sorry, am I—I think I am over. I apologize, just to say this, that the amount—the hundreds of billions that you will end up spending in disaster relief, instead of providing much smaller amounts for resiliency, I think we will come to regret. So I certainly hope there will be added emphasis on resiliency. Obviously, I speak for the Great Lakes, but I know people around the country on waterways are concerned about that, as well.

So thank you, I yield back my time.

Chairman YARMUTH. The gentleman's time has expired. I now recognize the gentleman from Pennsylvania, Mr. Meuser, for five minutes.

Mr. MEUSER. Thank you, Mr. Chairman. Thank you, Colonel Womack, Republican leader, for holding this important hearing. Thank you very much, Director, Acting Director Vought, for joining us today.

We all talk regularly about—very daily in this Committee and throughout the floor of Congress—about the unsustainable level of spending our nation is on. I greatly appreciate and, in fact, applaud the Administration and you for putting forth a budget that exercises fiscal restraint, focuses on rooting out waste, abuse, and fraud, eligibility requirements, as well as very targeted reforms, which we will discuss here, and focuses funding on some critical areas.

As the former revenue secretary of the Commonwealth of Pennsylvania, we dealt with—we had to balance our budget each year, and we set forth on focusing on eligibility requirements, and over a two-year period saved over \$300 million from a \$26.5 billion budget. That is about 1.2, 1.3 percent over a two-year period. If we did that on the federal government side, that would be over \$400 billion over a two-year period, certainly a wonderful start toward an infrastructure and transportation funding bill.

So thank you for the—putting your—the focus there.

Also, the focus is on defense spending. All anybody on this Committee or in Congress has to do is go over to the Pentagon, whether you are Democrat or Republican, and hear from them about how far behind we have fallen in cyber security and space, dangerous areas to fall behind. And this budget continues that growth.

The Department of Veterans Affairs, this budget funds in a strong way to—the Mission Act and the Blue Water Navy Act, which—and veteran suicide issues. So thank you for that.

Skills training is extremely important for my state, my district, and for our country. The budget puts over \$1 billion toward career and technical training to get more people to work for the 21st century jobs.

And also block grants. I have a lot of experience here, too, the importance on how effective block grants can be. Most often states will gladly accept a small reduction in order to receive block grants so they can provide and have the flexibility to use the funding and dollars how they feel best for their state.

Would you agree block grants provide enormous—more flexibility than the federal government would?

Mr. VOUGHT. Yes, absolutely. We allow states to have more control to design programs that are—achieve better outcomes for their citizens.

Mr. MEUSER. Certainly, thank you. Now, regarding waste, abuse, and fraud, relative to the enacted Fiscal Year 2020 levels, your budget reduces non-defense discretionary spending by 5 percent. Is this reduction largely attributed to targeted reforms to reduce wasteful, ineffective, and duplicative programs, as well as innovation and overall fiscal responsibility?

Mr. VOUGHT. Absolutely. We find efficiencies where we can. We find duplication where we can. We find just outright waste where we can.

I will give you an example. In cultural and state exchange programs, we have about a \$400 million savings in that area. There were 80—there were over 80 programs in that particular space, and they have more than doubled since the 2000's. That is an example of—given the global world that we live in, do we really need such high levels of spending in that area, or can we just begin to ratchet it back?

Or just clear waste, fraud, and abuse where you have got, you know, a professional cricket league in Afghanistan. Those are the kinds of things that lower top lines, allow you to get at and really root the waste and the abuse out.

Mr. MEUSER. That is great. Reforms, not reductions.

Now, related to Social Security and Medicare, the President's budget does not cut or reduce Social Security and Medicare. That is accurate, correct?

Mr. VOUGHT. That is totally accurate.

Mr. MEUSER. And the benefits and savings will be realized through these reforms that you are referring to, such as the site neutrality and the lowering of costs of prescription drugs. Can you talk a little bit more about the site neutrality?

Mr. VOUGHT. Sure. Take an example of a CAT scan that you would get at an outpatient hospital that costs \$230, versus a CAT scan that you would get at a physician's office, or a physician-owned location that would cost \$118. We believe that that is—doesn't lead to a rational policy within Medicare, and actually leads to worse outcomes from beneficiaries, because you have providers referring to different locations, based on a higher reimbursement, as opposed to making sure it is the best from the health care decision. That is a substantial amount of savings that we get in that allows us to save money for the taxpayer, have better outcomes for seniors, and continue to have Medicare growing at 6 percent every year.

Mr. MEUSER. Great. Mr. Chairman, I yield back.

Chairman YARMUTH. The gentleman yields back. The gentleman's time has expired. I now recognize the gentlewoman from California, Ms. Lee, for five minutes.

Ms. LEE. Thank you very much.

Thank you very much for being here. First of all, let me just respond to one of our colleagues who is not here now. When he referenced the fact that some of us over here hate the President—now, I am speaking personally, but I just want to say to you I don't hate the President, but I hate his policies. And when you look at

how these policies and this budget—how they are destroying millions of people’s lives, it is a very shameful budget, and it is something that we need to hate.

Let me give you a couple of examples. You slash more than \$1 trillion in Medicaid and Medicare. You cut \$182 billion in SNAP. You cut \$20 billion from TANF. You dismantle and completely eliminate the Social Services Block Grant, the Home Investment Partnership, and the Community Development Block Grant, all programs that meet families’ basic needs.

It is hard to imagine how anyone could be proud of this budget, Mr. Director.

Someone mentioned the values. Well, yes, this does demonstrate what the values of this Administration are, and that is putting the tax cuts for the wealthy billionaires, millionaires, and corporations, paying for them through these cuts that you have put forth. Those are the values.

Now, let me talk about waste, fraud, and abuse for a minute. You look at the Pentagon’s budget. DoD has been on an unprecedented spending since 2001. This budget looks more like a wish list for defense contractors and a war-hungry administration than something based in reality.

The Pentagon has increased their budget by \$115 billion over the last three years. The Pentagon cannot even undergo a financial audit, which means we don’t fully understand where the Pentagon spends its money. There continue to be revelations of massive waste, fraud, and abuse at the Pentagon. Let me list a couple for you, which reflects, again, the values of this Administration.

The Pentagon awarded a \$7 million cloud computing contract to a one-person company. One person. The Defense Logistics Agency lost track—lost track—of \$800 million in construction projects.

Now, national defense spending currently makes up 50 percent of discretionary spending. Is that correct? At least 50 percent.

Mr. VOUGHT. Roughly.

Ms. LEE. Yes, and the Defense Department is the only agency that is not able to pass an audit, or hasn’t been able to pass an audit. Is that correct?

Mr. VOUGHT. I think it is a much more complicated story, Congresswoman. This is the first time in history that the Pentagon has undergone and completed an audit, and we have now gone through the second year of a completed audit, and we have reduced the number of issues that were identified by 25 percent in the first year.

Ms. LEE. But we don’t know what is being spent at the Pentagon. We don’t know what constitutes—at least you don’t—waste, fraud, and abuse. I mean we don’t know if the right prices for contracts are being paid for. We don’t know whether the goals that we set out in these contracts with the funding that we provide, where—

Mr. VOUGHT. We made consistent progress every single year, 25 percent reduction in the items that were identified in the previous audit.

But I want to give you an example of the progress being made: \$6 billion in savings in Fiscal Year 2019; \$8 billion in savings in Fiscal Year 2020; \$9 billion in Fiscal Year 2021 projected savings

that—DoD is doing the hard work to identify waste and redirect it to other programs within DoD.

Ms. LEE. But you are telling me, then, that you are not identifying any abuse or real contract fraud in your audit?

Mr. VOUGHT. I have not. I am sure that, if you go look at some inspector general reports, there might be some items there. But to my knowledge, there is nothing that is in my mind.

Ms. LEE. OK. A couple years ago there was a report issued by the Pentagon that indicated there was about \$150 billion that could be looked at, in terms of waste, fraud, and abuse. And I don't see \$150 billion in savings in any of your budget so far.

Let me ask you about the cuts in development and diplomacy. Following up from Congressman Moulton's question, in terms of the cuts by 22 percent—and I heard what you said in terms of there being a difference between diplomacy and foreign aid. But again, given the President's reference to countries in Africa and in South and Central America—as he called them, s-hole countries—many of these cuts reflect that value when it comes to development.

We know that foreign aid is really a national security strategy to prevent terrorism, to prevent countries from engaging in warfare. We know that it really is a strategy for global peace and security. And yet your development is being cut by 22 percent, your development assistance. And yes, China is very active on the continent of Africa and many of the s-hole countries the President has identified.

And so, once again, here we go. Your values are definitely reflected in this budget. And it is really a shame and a disgrace that we are sending this message to countries in Africa and in Central and South America who really do recognize the importance of foreign aid from the United States as being our strongest national security effort.

Chairman YARMUTH. The gentlelady's time has expired. I now recognize the gentleman from Tennessee, Mr. Burchett, for five minutes.

Mr. BURCHETT. Thank you, Mr. Chairman, Ranking Member. Thank you, Mr. Vought, for being here.

I sit here and listen to the talk on both sides, and I—honestly, I just think about my sweet wife and my pretty little girl back home, and I kind of drift off into that. So I thank you for being here. And I will try not to become that crusty old white dude from either side of the aisle that just sits here and grumbles. And I am just going to ask you a couple of questions, all right, if that is OK with you, brother.

Mr. VOUGHT. It is.

Mr. BURCHETT. Notice I said both sides of the aisle, so I am not going after anybody. I do appreciate all of my members waiting to hear my comments, as well, so thank you all.

How does your budget plan to reduce and hopefully eliminate the waste of taxpayer dollars?

Mr. VOUGHT. Well, we shine a light on it in a way that we believe is historic. For the first time we have a whole chapter on waste, fraud, and abuse in this budget. It continues to be some-

thing that we work to root out within the top lines that are proposed here.

We also want to make sure that we are dealing with inefficiencies and things that just don't make sense. When you own 25 percent of the federal—of the land in this country, why do you keep spending on land acquisition? That is an example where we just feel that, from a common-sense perspective, we can find savings in addition to waste, fraud, and abuse, and be able to get at some of the inefficiencies in government.

Mr. BURCHETT. Because when you buy it, of course, it takes it off the tax rolls. We did that in Knox County. We got out of property we didn't need, and put it back on the tax rolls, and it just made the economy move that much better. I appreciate that.

And on a separate note, I appreciate the efforts this budget does for our veterans, and what they do, and I appreciate our Ranking Member serving his country. What level of spending does the budget provide for veterans programs in Fiscal Year 2021, and how does that spending level compare to last year's funding level?

Mr. VOUGHT. Sure, we had a 13 percent increase for VA that is at \$105 billion that fully funds the level that is required for the Mission Act. It is a very robust budget. This is a major investment in our nation's veterans to make sure that important law keeps getting fully funded. Last year's level was \$93 billion, so that gives you a sense of the increase that we are talking about here.

Mr. BURCHETT. And I think the Ranking Member or somebody said something earlier about the Bob Dylan artwork, and I actually had this legislation that referenced that earlier on, and understand that that was consumed into a larger bill, so I was glad to see that.

I am not against artwork. Actually, I have a degree in education, and one of the areas I was certified in is art education, oddly enough. And I like art, and I like for my family to see it, I like for my little girl to see it. But this stuff at these embassies was in back rooms for the embassy bigwigs to enjoy and, you know, it is supposed to be representative of America. Well, it was back behind a locked-in area, and to me that money could have been spent a lot better elsewhere.

And I realize \$70,000 or \$80,000 for a piece of artwork doesn't seem a lot to a Washington bureaucrat, but, dadgummit, the people back in east Tennessee, that is a whole heck of a lot of money. And so I—

Mr. VOUGHT. It is.

Mr. BURCHETT. I appreciate your efforts, brother. And I will relinquish the rest of my time so we can get back to some more rhetoric. Thank you, sir.

Chairman YARMUTH. The gentleman from Tennessee is always generous with his time, and it helps us move it ahead. Thank you, his time has expired.

I now recognize the gentleman from New Jersey, Mr. Sires, for five minutes.

Mr. SIRES. Well, Mr. Vought, thank you very much for being here. I just want to tell my colleague that I am not a crusty old guy.

[Laughter.]

Mr. SIRES. But, you know, as I sit here, I have to say you have all the lingo. You know, I wrote down some of these expressions that—you know, to defend some of the issues: “We are on track,” “commitment to seniors,” “fully continue,” “saving into the programs.” Pretty good. Did the—and then I get attacked, saying that we never do a budget in your memory.

Did the Republicans ever not do a budget in the last 14 years that I have been here?

Mr. VOUGHT. Did they ever not do a budget?

Mr. SIRES. No, no, not do it, but introduce a budget and pass a resolution for a budget.

Mr. VOUGHT. They certainly did. When I was here we were doing budgets every year. It was—in fact, it was one of the major must-pass—

Mr. SIRES. Under Bush?

Mr. VOUGHT. Many, many years under Bush we were doing budgets. It was one of the major must-pass pieces of legislation every year.

Mr. SIRES. Was the war funded outside the budget?

Mr. VOUGHT. Was the what?

Mr. SIRES. The war in Iraq funded outside the budget.

Mr. VOUGHT. I believe we were funding the war as—that version of the OCO account.

Mr. SIRES. So it was outside the budget, basically.

Mr. VOUGHT. It was funded—substantial portions were funded within—it was a budget resolution—

Mr. SIRES. Right.

Mr. VOUGHT [continuing]. that accounted for spending that was that version of the OCO designation. It is not like it just gets ignored.

Mr. SIRES. Yes, but it was outside the budget resolution.

Mr. VOUGHT. No, it is not, actually. It is within the deficit totals that have to be added up over a course of five or 10 years, whatever your window is.

Mr. SIRES. You know, one of the programs that I favor always is the CDBG programs. And I think it is one of the ways where communities can really help their community save money. Because any time you use money for the CDBG, you are not passing it on basically to the local community tax.

I just don’t know if sometimes people here realize how many places you use the CDBG money for to help seniors, to help centers, to help job growth, to help, you know, fix the streets. And yet, every year, we have to fight because you just want to cut it. I mean this is one of the few programs that helps local communities, and, you know, at a time where money is short in these communities. So I never understand that.

Mr. VOUGHT. Well, Congressman, it is a program that is—we have spent about \$150 billion on it, we still think that there is too much flexibility within the program. Let me give you an example of some of the—

Mr. SIRES. That is the beauty of the program, where you give—

Mr. VOUGHT. Nearly \$1 million to spend on giving the Greenwich Historical Society upgrades. Greenwich, Connecticut. I live 30 minutes away from Greenwich, Connecticut. They have more than

enough resources, as a rich community, to pay for all of the historical upgrades that they need.

Mr. SIRES. Well, there is also a community using it for Meals on Wheels, and hiring people to take the meals to seniors that can't move.

Mr. VOUGHT. No, Meals on Wheels is funded out of the ACL.

Mr. SIRES. We used it, CDBG money, it was used for that.

Mr. VOUGHT. Minuscule.

Mr. SIRES. Well, but communities do use it.

Mr. VOUGHT. They—Meals on Wheels is funded fully under the ACL agency under the Department of Health and Human Service under this budget.

Mr. SIRES. Well, all I could tell you is that we use CDBG money to do that, OK?

Now, the other issue, I was here when Obama took over. How was the economy then?

Mr. VOUGHT. We were in the midst of a significant recession.

Mr. SIRES. I remember I was in Financial Services, and Paulson coming in and telling me that the world was coming to an end, financial houses are going under, all the lenders are going under.

You know, in eight years, did the Obama Administration create jobs?

Mr. VOUGHT. My recollection of the Obama Administration is that, like, we lost 200,000 manufacturing jobs, that we lost—

Mr. SIRES. Did we lose—

Mr. VOUGHT. Millions of unemployment under the Obama Administration, that this—

Mr. SIRES. I am not talking about manufacturing jobs. Were there jobs created during the Obama Administration, by the end of his term?

Mr. VOUGHT. I can't tell you based on where it started versus where it ended, but we lost manufacturing jobs in—

Mr. SIRES. That is a selective memory that you have. All I can tell you is, you know, this President, in three years, you would think that he has done this wonderful thing that was never done before. Jobs were created, growth was there by the end of the Obama Administration. And I got to put up with this nonsense that we somehow didn't do anything to save this country.

We saved the auto industry, we saved AIG, we saved all these—some of these banks. And yet he thinks he did it all by himself.

Like I say, you are good, you got all the right lingo. Thank you very much.

Chairman YARMUTH. The gentleman's time has expired. I now recognize the gentleman from Oklahoma, Mr. HERN, for five minutes.

Mr. HERN. Thank you, Mr. Chairman, Ranking Member Womack. I appreciate the opportunity today.

Mr. Vought, thank you for being here. You know, what I will tell you is—and this is just the facts—we ought to thank the President for keeping his promise to produce a budget. My friends on the other side of the aisle, you know, they love to tear things down, sometimes like to tear things up, the President's work. But it seems like the only thing we are getting done here is arguing about something that we all need to work on.

In fact, you know, I would be one to propose that we never have another hearing with anybody until we get our work done, either side. I don't care who is in charge. Our job, the first requirement we have in the Constitution—much has been made about what the President has done with the Constitution. I would tell you the first constitutional responsibility that we have, as a Congress, is the power of the purse, to produce a budget, regardless of who is in charge.

So my colleague from New Jersey is right, we have a real opportunity. But we shouldn't be here, you know, beating on the President about his budget, because he has actually done his work in putting something out there. You know, I give this same advice to my employees and managers for the years: Don't offer criticism without offering a solution.

As I said, the Constitution affords us the ability to create a budget, and we shouldn't be taking that lightly. You know, passing a budget resolution, and subsequently passing the appropriation bill in regular order helps us reign in spending and control our debt. When you have revenues growing at 5 percent a year, expenses growing at 8 percent a year, there is not a person in here—I don't care what the initial is at the end of your name—who thinks that is a rational way to run a program, run a business, to run your personal life. We have to get that in order.

You know, if you look at it, the sad fact is that we have done such a poor job of this that, by 2021, the United States will be spending more money on paying down our debt than for our budgets of the Departments of Veterans Affairs, Justice, Homeland Security, and NASA combined. That is pretty scary.

Because we have done a poor job of controlling our debt, we must borrow, only indebting our children and grandchildren. As my colleague from South Carolina said earlier, we are not throwing Grandma off the cliff, we are throwing our kids and our grandkids, and the future generations off the cliff.

Just as CBO Director Swagel said, confirming—in our last meeting, “Our national debt will become a national security threat if we don't get our fiscal house in order.” For the record, Director Vought, do you agree with that statement?

Mr. VOUGHT. I do believe we will face a national security disaster if we don't get our fiscal house in order. We need to be able to continue to increase defense spending. But we have to get to the point of being able to deal with our debt and deficits.

And former national security leaders like Admiral Mullen have said this on the record, as well.

Mr. HERN. And General Mattis said this in a Senate hearing.

Just to get some things on the record here, much has been said about the President, or the Republicans in general, about preexisting conditions. Is that—the President is for fixing preexisting conditions, is he not?

Mr. VOUGHT. He is. He is for completely protecting individuals with preexisting conditions. It is something that he has never wavered at any point, both on the campaign trail and in his presidency, to protect.

Mr. HERN. In fact, he reiterated that to tens of millions—hundreds of millions of people at the state of the Union, just—

Mr. VOUGHT. He did.

Mr. HERN [continuing]. 10 days ago or so.

They claim that, under Trump, the average American is struggling. How do we know this is false?

Can you—you know, there was a poll last week that is—not very favorable, Gallup—came out and said that six out of 10 Americans are better off financially today than a year ago, 75 percent say the economy is in good shape, a 20-year high. In fact, it was 90 percent of the people said they were satisfied with their personal life. From Gallup, somebody who has never been favorable to this President.

Is there anything you want to add to that? Is there any—you going to—I mean those comments justify that the economy is moving in the right direction, wouldn't you say?

Mr. VOUGHT. I would. I would say those comments do, as well as the facts on the ground, and what we are seeing, in terms of 10 million people getting off of welfare, seeing people with thousands of dollars of new disposable income to be able to invest in their families and their communities and their charities, all of these things are a sign of success. Record low unemployment, lowest unemployment in, basically, 50 years. This is the sign of an economy that is booming, of people that are benefiting from it.

You want to say, look, how is the bottom half doing? They have had their income increase 47 percent, and that is three times faster than the top 1 percent. So this—we talk about it as a blue-collar boom, because we see it at every step of the—

Mr. HERN. I just—I got—I have 30 seconds left, but, you know, just as a reminder to everybody that is here today, the ones that will see this video, 1974 Budget Control Act required that we, as Congress, start producing budgets, working together with the President, to fulfill that and reconcile it.

We have passed that budget four times in regular order, got our appropriations done so that we didn't have continuing resolutions. The last time we did that was 1996. Coincidentally, that was the last time we had budget surpluses in America, in 1997, 1998, and 1999, and 2000.

I would say that we should start looking at that again, instead of being critical and political toward the President's budget.

Mr. Chairman, I yield back.

Chairman YARMUTH. The gentleman's time has expired. I now recognize the gentleman from California, Mr. Peters, for five minutes.

Mr. PETERS. Thank you, Mr. Chairman. I have been around for four terms now. This is my fourth term. And in the last term my colleague wasn't here, but the President led an effort to repeal the Affordable Care Act, which is where the protections for preexisting condition coverage came from.

Today that was not successful by the one vote of Senator McCain. Today his lawyers in the Justice Department are agreeing with states who are trying to overturn the Affordable Care Act. And I would just point out I have never seen a proposal from the President to actually take care of this idea. So if there is a health care plan from President Trump, I am looking forward to seeing it.

But saying that it is true—

Mr. VOUGHT. Can I—

Mr. PETERS [continuing]. doesn't make it true.

Mr. VOUGHT. Can I address that?

Mr. PETERS. I am not asking a question, I am just responding, because—I want to ask you about the budget, though.

What does a budget assume for real GOP (sic) growth as the average over the next 10 years?

Mr. VOUGHT. About 3 percent, that we would go to 3.1, then be at 3 percent, then head down to 2.8 percent in the last few years of the window.

Mr. PETERS. And what is the CBO estimating that the economy is going to grow at the same time period?

Mr. VOUGHT. Roughly about 2 percent.

Mr. PETERS. And how about the Federal Reserve? What is their projection?

Mr. VOUGHT. I don't have the Federal Reserve with me.

Mr. PETERS. My understanding, it is 1.9 percent. So I have the independent—the CBO, non-partisan CBO, the independent Federal Reserve projecting about 2 percent, but the Administration projecting about 3 percent. What is the basis for that?

Mr. VOUGHT. Sure. It is a post-policy budget. And it is post-policy economic assumptions.

Forecasters take the world as it exists, without changes in law. Our budget is a fiscal plan for the next 10 to 15 years, when we reach balance in 15 years. It assumes things that will occur in our budget, such as extending the tax cuts. It assumes things like ongoing deregulatory initiatives. It assumes an infrastructure bill.

Mr. PETERS. Right.

Mr. VOUGHT. It assumes better trade deals, so when we get something done—for instance, with Canada and Mexico—it doesn't sit in Congress for a year, waiting to be passed. These are all things that lead us to be able to both aspire and believe that we can get to 3 percent growth.

Mr. PETERS. OK. Well, last year you projected the economy would grow at 3.2 percent. Instead we got 2.3 percent, which is a—quite a bit of fall-off. I don't think the tax—the testimony we have had from other people is that the tax bill did not bring nearly the growth that the Administration suggested it was going to bring.

What would happen if the—what would the deficit impact—if the economy grew by 2 percent, as most of the forecasters believe?

Mr. VOUGHT. We would have a hard time right now being able to meet our target of balance, because it is an important part of our budget assumption.

But I just would point you to the last four years of the Obama Administration, where the Obama Administration increased taxes by \$653 billion—

Mr. PETERS. No, I don't want to—I didn't ask you about that.

Mr. VOUGHT [continuing]. \$3 trillion in revenue lost that CBO never predicted—

Mr. PETERS. Well, OK.

Mr. VOUGHT [continuing]. and they just called them technical changes.

Mr. PETERS. Well, we could have a lot of discussion about the revenue lost from the tax cuts of 2017, but I am just suggesting that the forecasts you have made in the past have been rosy. They

look rosy, compared to the independent estimators that we have out there—

Mr. VOUGHT. We have done better than the independent forecasters two out of the last three years.

Mr. PETERS. You got off by, it looks like, 50 percent.

Mr. VOUGHT. So we—

Mr. PETERS. Let me ask this about foreign aid.

Mr. VOUGHT. In 2017—

Mr. PETERS. Let me ask you about foreign aid in my remaining time. Former Defense Secretary Mattis once said that, “If you don’t fund the state department fully, then I need to buy more ammunition, ultimately.”

I represent a military area, I have never voted against the military budget. But I am concerned that, by cutting the state department 20 percent, the lack of investment in diplomacy makes war more likely. And I think that is of great concern, too, to people that I represent.

Can you explain if any analysis was done of the risks taken with respect to cutting the state department by 20 percent?

Mr. VOUGHT. Yes, you are referring to the state and foreign aid account that goes down by 21 percent. I will continue to maintain that we fund adequately diplomacy, because we believe that is an important aspect of international relations.

But we are taking a different view—

Mr. PETERS. Just on that—

Mr. VOUGHT [continuing]. with regard to foreign aid—

Mr. PETERS. The Department itself has been cut by \$11.7 billion, from 55 to 44. So I—if I over-stated for—it is still a lot of money, right?

Mr. VOUGHT. It is a significant amount of money. But we believe that diplomacy, understood, is fully funded, as was required.

Now, we will also say that, within public diplomacy accounts, there is waste, fraud, and abuse that we attempt to reduce, because we are trying to weed it out.

Mr. PETERS. Can you give me an example of waste, fraud, and abuse that you are trying to cut out?

Mr. VOUGHT. Yes, I will give you three examples: the Bob Dylan statue in Mozambique that was at an embassy—

Mr. PETERS. How much is that?

Mr. VOUGHT. That is about—it is about \$1 million.

Mr. PETERS. OK, only \$11 billion to go of waste, fraud, and abuse.

Mr. VOUGHT. Little by little.

Mr. PETERS. Little by little? I think that is the problem, is—

Mr. VOUGHT. How about the \$7,500 for the Muppet Retrospectacle in New Zealand? How about \$850,000 for the professional cricket league in Afghanistan?

Mr. PETERS. Wow.

Mr. VOUGHT. What about \$4,800 for sending American artists to a poetry festival in Finland?

Mr. PETERS. My time has expired, but you—it would take you a lot of \$1,000 increments to explain this massive cut in diplomacy on behalf of the leader of the free world. My time has expired.

Chairman YARMUTH. The gentleman's time has expired. I now recognize the gentleman from Texas, Mr. Crenshaw, for five minutes.

Mr. CRENSHAW. Thank you, Director, for being here. You have received a lot of criticism over the President's budget. I am just curious how it compares to Speaker Pelosi's budget.

Mr. VOUGHT. There doesn't—

Mr. CRENSHAW. Proposed.

Mr. VOUGHT. Speaker Pelosi does not have a budget.

Mr. CRENSHAW. Are you sure?

Mr. VOUGHT. I am sure.

Mr. CRENSHAW. What about this Committee? How does it compare to this Committee's budget from the majority, that they have proposed?

Mr. VOUGHT. To my knowledge, this Committee is not working on a budget, nor has it produced one.

Mr. CRENSHAW. That seems strange to me, doesn't it? The Constitution says that the budget is supposed to originate in the House and then go to the Senate and then be signed by the President. You are saying there is—you haven't seen a budget that you can compare to the President's budget?

Mr. VOUGHT. I have not seen one.

Mr. CRENSHAW. So interesting. Lots of stones being cast, but no actual values being proposed. And I use that word very carefully, because Nancy Pelosi likes to say, "Show me your budget, show me your values." So the implication is that there is no values if you don't have a budget.

But you say that, and yet the stones are cast in a way that would imply that the President's budget is without values, is without any moral character, because that really is the implication being thrown around. You don't spend enough money on this, you don't spend enough money on that. How dare you? Have you no heart? That is always the shame used, the moral grand-standing used to make the points.

Why is it we have an unending debt, unending growth in debt? Why is that? Because this body engages in nothing but moral shaming. You don't have a heart if you are not willing to spend double or triple the money that we are, never mind that there is no thought put into the second and third-order consequences, no thought put into whether or not that money is being well spent. Just moral shaming. Why? Well, because, as Alexis de Tocqueville said, the end of a republic is when politicians figure out that they can bribe the people with their own money. And they do so by morally shaming their political opponents. If you want to understand why we are at where we are at, that is exactly why.

This Committee is supposed to set—act like adults and set some kind of top-line budget, and make the appropriators work within that budget. But you are telling me there is no budget coming out of this Committee. That is a shame. That is what I thought I came on this Committee to do, was to have those adult conversations, and then force actual choices.

If you actually force choices, well, then maybe we can come to some agreement on what might need to be done, where money is being wasted, where it is not being wasted, where we need to in-

vest. But those conversations never happen, and negotiations end up just increasing on all fronts. That is not sustainable. This budget—or this Committee has to be the adult in the Congress that says, “We can’t spend that much more money. It is not sustainable for our next generation.” Make the appropriators decide what to do with the money we give them.

But we are not doing that. Instead, we are taking really easy but disingenuous political shots at the President’s budget.

Why don’t we actually debate, within an adult-like top line of a budget, what should be in the budget? No, but you can’t do that, because then you would have to show your values. Then you would actually have to have an adult conversation. God forbid.

Director, would you like to clarify anything that you didn’t get to clarify before—it seemed like you wanted to talk about pre-existing conditions.

Mr. VOUGHT. I would love to. This President has fully committed to protecting individuals with preexisting conditions. He has proposed specific policies in the past, including last year’s budget, where we actually had an actual plan that was proposed in the budget that would have done so.

This budget has a health care reform allowance that continues to maintain those protections for individuals with preexisting conditions. The—we don’t have a specific proposal this year, because we continue to work on it at—within the Administration. But when we provide a specific plan, just like the previous plans, it will have an ironclad commitment for individuals with preexisting conditions.

Mr. CRENSHAW. Which, I would agree, we need. And it turns out, if you are willing to engage in some kind of thinking that is other than totally simplistic, you can get rid of Obamacare and still protect people’s preexisting conditions. Imagine that. Imagine that. You can do it.

So I am glad to hear that the President does have a plan to do exactly that. Thank you.

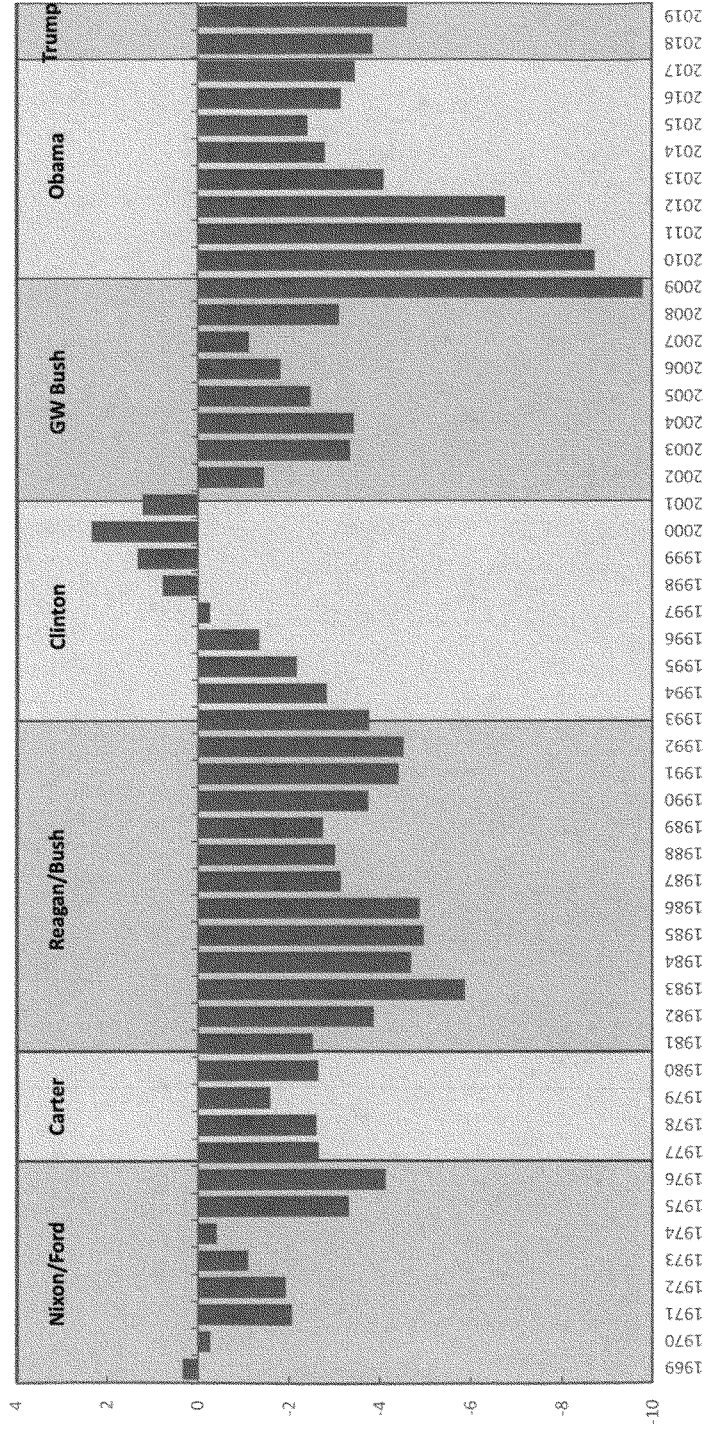
Chairman YARMUTH. The gentleman’s time has expired. I will remind the gentleman that roughly six, eight months ago we in this Committee passed a piece of legislation that established top-line spending numbers for discretionary spending. And it passed on a bipartisan basis for 2020 and 2021.

The gentleman from Virginia, Mr. Scott, is recognized for five minutes.

Mr. SCOTT. Thank you very much. Could we get the chart up while I point out?

[Chart.]

Federal Budget Deficit as a Percent of GDP, 1969-2019



Source: Congressional Budget Office, The Budget and Economic Outlook, 2020-2030, January 2020

Mr. SCOTT. We have heard that it is not a spending problem—it is not a revenue problem, it is a spending problem. The fact is it is arithmetic: whatever you spend you have to pay for. And if one goes up—and that is the problem with not paying for a tax cut.

And I remind people that, since Nixon and Ford, every Republican President has ended up with a worse deficit situation than they started with. And every Democrat has ended up with a better deficit situation than they started with, without exception. And this President seems well on track to keeping that trend going.

We have—the budget projections assume a 3 percent growth. Everybody else in the world is suggesting a 2 percent or less growth. And so the numbers will, obviously, be reflective of that.

As the gentleman from Pennsylvania noted, we have a one, two, three plan going.

If somebody had suggested you are going to have a \$1.5 trillion tax cut and pay for it with cuts in Social Security, Medicare, and Medicaid, you would have said that is ridiculous, not going to do it. But if you do it one, two, three—one, cut the taxes; two, whoops, we have got a big deficit; three, now you expect us to cut Social Security, Medicare, and Medicaid.

Now, Mr. Director, you acknowledge that this Administration supports litigation that will end the Affordable Care Act, and you promised a replacement. Are you aware in the last Congress that the Republican-controlled House and Senate and that—the House passed a repeal-and-replace with the President's support?

The CBO scored, showing 20-some-million fewer people would be insured, the cost will go up 20 percent, and significant erosion of protections for those with preexisting conditions. Are you aware of the CBO score?

Mr. VOUGHT. I am aware that CBO had similar estimates that we rejected at the time.

Mr. SCOTT. OK. You also recognized that the junk plans that the President supports will allow people, healthy people, to get into junk plans, making everybody else in a sicker pool. So if you got a preexisting condition, you are stuck over there, and it will be increased pressure on those with preexisting conditions.

Now, you said that the Medicare is not being cut. Is that what I—

Mr. VOUGHT. That is correct. Medicare will grow 6 percent over this budget.

Mr. SCOTT. OK. How much does the elderly population increase over that time?

And can you tell us what the per capita spending for Medicaid—for Medicare would be over that period of time?

Mr. VOUGHT. I don't have it handy, but I am sure you have it.

Mr. SCOTT. I don't have it, that is why I asked.

Well, just as expenses go up, you—of course, the expenses go up. Inflation has gone up, so you have to keep up with inflation. The population is going up, so you got to pay more because there are more people. Is that right?

Mr. VOUGHT. It is correct, and we are way above that.

Mr. SCOTT. And the—

Mr. VOUGHT. Medical inflation is—

Mr. SCOTT. Well, the CBO—

Mr. VOUGHT [continuing]. three-and-a-half percent.

Mr. SCOTT. CBO has a baseline to keep up with everything. And—

Mr. VOUGHT. CBO has a baseline that includes paying more than we would like to in prescription drug costs.

Mr. SCOTT. OK.

Mr. VOUGHT. CBO has a baseline that assumes that we pay more than we would like to for things like CAT scans.

Mr. SCOTT. OK, that is right. And you come up about half-a-trillion dollars short of the baseline.

Mr. VOUGHT. We have savings, and \$135 billion for drug pricing—

Mr. SCOTT. Savings?

Mr. VOUGHT. We have savings for—

Mr. SCOTT. You don't have—

Mr. VOUGHT [continuing]. payment site neutrality. We have savings where we take things out of the Medicare Trust Fund and still fund them outside of Medicare at a slower growth rate.

Mr. SCOTT. You come in about a half-trillion under the proposed baseline.

Is it true the Department of Education cuts are 8 percent?

Mr. VOUGHT. It is true that we have a consolidated block grant of \$20 billion for education spending that takes 30 programs and consolidates and then block grants them to the state. It is true that we have basically flat-level funding from the year before. Once you control for the fact that we are eliminating programs that don't work—

Mr. SCOTT. Let me ask the question again. Is it true the Department of Education is cut 8 percent?

Mr. VOUGHT. There is a percent reduction for the Department of Education.

Mr. SCOTT. Is it—

Mr. VOUGHT. It is based on eliminating programs that don't work, that don't lead to better math and reading scores.

Mr. SCOTT. Which is important because the Department of Education recent report shows that reading proficiency was lower in 2019 and 2017.

You cut \$5 billion from elementary and secondary education.

Mr. VOUGHT. And when programs that don't lead to more proficiency in reading and math—and they proved that in studies, and that is a program like the 21st Century Learning program—we eliminate that program, yes.

Mr. SCOTT. I take that as a yes, you cut \$5 billion out of elementary and secondary education.

And your student loan plan, under present law, when you have paid on an income-based payment, after 15 years the rest of the loan is discharged. What happens after 15 years with payments under your plan?

Mr. VOUGHT. It is discharged.

Mr. SCOTT. It is totally discharged?

Mr. VOUGHT. You have debt relief after 15 years.

Mr. SCOTT. And the Public Service Loan Forgiveness?

Mr. VOUGHT. Under—people benefiting from that program would be benefiting from the new program after 15 years of the income-

driven repayment plan, in the same way as the graduate students would have the benefit after 30 years.

Mr. SCOTT. Instead of 10 years under the present plan?

Mr. VOUGHT. Fifteen year under the President's plan, 30 years for graduate—

Mr. SCOTT. Under the President's plan—under present law, the student—Public Service Loan Forgiveness, you are discharged after 10.

Mr. VOUGHT. That may be correct.

Mr. SCOTT. Thank you, Mr. Chairman.

Chairman YARMUTH. The gentleman's time has expired. I now recognize the gentlewoman from Connecticut, Ms. DeLauro, for five minutes.

Ms. DELAURO. Thank you very much, Mr. Chairman. I think it has been stunning this morning. And what we have been subjected to this morning is an Orwellian presentation that showcases doublespeak.

What is doublespeak, and what is its purpose? Its purpose is to distort reality. So let's talk a little bit about reality.

And Mr. Chairman, you pointed out that top lines were sent over in July, part of the bipartisan budget agreement. The President signed it. And what we find in this new budget is that he has walked away from that budget agreement. Bipartisan. Let's talk about that.

OK. Now, the other thing is let me just mention the conversation around budget cuts. Determining whether a federal budget proposal counts as a budget cut is simple. If the proposal would reduce funding for a program's benefit, or services, or reduce the number of people who qualify for benefits relative to levels that would occur under current law, it is a cut. Again, reality.

Let me clarify some of the distortions of reality about this budget.

The reality about job growth. It has been lagging in key states. Don't take my word for it; let's go to the Bureau of Labor Statistics. Pennsylvania, Michigan, Wisconsin, Ohio, Minnesota, job growth is lagging. That is what the Bureau says. Reality.

Real wages are barely increasing. I did not make up this number, Mr. Chairman, it is the Bureau of Labor Statistics.

Further reality, growth has been, essentially, the same as under Obama. That comes from the Bureau of Economic Analysis.

The growth rate, in reality, is well below past levels. That comes from the Bureau of Economic Analysis. The historical average is 3 percent. The Trump Administration is 2.5 percent. The Bureau of Economic Analysis.

Manufacturing? Manufacturing's share continues to decline to new, all-time lows. There is no blue collar boom. That is doublespeak. And that information comes from the Bureau of Economic Analysis. Because key states lost manufacturing jobs last year—Minnesota, Pennsylvania, Wisconsin, Michigan, Ohio—the data, again, comes from the Bureau of Labor Statistics.

From the Federal Reserve and from the Census Bureau, that the President's policies have only made wealth and income inequality worse, those are the facts.

You can say what you like, you can distort the truth any day of the week. You can continue to talk about cuts in a Orwellian fashion. But they are cuts.

I am just going to give you one last fact. I did a hearing this morning with regard to the coronavirus. We looked at FEMA and the CDC being the—two of the pillars that are going to help us in this effort. What are we watching? We are watching the FEMA budget being cut, both individual assistance, both the federal assistance, the disaster relief funds. We are watching the CDC budget being cut, and the money that they need to deal with this virus. And we are watching what they are doing to helping states and localities.

I rest my case, Mr. Chairman. This is nothing but an Orwellian distortion of what the reality is. Thank you, I yield back.

Chairman YARMUTH. The gentlewoman's time has expired. I now recognize the gentleman from Nevada, Mr. Horsford, for five minutes.

Mr. HORSFORD. Thank you very much, Mr. Chairman. I don't know where to begin. I would like to start by pointing out the concern that I know I had, and a majority of my constituents back in Nevada had, that when the 2017 Congress, along with the President, passed the historic Jobs and Tax Cut Act (sic), that we were worried that this day would come, where the proposal would be made to balance those tax cuts on the backs of the working people of this country.

We now know that that tax cut has added \$1.9 trillion to the deficit, and you are here today to defend a budget that seeks to balance our budget on the backs of working Americans.

One of the safety net programs that is most at risk of harm is the Supplemental Nutrition Assistance Program, also known as SNAP. The President cuts \$182 billion over 10 years from SNAP by imposing stricter work requirements that have already been rejected by Democrats and Republicans. A 130,000 Nevada families rely on SNAP benefits to put food on their table, and we know that SNAP has a tremendous multiplier effect in our economy, both in our rural and urban areas. Yet President Trump keeps trying to take food out of the mouths of children and needy families to do what? To give tax breaks to big corporations and the very wealthy.

Dr.—Director Vought, how many individuals will lose SNAP benefits as a result of this work requirement proposal?

Mr. VOUGHT. The way you are describing our proposal is not true, Congressman—

Mr. HORSFORD. How many individuals will lose—

Mr. VOUGHT. This budget would merely provide savings and reforms in the food stamp area in two primary ways.

Mr. HORSFORD. My question is—

Mr. VOUGHT. No. 1, the Harvest Box—

Mr. HORSFORD. How many—

Mr. VOUGHT. Let me give you an example.

Mr. HORSFORD. No, no, no. I am asking you a question. The question is how many individuals—

Mr. VOUGHT. We don't think people are going to lose coverage because of these proposals. We believe that people will get off of food stamps and go into—get off of the cycle of dependency and onto the

ladder of economic opportunity with jobs that don't require them to be on the social safety net program.

Mr. HORSFORD. So you—

Mr. VOUGHT. For instance, we have a—

Mr. HORSFORD. Do you—Director, I am reclaiming my time.

Mr. VOUGHT. OK.

Mr. HORSFORD. Fifty-three million Americans, 44 percent of the work force today, earns barely enough to live on, with making \$18,000 a year. Putting people on part-time jobs that don't pay livable wages doesn't get them off a cycle of dependency.

Mr. VOUGHT. We believe—

Mr. HORSFORD. I know. I come—

Mr. VOUGHT. We believe that is inaccurate. We have seen—

Mr. HORSFORD. Reclaiming my time.

Mr. VOUGHT. OK.

Mr. HORSFORD. The President also proposes to eliminate \$1.7 billion from the Corporation for Travel Promotion, also known as Brand USA. This is a direct attack on Nevada's tourism industry. In 2018 alone, Brand USA brought over 1.1 million international visitors to the United States, including to Las Vegas, creating 52,000 American jobs, and generated a total economic impact of \$8.9 billion.

Director, can you explain to me why this Administration wants to get rid of Brand USA, which has proven to be an economic engine for Nevada and the rest of the country?

Mr. VOUGHT. Congressman, we believe the true economic agenda is the economic policies that this President has put forward with regard to extending the tax cuts, which are working, which are—

Mr. HORSFORD. My question is regarding Brand USA. Don't divert to some broad, general talking point. I am asking about this program that has a tremendous direct impact on our nation's tourism economy.

Mr. VOUGHT. And I answered the question, that our economic agenda is based on a strategy of wanting to get—

Mr. HORSFORD. So tourism is not a part of your economic agenda, even though it is a key sector?

Mr. VOUGHT. I am not suggesting—

Mr. HORSFORD. Moving on, the President directly attacks Nevada by completely eliminating \$230 million in funding from the Southern Nevada Public Lands Management Act, also known as SNPLMA.

Just last year, Interior Secretary Bernhardt provided over \$100 million to support 47 public lands projects throughout Nevada and the California side of the Lake Tahoe Basin. These projects include wildlife—wildfire prevention projects, wildlife habitat conservation, and hazardous fuels reduction. Why are you and the President proposing to take away federal money and jobs from Nevadans by canceling SNPLMA funding?

And let me point out that 5 percent of the revenue generated from SNPLMA goes to the state of Nevada general fund, and 10 percent goes to the Southern Nevada Water Authority.

So this budget actually attacks the education of Nevada's children and our water supply. Why is the Administration doing that?

Mr. VOUGHT. We disagree with that analysis. We find that there is \$800 million in unobligated balances in that program, and the types of projects that this program has funded is slowly, over time, drawing up—drawing down, in terms of they are not being able to have applications for the spending. That is why we have unobligated balances. And all we are saying is we want \$200 million of that savings for deficit reduction when we—

Mr. HORSFORD. Sweeping money from the children of Nevada to balance your budget on the backs of working Americans after giving a tax cut to the very wealthy and big corporations is not going to happen, not on my watch.

Chairman YARMUTH. The gentleman's time has expired. I now recognize the gentleman from Georgia, Mr. Woodall, for five minutes.

Mr. WOODALL. Thank you, Mr. Chairman. I would like to give Mr. Horsford credit for not letting the President's budget pass, but I have been here 10 years and we haven't had any President's budget pass. We used to put the Obama budget on the floor, just to see if anybody would vote for it. And, generally speaking, folks wouldn't.

So, Director, I am grateful to you for going through this exercise, because I find that this is the only conversation about priorities we end up having in a line-by-line way. You take a big risk when you put things down, line by line, which is why folks like to talk about principles, instead of specifics.

And the 1974 Budget Act requires it, and the Administration complies with it, just as the Obama Administration did, and I am grateful to you for doing that.

I wanted to—you may not have looked at the tax bill that I have sponsored. It is not a tax cut bill, it was a tax reform bill, the FairTax, and we eliminated the income tax and the payroll tax in favor of a national retail sales tax.

And folks would always call and say, "Rob, I think that is a great idea, but I really want to hang on to my home mortgage interest deduction."

And I would say, "Well, we are eliminating the income tax, so there is nothing to deduct your home mortgage interest against."

"Well, I know, Rob, but I really want to keep that deduction."

I think about that while you are having the conversation about folks losing benefits because they have succeeded into a place where they no longer need those benefits.

I am all about the economic ladder. I want folks to be able to grab it, I want folks to be able to climb it. Some folks are going to come down, some folks are going to go up. It needs to be a dynamic place.

As you were looking at budget priorities, could you talk a little bit about whether those were decisions to cut things that you thought were irrelevant, or whether those were decisions based on a larger plan, when you said we are not going to need these things as much because we are going to be succeeding in other areas?

Mr. VOUGHT. Yes, I think that I mentioned this in my opening testimony. This is not meant to be a green eyeshades budget. We have investments where the President believes investments need to occur: infrastructure, rural America, ongoing funding for address-

ing the opioid epidemic. These are—obviously, our nation’s veterans, with an increase of 13 percent for veterans, and a 12 percent increase for NASA. So these are all areas where we looked at it, and we said, even with the top-line fiscal goals that we are trying to accomplish, we got to get to these levels.

And then we look at other areas, and we try to find waste and inefficiencies, and we try to find waste and inefficiencies everywhere, to be honest with you. But we look in—to find where can we get rid of program duplication. Where does the underlying logic for a particular policy need to change?

For instance, I mentioned land acquisition earlier. When we have 25 percent of the land in this country owned by the federal government, that is an easy place to find savings, just by not pursuing new, additional land.

So when we write a budget, we try to meet fiscal goals, but we do it with the context of these programs, and where we need to find savings, and where we need to make investments.

Mr. WOODALL. I do agree with Mr. Horsford, we can’t cut our way into prosperity. We have got to grow our way into prosperity.

Candidly, I was disappointed in the last Republican Presidential primary. Nobody ran on balancing the budget. Folks ran on new promises, in many ways. Folks ran on tax cuts. Nobody ran on balancing the budget. And that same thing is true in the Democratic primary going on now. I listen to some of these very heartfelt conversations about real people losing real benefits. That is the only place this conversation lands if we don’t get our fiscal house in order. Financial collapses hurt those who need government most the most.

Can you tell me a little bit about that long-term planning? It is so easy to get caught up in what this budget says about this year. I am really more interested in how this budget is going to impact us 10 years from now—

Mr. VOUGHT. Sure.

Mr. WOODALL [continuing]. and 20 years from now.

Mr. VOUGHT. That is the benefit of this budget. We have put forward a 15-year plan to get to balance. We believe that is a vital fiscal goal. We have to be able to get more along the lines of where American families are, every month, balancing their books to make sure that they have enough spending restraint to reflect what—the money that is coming in.

So that is going to continue to be our posture. That—this President is not running away from deficits and debt. He is tackling them. He is putting forward budgets—this is the fourth budget he has put forward. Congress has differing views with regard to whether those budgets should pass, but the President is coming forward into this chamber and saying, “This is my plan, this is my plan to get to balance, and I look forward to hearing from your plan.”

Mr. WOODALL. I hope that you will hear from our plan. I have had to write budgets on this Committee, I have had to write budgets for the Republican Study Committee. It turns out that is a really hard thing to do. There is a reason we have open rules on budgets. And anybody could offer their budget, because it turns out not many people want to offer their budget, because it is really hard

to do. I give the Progressive Caucus credit for doing it, our Republican Study Committee for doing it. But I certainly give the Administration credit for doing it. Thank you for being here.

Thank you for your indulgence, Mr. Chairman.

Chairman YARMUTH. The gentleman's time has expired. I now recognize the gentlewoman from Minnesota, Ms. Omar, for five minutes.

Ms. OMAR. Thank you, Chairman. Thank you for the—to my colleague for the shout-out to the Progressive Caucus for putting out a budget.

I wanted to ask how much has the national debt increased under Trump's tenure so far?

Mr. VOUGHT. Right now, debt, as a percentage of GDP, is roughly where it was when President Trump came into office as it pertains to Fiscal Year 2020—

Ms. OMAR. Could you just say how much?

Mr. VOUGHT [continuing]. Right around 80 percent. Right now, the national debt is \$23 trillion. It is too high. That is why we have a budget here to be able to tackle it by—

Ms. OMAR. OK—

Mr. VOUGHT [continuing]. \$4.6 trillion in deficit reduction over 10 years.

Ms. OMAR. All right. So it has increased \$3 trillion. And your deficit in 2020 alone will be more than 60 percent higher than the year Trump took office.

Massive tax cuts for the rich, aggressive military spending, and excessive immigration enforcement have all partially contributed to these high deficits. And with revenue as a share of the economy at historic lows, and income inequality at historic highs, I fail to see how you can realistically balance the budget under your current policies. But you are still expecting that high income growth will help pay for these wasteful spending policies.

Was the last time that annual—when was the last time that the annual GDP has hit your projected growth rate of 3 percent or higher per year?

Mr. VOUGHT. Yes. Our first year we were way over our economic growth number when the actuals came in at 2 percent and we were significantly underneath that. So we have been—out of the last three years, it has been closer to our mark than CBO's, two out of the last three years.

But I would—just would say we are trying to actually reduce wasteful spending in this budget. We don't think of tax relief for American families as wasteful spending. We think it is their own hard-earned money that we are returning to them, so they can invest in their families, their communities, and the individuals in their households.

Ms. OMAR. Yes. Well, we differ on that. It was never during this presidency. Your growth projection is about double the CBO expected during that same time period.

However, we know that this Administration is not afraid to cut important programs that millions of Americans rely on every single day to try to fix Trump's policy failures. And yet it was only four days ago that the President stated that he will not be cutting Social Security or Medicaid in the fiscal 2021 budget. So I am glad

we are now getting an opportunity to make sure we have this Administration on record for its false promises to the American people.

My colleagues on the other side and this Administration will lecture us on the academic principles of fiscal responsibility and austerity by limiting deficit spending, unless it means cutting tax cuts for the rich. OMB projects that the federal deficit will top \$1 trillion this year, and CBO sees \$1 trillion deficit continuing every year thereafter under your current policies.

Trump ran on this promise, this impossible promise, to eliminate all U.S. debt after eight years in office. But your own projections show that he will not even manage to come close to eliminating a budget deficit until 2035.

Republicans will shift our focus to high deficits and raising national debt that they are causing, not only to then push for deep cuts in vital programs for millions of working families, but also to distract us from the even bigger number, \$35 trillion.

I know that you talk about tax cuts as putting money back into people's pockets. But I know that most Americans see how their neighbors and everyday citizens are struggling under these cruel cuts that you are making to programs that are desperately needed by most Americans.

Thank you, and I yield back.

Chairman YARMUTH. The gentlewoman's time has expired. I now recognize the gentleman from California, Mr. Panetta, for five minutes.

Mr. PANETTA. Thank you, Mr. Chairman. Thank you for holding this hearing, Ranking Member Womack, as well as Director Vought. Thank you for coming up here and attempting to defend this budget, which I admit I do believe is a failure to invest in our communities, and does lack the will to invest in our future.

This budget, I believe, takes a step backward. It really creates greater challenges for the families that I represent there on the central coast of California, especially those in need of affordable housing, good schools, and healthy meals. It does fail to protect our environment or address climate change. It abandons public servants deserving of student loan forgiveness, and it does make it harder for low-income students to afford college. It cuts Social Security, even after the President promised not to do so, ignoring reforms like the Social Security 2100 Act, and it does sabotage our health care system by cutting Medicare and Medicaid.

It does all of this, while increasing spending on political promises such as building the wall. The proposed budget also pushes a notion that cutting spending is the only way to get our deficits under control I believe that if we don't have the revenue to make the investments we need in affordable housing, nutrition, and education, and protecting our environment and fighting climate change, then we should not be continuing tax cuts that benefit the wealthiest and corporations.

Fortunately, Congress, not the President, has the power of the purse. And going forward, just like in the past few years, I am confident that we will make more responsible decisions with taxpayer dollars than what has been proposed by this Administration.

Now, the President has promised to eliminate deficits. We understand that promise, we have heard it. Yet, even under very optimistic growth predictions that are all—that are a full percentage point above CBO and the Federal Reserve, the budget would not be balanced until about 2035.

Are there any independent or non-partisan analysts who share those growth predictions, Mr. Director?

Mr. VOUGHT. Congressman, this is a post-policy budget with its economic assumptions. And so the forecasters out there are taking the current law, as it is, and the current economic environment, and that is what is based on their forecasting.

We assume the policies of this proposal are enacted, whether that is infrastructure, whether that is agreeing to the better trade deals, whether that is getting people off of welfare rolls. All of those things are policies that are assumed in the economic—

Mr. PANETTA. Once again, Mr. Director, if I can—reclaiming my time—I appreciate it, but once again, are there any independent or non-partisan analysts who share your growth predictions? Yes or no.

Mr. VOUGHT. There are many economists out there who are advocates of economic growth at three and higher levels. There are forecasters out there, as I mentioned, who are predominantly looking at current law, and current economic—

Mr. PANETTA. OK, all right. Thank you, Mr. Director. Reclaiming my time—and I appreciate it—I got—I just have a short time here, and I want to get through this.

The CBO has revised its estimates of the 2017 tax law's costs. Have you factored those increased costs into the deficit impacts, or is this Administration still insisting that the tax cuts pay for themselves?

Mr. VOUGHT. We continue to insist that the economic agenda of this budget, this President, everything from the tax cuts, its extension, the deregulatory initiatives will, in fact, pay for the static cost of the—both the original score and the extension of the tax cut.

Mr. PANETTA. Thank you. Fortunately, I was—I am on the Ways and Means Committee, as well, and we had a pretty good hearing yesterday about corporate tax revenues, or the lack thereof, I should say, as a share of the GDP, considering they are at a historically low rate, and lower than almost every other advanced economy.

Does the Administration still believe that taxes should be reformed in any way on corporations?

Mr. VOUGHT. We are looking forward to a Tax 2.0 conversation with regard to reform, and there is a lot of things that will be part of that conversation. We mainly are proposing to extend the tax cuts, but the Administration will continue to work on other tax reform proposals over the next several years.

I know there has probably been news in the press along those lines, and that is when we attempt to get—

Mr. PANETTA. OK, thank you. As I mentioned, I am from the central coast of California. And there are certain things that we are threatened by when it comes to climate change: sea level rise, increased wildfires. Yet this budget cuts funding for the U.S. Geologi-

cal Survey by 24 percent, and for NOAA, the National Oceanic and Atmospheric Administration, by 14 percent.

Has this Administration factored any of the cost of climate change into its models?

Mr. VOUGHT. We have not.

Mr. PANETTA. Thank you. The—on the same lines, the budget greatly stifles clean energy innovation. It ends tax incentives for clean energy deployment, like the Solar Investment Tax Credit. It cuts funding for the Department of Energy's Office of Energy Efficiency and Renewable Energy by nearly three quarters. It eliminates ARPA-E, which is developing clean energy solutions of tomorrow.

Without these programs and tax incentives, how will we be able to develop and deploy critical technologies to reduce emissions?

Mr. VOUGHT. If you look at the totality of our budget, we have about \$8.5 billion that is devoted to climate-related research and clean energy technology R&D.

So, look, we do have a shift from applied research to basic research, but we still feel like we are putting a very strong foot forward with the development of clean energy.

Mr. PANETTA. Thank you. I appreciate it. I yield back.

Chairman YARMUTH. The gentleman's time has expired. I now recognize the gentlewoman from Texas, Ms. Jackson Lee, for five minutes.

Ms. JACKSON LEE. Mr. Chairman, Mr. Ranking Member, thank you so very much. And Mr. Vought, thank you for your service to the country.

I am in at this moment, because I have sat this morning in a markup on Homeland Security, I just left a markup on Judiciary, which is still ongoing, but I did not want to miss the opportunity to at least ask one or two questions to the Administration.

But I would offer to say that this symbol and language is clearly both misdirected and incorrect. This is not about America's future. This is not about an investment in America's future. This is a destructive document for ending America's future, particularly as it relates to the question of investing in all of the people of this country.

I am stunned, literally stunned, at the various cuts, including the \$1 trillion that is being cut out of Medicare and Medicaid, including close to \$4 billion that is coming out of life-saving medical research, in light of the coronavirus—there is a briefing coming up in just a minute or so. The reduction in education in districts like mine, \$6.2 billion; a focus on charter schools, private, rather than public schools—I am stunned. I am stunned at the lack of sensitivity to what this country needs.

I am stunned that you would cut FEMA federal assistance, coming from a district that experienced Hurricane Harvey, 51 trillion gallons of gas—primarily state and local—critical for terrorism and disaster preparedness by \$746 million. I am stunned.

And then, finally, I am further stunned—and I will ask a question—that all that it seems to be geared toward is to ensure that the most vulnerable people in this country get the short end of the stick.

Let me share some information with you very quickly from the Center for the Study of Social Policy, "The Racist Roots of Work." Work requirements do not support work, they harm families, the most basic part of it. In the years since Temporary Assistance was needy—for Needy Families, welfare, mandated work for families receiving cash assistance, hundreds of thousands of families have been left with less than \$2 a day of cash in America.

When Arkansas and other states have begun to implement work requirements in Medicaid, thousands of people have lost their health insurance. This spring, over 700,000 people will likely lose food assistance as states begin to implement the Trump Administration's expanded SNAP time limit.

And what they are gearing it toward is that enslavery—they begin to characterize the descendants of enslaved Africans as lazy. That is all the stereotypes. And there were laws put in place that, if you were picking cotton, you couldn't get assistance. And so this document is trying to uproot the long belief that poor people, particularly African Americans, and now immigrants and others, are lazy.

This budget clearly emphasized that, unfortunately, racially charged direction in cutting Medicaid, in cutting nutrition programs, in cutting housing. And so my question is this.

Mr. VOUGHT. Congresswoman, that is ridiculous.

Ms. JACKSON LEE. Excuse me, I have the time.

Mr. VOUGHT. Was President Clinton—

Ms. JACKSON LEE. I have the time, and I reclaim it.

Mr. VOUGHT. President Clinton signed into law welfare reform.

Ms. JACKSON LEE. I have the time.

Mr. VOUGHT. That included work requirement, Congresswoman.

Ms. JACKSON LEE. Will you—

Chairman YARMUTH. Mr. Vought, Mr. Vought—

Ms. JACKSON LEE. Out of order, and my clock needs to stop. You don't have the time.

Chairman YARMUTH. You will be given a chance to respond, if you want.

Ms. JACKSON LEE. How can you justify the inclusion of work requirements, which are not supported by any evidence that they increase employment and the repeal of the Medicaid expansion?

In addition, how do you justify a budget like this that is full with the—how should I say it? It is full with the highway of damaged human beings, and you continue to do so with this destructive domestic cuts budget.

And you also had an agreement where you would agree to fund defense spending and domestic spending the same, and you renege on the agreement.

What is your answer to that? Now I yield to you.

Mr. VOUGHT. Congresswoman, President Clinton signed into law historic legislation to reform welfare that had a work requirement in the TANF program, and it led to historic drops in caseload. Why? Because people were getting off of welfare, and getting on to the ladder of economic opportunity. The only thing that we do is—

Ms. JACKSON LEE. I voted against that bill.

Mr. VOUGHT. The only thing we do in this budget is expand it to food stamps, expand it to Medicaid, and expand it to housing, because we think it is a principle that will lead to more opportunity, rather than less.

Ms. JACKSON LEE. Mr. Chairman, I would like to put into the record the Washington Examiner, "Seven Years of Change You Can See and Feel," by myself, dealing with the collapse of the economy under this Administration, dealing with what President Obama did.

I don't think that is an answer, because it didn't work under the past Administration, it is not going to work now. Poverty is on the increase. You have people paying more money under the Trump tax cut for those making \$50 to \$100,000. They are going to pay more taxes, upwards of \$1 billion, and those who are in the top 1 percent will pay less taxes. That is what I am saying about a destructive pathway.

And I don't know how, in good conscience, that you could put this budget forward for us to even receive. You are doing nothing to reduce the deficit, except on the backs of children, poor mothers, elderly, and the disabled. It is shameful. Those who seek an opportunity that can—they can then provide for the greatness of this country.

I am stunned. I yield back, Mr. Chairman.

Chairman YARMUTH. The gentlewoman's time has expired. I—without objection, her unanimous consent request is so ordered.

[The information referred to follows:]

WASHINGTON
Examiner

WEDNESDAY | FEBRUARY 17, 2016

SEVEN YEARS OF CHANGE YOU CAN SEE AND FEEL

By SHEILA JACKSON LEE
<http://washex.com/1STbq6d>

The morning of January 20, 2009 was one of the coldest days on record in Washington, DC. But this was nothing compared to the chill wind blowing through the American economy and body politic. The nation was facing economic challenges unseen since the Great Depression: Americans were losing their jobs at a frightening rate of 800,000 per month; the national unemployment rate had risen to 7.8 percent and would continue to climb until reaching its peak of 10.0 percent in October 2009.

For African Americans, the numbers were much grimmer: A jobless rate of 13.5 percent in January 2009 which would grow to 16.5 percent by the end of the year. And on top of this, tens of thousands of American families each month were losing their health insurance and their homes to foreclosure. The United States was still bogged down in the quagmire that was the Iraq War and young people by the thousands were being forced to defer or drop out of college because of lack of financial aid. And the average price of gas exceeded \$4 per gallon.

It was against this backdrop that I watched from the inaugural platform as Barack Obama, surrounded by his radiant and beautiful wife, Michelle, and their two adorable daughters, rose to take the oath of office. After being sworn in as the nation's 44th president of the United States, Obama reassured an anxious but hopeful nation, saying:

"Today I say to you that the challenges we face are real. They are serious and they are many. They will not be met easily or in a short span of time. But know this America: They will be met."

Watching Barack Obama address the nation that day, spectators in attendance and viewers across the country and around the world understood they were witnessing a *historic president*, the first African American ever to hold the nation's highest office.

But more than being a historic president, Barack Obama's actions and leadership over the ensuing seven years would demonstrate that his would be a *consequential presidency* that changed America for the better.

His first and most pressing task was to rescue an economy on the brink of collapse. Working with the Democratic-controlled Congress, the American Recovery and Reinvestment Act was passed, which created 3.7 million jobs and saved the jobs of millions of teachers, firefighters, police officers and social service providers. The Recovery Act also cut taxes for working families, extended unemployment insurance, and expanded the Earned Income and Child Tax Credits, which disproportionately benefit African American families.

Seven years later the verdict is in on the economic plan put in place by President Obama and the Democratic Congress. The Recovery Act ended the Great Recession, transformed the economy from one hemorrhaging jobs

to one that has created more than 16 million new jobs over a record 71 consecutive months. The national unemployment rate has dipped under 5 percent for the first time since President Clinton left office, the deficit has been cut by 71 percent and the Dow Jones stock market index topped 18,000 in 2015, an increase of 177 percent over where it stood the day President Obama took office.

As an added benefit, the average price of gasoline has been reduced from more than \$4.11 per gallon to \$1.80, the lowest price since before the tragedy of September 11. The seven years of Obama also effected policy change in the areas of criminal justice reform, health and education, national security and foreign affairs.

President Obama also made history by appointing two women to the U.S. Supreme Court, including the first Hispanic American to serve on the Court. He appointed the first African American man and woman to serve as attorney general and the first woman to chair the Federal Reserve Board.

In the area of foreign affairs and national security, President Obama ended the Iraq War, assembled and led an international coalition to impose sanctions on Iran that were so crippling that it was forced to the negotiating table. That yielded the Iran Nuclear Agreement that prevents Iran from ever attaining a nuclear weapon. And of course, as the world knows, because of President Obama's leadership, General Motors is alive and Osama Bin Laden is dead.

For seven years, President Barack Obama has represented our country with grace, integrity, honor, and distinction. He has provided consolation, hope, and healing in the face of unspeakable tragedies such as the massacre of innocent children at Sandy Hook, worshippers at Mother Emanuel AME Church in Charleston, spectators at the Boston Marathon, and mass shootings in Aurora, Colorado and Tuscon, Arizona. He expressed and symbolized our joy and pride in the progress made over the last half century – and the distance we still have to travel – when he marched across the Edmund Pettus Bridge and addressed the multitude from the spot on the steps where the Rev. Martin Luther King, Jr. shared his dream for America's future.

So as President Obama serves the final year of his presidency, it is clear beyond doubt that he kept the promise he made to the nation seven years ago on that cold day in January when he said:

"Today I say to you that the challenges we face are real. But know this America: They will be met."

They were more than just met; they were overcome under his leadership. And because of President Obama, today the United States is stronger, more prosperous and better positioned than ever to win the future.

And that is what makes his one of the most consequential presidencies in American history.

Sheila Jackson Lee, a Democrat representing Houston in the U.S. House of Representatives, is a senior member of the House Committees on Homeland Security and the Judiciary. She is the Ranking Member of the Judiciary Subcommittee on Crime, Terrorism, Homeland Security and Investigations.

Chairman YARMUTH. Now I recognize the Ranking Member for 10 minutes.

Mr. WOMACK. I thank the Chairman, and I thank the Acting Director of OMB for being here and serving as a piñata for my friends on the other side of the aisle to just take as many shots at him as they prefer.

I—as I said in my opening, at least the President has produced a budget. And, as has been mentioned many times, the Speaker of the House has indicated, “When you show us your budget, you show us your values.”

And, by the way, there was a very carefully worded question by my friend, Mr. Price from North Carolina, earlier in this hearing that I want to go back to, and that was about the passage of a budget when the Republicans last controlled this Committee, carefully worded in the sense that he said, “Did Republicans pass a budget,” assuming he is talking about on the floor. But I want to clarify, and make sure, for the record, as the chairman knows, that this Committee, where this process begins, did, in fact, produce a budget and passed a budget out of this Committee, and referred it to the House.

Now, as the Director knows, and as my friend, the Chairman, knows, from there it becomes a matter of leadership to decide whether or not that particular piece of legislation goes to the full House. But I just want to be clear that this Committee did produce a budget in that year.

Now, having said that, I want to get back to more of a higher level. I am often amused as to how, when a director like Director Vought or anybody in his position would suggest reforms or savings from programs funded at the federal level, that all of a sudden the world crumbles and lives are destroyed.

In fact, Director Vought, when the federal government doesn’t fund some programs, that doesn’t mean that people are left out in the cold. In many cases, those programs are funded elsewhere.

Let me bring up CDBG for just a minute, because Mr. Sires talked about CDBG, and I am very familiar with the Community Development Block Grant, because I was a mayor of an entitlement city. And I just want to ask you if, in fact, CDBG was not funded, is it accurate to say that all of the programs and all the services offered through those CDBG programs would no longer be funded?

Mr. VOUGHT. No, of course not. There would be other opportunities for those activities and initiatives to be funded.

Mr. WOMACK. What would it require of those local governments to do?

Mr. VOUGHT. They would have to either look for other opportunities at the federal government to absorb that, or they would have to rely more on the tax base of their local community, so it is less of a revenue transfer from the federal government.

Mr. WOMACK. But of the menu of things that they already fund outside of the programs funded by CDBG, would it not be fair to say that they would have to go back through their priorities and determine what, if any, of those programs funded by CDBG would need to be picked up by, say, the general fund?

Mr. VOUGHT. Absolutely.

Mr. WOMACK. Isn’t that what the federal government should do?

Mr. VOUGHT. We believe that to be the case. It is time to make tough choices, that even programs that have been around a long time, it is time to figure out, in an era of \$23 trillion national debt where do we make tradeoffs?

And one of those areas is the CDBG program, because we think that it has not led to the types of outcomes that would let—lead communities to ultimately get to a point where they didn't need that money, as opposed to just continuing to draw it down every year.

Mr. WOMACK. See, my argument is that cities and counties that have an opportunity to pull money out of the federal government can save on those expenses at the local level, and re-prioritize, and take what would have been available for those services to fund other things: personnel, equipment, and what have you. And—but I think it is wrong to suggest that, because a program gets zeroed out, that all of those people are left out in the cold because they do have to go through a re-prioritization.

Isn't that what American families do every month that have household budgets?

Mr. VOUGHT. They do. They do—and they absolutely do. They go through every month, and they figure out what is coming in, and what is going out. How do you address what you are spending money—they typically go after what they spend to go out to eat, they—their hobbies, their shopping budget, and then they make tougher choices from there. But they make tradeoffs, and they know that they can't just get away with just continuing to put it on a credit card.

Mr. WOMACK. So in that spirit, we are \$23 trillion in debt. I don't have the number right in front of me, but I want to say the net interest on the debt is about—just short of \$400 billion. So, to make this relevant to, you know, somebody at home, this is like getting a credit card bill in the mail, and there is a place on that credit card bill that says minimum payment due, which is, effectively, the interest, in some cases, not all cases.

But in this particular case, the \$380 or \$390 billion that we are going to pay in net interest, that does not reduce the debt at all, does it?

Mr. VOUGHT. No, it just pays for our interest payments.

And just to give you a little perspective, that is about three times the size of the Department of VA.

Mr. WOMACK. So—

Mr. VOUGHT. Significant resources are going just to pay the interest on the debt.

Mr. WOMACK. So we are just paying the interest on the debt. All the while, the debt continues to go higher and higher and higher.

And so my ultimate point is this, as an appropriator, not just a budget guy but an appropriator. All of that money that goes into net interest on the debt, as I said in my opening remarks, serves to crowd out other funding that might otherwise be available for some of the programs that we are trying to reform to try to find savings, so that we can save ourselves from this catastrophe. Would that not be an accurate statement?

Mr. VOUGHT. It is accurate, for sure.

Mr. WOMACK. Now, both gentlemen to my left and right served with me a couple of years ago on the Joint Select Committee on Budget Process Reform, and one of the reasons we are in the shape we are in today is because we didn't do budgets. Budgets are hard to do these days.

And so we ended up plucking numbers out of the air, what we called the 302a numbers, and set those in stone, as we did in the 2020 and 2021 timeframe. And then the four corners of leadership look at those numbers and come to some agreement, and then the rest of us are obliged to really go along with that, or force a government shutdown.

The process is no longer working for the American people, certainly not consistent with the 1974 Budget Act. So I want to ask you a question about that in my remaining time.

We have advocated, both Rob and Mr. Yarmuth, as members of that committee—we looked at fiscal targets as an example of a solution. If we can't balance the books, then at least let's look at a fiscal target out there. And we thought the debt-to-GDP was probably one of those targets. In your budget, assuming that is a legitimate strategy, what are those debt-to-GDP targets from today to, say, in your budget?

Mr. VOUGHT. Sure. We would go to be roughly around 80 percent of GDP to 66 percent to GDP. And we are a big supporter of fiscal goals. That is why we focus on balance. But there is a lot of different fiscal goals that you can come up with.

And as someone who has written a budget before, it is next to impossible to make tradeoffs within a budget and produce these things with any degree of progress with regard to what you are going to do to the debt and deficits if you don't have a fiscal goal.

Mr. WOMACK. You have been assailed because you are trying to find savings on the mandatory side of the spending ledger. We all know that 70 percent of the federal budget is on the mandatory side. And, without congressional action, it just continues to go out of sight.

And the food fights that we have here in the Congress are usually on the discretionary side of the budget. You have felt some of that here today. But that is only about a third. It is about 30 percent of the federal budget.

A data point that I think is worth repeating is that, as a—to illustrate the point, as a percentage of GDP, as a percentage of our economy, mandatory spending continues to go higher, does it not?

Mr. VOUGHT. It does.

Mr. WOMACK. As a percentage of GDP, the money left for all of the other things that are included in the discretionary budget—that is, the budget that the appropriators will allocate—is going lower, correct?

Mr. VOUGHT. It is a fair point. I think that there needs to be a look at all aspects of the federal budget.

But in terms of the main mathematic structural driver of deficit, it is certainly on the mandatory side.

Mr. WOMACK. Now, if we are going to get after the mandatory side in some kind of a budget format, doesn't it stand to reason that we do a budget resolution that includes all the federal spending?

Mr. VOUGHT. Yes.

Mr. WOMACK. Are there tools in the toolbox that the Budget Committee can use, with which to be able to bring down some of the mandatory side?

Mr. VOUGHT. There are certainly tools that budget resolutions can do to be able to propose spending on both the discretionary and the mandatory side. That is what we have tried to do with this budget, as well.

Mr. WOMACK. But you got to do a budget resolution in order to be able to get to that particular tool in the toolbox.

Mr. VOUGHT. Yes, you can't—you—without a budget resolution passed by the House and the Senate, you are not going to do a reconciliation bill that has a chance of getting through the U.S. Senate.

Mr. WOMACK. Thank you, Mr. Director. I appreciate you being here today.

Chairman YARMUTH. The gentleman's time has expired. I now, just under the wire, recognize the gentlewoman from Illinois, Ms. Schakowsky, for five minutes.

Ms. SCHAKOWSKY. Thank you, Mr. Chairman.

So in 2016, Candidate Donald Trump said, "I was the first and only potential GOP candidate to state there will be no cuts in Social Security, Medicare, or Medicaid." And then, after he won the nomination, with the help of plenty of senior citizens, every—and every year since his election, he has posed as a—he has posed as a champion for senior citizens, et cetera. But yet every year he has broken the promises.

So Mr. Vought, in this year's budget you propose to slash \$500 billion from Medicare, almost \$1 trillion from Medicaid, and \$24 billion from Social Security—for Social Security disability. Am I right?

Mr. VOUGHT. No, you are not.

Ms. SCHAKOWSKY. Yes, I am.

Mr. VOUGHT. The President fully protects Social Security and Medicare in this budget, as he has affirmed each and every opportunity he has on—

Ms. SCHAKOWSKY. You are saying those numbers are—don't exist?

Mr. VOUGHT. I am saying that they do not reflect the reality that these programs are going up each and every year. Medicare will go up—will grow by 6 percent—

Ms. SCHAKOWSKY. A hundred—

Mr. VOUGHT. Medicaid will grow by 3 percent.

Ms. SCHAKOWSKY. OK. We really interpret numbers, I guess, different from you, when there is almost \$1 trillion cut out of Medicaid.

So, Mr. Vought, yes or no, just hours before the introduction of the budget on Monday, did President Trump tweet, "We will not be touching your Social Security or Medicare in fiscal 2021 budget?"

Mr. VOUGHT. That tweet is fully reflected in the budget that you see today. This budget fully protects Social Security and Medicare beneficiaries.

Ms. SCHAKOWSKY. President—I mean we totally disagree on that, as do all the advocates for Social Security, Medicare, and Medicaid who are professionals, as well.

President Trump also loves to say that “our air and water are the cleanest they have ever been.” So, Mr. Vought, yes or no, does this budget propose cutting funding for the Environmental Protection Agency?

Mr. VOUGHT. It does. It proposes a cut to EPA by about 26 percent, and we believe that we will still be able to fulfill the statutory responsibilities of clean air, clean water, clean land—

Ms. SCHAKOWSKY. Now, we have also seen, in the time that he has been President, an increase in carbon emissions going absolutely in the wrong way.

And when it comes to education, the President, it seems, is not any different. At the state of the Union, Americans saw a spectacle of President Trump giving a young, African-American girl—who, by the way, didn’t have a seat there, she was on the stairs—a scholarship to a school of her choice, saving her from the failing government schools.

But the Philadelphia Inquirer reported that the student already attended one of Pennsylvania’s top charter schools.

So, Mr. Vought, yes or no, does the Fiscal Year 2021 budget cut the Department of Education’s funding?

Mr. VOUGHT. There is a \$20 billion education block grant in this budget that consolidates 30 programs in a way that allows states more flexibility. It would be at roughly the same level as last year, once you assume the elimination of programs that we have long believed don’t work.

Ms. SCHAKOWSKY. You have long believed don’t work.

In fact, every budget President Trump has proposed has cut critical funding for our public schools. We call them public schools. I was a public school teacher. I am very proud of that. And now this idea that they are these failing government schools, I am not sure what the implication was.

It is the same story this year with this proposed \$5.6 billion in cuts for the Department of Education. The President’s 2021 budget is nothing more than a laundry list of broken promises. I am proud to be part of the House Democratic majority that will invest in America’s health care, environment, and education for years to come.

And I yield back.

Chairman YARMUTH. The gentlewoman yields back. I now yield myself—oh, would you like to respond?

Mr. VOUGHT. I just want to quickly correct one thing. I had referred to nearly \$1 million in waste. I was referring to the professional cricket league in Afghanistan. So I just want to make sure that is understood for the record.

And back to you, Mr. Chairman.

Chairman YARMUTH. OK, thank you. I now yield myself 10 minutes, and I begin by thanking you for your patience, your indulgence. I know these things can get a little heated and contentious. But you have handled that very responsibly, and in a dignified fashion. So I thank you for that.

And I want to remind everyone, just for the record, that the majority leader of the Senate has announced that the Senate is not going to do a budget, as well. And I raise that not to say because they did it—are not doing it, we are not doing it. The fact is we passed a budget last year for two years. We have appropriated to that. And the majority here, we have shown our values. Passing a budget resolution this particular year would change absolutely nothing. And next year, if we are still in the majority, my Ranking Member friend, you can hold me to a different type of obligation next year.

So we—a lot of disagreements here on what are cuts or not, and what are not cuts. And I understand, with things like Medicare and Medicaid, it is a legitimate argument. But on the discretionary side of the budget, this year, under the President's budget, total discretionary, non-defense spending would be \$590 billion. That is about a \$40 billion cut from current year, and from the caps that we agreed on in the bipartisan deal.

Do you know what the total non-discretionary spending will be in 2030?

Mr. VOUGHT. In 2030, off the top of my head, no, I don't know that.

Chairman YARMUTH. Well, according to Bob Greenstein at the Center on Budget and Policy Priorities, it will be somewhere around \$406 billion. And he characterized it as the lowest level of non-defense discretionary spending as a percentage of the economy since the Coolidge Administration, when the government, federal government, was, obviously, a lot less active and a lot smaller.

So it is hard to say that that is—there has not been a significant cut to that side of the budget, which has many programs that are very important to moderate and lower-income individuals.

So—and I have to be a little bit miffed, I guess is the best word, because you talk about savings and waste and fraud, and that you are going to do different types of approaches. But has the Administration offered any legislation in any of these areas? The Administration has not offered legislation to deal with health care, to deal with an alternative education student loan program, to do an infrastructure bill.

You talk about—you mention a \$1 trillion infrastructure program. It is not really \$1 trillion, it is \$190 billion. And that is matched by \$800 billion in city and state or private funds. So the federal commitment, the taxpayers' commitment, is not anywhere close to \$1 trillion.

But if you have programs—so, I mean, the point is that we are trying to accept—you are asking us to accept the fact that you are going to save money with all these alternative approaches, but the Administration has never offered any legislation to give us any confidence that it can carry out that—those programs.

And when you talk about preexisting conditions, forgive me for being a little bit snarky, but for somebody who has lied—according to the FactCheck or the Washington Post—16,000 times in his three years in office, the fact that he says he is going to protect preexisting conditions when no one—no one in this country has ever proposed a plan to protect preexisting conditions and guarantee price to the American patient, American consumer—yes, you

could have guaranteed issue, they can buy insurance, but you are not going to be guaranteed a price protection, which means they aren't protected.

So I am a little—I think it is a little bit disingenuous to say that we can—the President has committed to protecting preexisting conditions because, again, nobody has ever been able to come up with a plan, other than the ACA or a program like Medicare or Medicaid, to do that.

Mr. VOUGHT. Can I speak to that, Congressman?

Chairman YARMUTH. Yes, sure.

Mr. VOUGHT. Mr. Chairman, a couple things. On the 2 percent reduction for non-defense, all we are asking to do is go from a 5 percent in one year and 2 percent each year. We believe that—we call it a two-penny plan. We believe that is completely rational, and something that, over time, we can find the reforms—and it would require reforms. We put out a government reorganization plan to be able to start this debate about the magnitude of what would be necessary.

Similarly, sometimes in our budgets we propose a lot of specificity, and sometimes we don't. Our first year we had a lot of specifics on infrastructure, and the Hill came back to us and said, "Next time we actually want to get something done in this area, we would prefer you not to have as much specifics." And that is where we currently are.

We have a \$1 trillion plan. We assume that—higher levels of spending, along the lines of what Senator Barrasso has put forward. We fill the Highway Trust Fund with savings from mandatory reforms elsewhere. So we believe we are putting a credible path forward.

What we have refused to do is raise taxes on the American people.

Chairman YARMUTH. Right.

Mr. VOUGHT. And then, finally, on—the President—it is not just his commitment that he has repeatedly articulated. He has put forward plans, or supported plans that do this.

We had, last year in the budget, a specific proposal called Graham-Cassidy. It is not in there this year, because Graham—the President is working on his own plan that we are not yet ready to reveal. But I am—but it will be fully reflected in what he comes forward with, and it has been in past plans that he has supported.

Chairman YARMUTH. All right. Thank you very much.

Now, in your testimony I think you misspoke. You cited a statistic that this Administration has touted in recent months, and you said that the bottom half of the country, the population, has had their—you said today—income grown by 47 percent, and your testimony actually says that their net worth has grown by 47 percent. Am I correct, it is net worth and not income you are talking about?

Mr. VOUGHT. Yes, that is correct.

Chairman YARMUTH. Right. So, given the fact that one in five American families has zero to negative net worth, it doesn't take much—it could take \$10 or \$100—to get a pretty significant percentage increase. But that is not the point I am going to get at.

In dollar terms, that increase for the bottom half of the population of households amounted to roughly \$500 billion. Do you know what the same dollar increase in the net worth was for the top 1 percent?

Mr. VOUGHT. I don't have that at my fingertips right now. But we do believe—

Chairman YARMUTH. I do have this answer.

Mr. VOUGHT. We do believe that we are getting people off of welfare. Ten million people have gotten off of welfare. Seven million people are off of food stamps. And, over time, their incomes double and triple, once they are off of these cycles of dependency.

So while a number—and I haven't checked that math recently, but to the extent that there is a smaller number on a chart that you produced along those lines, we don't think that that is a dynamic story. We think the dynamic story will be more economic opportunity over the next—

Chairman YARMUTH. I understand that. But the top 1 percent's net worth has grown \$3.5 trillion, \$3.5 trillion versus a half-a-billion—I mean \$500 billion for the entire half of the population. So any idea that this economy has in any way balanced the scales of income inequity or net worth in the country is ridiculous.

You know, I am going to conclude by asking you something I mentioned in my opening remarks. I said it is your obligation, as Acting Director, to ensure that OMB is adhering to the requirements of the Impoundment Control Act, and fully respecting that the Constitution invests Congress with the power of the purse.

As Acting OMB Director, what steps are you taking to ensure that OMB will not withhold duly enacted appropriations again from the agencies to whom Congress appropriated those funds?

And what steps are you taking to ensure that information is being shared with Congress, and that there is transparency for the American people?

Mr. VOUGHT. Yes, we believe we have been transparent. So up until the point in which the impeachment proceedings began, or the beginnings of impeachment proceedings—I want to be careful, because we have been able to have a hearing without re-litigating the last several months—we were producing information, as we normally would, with both this Committee and the Appropriations Committee regarding specific apportionments and things along those lines. That is how we operate.

We have given GAO all the information that they have requested, to our knowledge. There is a recent accusation along the lines of something different, but the letter that we sent to GAO, we believe, had the information that they were requesting. And there was no followup from GAO.

So the short and sweet answer is, yes, we will continue to be transparent with regard to how we manage the people's money. And all that we are doing is managing it efficiently, economically, with spend plans to ensure that money is not wasted in the process.

Chairman YARMUTH. But that ultimately is not your determination. If Congress decides to pass a wasteful program—and we certainly shouldn't do that—is it—do you feel it is your obligation to

implement the spending priorities that the Congress establishes, or do you not?

Mr. VOUGHT. I—we believe that we need to abide by the appropriation that you have passed by Congress, that our ability to manage efficiency and economically within that appropriation—we look at the appropriations law, we look at the authorization law, and we figure out what our flexibility is in—within that framework.

Chairman YARMUTH. OK. Well, I accept your office, but we will—your answer and your representation, and I will—and we will hold you to it.

Thank you very much, once again, for being here, and your work on behalf of the American people.

And with no—if there is no further business, the hearing is adjourned.

[Whereupon, at 1:07 p.m., the Committee was adjourned.]

SHEILA JACKSON LEE
18TH DISTRICT, TEXAS

WASHINGTON OFFICE:
2160 Rayburn House Office Building
Washington, DC 20515
(202) 225-3816

DISTRICT OFFICE:
1919 SMITH STREET, SUITE 1180
THE GEORGE "MICKEY" LELAND FEDERAL BUILDING
HOUSTON, TX 77002
(713) 685-0050

ACRES HOME OFFICE:
6719 West Montgomery, Suite 204
HOUSTON, TX 77019
(713) 691-4882

HEIGHTS OFFICE:
420 WEST 19TH STREET
HOUSTON, TX 77003
(713) 861-4070

FIFTH WARD OFFICE:
4300 LYONS AVENUE, SUITE 200
HOUSTON, TX 77020
(713) 227-7740

**Congress of the United States
House of Representatives
Washington, DC 20515**

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CONGRESSWOMAN SHEILA JACKSON LEE OF TEXAS

**STATEMENT
HEARING:**

“PRESIDENT’S FISCAL YEAR 2021 BUDGET”

COMMITTEE ON THE BUDGET

210 CANNON

FEBRUARY 12, 2020

10:00 A.M.

- Thank you Chairman Yarmuth and Ranking Member Womack for convening this hearing on the President’s proposed Budget for Fiscal Year 2021.
- Let me also welcome our witness, OMB Acting Director Russell Vought.
- The President’s proposed budget projects FY2021 revenues of \$3.863 trillion and outlays of \$4.829 trillion, leaving a deficit of \$966 million.

- Over the next 10 years, the President proposes budgets that will cumulatively increase the national debt by \$5.6 trillion and does not come close to ever balancing.
- This budget makes it very clear that the President's priorities are not with the "forgotten Americans" that he claims to represent.
- Mr. Chairman, we are living through a period of increasing income and wealth inequality that gets worse each passing year and is exacerbated by the policies pursued by this Administration and favored by our Republican colleagues.
- Consider the implication of these facts.
- America's top 10 percent now average more than nine times as much income as the bottom 90 percent.
- Americans in the top 1 percent average over 40 times more income than the bottom 90 percent.
- The nation's top 0.1 percent are taking in over 198 times the income of the bottom 90 percent.
- In 2018, the three men at the top of the Forbes 400 list — Amazon founder Jeff Bezos, Microsoft founder Bill Gates, and investor Warren Buffett — held combined fortunes worth more than the total wealth of the poorest half of Americans.
- The median African American family, with just over \$3,500, owns just 2 percent of the wealth of the nearly \$147,000 the median White family owns.
- The median Latino family, with just over \$6,500, owns just 4 percent of the wealth of the median White family.

- Put differently, the median White family has 41 times more wealth than the median Black family and 22 times more wealth than the median Latino family.
- Mr. Chairman, this budget would undermine the very programs relied upon by poor, working, and middle-class families and our nation's most vulnerable citizens: children, senior, the disabled, and the homeless.
- Under the President's budget, non-defense discretionary (NDD) programs are cut by \$45 billion relative to the Bipartisan Budget Act of 2019, including cuts to Medicare and Medicaid, while defense spending is slated for reduction not at all.
- The budget would reduce funding for SNAP by \$182 billion or 20 percent.
- Like the phony budget submitted last year, the President's FY2021 budget again requests only \$200 billion for the Administration's \$1 trillion infrastructure proposal and forces cash-strapped state and local government to provide the remaining \$800 billion in funding.
- The budget requests Congress to approve spending \$2 billion of the taxpayers' money to build an unnecessary, ineffective, and immoral wall along the southern border that the President boasted and assured Americans that would be paid for solely by Mexico.
- The budget would reduce funding for the State Department and international programs by \$12 billion or more than 21 percent, eviscerating America's soft-power comparative advantage in international affairs.
- Let me blunt: the President should be embarrassed and ashamed to present this budget and expect it to be taken seriously by the American people's representatives in Congress.

- Let me tell you why.
- The President's budget sinks the nation into deficits exceeding \$1 trillion a year while showering the top 1 percent with tax breaks.
- The President's budget undermines the nation's future through reckless cuts to investments and programs needed to boost jobs and innovation, revitalize communities, and generate broad-based prosperity.
- The President's budget piles more hardships on Americans struggling to get by with \$292 billion in cuts to direct spending programs that safeguard basic living standards for working families and people struggling to get by.
- The President's budget pursues deep Medicaid cuts and other destructive health care policies.
- The President's budget continues the Republican obsession with dismantling and destabilizing health care for millions of Americans by making yet another attempt to "repeal and replace" the Affordable Care Act with an inferior plan that will leave millions more people without meaningful health insurance coverage, weaken protections for people with pre-existing conditions, and result in a net \$1.5 trillion cut to health care.
- As part of this attack on health coverage, the President's budget cuts \$900 million from Medicaid over ten years, jeopardizing care for seniors in nursing homes, children with disabilities, and low-income families.
- The President's budget fails to make necessary investments in infrastructure.
- The President's budget relies on extremely optimistic assumption of 3% annual economic growth, notwithstanding the fact that the growth rate has not ever come close to the President's promise of

“4, 5, or even 6 percent” growth, and the nation’s leading private forecasters, as well as the Congressional Budget Office, forecast average annual growth of approximately 1.7 percent.

- There is much wisdom in the adage that “the President proposes, the Congress disposes.”
- In short, Mr. Chairman, this phony budget is Act III of the immorality play we predicted the President would write.
- Act I was the cutting of taxes for the rich; Act II was the inevitable exploding of the deficit we predicted would result and our Republican friends denied would ever happen.
- And now we have Act III, in which Republicans claim to have newly rediscovered their horror over the deficits created by their fiscal irresponsibility and insist that the mess they created but be cleaned up by slashing investments in the programs relied upon by the 90-95 percent of Americans who were made worse off by the GOP TaxScam.
- This budget should be declared DOA and Congress should get to work on appropriations for Fiscal year 2021 that reflect the priorities and address the real challenges facing the American people.
- Thank you; I yield the remainder of my time.

House Budget Committee Hearing on The President's 2021 Budget

February 12, 2020

Questions for the Record

Chairman John A. Yarnuth

Questions for the Honorable Russell Vought

Acting Director Vought, as an institution, the Congress has the primary constitutional and statutory role in funding decisions. And, I am interested in the Budget's discussion of a process known as Administrative Pay-As-You-Go (PAYGO). The Budget describes that the "Administration reinvigorated the Executive Branch's review of agency administrative actions that affect mandatory spending," including through Executive Order 13983 issued in October regarding guidance to agencies to offset the cost of administrative actions that would increase mandatory spending. The Executive Order required OMB to rescind existing Administrative PAYGO guidance from 2005 that was still available on OMB's website, and provide new implementing guidance within 90 days. In December, OMB rescinded the 2005 guidance to agencies and stated that "additional implementation guidance is available to agencies in . . . Budget Procedures Memorandum 986." Given your commitment to sharing information with Congress and providing transparency for the American people, I ask that you provide a copy of Budget Procedures Memorandum (BPM) 986 and any other implementing guidance to the Budget Committee and explain when this new guidance will be publicly available, just as the prior 2005 guidance was. I also have a general question about how this Executive Order will be implemented:

- Under the implementing guidance, how will OMB and agencies consider the net benefits associated with administrative actions? What cost and benefit analyses, and what types of supporting factual data, will the guidance require or recommend? Is it the position of the Administration, for example, that an administrative action with demonstrable and significant benefits for the American people will be blocked until a mandatory spending offset is identified and proposed?

In addition to OMB's plans related to pursuing offsets, I am interested in section 8 of Executive Order 13893, which is entitled "Flexibility for the Director of OMB to Pursue Additional Deficit Reduction" and states that "The Director may pursue additional deficit reduction through agency administrative action."

- As Executive Orders do not confer additional authority beyond what is otherwise provided by statute, what is the statutory basis for the inclusion of section 8 in Executive Order 13893? Please provide a detailed response as well as an explanation of section 8 of Executive Order 13893, including the types of funding sources covered by such section, and how you have carried out or may carry out such section.

- How will the heads of agencies be included in the process for reviewing potential administrative actions for additional deficit reduction, and will they have the final authority on what administrative actions their agencies undertake, absent specific direction from the President?
- Would the additional deficit reduction through agency administrative action pursuits achieve savings made possible by or through changes in requirements or greater efficiency of operations?
- Does OMB plan to report the agency administrative actions under the requirements of the Impoundment Control Act of 1974? Does OMB plan to issue guidance advising agencies about reporting agency administrative actions under the requirements of the Impoundment Control Act of 1974? Please explain how OMB plans to communicate information to Congress about any offsets or any savings achieved under section 8.
- Please explain how OMB will determine which administrative actions are reported under the requirements of the Impoundment Control Act of 1974 and how OMB will ensure that the implementation of this new guidance will not run afoul of the Impoundment Control Act of 1974 or any other statute.

Questions for the Record

Congressman Ralph Norman (SC-05)
The President's Fiscal Year 2021 Budget
February 12, 2020

Question #1

- What is the reasoning behind moving the Secret Service from the Department of Homeland Security to the Department of the Treasury? Given the high degree of interoperability and coordination between the Armed Services and the Secret Service, would it not make more sense to move it into the Department of Defense?
 - What is the evidence that the Treasury can match the cybersecurity capabilities of the DoD deemed so critical to the Secret Service's financial crime mission?
 - Did you consider relinquishing any other agencies from the Department of Homeland Security?

Question #2

The proposed budget incorporates Coast Guard activities in the base budget that have historically been funded by the Overseas Contingency Operations account, also known as "OCO." In essence, this demonstrates that many of the overseas duties performed by the Coast Guard are not contingent, but permanent. In other words, they go beyond domestic protection and enter the realm of global conflicts – just like the other Armed Services.

- Now, since your budget finds many of its savings in eliminating "fragmentation, overlap, and duplication," and given, the overlapping areas of responsibility and interoperability between the Coast Guard and the rest of the Armed Services, did you consider moving the Coast Guard into the Department of Defense?

House Budget Committee Hearing on The President's 2021 Budget

February 12, 2020

Questions for the Record

Congressman Jimmy Panetta

Questions for the Honorable Russell Vought

1. Acting Director Vought, in response to my question regarding the Office of Management and Budget (OMB) factoring climate change into economic projections, you stated that OMB did not do so.
 - Why did OMB not factor climate change into these projections?
 - Does OMB believe that climate change will have no negative impacts on our economy or our debt and deficits, or that it will have no costs?
2. Acting Director Vought, in response to one of my questions at the hearing, you stated, “If you look at the totality of our budget, we have about \$8.5 billion dollars that's devoted to climate-related research and clean energy technology R&D.”

Please provide for the record the funding details that support this \$8.5 billion figure. Specifically, to the fullest extent possible, please provide a complete set of climate-related funding data disaggregated by:

- **Fiscal year**, including for the FY 2021 President’s Budget and for enacted or actual budget authority in FY 2020, FY 2019, and (if available) FY 2018 and FY 2017;
- **Programmatic category**, including climate science and global change research, clean energy technologies, climate adaptation and resilience, and international climate change assistance; and
- **Agency, appropriations account, and program, project, and activity**, by line item as presented in the President’s Budget Appendix and annotating any cases in which funding is mandatory rather than discretionary.

If any energy tax provisions or other tax expenditures were used to estimate the \$8.5 billion figure, please also include funding data for such expenditures, disaggregated by fiscal year and specific tax provision.

Questions for the Record
House Budget Committee Hearing
President's 2021 Budget
Rep. David E. Price
February 12, 2020

Under the Antideficiency Act and standing executive orders, you are responsible, as Acting Director of OMB, for the prudent execution of budgetary resources provided by the Congress to the executive branch. As part of that responsibility, you are required by law to make available (or apportion) appropriated funds to agencies such as the Department of Housing and Urban Development (HUD).

1. HUD brought forward into fiscal year 2019 over \$28,005 million in unobligated balances in the no-year Department of Housing and Urban Development—Community Planning and Development—Community Development Fund (Treasury and Appropriation Fund Symbol (TAFS) 086-0162 /X). Of that amount—according to the relevant SF-133—\$27,965 million was apportioned by OMB as available for obligation by, at latest, November 2018 (the first publicly available reporting period for apportioned and obligational resources for that fiscal year).

Subsequently, HUD brought forward \$31,072 million into fiscal year 2020 in the same TAFS. According to the relevant SF-133, no funding in TAFS 086-0162 /X had been apportioned by the end of November 2019, and by the end of the first quarter of fiscal year 2020 and according to the relevant SF-133, only \$5 million had been apportioned as available for obligation.

- a. 31 U.S.C. 1513(b) and the relevant guidance in OMB Circular A-11 would have required HUD to submit an apportionment request for the \$31,072 million brought forward into fiscal year 2020 by August 21, 2019. Did HUD submit such request on time? If not, when was it submitted?
 - b. 31 U.S.C. 1513(a) and the relevant guidance in OMB Circular A-11 (120.4) would have required OMB to apportion the funds in TAFS 086-0162 /X for fiscal year 2020 by September 10, 2019. The data in the SF-133, which shows zero unobligated resources as having been apportioned through November 2019, indicates that OMB did not fulfill this statutory requirement. Why not?
 - c. Why did OMB only apportion \$5 million in TAFS 086-0162 /X as available for obligation during the first quarter of fiscal year 2020?
2. On page 111 of [Part 6 of the hearings before the House Committee on Appropriations Subcommittee on the Departments of Transportation, and Housing and Urban](#)

Development, and Related Agencies for the 1st Session of the 116th Congress, the Department of Housing and Urban Development stated for the record that the apportionment in TAFS 086-0162 /X contained the following restriction:

“not less than 10 days before submitting a request to change the amounts apportioned by quarter, HUD must submit to OMB a summary of the grantee’s Action Plan or Substantial Action Plan Amendment, a summary of interagency input sought and received on the plan, and the grant agreement (including all specific grant conditions placed on the grantee to address unmitigated high risks).”

- a. Did OMB believe that this footnote was legally binding under the Antideficiency Act?
- b. Is it OMB’s contention that knowingly and willfully violating that direction—that is, requesting a reapportionment of funding before such information was submitted—would have made an officer or employee at HUD subject to the adverse personnel actions or criminal penalties under 31 U.S.C. 1518 and 1519, respectively?
- c. What specific statutory authority does OMB believe it has to dictate when or whether an agency requests a reapportionment of funding? What specific statutory authority permits OMB to dictate the contents—other than the form—of an agency’s reapportionment request?
- d. Please describe the current apportionment schedule approved by OMB for fiscal year 2020 for this account, including by apportionment category and any apportionment actions to preclude funding from obligation by HUD.
- e. Please provide the Committee with copies of all OMB-approved apportionments, including associated footnotes, apportioning funding in TAFS 086-0162 /X that were in effect during any time in the final quarter of fiscal year 2019 or at any time during fiscal year 2020 to date.

The Impoundment Control Act of 1974 (ICA) spells out very narrow and prescribed criteria under which an agency (including OMB) may seek to impound funding. The Antideficiency Act provides parallel permissions and restrictions on OMB’s authority to apportion funding, specifically in 31 U.S.C. 1512(c). How are OMB’s apportionment actions with respect to the funding in TAFS 086-0162 /X during the first quarter of fiscal year 2020—and any similar subsequent withholdings—consistent with both of those foundational funds management laws?

Questions for the Record

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Rep. Yarmuth

Acting Director Vought, as an institution, the Congress has the primary constitutional and statutory role in funding decisions. And, I am interested in the Budget's discussion of a process known as Administrative Pay-As-You-Go (PAYGO). The Budget describes that the "Administration reinvigorated the Executive Branch's review of agency administrative actions that affect mandatory spending," including through Executive Order 13983 issued in October regarding guidance to agencies to offset the cost of administrative actions that would increase mandatory spending. The Executive Order required OMB to rescind existing Administrative PAYGO guidance from 2005 that was still available on OMB's website, and provide new implementing guidance within 90 days. In December, OMB rescinded the 2005 guidance to agencies and stated that "additional implementation guidance is available to agencies in . . . Budget Procedures Memorandum 986." Given your commitment to sharing information with Congress and providing transparency for the American people, I ask that you provide a copy of Budget Procedures Memorandum (BPM) 986 and any other implementing guidance to the Budget Committee and explain when this new guidance will be publicly available, just as the prior 2005 guidance

- Under the implementing guidance, how will OMB and agencies consider the net benefits associated with administrative actions? What cost and benefit analyses, and what types of supporting factual data, will the guidance require or recommend? Is it the position of the Administration, for example, that an administrative action with demonstrable and significant benefits for the American people will be blocked until a mandatory spending offset is identified and proposed?

OMB uses Budget Procedure Memorandums (BPMs) to provide internal, operational guidance to OMB staff. Some BPMs, like BPM 986, are also sent to agencies in instances where OMB needs agency assistance to complete internal exercises. Per longstanding practice, we do not publicly release BPMs, as they often include descriptions of internal, deliberative processes and reference internal websites, guidance, deadlines, etc.

BPM 986 standardizes the process for agencies to provide information on administrative actions to OMB for Administrative PAYGO review. The BPM explains how agencies should share information with OMB and work with OMB to find offsets and request waivers as required under E.O. 13893. Given the wide array of actions which may be subject to Administrative PAYGO, the guidance does not contain specific criteria for evaluating the net benefits of particular administrative actions.

As stated in E.O. 13893, the Director of OMB may waive the requirements of Administrative PAYGO if a waiver "is necessary for the delivery of essential services, for effective program delivery, or because a waiver is otherwise warranted by the public interest." This is consistent with OMB memo M-05-13, which stated that exceptions to the requirement would be provided "in light of extraordinary need or other compelling circumstances." The intention of Administrative PAYGO is not to block essential services or Administrative priorities, but rather to hold the Executive Branch accountable to a similar principle that the Congress holds itself to under the Pay-As-You-Go Act of 2010.

Rep. Yarmuth

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Response to bullet 1:

Section 8 of the EO does not confer additional authority to OMB than what is otherwise authorized by statute. As stated in Section 9 of E.O. 13893,

Nothing in this order shall be construed to impair or otherwise affect:

(i) the authority granted by law to an executive department or agency, or the head thereof; or

(ii) the functions of the Director relating to budgetary, administrative, or legislative proposals.

Instead, Section 8 of the EO simply clarifies that, consistent with existing law, administrative actions resulting in budgetary savings may be used to reduce the deficit, not just to offset the cost of other administrative actions.

The FY 2021 President's Budget assumes implementation of several administrative actions that will result in savings. *Table 21-4 Impact of Regulations, Expiring Authorizations, and Other Assumptions in the Budget* (available online: <https://www.whitehouse.gov/omb/analytical-perspectives/>) summarizes many of these assumptions. We expect that, consistent with current processes, there will be a range of administrative actions supported by the Administration which will reduce the deficit by reducing wasteful spending and increasing program efficiencies.

Response to bullet 2:

The EO does not expand OMB's statutory authority (see response to previous question). OMB and agencies will continue to work together on the development and implementation of administrative actions through other existing interagency processes.

Response to bullet 3:

See responses above and below.

Response to bullet 4:

Implementation of Administrative PAYGO does not automatically trigger or otherwise affect the application of the Impoundment Control Act of 1974 (ICA). Only administrative actions that amount to deferrals of budget authority, as defined by section 1011(1) of the ICA, fall within the scope of the ICA. Many administrative actions that result in a budgetary savings (e.g., regulatory actions that affect program costs in future years) would not lead to a deferral of budget authority, and thus would not be subject to the ICA's reporting requirements. Given that Administrative PAYGO does not alter the Executive Branch's existing legal obligation to comply with the ICA, OMB does not see the need to issue additional guidance on the matter.

Response to bullet 5:

See response above.

Rep. Norman

Question #1

• **What is the reasoning behind moving the Secret Service from the Department of Homeland Security to the Department of the Treasury? Given the high degree of interoperability and coordination between the Armed Services and the Secret Service, would it not make more sense to move it into the Department of Defense?**

o **What is the evidence that the Treasury can match the cybersecurity capabilities of the DoD deemed so critical to the Secret Service's financial crime mission?**

o **Did you consider relinquishing any other agencies from the Department of Homeland Security?**

Response to bullet 1:

The U.S. Secret Service (Secret Service) was established in 1865 within the Department of the Treasury to combat then-widespread counterfeiting of U.S. currency, and remains the sole office charged with the protection of U.S. currency. Returning the Secret Service to Treasury will advance the common mission of the Secret Service and Treasury to enhance national security and deter financial crimes such as fraud, terrorist financing, and money laundering.

Bringing the Secret Service's unique expertise, investigative tools, and network of field offices into Treasury would result in enhancements to counterfeit and cybercrime investigations and improved mission alignment with existing Treasury bureaus. As part of its protective mission, the Secret Service also provides physical security to the main Treasury building as it is located next door to the White House.

Working within Treasury, and leveraging its resources, the Secret Service could increase the efficiency of financial crimes investigations, better protecting the American public and business against criminals targeting our financial institutions and currency and leading to greater consumer confidence in the Nation's financial institutions.

Moving the Secret Service to the Department of Defense would be a departure from the Secret Service's past and would risk deprioritizing the Secret Service's mission. The Secret Service's mission of ensuring physical and financial security is arguably less compatible with the Department of Defense and more with the Department of Homeland Security and Treasury. Integrating the Secret Service into the Department of Defense would make it more challenging for the Secret Service to surface mission critical priorities, especially as part of the Department of Defense's well-established hierarchical and bureaucratic environment. Given the precedent of the Secret Service's founding within Treasury and a common mission of advancing the stability, security, and advancement of the Nation's economy, the Administration believes that transferring the Secret Service to Treasury is the better approach.

Response to sub-bullet 1:

A return to Treasury better aligns the Secret Service's financial investigative mission with that of Treasury to achieve key national security objectives, including heightened focus on complex cyber-enabled financial crimes investigations. The Secret Service's financial crimes capabilities have a long history of working to support the needs of other Treasury bureaus. That complementarity would be even further enhanced by a move to Treasury where the Secret Service could better leverage the unique capabilities of Treasury's Office of Terrorism and Financial Intelligence, as well the enforcement and regulatory authorities of the Financial Crimes Enforcement Network (FinCEN).

Response to sub-bullet 2:

The President's FY 2021 Budget proposes to return the Secret Service to Treasury because of the evolving nature of financial crime and longstanding mission alignment. This proposal has no bearing on other components of the Department of Homeland Security.

Rep. Norman**Question #2**

The proposed budget incorporates Coast Guard activities in the base budget that have historically been funded by the Overseas Contingency Operations account, also known as “OCO.” In essence, this demonstrates that many of the overseas duties performed by the Coast Guard are not contingent, but permanent. In other words, they go beyond domestic protection and enter the realm of global conflicts – just like the other Armed Services.

• Now, since your budget finds many of its savings in eliminating “fragmentation, overlap, and duplication,” and given, the overlapping areas of responsibility and interoperability between the Coast Guard and the rest of the Armed Services, did you consider moving the Coast Guard into the Department of Defense?

Though the Budget recognizes that the activities historically funded through OCO have taken on the nature of an enduring mission, the Administration does not believe it is appropriate to move the Coast Guard into the Department of Defense. The Coast Guard’s mission is overwhelmingly still focused on safety, domestic law enforcement and interdiction of migrants and illicit goods, which is a mission that DHS is best-equipped to handle.

Rep. Panetta

1. Acting Director Vought, in response to my question regarding the Office of Management and Budget (OMB) factoring climate change into economic projections, you stated that OMB did not do so.

- **Why did OMB not factor climate change into these projections?**
- **Does OMB believe that climate change will have no negative impacts on our economy or our debt and deficits, or that it will have no costs?**

The economic modeling that informs the President's 10-year forecast assumes economic activity given the implementation of the Administration's policy agenda. This modeling is done using past economic behavior to inform the observed relationships between economic variables and sectors. The primary task of the economic assumptions is to minimize uncertainty regarding the future path of the economy, to inform the public of the effects of the Administration's economic policies on key metrics, and portray the resulting fiscal situation from those policies. Given the nature of these economic assumptions, unexpected events and longer-term risks are beyond their purview, including the potential burden of climate change.

The Long-Term Budget Outlook chapter of the President's Budget also assesses the budget outlook under current policies and under budget proposals focusing on 25- and 75-year projections of key economic indicators. This assessment is limited in scope, and the chapter discusses the high degree of uncertainty associated with these long-term budget projections. For instance, many small changes in economic or other assumptions can cause large differences over longer-term horizons. The variability and inconclusive risks of climate change inhibit our ability to model the potential impacts of climate change on the economic projections in the President's Budget.

Rep. Panetta

2. Acting Director Vought, in response to one of my questions at the hearing, you stated, “If you look at the totality of our budget, we have about \$8.5 billion dollars that’s devoted to climate-related research and clean energy technology R&D.”

Please provide for the record the funding details that support this \$8.5 billion figure. Specifically, to the fullest extent possible, please provide a complete set of climate-related funding data disaggregated by:

- Fiscal year, including for the FY 2021 President’s Budget and for enacted or actual budget authority in FY 2020, FY 2019, and (if available) FY 2018 and FY 2017;
- Programmatic category, including climate science and global change research, clean energy technologies, climate adaptation and resilience, and international climate change assistance; and
- Agency, appropriations account, and program, project, and activity, by line item as presented in the President’s Budget Appendix and annotating any cases in which funding is mandatory rather than discretionary.

If any energy tax provisions or other tax expenditures were used to estimate the \$8.5 billion figure, please also include funding data for such expenditures, disaggregated by fiscal year and specific tax provision.

I would like to take this opportunity to build upon my response for the record:

“The FY 2020 President’s Budget included roughly \$8 billion for climate change research and clean energy technology programs. Those funding levels largely continue to be supported in the FY 2021 President’s Budget, while in some cases these programs are funded at higher levels. For example, relative to the FY 2020 President’s Budget, the FY 2021 President’s Budget increased funding for the Department of Energy’s applied energy programs by over \$500 million. While OMB has yet to issue the annual data collection for climate change and clean energy technology funding for FY 2020 Enacted and FY 2021 President’s Budget, I estimate that, when looking at the totality of the FY 2021 Budget, we included approximately \$8.5 billion dollars devoted to climate-related research and clean energy technology programs.”

As requested, the following is an accounting of enacted Federal funding for Fiscal Years 2017 – 2019 for domestic programs and activities that advance our understanding of global change; support the development, introduction, and deployment of energy-efficient, renewable energy, and low emitting technologies. This accounting also includes FY 2020 President’s Budget data for reference. Later this year, OMB intends to collect FY2021 President’s Budget and FY 2020 enacted climate-related research and clean energy technology funding data.

Table 1 includes funding for the U.S. Global Change Research Program (USGCRP), which was established by Presidential initiative in 1989 and mandated by Congress in the Global Change

Research Act of 1990. The program coordinates scientific climate-related research across 13 Federal departments and agencies. The FY 2020 President's Budget funded USGCRP research at \$1.9 billion.

Table 2 includes clean energy technology programs and activities that focus on the research, development, demonstration, or deployment of clean energy systems and sources. This category includes funding for programs and activities that focus on energy sources that are renewable, nuclear, or otherwise alternative to traditional fossil fuels (coal, natural gas, gasoline), along with technologies that help improve energy efficiency or reduce energy consumption. The FY 2020 President's Budget funded clean energy technology programs at \$6.0 billion.

Programs at the U.S. Agency for International Development, the Department of State, and the Department of the Treasury, along with several complementary agencies continue to provide international assistance to address climate change. OMB is unable to verify the precise enacted funding levels for some of the international assistance programs for the fiscal years requested, so accounting of international assistance programs are not included in this response.

The line item level of detail presented in this table is consistent with data presented to Congress in the past. Programs that include any mandatory funding have been annotated as such. Energy tax provisions or other tax expenditures are not included in this table nor in the totals presented.

Table 1:
U.S. Global Change Research Program

Details by Agency/Account
(Budget authority in millions of dollars)

U.S. Global Change Research Program (USGCRP)	FY 2017 Enacted Budget Authority	FY 2018 Enacted Budget Authority	FY 2019 Enacted Budget Authority	FY 2020 President's Budget Request
Department of Agriculture				
Agricultural Research Service	48	56	56	55
National Institute of Food and Agriculture	21	13	10	10
Economic Research Service	3	3	3	--
Forest Service	44	25	26	26
National Agricultural Statistics Service	1	1	--	--
Natural Resources Conservation Services	22	75	3	3
Animal and Plant Health Inspection Service	<0.5	<0.5	<0.5	<0.5
Farm Service Agency	1	<0.5	<0.5	<0.5
Office of the Chief Economist	3	3	3	1
Subtotal – USDA	142	175	101	96
Department of Commerce				
National Oceanic and Atmospheric Administration: Operations, Research, and Facilities	249	253	251	168
National Oceanic and Atmospheric Administration: Procurement, Acquisition, and Construction	41	66	41	26
National Institute of Standards and Technology	4	1	1	1
Subtotal – DOC	293	320	293	194
Department of Energy				
Science: Biological & Environmental Research	229	239	259	117
Department of Health and Human Services¹				
National Institutes of Health	6	10	11	10
Department of the Interior				
U.S. Geological Survey: Surveys, Investigations, and Research	54	25	25	13
Department of Transportation				
Federal Aviation Administration: Research, Engineering, and Development	<0.5	<0.5	--	--
Environmental Protection Agency				
Science and Technology	19	18	18	--
National Aeronautics and Space Administration				
Science	1,555	1,499	1,484	1,286
National Science Foundation				
Research and Related Activities	280	254	237	219
Smithsonian Institution				
Salaries and Expenses	8	8	8	8
USGCRP Total²	2,585	2,549	2,436	1,943

¹ CDC funds are not included in this table.

² Agency subtotals may not add due to rounding.

Table 2

Clean Energy Technologies

Details by Agency/Account

(Budget authority, obligations, and outlays in millions of dollars)

Clean Energy Technologies	FY 2017 Enacted Budget Authority	FY 2018 Enacted Budget Authority	FY 2019 Enacted Budget Authority	FY 2020 President's Budget Request
Department of Agriculture				
Agricultural Research Service: Salaries and Expenses	33	34	34	34
National Institute of Food and Agriculture: Research and Education Activities	50	29	28	23
Forest Service: Commercialization/Renewable Energy	26	20	15	15
Forest Service: Forest and Rangeland Research	6	6	--	--
Rural Business Cooperative Service: Rural Energy Program Account (Rural Energy for America Sec. 9007)	<0.5	<0.5	<0.5	--
Rural Business Cooperative Service: Guaranteed Business and Industry Loans	4	1.3	2	3
Economic Research Service	3	3	3	--
Office of the Chief Economist: Salaries and Expenses	1	1	--	--
Rural Utilities Service	23	18	20	--
2008 Farm Bill, Mandatory Funding				
Rural Business Cooperative Service: Rural Energy Program Account (Rural Energy for America Sec. 9007)	47	47	47	--
National Institute of Food and Agriculture: Biomass Research and Development (Sec. 9008)	--	4	--	--
Farm Service Agency: Biomass Crop Assistance Program	3	--	--	--
Farm Service Agency: Commodity Credit Corporation	25	--	--	--
Natural Resources Conservation Service: Farm Security and Rural Investment Programs	33	29	115	115
Rural Business Cooperative Service: Energy Assistance Payments (formerly titled Bioenergy Program for Advanced Biofuels (Sec. 9005))	15	14	7	7
Rural Business Cooperative Service: Biorefinery Assistance Program (Section 9003 Biorefinery Assistance Program)	--	--	50	25
<i>Subtotal USDA mandatory funding</i>	<i>123</i>	<i>94</i>	<i>219</i>	<i>147</i>
<i>Subtotal USDA discretionary funding</i>	<i>145</i>	<i>112</i>	<i>102</i>	<i>75</i>
Subtotal – USDA	267	207	321	221
Department of Commerce				
National Institute of Standards and Technology (NIST): Scientific and Technological Research and Services	54	33	34	26
National Oceanic and Atmospheric Administration Operations, Research and Facilities	1	1	1	1
Subtotal – Commerce	55	34	34	27
Department of Defense				
Research, Development, Test and Evaluation, Army	36	39	25	43
Research, Development, Test and Evaluation, Navy	130	171	164	106
Research, Development, Test and Evaluation, Air Force	426	739	880	963

Research, Development, Test and Evaluation, Defense-Wide	27	31	25	33
Subtotal – DOD	618	980	1094	1145
Department of Energy				
Energy Efficiency and Renewable Energy	2097	2322	2379	696
Office of Electricity (Formerly titled Electricity Delivery and Energy Reliability)	220	245	156	183
Nuclear Energy	962	1123	1250	824
Fossil Energy R&D	589	601	599	494
Science	1735	2029	2060	1775
Energy Transformation Acceleration Fund: Advance Research Projects Agency-Energy (ARPA-E)	306	353	366	--
Bonneville Power Administration Fund	2	<0.5	<0.5	--
Subtotal – DOE	5910	6673	6811	3972
Department of Transportation				
National Highway Traffic Safety Administration: Operations and Research	9	10	7	12
Federal Aviation Administration: Facilities and Equipment	26	28	28	11
Federal Railroad Administration: Railroad Research and Development	15	1	1	1
Pipeline and Hazardous Materials Safety Administration: Hazardous Materials Safety	1	--	--	--
Subtotal – DOT	50	39	35	24
Environmental Protection Agency				
Environmental Programs and Management	88	104	91	14
Science and Technology	8	8	8	--
Subtotal – EPA	96	112	99	14
National Aeronautics and Space Administration				
Aeronautics	294	240	263	266
Exploration Technology (Formerly titled Exploration Research and Technology)	20	23	32	52
Deep Space Exploration Systems	13	5.2	5.2	<0.5
Subtotal – NASA	327	268	300	318
National Science Foundation				
Research and Related Activities	344	270	258	233
Nuclear Regulatory Commission				
Salaries and Expenses	56	69	63	75
Tennessee Valley Authority				
Tennessee Valley Authority Fund	13	13	14	13
Clean Energy Total	7734	8663	9028	6042

¹ Agency subtotals may not add due to rounding.

Rep. Price

Under the Antideficiency Act and standing executive orders, you are responsible, as Acting Director of OMB, for the prudent execution of budgetary resources provided by the Congress to the executive branch. As part of that responsibility, you are required by law to make available (or apportion) appropriated funds to agencies such as the Department of Housing and Urban Development (HUD).

1. HUD brought forward into fiscal year 2019 over \$28,005 million in unobligated balances in the no-year Department of Housing and Urban Development—Community Planning and Development—Community Development Fund (Treasury and Appropriation Fund Symbol (TAFS) 086-0162 /X). Of that amount—according to the relevant SF-133—\$27,965 million was apportioned by OMB as available for obligation by, at latest, November 2018 (the first publicly available reporting period for apportioned and obligational resources for that fiscal year).

Subsequently, HUD brought forward \$31,072 million into fiscal year 2020 in the same TAFS. According to the relevant SF-133, no funding in TAFS 086-0162 /X had been apportioned by the end of November 2019, and by the end of the first quarter of fiscal year 2020 and according to the relevant SF-133, only \$5 million had been apportioned as available for obligation.

a. 31 U.S.C. 1513(b) and the relevant guidance in OMB Circular A-11 would have required HUD to submit an apportionment request for the \$31,072 million brought forward into fiscal year 2020 by August 21, 2019. Did HUD submit such request on time? If not, when was it submitted?

b. 31 U.S.C. 1513(a) and the relevant guidance in OMB Circular A-11 (120.4) would have required OMB to apportion the funds in TAFS 086-0162 /X for fiscal year 2020 by September 10, 2019. The data in the SF-133, which shows zero unobligated resources as having been apportioned through November 2019, indicates that OMB did not fulfill this statutory requirement. Why not?

c. Why did OMB only apportion \$5 million in TAFS 086-0162 /X as available for obligation during the first quarter of fiscal year 2020?

HUD submitted an initial FY 2020 apportionment request for TAFS 086-0162 /X on 8/29/2019 (after the OMB Circular A-11 deadline). However, the initial apportionment request required technical changes. Such changes are standard practice when reviewing/approving apportionment requests. A revised FY 2020 apportionment request was re-submitted by HUD on 9/25/2019 for OMB approval.

OMB approved the initial FY2020 apportionment for TAFS 086-0162 /X on 9/30/2019. The attached apportionment shows \$809,851,000 apportioned in the first quarter as well as approximately \$37 million apportioned to Category Bs. The full estimated unobligated balance of \$31,884 million was included on the apportionment. As explained in the response to Question #2, OMB approved a

reapportionment on 12/23/19 to update the unobligated balances line to reflect the actual amount of \$31,072 million and reallocate Category A and B lines in the Application of Budgetary Resources section.

It is unclear to OMB why the SF-133s incorrectly show no amounts apportioned through November 2019 and only \$5 million apportioned as of 12/31/2019. Please direct questions regarding the incorrect accounting presentation that does not comport with the apportionments since October 1st to HUD.

Rep. Price

2. On page 111 of Part 6 of the hearings before the House Committee on Appropriations Subcommittee on the Departments of Transportation, and Housing and Urban Development, and Related Agencies for the 1st Session of the 116th Congress, the Department of Housing and Urban Development stated for the record that the apportionment in TAFS 086-0162 /X contained the following restriction:

“not less than 10 days before submitting a request to change the amounts apportioned by quarter, HUD must submit to OMB a summary of the grantee’s Action Plan or Substantial Action Plan Amendment, a summary of interagency input sought and received on the plan, and the grant agreement (including all specific grant conditions placed on the grantee to address unmitigated high risks).”

a. Did OMB believe that this footnote was legally binding under the Antideficiency Act?

b. Is it OMB’s contention that knowingly and willfully violating that direction—that is, requesting a reappportionment of funding before such information was submitted—would have made an officer or employee at HUD subject to the adverse personnel actions or criminal penalties under 31 U.S.C. 1518 and 1519, respectively?

c. What specific statutory authority does OMB believe it has to dictate when or whether an agency requests a reappportionment of funding? What specific statutory authority permits OMB to dictate the contents—other than the form—of an agency’s reappportionment request?

d. Please describe the current apportionment schedule approved by OMB for fiscal year 2020 for this account, including by apportionment category and any apportionment actions to preclude funding from obligation by HUD.

e. Please provide the Committee with copies of all OMB-approved apportionments, including associated footnotes, apportioning funding in TAFS 086-0162 /X that were in effect during any time in the final quarter of fiscal year 2019 or at any time during fiscal year 2020 to date.

Consistent with OMB Circular A-11 Section 120.34 and 145.2 and pursuant to 31 U.S.C. 1517(a)(1), footnotes associated with one or more lines in the Application of Budget Resources section of an apportionment have legal effect, and are subject to the Antideficiency Act.

The footnote cited does not dictate when the reappportionment must happen. The 10-day timeline required by the cited footnote was intended to allow for a reasonable period of time for OMB to review and approve any HUD reappportionment requests to change the amounts apportioned by quarter. However, OMB acknowledges that there may be exigent circumstances that require faster action. Thus, such footnotes may be overridden by a subsequent reappportionment. The legal authorities for requesting necessary information in order to achieve the most efficient and economical use of these funds can be found in 31 U.S.C. 1512(a) and 31 USC 1513(b)(1).

Please see the attached apportionment signed 12/23/2019 for the amounts currently apportioned to the 86-0162 /X account in FY 2020. This current apportionment was approved on 12/23/2019 to (1) update the estimated unobligated balances to reflect actual unobligated balances carried forward into FY 2020 and (2) modify the amounts made available in the first and second quarters and the grantees associated with those amounts. HUD's previous estimate of carryover balances included grants for several grantees that were executed before the end of FY 2019. HUD was also prepared to issue a grant agreement for the U.S. Virgin Islands during the first quarter, so the reapportionment reflected the updated availability. Amounts apportioned to the second and third quarters include unobligated balances of CDBG-DR funds provided by P.L. 115-123, P.L. 115-254, and P.L. 116-20, where grants are in varying stages of the execution process. All CDBG-DR technical assistance funds are apportioned by project, and other amounts reflect prior appropriations and legacy CDBG and CDBG-DR balances.

Please see attached apportionments, as requested.

SF 132 APPORTIONMENT SCHEDULE

FY 2020 Apportionment
Funds provided by Estimated Carryover

Line No	Line Split	Bureau/ Account Title / Cat B Stub / Line Split	Previous Approved	Prev Footnote	OMB Action	OMB Footnote	Memo Obligations
		Department of Housing and Urban Development Bureau: Community Planning and Development Account: Community Development Fund (025-06-0162) TAFS: 86-0162 /X					
IterNo 1		Last Approved Apportionment: N/A, First Request of Year					
RptCat NO		Reporting Categories					
AdjAut NO		Adjustment Authority provided					
		Budgetary resources					
1000 E		Estimated - Unob Bal: Brought forward, Oct 1			31,884,222,781		
1920		Total budgetary resources avail (disc. and mand.)	0		31,884,222,781		
		Application of budgetary resources					
6001		Category A -- 1st quarter (Disaster Assistance: P.L. 115-123)			809,851,000	A2	
6002		Category A -- 2nd quarter (Disaster Assistance: P.L. 115-123)			26,934,516,000	A3	
6003		Category A -- 3rd quarter (Disaster Assistance: P.L. 115-254 and P.L. 116			4,103,500,000	A3	
6004		Category A -- 4th quarter					
		Category B Projects					
6011		Disaster Assistance			28,721,477		
6012		Section 805 Econ Dev Training Program Funds			106,688		
6013		Special Purpose Grants			336,276		
6015		Sustainable Communities			14,653		
6019		Disaster Assistance: P.L. 115-123			0		
6020		Technical Assistance: P.L. 115-123			2,000,000		
6024		Disaster Assistance: P.L. 115-254			0		
6025		Economic Development Initiative			176,689		
6026		Disaster Assistance: P.L. 116-20			0		
6027		Technical Assistance: P.L. 116-20			5,000,000		
6190		Total budgetary resources available	0		31,884,222,781	A1	

Submitted _____ Date _____

See Approval Info tab for OMB approval information

Footnotes for Apportioned Amounts

- A1 Pursuant to the authority in OMB Circular A-11 section 120.21, one or more lines on the apportionment (including lines above line 1920) may have been rounded up and as such, those rounded lines will not match the actuals reported on the SF-133. Agency will ensure that its funds control system will only allot actuals. Agency funds control system will also adequately account for any distinct purposes of appropriations.
- A2 Amounts apportioned on line 6001 are amounts for which HUD has sent the grant agreement to the grantee prior to October 1, 2019.
Not less than 10 days before HUD submits a request to change the amounts apportioned by quarter, HUD must submit to OMB a summary of the grantee's Action Plan or Substantial Action Plan Amendment, a summary of interagency input sought and received on the plan, and the grant agreement (including all specific grant conditions placed on the grantee to address unmitigated high risks).
- A3

Footnotes for Budgetary Resources

End of File

FY 2020 Apportionment
Previously Approved Footnotes

Footnotes for Apportioned Amounts

Footnotes for Budgetary Resources

End of File

OMB Approved this apportionment request using
the web-based apportionment system



Mark Affixed By: Michelle Enger
Deputy Associate Director for Housing, Treasury and Commerce

Signed On: 2019-09-30 07:55 PM
File Name: HUD CDF X-year 86-0162.xlsx
Sent By: Jessica Sun
Sent On: 2019-09-30 09:01 PM

TAF(s) Included: 86-0162 \X

FY 2019 Apportionment
 Funds provided by Public Law 115-254, Recaptures and Actual Carryover

Line No	Line Split	Bureau/ Account Title / Cat B Stub / Line Split	Previous Approved	Prev Footnote	OMB Action	OMB Footnote	Memo Obligations
		Department of Housing and Urban Development Bureau: Community Planning and Development Account: Community Development Fund (025-06-0162) TAFS: 86-0162 /X					
IterNo	2	Last Approved Apportionment: 2018-09-28					
RptCat	NO	Reporting Categories					
AdjAut	NO	Adjustment Authority provided					
		Budgetary resources					
1000		Unob Bal: Brought forward, Oct 1			28,005,056,344		
1000	E	Estimated - Unob Bal: Brought forward, Oct 1	29,735,503,813				
1100		BA: Disc: Appropriation			1,680,000,000		
1120		BA: Disc: Approps transferred to other accounts			-2,500,000	B1	
1920		Total budgetary resources avail (disc. and mand.)	29,735,503,813		29,682,556,344		
		Application of budgetary resources					
		Category B Projects					
6011		Disaster Assistance	8,637,798		27,861,034		
6012		Section 805 Econ Dev Training Program Funds	116,739		117,693		
6013		Special Purpose Grants	336,276		336,276		
6015		Sustainable Communities			14,653		
6018		Disaster Assistance: 2017 Disasters (P.L. 115-56)	1,749,863,000				
6019		Disaster Assistance: P.L. 115-123	27,965,000,000	A1	27,965,000,000	A1	
6020		Technical Assistance: P.L. 115-123	11,550,000		11,550,000		
6024		Disaster Assistance: P.L. 115-254			1,677,500,000		
6025		Economic Development Initiative			176,688		
6190		Total budgetary resources available	29,735,503,813		29,682,556,344		

Submitted _____ Date _____

See Approval Info tab for OMB approval information

Footnotes for Apportioned Amounts

- A1** P.L. 115-123 appropriated up to \$16 billion for 2017 disasters, of which not less than \$11 billion is for areas impacted by Hurricane Maria which includes \$2 billion to provide improved electrical power systems; and not less than \$12 billion for mitigation. To ensure consistency with these requirements, HUD shall submit an updated FY2019 allotment to the Office of Management and Budget not less than 2 business days prior to issuance, which details the amount for unmet needs, mitigation, and electric grid and describes each program code.

Footnotes for Budgetary Resources

- B1** P.L. 115-254 allows for up to \$2.5 million be transferred to Salaries and Expenses.

End of File

Footnotes for Apportioned Amounts

- A1 P.L. 115-123 appropriated up to \$16 billion for 2017 disasters, of which not less than \$11 billion is for areas impacted by Hurricane Maria which includes \$2 billion to provide improved electrical power systems; and not less than \$12 billion for mitigation. To ensure consistency with these requirements, HUD shall submit an updated FY2019 allotment to the Office of Management and Budget not less than 2 business days prior to issuance, which details the amount for unmet needs, mitigation, and electric grid and describes each program code.

Footnotes for Budgetary Resources

End of File

OMB Approved this apportionment request using



Mark Affixed By: Michelle Enger
Deputy Associate Director for Housing, Treasury and Commerce

Signed On: 2019-02-22 01:52 PM
File Name: HUD CDF 86-0162 (17-19, X).xlsx
Sent By: Jessica Sun
Sent On: 2019-02-22 01:59 PM

TAF(s) Included: 86-0162 \X
86-0162 2017\2019

Report Run: 2018-11-08 10.32.17

Approved Apportionment vs SF 133, FY 2019

Aqy/Bur/Act/TAFS Line No	Line Description	Appor	SF 133	Appor Amts	Obs	Other Lines	
						Appor	SF 133 Cat B #
Department of Housing and Urban Development							
Bureau: Community Planning and Development							
Account: Community Development Fund (025-06-0162)							
TAFS: 86-0162, 2017/2019							
Last Apportioned: 2018-09-28 Latest SF 133: No SF 133							
1000	Unob Bal: Brought forward, Oct 1			6,301			
	1910/1920 Total Budgetary Resources			6,301			
6012	Disaster Assistance				3,976		
6014	Indian Tribes				2,326		
	2###/6### Total Apportioned Amounts \ Obligations			6,301			
	2500/6190 Total Budgetary Resources						6,301
TAFS: 86-0162, 2018/2020							
Last Apportioned: 2018-09-28 Latest SF 133: No SF 133							
1000	Unob Bal: Brought forward, Oct 1			1,074,056			
	1910/1920 Total Budgetary Resources			1,074,056			
6011	Entitlement and Nonentitlement Grants				1,007,989		
6012	Disaster Assistance				1,516		
6014	Indian Tribes				64,551		
	2###/6### Total Apportioned Amounts \ Obligations			1,074,056			
	2500/6190 Total Budgetary Resources						1,074,056
TAFS: 86-0162, X							
Last Apportioned: 2018-09-28 Latest SF 133: No SF 133							
1000	Unob Bal: Brought forward, Oct 1			29,735,504			
	1910/1920 Total Budgetary Resources			29,735,504			
6011	Disaster Assistance				8,638		
6012	Section 805 Econ Dev Training Program Funds				117		
6013	Special Purpose Grants				336		
6018	Disaster Assistance: 2017 Disasters (P.L. 115-56)				1,749,863		
6019	Disaster Assistance: P.L. 115-123				27,965,000		
6020	Technical Assistance: P.L. 115-123				11,550		
	2###/6### Total Apportioned Amounts \ Obligations			29,735,504			
	2500/6190 Total Budgetary Resources						29,735,504

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SF 132 APPORTIONMENT SCHEDULE

FY 2020 Apportionment
Funds provided by Actual Carryover

Line No	Line Split	Bureau/ Account Title / Cat B Stub / Line Split	Previous Approved	Prev Footnote	OMB Action	OMB Footnote	Memo Obligations
		Department of Housing and Urban Development Bureau: Community Planning and Development Account: Community Development Fund (025-06-0162) TAFS: 86-0162 /X					
IterNo	2	Last Approved Apportionment: 2019-09-30					
RptCat	NO	Reporting Categories					
AdjAut	NO	Adjustment Authority provided					
		Budgetary resources					
1000	A	Unob Bal: Brought forward, Oct 1			31,072,371,716		
1000	E	Estimated - Unob Bal: Brought forward, Oct 1	31,884,222,781				
1920		Total budgetary resources avail (disc. and mand.)	31,884,222,781		31,072,371,716		
		Application of budgetary resources					
6001		Category A -- 1st quarter	809,851,000	A2	779,217,000	A2	
6002		Category A -- 2nd quarter	26,934,516,000	A3	26,155,299,000	A3	
6003		Category A -- 3rd quarter	4,103,500,000	A3	4,103,500,000	A3	
		Category B Projects					
6011		Disaster Assistance	28,721,477		28,721,476		
6012		Section 805 Econ Dev Training Program Funds	106,686		106,622		
6013		Special Purpose Grants	336,276		336,276		
6015		Sustainable Communities	14,653		14,653		
6020		Technical Assistance: P.L. 115-123	2,000,000				
6025		Economic Development Initiative	176,689		176,689		
6027		Technical Assistance: P.L. 116-20	5,000,000		5,000,000		
6190		Total budgetary resources available	31,884,222,781	A1	31,072,371,716	A1	

Submitted _____ Date _____

See Approval Info tab for OMB approval information

Footnotes for Apportioned Amounts

- A1** Pursuant to the authority in OMB Circular A-11 section 120.21, one or more lines on the apportionment (including lines above line 1920) may have been rounded up and as such, those rounded lines will not match the actuals reported on the SF-133. Agency will ensure that its funds control system will only allot actuals. Agency funds control system will also adequately account for any distinct purposes of appropriations.
- A2** Amounts apportioned on line 6001 are for the USVI unmet needs grant.
- A3** Not less than 10 days before HUD submits a request to change the amounts apportioned by quarter, HUD must submit to OMB a summary of the grantee's Action Plan or Substantial Action Plan Amendment, a summary of interagency input sought and received on the plan, and the grant agreement (including all specific grant conditions placed on the grantee to address unmitigated high risks).

Footnotes for Budgetary Resources

End of File

Footnotes for Apportioned Amounts

- A1** Pursuant to the authority in OMB Circular A-11 section 120.21, one or more lines on the apportionment (including lines above line 1920) may have been rounded up and as such, those rounded lines will not match the actuals reported on the SF-133. Agency will ensure that its funds control system will only allot actuals. Agency funds control system will also adequately account for any distinct purposes of appropriations.
- A2** Amounts apportioned on line 6001 are amounts for which HUD has sent the grant agreement to the grantee prior to October 1, 2019.
- A3** Not less than 10 days before HUD submits a request to change the amounts apportioned by quarter, HUD must submit to OMB a summary of the grantee's Action Plan or Substantial Action Plan Amendment, a summary of interagency input sought and received on the plan, and the grant agreement (including all specific grant conditions placed on the grantee to address unmitigated high risks).

Footnotes for Budgetary Resources

End of File

OMB Approved this apportionment request using
the web-based apportionment system

A rectangular box containing the text "Authoritative Mark" in a large, outlined, sans-serif font. Overlaid on this text is a handwritten signature in black ink that reads "Michelle A. Enger".

Mark Affixed By: Michelle Enger
Deputy Associate Director for Housing, Treasury and Commerce

Signed On: 2019-12-23 02:23 PM
File Name: HUD CDF 86X0162 v2.xlsx
Sent By: Jessica Sun
Sent On: 2019-12-23 02:39 PM

TAF(s) Included: 86-0162 \X

Report Run: 2019-12-23 10:39:25

Approved Apportionment vs SF 133, FY 2020

Agg/Bur/Act/TAFS Line No	Line Description	Appor	SF 133	Appor Amts	Obs	Other Lines	
						Appor	SF 133 Cat B#
Department of Housing and Urban Development							
Bureau: Community Planning and Development							
Account: Community Development Fund (025-06-0162)							
TAFS: 86-0162 /X							
Last Apportioned: 2019-09-30		Latest SF 133: Nov, 2019					
1000	Unob Bal: Brought forward, Oct 1	31,884,223	31,072,372				
1020	Unob Bal: Adj to SOY bal brought forward, Oct 1		-1,470				
1033	Unob Bal: Recov of prior year paid obligations		1,470				
1910/1920	Total Budgetary Resources	31,884,223	31,072,372				
6001	Category A -- 1st quarter (Disaster Assistance: P.L. 115-123)			809,851			
6002	Category A -- 2nd quarter (Disaster Assistance: P.L. 115-123)			26,934,516			
6003	Category A -- 3rd quarter (Disaster Assistance: P.L. 115-254 and P.L. 116-20)			4,103,500			
6011	Disaster Assistance			20,721			
6012	Section 805 Econ Dev Training Program Funds			107			
6013	Special Purpose Grants			336			
6015	Sustainable Communities			15			
6020	Technical Assistance: P.L. 115-123			2,000			
6025	Economic Development Initiative			177			
6027	Technical Assistance: P.L. 116-20			5,000			
2###6###	Total Apportioned Amounts \ Obligations			31,884,223			
2403	Unob Bal: Unapportioned: Other					31,072,372	
2500/6190	Total Budgetary Resources					31,884,223	31,072,372

End of file

Rep. Price

3. The Impoundment Control Act of 1974 (ICA) spells out very narrow and prescribed criteria under which an agency (including OMB) may seek to impound funding. The Antideficiency Act provides parallel permissions and restrictions on OMB's authority to apportion funding, specifically in 31 U.S.C. 1512(c). How are OMB's apportionment actions with respect to the funding in TAFS 086-0162 /X during the first quarter of fiscal year 2020—and any similar subsequent withholdings—consistent with both of those foundational funds management laws?

As stated above, the unobligated balances line on the current apportionment reflects the total unobligated balance of \$31,072 million for TAFS 086-0162 /X. This amount has been fully apportioned across FY 2020. Pursuant to 31 U.S.C. 1512(a), an appropriation for an indefinite period shall be apportioned to achieve the most effective and economical use of the funds. The current apportionment reflects OMB's determination as to the most effective and economical use of the funds for TAFS 086-0162 /X.