

FY 2022 BUDGET PRIORITIES: MEMBERS' DAY

HEARING
BEFORE THE
COMMITTEE ON THE BUDGET
HOUSE OF REPRESENTATIVES
ONE HUNDRED SEVENTEENTH CONGRESS
FIRST SESSION

HEARING HELD IN WASHINGTON, D.C., MARCH 23, 2021

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FY 2022 BUDGET PRIORITIES: MEMBERS' DAY

TUESDAY MARCH 23, 2021

HOUSE OF REPRESENTATIVES
COMMITTEE ON THE BUDGET
Washington, D.C.

The Committee met, pursuant to notice, at 10:32 a.m., via Zoom.
Hon. John A. Yarmuth [Chairman of the Committee] presiding.

Present: Representatives Yarmuth, Boyle, Doggett, Kildee, Plaskett, Wexton, Jackson Lee; Smith, Boebert, Donalds, Feenstra, Good, and Obernolte.

Chairman YARMUTH. The hearing will come to order. Good morning and welcome to the Budget Committee's Members' Day hearing. I look forward to this annual hearing because it gives us the opportunity to hear from our colleagues on the budget issues of great importance to them. We appreciate the Members who are taking time to appear before the Committee this morning and we look forward to your testimony.

We are holding this proceeding virtually in compliance with regulations for committee proceedings pursuant to House Resolution 965 carried over to the 117th Congress via House Resolution 8.

I would like to remind Members that we have established an email inbox for submitting documents before and during committee proceedings and we have distributed that email address to your staff.

Consistent with regulations, the chair or staff designated by the chair may mute participants' microphones when they are not under a recognition for the purposes of eliminating any inadvertent background noise. Members are responsible for unmuting themselves when they seek recognition. We are not permitted to unmute Members unless they explicitly request assistance. If I notice that you have not unmuted yourself I will ask if you would like staff to unmute you. If you indicate approval by nodding, staff will unmute your microphone. We will not unmute your microphone under any other conditions.

Members must have their cameras on and be visible on screen in order to be recognized. Members may not participate in more than one committee proceeding simultaneously.

Now, I will yield myself five minutes for an opening statement.

Good morning and welcome to the Budget Committee's Members' Day hearing. Members' Day is a longstanding tradition in the Budget Committee.

Drafting the budget resolution is not an easy task, so I look forward to this hearing because it gives us the opportunity to directly hear the priorities of our colleagues.

This year's hearing, while virtual, will provide Members with the same dedicated platform to voice their ideas, concerns, and aims. While we all look forward to returning to pre-pandemic life and serving the American people from our Cannon hearing room, in order to continue to prioritize the health and safety of Members, staff, witnesses, the court reporter, members of the media, House recording studio staff, and others, we will continue to conduct official committee business virtually until the public health experts advise us otherwise.

Before we get to our witnesses I want to say that I am beyond proud of the Budget Committee's central role in enacting President Biden's American Rescue Plan. Because of our work relief checks are already being deposited into Americans bank accounts, furloughs have already ended for tens of thousands of workers, the unemployment compensation cliff was averted, and our economic future is bright. And now, hopefully, with an end to this pandemic in sight, Congress must keep our focus on addressing the economic fallout that has hurt so many American workers, families, communities, and our economy.

Good governing and smart budgeting require that we be honest about what we face as a nation, that we recognize that low inflation and persistently low interest rates give us the fiscal space needed to make responsible and substantial investments in our country. If we are to best serve the American people we must start this process by evaluating how we can use this fiscal space to foster a strong, inclusive, and stable recovery from this pandemic, rebuild a better, fairer economy than we have had before.

Now we can use our resources to ensure that every American child is fed, has a home to fall asleep in each night, and the education needed to reach his or her fullest potential. This is about leveraging the predicted explosion and economic growth following the American Rescue Plan to prevent a jobless recovery, it is about generating new opportunities so hardworking Americans can provide for their families today and long into the future, ensuring that after a lifetime of work Americans have the safe and secure retirement they have been promised.

To build a budget to serve our nation our Committee will get as much input as possible. We will listen to our constituents, review the President's budget request, review views and estimates from authorizing committees, and hear from outside experts and advocates. At the end of this process our goal is to construct a budget that reflects American priorities and meets our country's needs.

This hearing is about a piece of the process.

I am excited about the important work ahead of us and I look forward to working alongside our Committee Members, the Ranking Member, House leadership, the Biden-Harris Administration, and all of my House colleagues to lead our nation forward.

I would also like to thank Members for taking time out of their busy schedules and appearing before the Committee today.

With that, I would like to yield to the Ranking Member, Mr. Smith of Missouri, for his opening remarks.

[The prepared statement of Chairman Yarmuth follows:]

**Chairman John A. Yarmuth
Members' Day Hearing
Opening Statement
March 23, 2021**

Good morning and welcome to the Budget Committee's Members' Day hearing. Members' Day is a longstanding tradition in the Budget Committee. Crafting the budget resolution is not an easy task, so I look forward to this hearing because it gives us the opportunity to directly hear the priorities of our colleagues.

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To build a budget to serve our nation, our Committee will get as much input as possible. We will listen to our constituents; review the President's budget request; review views and estimates from authorizing committees; and hear from outside experts and advocates. At the end of this process, our goal is to construct a budget that reflects American priorities and meets our country's needs. This hearing is a vital piece of the process.

I am excited about the important work ahead of us, and I look forward to working alongside our Committee Members, the Ranking Member, House Leadership, the Biden-Harris Administration, and all of my House colleagues to lead our nation forward.

I would also like to thank members for taking time out of their busy schedules and appearing before the Committee today. With that, I would like to yield to the Ranking Member, Mr. Smith of Missouri, for his opening remarks.

Mr. SMITH. Mr. Chairman, thank you for holding today's Member Day hearing.

This Committee and its Members have been rather busy these past few weeks. Unfortunately, it is regretful that a lot of that work was done with the aim of pushing a nearly \$1.9 trillion bailout bill out the door as quickly as possible, affording as little amount of debate, forethought, or review of existing resources as possible. On the last point, Republican Members of this Committee have called for an accounting of the approximately \$1 trillion from previously enacted COVID packages still unspent, an accounting we should have had before another \$1.9 trillion was signed into law.

Going forward, this Committee has a responsibility and obligation to American taxpayers to provide thorough oversight of the now \$3 trillion in taxpayer money approved in the last 90 days alone.

Now we are hearing of an unelected, non-Senate-confirmed czar based in California overseeing this fund. What will their reporting obligation be to this Committee? What reports will they produce? How will they measure success? When will we know if some of this money can be returned to the taxpayer? The American people are owed at least that level of transparency.

Speaking of transparency, since taking office, President Biden has found time to enact a sweeping series of executive orders, some of which fired American workers and others have worsened a crisis at the southern border by ending things like the stay in Mexico policy, a return to catch and release, and even rolling back the emergency declaration at the southern border and halting wall construction.

The President has also found time to travel the country telling Americans that Washington just borrowed another \$1.9 trillion to spark a recovery that is actually already occurring. Sadly, apparently he's found no time to send Congress a budget to account for these and future policies. In fact, it has been 50 days—50 days—since President Biden was supposed to submit a budget under the deadline established by the '74 Budget Act. As of March 16, President Biden now holds the record for the latest a president has ever submitted a first year in office budget outline to Congress in the modern budget era. We haven't even received an outline of a plan, or, for that matter, a date certain when we will see a budget.

This is not just some exercise, budgets matter. As Speaker Pelosi likes to say, show me your budget, show me your values. What are we then to take by a lack of budget from the President over 60 days into his presidency?

It is my understanding, Mr. Chairman, that you all plan to do a Fiscal Year 2022 budget just as soon as you see something from the President. I hope you will push as strongly as we have to get such a budget from the President and so we can get this important process moving forward in a serious and transparent manner.

It is no secret that Democrats wish to impose some form of a green new deal like program on America, as well as a broader Washington intrusion into our healthcare. Just yesterday it was reported the Administration is considering a \$3 trillion plan covering any number of policy areas. There has been plenty of talk about

raising taxes. Where is the budget plan for all of that? Where is the accounting for how high those taxes will need to go or debt will need to rise to satisfy that agenda? Right now, we don't know. We don't know because the Biden Administration has not shown the American people a plan. And we need to look no further than the current crisis at the border for why such transparency matters to policymaking.

It is costing taxpayers roughly \$775 per day to provide room and board for each unaccompanied minor who crosses the southern border. More than 9,000 minors came in February 2021. At just the current rate, the projected cost just this year to care for minors crossing the border is \$9 billion. By comparison, we spend roughly \$35 per student per day for K-12 education in this country. So we are spending 22 times that cost per day per child at the border. This is the result of the actions, or lack of actions, we see from the Administration when it comes to our border.

But those harmful policies are part of a broader agenda for which we need an accounting from the Biden Administration.

Thank you, Mr. Chairman, and I look forward to working with you as we carry out the duties and responsibilities of this Committee.

[The prepared statement of Jason Smith follows:]



**Smith Opening Statement:
House Budget Committee Members' Day Hearing**

March 23, 2021
As Prepared for Delivery

Mr. Chairman – thank you for holding today's Members' Day hearing.

This Committee and its Members have been rather busy these past few weeks. Unfortunately, it is regretful that a lot of that work was done with the aim of pushing a nearly \$1.9 trillion bailout bill out the door as quickly as possible – affording as little amount of debate, forethought, or review of existing resources as possible.

On that last point, Republican Members of this Committee have called for an accounting of the approximately \$1 trillion from previously enacted COVID packages still unspent – an accounting we should have had before another \$1.9 trillion was signed into law.

Going forward, this Committee has a responsibility and obligation to American taxpayers to provide thorough oversight of the now \$3 trillion in taxpayer money approved in the last 90 days alone.

Now we are hearing of an unelected, non-Senate confirmed “czar” based in California overseeing this fund. What will their reporting obligation be to this Committee? What reports will they produce? How will they measure success? When will we know if some of this money can be returned to the taxpayer? The American people are owed at least that level of transparency.

Speaking of transparency. Since taking office, President Biden has found time to enact a sweeping series of executive orders – some of which fired American workers and others have worsened a crisis at the southern border by ending things like the stay in Mexico policy, a return to catch and release, and even rolling back the emergency declaration at the southern border and halting wall construction.

The President has also found time to travel the country telling Americans that Washington just borrowed another \$1.9 trillion to spark a recovery that is actually already occurring.

Sadly, he's apparently found no time to send Congress a budget to account for these and future policies. In fact, it has been 50 days since President Biden was supposed to submit a budget under the deadline established by the '74 Budget Act.

As of March 16, President Biden now holds the record for the latest a President has ever submitted a first year in office budget outline to Congress in the modern budget era. We haven't even received an outline of a plan or, for that matter, a date certain when we will see a budget.

This is not just some exercise. Budgets matter. As Speaker Pelosi likes to say, "show me your budget; show me your values." What are we then to take by a lack of a budget from this President over 60 days into his presidency?

It is my understanding Mr. Chairman that you all plan to do a Fiscal Year 2022 budget – just as soon as you see something from the President. I hope you will push as strongly as we have to get such a budget from the President and soon so we can get this important process moving forward in a serious and transparent manner.

It is no secret that Democrats wish to impose some form of a Green New Deal-like program on America as well as a broader Washington intrusion into our health care. Just yesterday it was reported the Administration is considering a \$3 trillion plan covering any number of policy areas. There's been plenty of talk about raising taxes.

Where's the budget plan for all of that? Where's the accounting for how high those taxes will need to go or debt will need to rise to satisfy that agenda?

Right now, we don't know. We don't know because the Biden Administration has not shown the American people a plan.

And we need to look no further than the current crisis at the border for why such transparency matters to policymaking.

It is costing taxpayers roughly \$775 per day to provide room and board for each unaccompanied minor who crosses the southern border. More than 9,000 minors came in February 2021. At just that current rate, the projected cost just this year to care for minors crossing the border is \$9 billion.

By comparison, we spend roughly \$35 per student per day for K-12 education in this country. So, we are spending 22 times that cost per day per child at the border.

This is the result of the actions or lack of action we see from the Administration when it comes to our border. But those harmful policies are part of a broader agenda for which we need an accounting from the Biden Administration.

Thank you, Mr. Chairman, and I look forward to working with you as we carry out the duties and responsibilities of this Committee.

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Chairman YARMUTH. Thank you, Mr. Smith, for your opening statement.

As a reminder, Members appearing before the Committee today will have five minutes to give their oral remarks and their written statements will be made part of the formal hearing record. In addition, Members of the Committee will be permitted to question witnesses following their statements. And out of consideration of our colleagues' times, I would ask that you please keep your comments brief.

We will have four separate panels today, each one with three Members, three of our colleagues.

I would now like to call up our first panel, the gentleman from Texas, Mr. Cloud, the gentleman from New York, Mr. Tonko, and the gentleman from Virginia, Mr. Wittman.

Without objection, any written documents you submit to HBCdocuments@mail.House.gov before the end of the day will be entered into the record.

Without objection, so ordered.

Now, I would like to recognize the gentleman from Texas, Mr. Cloud for five minutes. You may begin when you are ready.

**STATEMENT OF HON. MICHAEL CLOUD, A REPRESENTATIVE
IN CONGRESS FROM THE STATE OF TEXAS**

Mr. CLOUD. Thank you, Chairman Yarmuth thank you, Ranking Member Smith. Thank you for working with us to be able to present this today. I always look forward to this day.

I am in rural Texas, so this will be a good case for rural broadband as well. We will see how that goes.

Thanks again for having us today. This Committee is tasked of course with the important constitutional obligation placed on Congress in Article 1, Section 8 to determine how much revenue should be collected from taxpayers and how it should be spent.

The budget process is vital because it is within that budget framework that we evaluate proposed legislation to ensure we are spending within agreed upon spending limits. At least that is how it is supposed to work.

Last year and the year before I came to talk to you about a bill I introduced, H.R. 638, the Cost Estimates Improvement Act, which would require the CBO and JCT to include debt servicing costs in their estimates. I asked that you include it as part of the Fiscal Year 2020 and the Fiscal Year 2021 budget process. I have reintroduced that bill again and ask you to consider it as part of the Fiscal Year 2022 budget process.

I promise you that should the Committee include my legislation and enact it into law I will not come again next year. If not, I may be here again next year.

So, Mr. Chairman, I do not have the luxury of ignoring the true costs of our spending decisions. Our nation's outstanding debt is \$28 trillion. For reference, when I testified a little over a year ago, our nation's debt stood at \$23.4 trillion. What is worse is should the Senate pass and the President sign the bill that was approved by the House last week to essentially exempt \$1.9 trillion from having to be paid for, it would add that straight to the nation's debt.

These numbers are big, it is hard for the average person to comprehend, but they represent a real threat to our nation's financial future. And as we are increasing the deficit—these alarming rates—without a full and complete picture of the legislation we are voting on in Congress, because we regularly do not consider the interest costs.

As the Committee for a Responsible Federal Budget pointed out just a couple of weeks ago, this year the federal government will spend \$300 billion on interest payments on the national debt. This is the equivalent of nearly nine percent of all federal revenue collection and over 2400 per household. The federal government spends more in interest than on science, space, technology, transportation, and education combined. The household share of federal interest is larger than the average household's spending on many typical expenditures, including gas, clothing, education, or personal care.

The folks back home understand this. If they were budgeting for a monthly car payment, and only considered the list price of the car itself and didn't factor in the extra cost for the interest payments, they might discover they actually couldn't afford the car.

In essence, this is what Congress does each and every year as we consider proposals that do not include the interest costs. This distorts congressional decisionmaking in favor of more spending and debt accumulation than otherwise might be the case.

Simply put, including the debt servicing costs in legislation will better equip lawmakers to make informed spending decisions.

My legislation also does one important thing. It would require estimates to include a list of duplicate programs with the covered legislation. If cost estimates were required to point out such duplication it might give Members pause before voting to spend taxpayer dollars to create more duplicate programs or expand existing programs that duplicate others.

But the good news is that while the legislation required consideration of interest costs is preferred, we do not need to wait for legislation to pass for us to begin to count the real cost of proposed legislation. Last year I sent both the Chairman and Ranking Member of this body, as well as your counterparts in the Senate, a bipartisan letter signed by myself and 56 colleagues—I will be leading a similar letter this year. On the letter we asked that you direct the Congressional Budget Office to begin including debt servicing costs in all legislative cost estimates produced.

Mr. Chairman, reigning in our debt and deficits only gets harder the longer we wait. That is in part because our interest rates have been historically low. Again, as the Committee for a Responsible Federal Budget pointed out just a couple of weeks ago, higher interest rates will mean higher interest payments and deficits. For example, if the interest rates were one percent higher than projected, for all of 2021 interest costs would total \$530 billion. More than the cost of Medicaid. If interest rates were two percent higher, interest costs would total \$750 billion, which is more than the federal government spends on defense or Medicare.

We owe it to our constituents, particularly future generations, to make spending decisions with the most accurate information pos-

sible. This isn't a red or blue issue, a Republican or Democrat issue, this is simply good governance.

I hope you consider these cost estimate reforms as an important step toward improving our budget process. And thank you again for the opportunity for myself and other Members to appear before you today.

[The prepared statement of Michael Cloud follows:]

Congressman Michael Cloud (TX-27)
Testimony Before House Budget Committee: Members' Day
Including Servicing the Debt in Cost Estimates Provided to Congress
March 23, 2021

Good Afternoon, Chairman Yarmuth, Ranking Member Smith and Members of the Committee, thank you for having us here today.

This Committee is tasked with the important Constitutional obligation placed on Congress in Article I, Section 8, to determine how much revenue should be collected from the taxpayers and how it should be spent.

The budget process is vital because it is within that budget framework that we evaluate proposed legislation — to ensure we are spending within agreed upon spending limits.

At least, that's how it's supposed to work.

Last year and the year before, I came to talk to you about a bill I introduced, H.R. 638, the Cost Estimates Improvement Act, which would require the CBO and JCT to include debt servicing costs in their estimates. I asked that you include it as part of the Fiscal Year 2020 and Fiscal Year 2021 budget process. I have reintroduced the bill again and ask you to consider it as part of the Fiscal Year 2022 budget process.

Should the committee include my legislation and ensure its enactment into law, I promise I will not come again next year.

Mr. Chairman, we do not have the luxury of ignoring the true costs of our spending decisions. Our nation's outstanding debt is \$28 trillion. For reference, when I testified a little over a year ago, our nation's debt stood at \$23.4 trillion.

What's worse, is should the Senate pass, and the President sign the bill that was approved by the House last week – to essentially exempt \$1.9 trillion from having to be paid for – it would add that straight to the nation's debt.

These numbers are so big, it is hard for the average person to comprehend. But they represent a real threat to our nation's financial future.

And we are increasing the deficits and debt at these alarming rates without a full and complete picture of the legislation we are voting on in Congress because we regularly do not consider the interest costs.

As the Committee for a Responsible Federal Budget pointed out just a couple weeks ago:

This year, the federal government will spend **\$300 billion** on interest payments on the national debt. This is the equivalent of nearly **9 percent of all federal revenue collection** and over **\$2,400 per household**. The federal government spends more on interest than on science, space, and technology; transportation; and education combined. The household share of federal interest is larger than average household spending on many typical expenditures, including gas, clothing, education, or personal care.

The folks back home understand this:

If they were budgeting for monthly car payments and only considered the list price of the car itself—and didn't factor in the extra cost of interest payments—they might discover later that the actual total cost was more than they could afford.

In essence, Congress does the same thing by not considering the comprehensive budgetary impact of spending and taxing proposals. This distorts congressional decision-making in favor of more spending and debt accumulation than might otherwise be the case.

Simply put, including debt servicing costs in legislative cost estimates will better equip lawmakers to make informed spending decisions.

My legislation also does one other important thing that would help lawmakers make better spending decisions. It requires cost estimates to include a list of duplicative programs with the covered legislation.

For example, the President Trump identified 91 federal programs that train healthcare professionals alone in his budget documents. And this is just one example of duplication across the federal government.

If cost estimates were required to point out such duplication, it might give members pause before voting to spend more taxpayer

dollars that create new duplicative programs or expand existing programs that duplicate others.

But the good news is — that while legislation requiring consideration of interest cost is preferred — we do not need to wait for legislation to pass for us to begin counting the real cost of proposed legislation.

Last year, I sent the Chairman and Ranking Member of this body, as well as your counterparts in the United States Senate, a bi-partisan letter signed by myself and 56 of our colleagues. I will be leading a similar effort this year as well.

In the letter we asked that you direct the Congressional Budget Office to begin including debt servicing costs in all legislative cost estimates produced.

Mr. Chairman, reigning in our debt and deficits only gets harder the longer we wait. That is, in part, because our interest rates have been historically low.

Again, as the Committee for a Responsible Federal Budget pointed out just a couple weeks ago:

Higher interest rates will mean higher interest payments and deficits. For example, if interest rates were one percent higher than projected for all of 2021, interest costs would total \$530 billion — more than the cost of Medicaid. If rates were two percent higher, interest costs would total \$750 billion, which is more than the federal governments spends on defense or Medicare. And at three percent

higher, interest costs would total \$975 billion — almost as much as is spent on Social Security benefits. On a per-household basis, a one percent increase in the interest rate would increase costs by \$1,805, to \$4,210.

We owe it to our constituents, particularly future generations, to make spending decisions with the most accurate information possible.

This isn't a red or blue — Republican or Democrat issue — this is a simple good-governance.

I hope you will consider these cost estimate reform as an important step toward improving our budget process.

Again, thank you for this opportunity to appear here today.

Chairman YARMUTH. Thank you, Mr. Cloud, for your testimony. Members who have your cameras on may now unmute to ask questions. Does any Member of the Committee wish to ask a question of Mr. Cloud?

Mr. CLOUD. No.

Chairman YARMUTH. Seeing none, I now yield five minutes to the gentleman from New York, Mr. Tonko. Welcome to the Committee, Mr. Tonko.

STATEMENT OF HON. PAUL TONKO, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK

Mr. TONKO. Thank you and good morning, Chairman Yarmuth and Ranking Member Smith and Members of the Committee. Thank you for the work on the American Rescue Plan. It has been a great help to my district. Thank you for this opportunity to testify on the Fiscal Year '22 budget resolution.

America faces many interesting national challenges. Congress must advance a budget resolution that reflects this. President Biden understands that reducing climate pollution is not just scientifically necessary, it is also a once in a lifetime opportunity to propel our economy forward by investing in programs that put millions of Americans to work rebuilding our roads, bridges, electric grid, water systems, broadband networks, and buildings. The President has called this "build back better."

To me, build back better means rebuilding our economy for a more competitive future, not the fading dynamics of the past. America's new generation of global economic leadership starts with supporting new technologies, advanced manufacturing and resilient infrastructure that we incorporate in every community. Certainly, taking bold action now will make us healthier, safer, and more competitive for the rest of this century.

I propose three principles for our build back better budget. Jobs. Focus on smart, strategic investments that create and retain American jobs while modernizing our infrastructure, reducing pollution, and enhancing U.S. competitiveness, specifically by strengthening domestic manufacturing and associated supply chains.

American workers. Support American workers by ensuring every project built with federal funding upholds strong domestic content and prevailing wage requirements. Where appropriate, major projects should incorporate project labor agreements and other pro-worker practices.

Better healthier outcomes for everyone, promote equity and environmental justice with investments that reach into every community. We can certainly start by ensuring universal access to clean water, clean air, and opportunities to share in energy prosperity. Congress should seek to fulfill President Biden's Justice 40 commitment.

With congressional leadership we can have every child in America get a pollution free ride to school on a clean, safe, American made bus. We can remove every lead service line from our drinking water systems and provide clean water for every American. We can put our building trades to work building resilient, next generation infrastructure, including a smart electric grid and vast, clean electricity resources. We can invest in America's researchers and man-

ufacturers to develop innovative technologies and ensure America reaps those rewards of these emerging industries. We know this will create new economic opportunities across our country if we are willing to make this commitment.

My district is an example of this. We are hundreds of miles from any offshore wind site, but because New York's commitment to wind energy, the Port of Albany will soon become home to hundreds of new manufacturing jobs. With this in mind, the Energy and Commerce Committee has developed several proposals to make investments in our transition to a resilient, clean economy covering dozens of programs at the EPA and the DOE.

Finally, I would caution against a myopic focus on shovel ready projects. While we certainly want to maximize job creation in our public investments, shovel ready requirements can worsen the growing divide that exists between communities that are thriving and those that are struggling. Larger and wealthier communities are the ones that can afford the design and engineering work needed for a potential project to become shovel ready. We need to ensure disadvantaged communities receive funding for this critical early stage work.

In the 2009 Recovery Act some of the most impactful investments, including the very first ARPA-E grants, had a longer time horizon but still delivered significant benefits.

Mr. Chair, we find ourselves at a moment of profound need, not just for climate action, for vast rebuilding of our economy and our institutions. This budget

[inaudible] is an opportunity for us to meet that need, if we intend to lead this nation in ways that avoid the most dangerous and irreversible aspects of climate change we cannot wait. But for as much as we stand to lose from inaction, we stand to gain even more from a transition to a clean economy that will create existing opportunities that will benefit America's workers and communities, that is if we act boldly and thoughtfully.

I believe we must be prepared to deliver these investments through whatever process or procedure is available to us. I urge you to advance a budget resolution that reflects this moment of national need for all of us and for generations that will follow.

I again thank you for the opportunity to testify.

[The prepared statement of Paul Tonko follows:]

**Prepared Testimony of Paul D. Tonko (NY-20)
before the House Committee on the Budget
Members' Day Hearing for Fiscal Year 2022
Tuesday, March 23, 2021**

Good morning, Chairman Yarmuth, Ranking Member Smith, and Members of the Committee. Thank you for this opportunity to testify on the Fiscal Year 2022 budget resolution.

America faces many intersecting national challenges. Congress must advance a budget resolution that reflects this.

President Biden understands that reducing climate pollution is not just scientifically necessary, it is also a once-in-a-lifetime opportunity to propel our economy forward by investing in programs that put millions of Americans to work rebuilding our roads, bridges, electric grid, water systems, broadband networks, and buildings.

The President has called this “Build Back Better.”

To me, Build Back Better means rebuilding our economy for a more competitive future, not the fading dynamics of the past. America’s next generation of global economic leadership starts with supporting new technologies, advanced manufacturing, and resilient infrastructure in every community. Taking bold action now will make us healthier, safer, and more competitive for the rest of this century.

I propose three principles for our Build Back Better budget—

1. **Jobs.** Focus on smart, strategic investments that create and retain American jobs while modernizing our infrastructure, reducing pollution, and enhancing U.S. competitiveness, specifically by strengthening domestic manufacturing and associated supply chains.
2. **American Workers.** Support American workers by ensuring every project built with Federal funding upholds strong domestic content and prevailing wage requirements. Where appropriate, major projects should incorporate project labor agreements and other pro-worker practices.
3. **Better, Healthier Outcomes for Everyone.** Promote equity and environmental justice with investments that reach into every community. We can start by ensuring universal access to clean water, clean air, and opportunities to share in clean energy prosperity. Congress should seek to fulfill President Biden’s Justice 40 commitment.

With Congressional leadership, we can have every child in America get a pollution-free ride to school on a clean, safe, American-made bus.

We can remove every lead service line from our drinking water systems and provide clean water for every American.

We can put our building trades to work building resilient, next-generation infrastructure, including a smart electric grid and vast clean electricity resources.

We can invest in America's researchers and manufacturers to develop innovative technologies and ensure America reaps the rewards of these emerging industries.

We know this will create new economic opportunities across the country if we are willing to make this commitment.

My district is an example of this. We are hundreds of miles from any offshore wind site, but because of New York's commitment to wind energy, the Port of Albany will soon become home to hundreds of new manufacturing jobs.

With this in mind, the Energy and Commerce Committee has developed several proposals to make investments in our transition to a resilient, clean economy, covering dozens of programs at the Environmental Protection Agency and the Department of Energy.

Finally, I would caution against a myopic focus on "shovel-ready" projects. While we certainly want to maximize job creation in our public investments, shovel-ready requirements can worsen the growing divide that exists between communities that are thriving and those that are struggling.

Larger and wealthier communities are the ones that can afford the design and engineering work needed for a potential project to become shovel-ready. We need to ensure disadvantaged communities receive funding for this critical early-stage work.

In the 2009 Recovery Act, some of the most impactful investments, including the very first ARPA-E grants, had a longer time horizon but still delivered significant benefits.

Mr. Chairman, we find ourselves at a moment of profound need, not just for climate action, but for a vast rebuilding of our economy and our institutions. This budget is an opportunity for us to meet that need.

If we intend to lead this nation in ways that avoid the most dangerous and irreversible aspects of climate change, we cannot wait. But for as much as we stand to lose from inaction, we stand to gain even more from a transition to a clean economy that will create exciting opportunities that will benefit America's workers and communities—that is, if we act boldly and thoughtfully.

I believe we must be prepared to deliver these investments through whatever process or procedure is available to us.

I urge you to advance a budget resolution that reflects this moment of national need for all of us and for generations that will follow.

Thank you again for the opportunity to testify.

Chairman YARMUTH. Thank you, Mr. Tonko.

Does any Member have a question they would like to pose to Mr. Tonko?

Seeing none, I now—thank you, Mr. Tonko.

Mr. TONKO. Thank you.

Chairman YARMUTH. I now welcome Mr. Wittman of Virginia to the Committee and yield five minutes to him for his statement.

STATEMENT OF ROBERT J. WITTMAN, A REPRESENTATIVE IN CONGRESS FROM THE COMMONWEALTH OF VIRGINIA

Mr. WITTMAN. Well, thank you, Chairman Yarmuth and Ranking Member Smith. I really appreciate you allowing me to testify before you and the Members of the Budget Committee today.

And I am honored to highlight some of the perspectives I, as well as my constituents have, to improve the operations of the United State Congress and the budget process.

In order to craft a responsible budget plan that addresses the needs of the United States, Congress must make the difficult but essential decisions about spending and challenging head on the fiscal threats we face. Our repeated failure to control federal spending and address our mounting debt truly is the greatest long-term danger to this nation.

Congress should fulfill their constitutional duty to produce a budget resolution that puts our nation on a fiscally sustainable path. Sound fiscal footing fosters an environment for a strong economy, opportunities for growth and prosperity for all people. If we keep letting our debt spiral out of control we put our country at risk of a financial crisis. The federal government has an outstanding public debt of more than \$28 trillion. Every year since 1997 Congress has failed to maintain a fiscally responsible budget, and instead has relied too much on raising the debt ceiling.

Our current normal of not passing a balanced budget is irresponsible and poses a major national security threat. Both parties have failed to restore regular order in the budget and appropriations process and have become comfortable with passing irresponsible continuing resolutions and omnibus spending legislation.

To address this issue I have introduced multiple pieces of legislation. First, the No Budget, No Pay Act. The No Budget, No Pay Act will prohibit Members of the House or Senate from receiving pay if their respective chamber does not pass a budget by April 15 of each year. You cannot continue to budget on this step by step process and create the certainty necessary for the federal agencies and the American people.

The next bill, Inaction Has Consequences Act. The Inaction Has Consequences Act mandates that if Members don't complete appropriations bills by the end of the fiscal year, their pay is withheld. If Members of Congress cannot get their most basic responsibility of funding our government done, we all must be held accountable.

Third, the Stay on Schedule Resolution. The Stay on Schedule Resolution changes congressional procedure to prohibit the House from taking a recess in August unless it has passed all 12 appropriations bills individually by July 31 of 2021. This resolution, in conjunction with my other legislation, the No Budget, No Pay Act and the Inaction Has Consequences Act, will put the proper ac-

countability measures in place to ensure Congress gets its primary job done on time.

It is time to finally pass these measures. They will hold Members accountable to a higher standard and help us complete the work that the people of the United States expect us to do.

Chairman Yarmuth and Ranking Member Smith, thank you for allowing me the time to testify before you today and I look forward to working with you and the rest of the Committee to restore America's fiscal footing.

[The prepared statement of Robert J. Wittman follows:]

**Representative Robert J. Wittman, VA-01
Budget Committee Members' Day Testimony
March 23, 2021**

Chairman Yarmuth and Ranking Member Smith,

Thank you for allowing me to testify before you and the Members of the Budget Committee today. I am honored to highlight some of the perspectives I, as well as my constituents, have to improve the operations of the United States Congress and the Budget Process.

In order to craft a responsible budget plan that addresses the needs of the United States, Congress must make the difficult, but essential, decisions about spending and challenging head-on the fiscal threats we face. Our repeated failure to control federal spending and address our mounting debt truly is the greatest long-term danger to this nation. Congress should fulfill their constitutional duty to produce a budget resolution that puts our nation on a fiscally sustainable path.

Sound fiscal footing fosters an environment for a strong economy, opportunities for growth, and prosperity for all people. If we keep letting our debt spiral out of control, we put our country at risk of a financial crisis.

The federal government has an outstanding public debt of more than \$28 trillion. Every year, since 1997, Congress has failed to maintain a fiscally responsible budget and, instead, has relied too much on raising the debt ceiling.

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To address this issue, I have introduced multiple pieces of legislation.

No Budget, No Pay Act:

The No Budget, No Pay Act would prohibit members of the House or Senate from receiving pay if their respective chamber does not pass a budget by April 15, 2021. You cannot continue to budget on this step-by-step process and create the certainty necessary for the federal agencies and the American people.

Inaction Has Consequences Act:

The Inaction Has Consequences Act mandates that if Members don't complete appropriations bills by the end of the fiscal year, their pay is withheld. If Members of Congress cannot get their most basic responsibility of funding our government done, we must be held accountable.

Stay on Schedule Resolution:

Finally, the Stay on Schedule Resolution changes congressional procedure to prohibit the House from taking a recess in August, unless it has passed all twelve appropriations bills individually by July 31, 2021.

This Resolution, in conjunction with my other legislation – the No Budget No Pay Act and the Inaction has Consequences Act – will put the proper accountability measures in place to ensure Congress gets its primary job done on time.

It's time to finally pass measures, like mine, that will hold Members to a higher standard and complete the work of the people.

Chairman Yarmuth and Ranking Member Smith, thank you for allowing me the time to testify before you today. I look forward to working with you and the rest of the Committee to restore America's fiscal footing.

Chairman YARMUTH. Thank you very much, Mr. Wittman. Does any Member have a question of Mr. Wittman?

Mr. SMITH. Mr. Chairman?

Chairman YARMUTH. Yes, Ranking Member Smith.

Mr. SMITH. Yes, I have a quick question of the Representative.

Chairman YARMUTH. Sure.

Mr. SMITH. Thank you.

Representative, how does the dysfunction in the budget process impact the DOD and the DOD operations?

Mr. WITTMAN. Well, Ranking Member Smith, it is completely disruptive to certainty in the national defense realm. As you know, we have long-term funding needs to do things like build aircraft, to build ships. And when the stream of funding is interrupted by continuing resolution, many of those efforts come to a halt or they are suspended temporarily, which actually results in a waste of money. In fact, I go back to a previous Secretary of the Navy's comment when he was asked at a House Armed Services Committee hearing what was the fiscal impact of continuing resolutions, and he said that from 2009 to 2017 it resulted in the waste of \$4 billion just for the United States Navy. He said that is not setting money aside, he said that is putting \$4 billion into a trash can and burning it. That is the impact that it has on not only our nation's fiscal responsibilities in responsibly budgeting and making sure the money gets used in the right way and not wasted, but it also interrupts our efforts to modernize, our efforts to make sure we keep up with our adversaries. And in today's world we cannot afford either. We can't afford the wasting of those dollars and we can't afford the interruptions, making sure that we keep with our adversaries.

Mr. SMITH. Thank you, Representative.

Chairman YARMUTH. I thank the Ranking Member. And I will just add to that that, you know, I think you get that partisan agreement on the trouble with continuing resolutions. I am not sure anyone wants to proceed on that basis. And many of us have significant amounts of research universities in our districts and the toll that CRs take on vital research is equally disruptive.

So, anyway, I appreciate that question and your answer, Mr. Wittman.

So are there any further questions or comments?

Then this panel is excused. Thank you very much for your testimony.

The panel No. 2 at this point is Representative Holmes Norton from the District of Columbia and Representative Graves of Louisiana.

I now recognize and welcome to the Committee Representative Holmes Norton from the District of Columbia for five minutes.

**STATEMENT OF HON. ELEANOR HOLMES NORTON, A
DELEGATE IN CONGRESS FROM THE DISTRICT OF COLUMBIA**

Ms. HOLMES NORTON. Thank you for this opportunity to testify today.

I ask that you mark up my federal government Advertising Equity Accountable Act designated as H.R. 2576 in the 116th Congress, which would require all federal agencies to include in their

annual budget requests to Congress the amount they spend on advertising contracts with small disadvantaged businesses and businesses owned by minorities and women. This bill would require federal agencies to provide prior and projected total expenditures for such contracts.

The past two years working with Representative Barbara Lee we have been able to get reports accompanying the appropriation bills to direct agencies to provide this information in their budget requests. This bill, which had 13 co-sponsors last Congress, would make such reporting mandatory every year.

In 2007 the Government Accountability Office examined spending on advertising contracts with minority owned businesses by five agencies, Department of Defense, the Treasury, Health and Human Services, Interior, and National Aeronautics and Space Administration, and found that only five percent of the \$4.3 billion available for advertising contracts went to minority businesses.

In April 2016 several Members of Congress joined a letter to the Government Accountability Office requesting information on the amount of federal advertising dollars spent on small disadvantaged businesses and businesses owned by minorities and women. In response to our request the Government Accountability Office released a report in July 2018 which showed that in fiscal 2017 only 16 percent of federal government's advertising contract obligations went to small, disadvantaged businesses and businesses owned by minorities and women.

The federal government is the largest advertiser in the United States. The Government Accountability Office's findings make it clear that there is still much progress to be made. This bill would require the regular collection of information on federal advertising contracts with small disadvantaged businesses and businesses owned by women and minorities promoting transparency and encouraging federal agencies to strive to reach these constituencies.

The regular collection of information on federal advertising contracts with small, disadvantaged businesses and those owned by women and minorities, along with the provision of this information to legislators and stakeholders is essential to bridging the divide between what government statistics show and a more inclusive advertising landscape. This bill would achieve these goals while also promoting transparency and encouraging federal agencies to strive to reach minorities who often receive their daily news from smaller media outlets that serve communities of color.

The requirement that agencies submit prior and projected information regarding the amount of advertising dollars spent with small, disadvantaged businesses and those owned by minorities and women would allow federal agencies to evaluate their progress over time. The regular collection of this information would also demonstrate that the promotion of equity in advertising and in all areas of government should be a continuous effort that is important to the mission of every agency.

I ask that you mark up this important bill and I thank you for your consideration, Mr. Chairman.

[The prepared statement of Eleanor Holmes Norton follows:]

**Statement of Congresswoman Eleanor Holmes Norton
Committee on the Budget
Members' Day
March 23, 2021**

Thank you for the opportunity to testify today. I ask that you mark up my Federal Government Advertising Equity Accountability Act, designated as H.R. 2576 in the 116th Congress, which would require all federal agencies to include in their annual budget requests to Congress the amount they spend on advertising contracts with small disadvantaged businesses and businesses owned by minorities and women. This bill would require federal agencies to provide prior and projected total expenditures for such contracts. In the past few years, working with Representative Barbara Lee, we have been able to get reports accompanying the appropriations bills to direct agencies to provide this information in their budget requests. This bill, which had 13 cosponsors last Congress, would make such reporting mandatory every year.

In 2007, the Government Accountability Office examined spending on advertising contracts with minority-owned businesses by five agencies—the Department of Defense, the Department of the Treasury, the Department of Health and Human Services, the Department of the Interior and the National Aeronautics and Space Administration—and found that only five percent of the \$4.3 billion available for advertising contracts went to minority businesses.

In April 2016, several Members of Congress joined a letter to the Government Accountability Office requesting information on the amount of federal advertising dollars spent on small disadvantaged businesses and businesses owned by minorities and women. In response to our request, the Government Accountability Office released a report in July 2018, which showed that in fiscal year 2017, only 16 percent of the federal government's advertising contract obligations went to small disadvantaged businesses and businesses owned by minorities and women.

The federal government is the largest advertiser in the United States, and it has an obligation to ensure equitable access to its contracts for small disadvantaged businesses and businesses owned by minorities and women. The Government Accountability Office's findings make it clear that there is still much progress to be made. This bill would mandate the regular collection of information on federal advertising contracts with small disadvantaged businesses and businesses owned by women and minorities, promoting transparency and encouraging federal agencies to strive to reach these constituencies.

The regular collection of information on federal advertising contracts with small disadvantaged businesses and businesses owned by women and minorities, along with the provision of this information to legislators and stakeholders, is essential to bridging the divide between what current statistics show and a more inclusive advertising landscape. This bill would achieve these goals while also promoting transparency and encouraging federal agencies to strive to reach minorities, who often receive their daily news from smaller media outlets that serve communities of color. The requirement that agencies submit prior and projected information regarding the amount of advertising dollars spent with small disadvantaged businesses and businesses owned by minorities and women would allow federal agencies to evaluate their

progress over time. The regular collection of this information would also demonstrate that the promotion of equity in advertising, and in all areas of government, should be a continuous effort that is important to the mission of every agency.

I ask that you mark up this important bill. Thank you for your consideration.

Chairman YARMUTH. All right. Thank you, Representative Holmes Norton.

And are there any questions of Ms. Holmes Norton?

Seeing none, I now welcome to the Committee and yield five minutes to Mr. Graves from Louisiana.

**STATEMENT OF HON. GARRET GRAVES, A REPRESENTATIVE
IN CONGRESS FROM THE STATE OF LOUISIANA**

Mr. GRAVES. Thank you, Mr. Chairman and Ranking Member Smith. I appreciate the opportunity to join you today.

Mr. Chairman, first of all, I would like to associate myself with Congressman Wittman's comments. I think that his perspective is really important in regard to the stopping and going of government. In a previous life I worked for a large infrastructure program at the state level and one of the frustrations we often had was watching the spigot turn on and off. The inconsistency, the repetitive mobilization and demobilization for projects related to infrastructure was incredibly expensive and frustrating.

So, Mr. Chairman, just big picture, I would like to make one suggestion as we move forward. Of course we are all aware of the rumors of the large infrastructure bill. The federal government needs to decide what its role is. Virtually every constituent that comes to us will ask for—that is seeking funding, we can find a different grant program or some type of assistance that is available at the federal level. And it really seems like that rather than being a reliable federal partner, the federal government has a program that effectively throws a nickel at every \$10 problem across the country and we never get things done.

And so I just ask as you all move forward that you think very carefully about what the role of the federal government is. What is our objective in ensuring that we are a consistent federal partner that is actually working to fulfill a mission and get projects completed rather than, as I said, a few minutes ago, throwing a nickel at every \$10 problem across the country and never ever finishing these projects.

So, Mr. Chairman, more importantly, I would like to turn a few bills that we have either introduced or are working on now.

In 2005 the Office of Management and Budget established an administrative PAYGO, and certainly you are very familiar with the congressional PAYGO that requires that we offset spending whenever we introduce legislation. The administrative PAYGO is a little bit more murky in that compliance with it, how it applies to different administrative decisions is less clear.

What we have seen is this very strict rule, often applied in the Congress, where once again, if we introduce legislation that spends dollars or affects income, we have got to find ways to offset it. At the federal level, just in the few years I have been in Congress, I have witnessed repeatedly where the administration has come in, they have taken discretionary executive actions, and they have caused extraordinary impacts in either spending or in reduced revenue coming to the federal government. And so effectively this administrative PAYGO concept designed to address budget neutrality at the administrative level, it is not working. And it seems like that rather than having a very strict process at the congressional

level or in the legislature and then allowing the federal government at the administrative branch to make wild variations in income earned revenue, it is inappropriate. It is not the appropriate balance and I don't think it often reflects the checks and balances that our founders intended.

So three pieces of legislation that we are working on. No. 1, bipartisan legislation we have introduced called the Prove It Act. It has actually passed the House of Representatives twice and our great friends in the Senate have failed to see the wisdom associated with the legislation. But what it would do is, as you know, whatever regulations are proposed there is a cost associated with those regulations, and it is often a guesstimate. We don't ever come back and look at the accuracy of the estimate. What happens if someone estimated it was \$5 million in compliance but it ended up being \$10 billion. That may deviate significantly from congressional intent and obviously the cost imposed on families and businesses is extraordinary. So the Prove It Act requires that we actually do a look back to determine the accuracy of these budget estimates and the regulatory impact estimates and, if appropriate, revisit the regulation if it is way out of whack.

No. 2, this bill we haven't introduced yet, but working on legislation that would require that Congress effectively assign a regulatory budget to legislation, therefore helping to preserve congressional intent on legislation as we pass it. So if we pass legislation, we direct the administration to do something, we would establish a regulatory budget with that legislation—let me say it again—therefore ensuring congressional intent and don't allow the administrations to wildly vary interpretations or application of the law.

And the last one is actually applying a regulatory budget across agencies, similar to what we do with appropriations to help contain or, once again, preserve congressional intent in regards to the discretionary actions of the administration.

So I urge your consideration of these ideas and yield back.

[The prepared statement of Garret Graves follows:]

Rep. Garret Graves
Members' Day Testimony
Budget Committee

- Thank you, Chair Yarmuth and Ranking Member Smith, for accepting Member testimony. I want to speak with you today about a few issues that are of special interest to my constituents in Louisiana's Sixth Congressional District.
- I am working on legislation to put some guard rails on the budgetary impacts of the Executive Branch.
- **New Legislation – Administrative PAYGO**
 - The Constitution gave Congress the power of the purse. Congress has implemented a budget rule requiring that mandatory spending increases must be “offset” – as in paid for by cuts or tax increases.
 - However, no such statutory requirement exists for the Executive Branch – no matter how much a rule might cost taxpayers or the economy.
 - In 2005, the Office of Management and Budget implemented a deficit-neutrality requirement to discretionary executive actions such as regulations, demonstration program notices, and other forms of program guidance.
 - Nicknamed “Administrative PAYGO”, this policy had good intentions – but, even according to CRS, very little is known about whether it was applied consistently because of a lack of transparency at OMB.
 - I am working on a bill to create a statutory requirement for a transparent, centralized deficit-neutrality requirement for discretionary executive actions. Furthermore, my legislation will require an agency to consider the dynamic impact of those actions.
 - Instead of just looking at the static cost of a rule – e.g. the “score”, an agency would need to consider the overall economic impact of a rule or regulation.
 - Rules and regulations that are found to have a significant economic impact would then require Congressional approval.
 - This new Congressional oversight mechanism will be critical for safeguarding both taxpayer dollars and to preserve the intention of the legislation that the rule is implementing.
- Thank you again for taking these concerns into consideration.

Rep. Garret Graves
Members' Day Testimony
Budget Committee

- Please let me know if you or your staff have questions.

Chairman YARMUTH. Thank you, Mr. Graves, for your testimony. Does any Member have a question of Mr. Graves?

Seeing none, those are the two Members of our second panel, so you are excused and thank you all for your testimony.

The third panel will include Representative Moore of Wisconsin, Representative Kilmer of Washington, and Representative Timmons of South Carolina.

So, Ms. Moore, you are recognized for five minutes. Welcome to the Committee. I don't know if she is there. Representative Moore, are you there? Well, we will come back to her.

And I now recognize Mr. Kilmer of Washington for five minutes. Welcome to the Committee.

STATEMENT OF HON. DEREK KILMER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WASHINGTON

Mr. KILMER. Thank you, Mr. Chair.

Chairman Yarmuth and Ranking Member Smith, thank you for hosting today's Members' Day Hearing and for your leadership.

I appreciate the opportunity to talk with you about two subjects. First, some bipartisan recommendations for improving the budget process that were unanimously approved by the Select Committee on the Modernization of Congress.

The Select Committee's guiding principle is to make Congress work better so it can better serve the American people. And during the 116th Congress Members of the Select Committee worked with you, Mr. Chair, and with Ranking Member Womack and the Budget Committee staff to identify a set of bipartisan recommendations focused on modernizing the budget process. And I now Vice Chair Timmons will speak to some of that as well.

In doing so we relied extensively on the work of the Joint Select Committee on Budget and Appropriations Process Reform, on which I have served on aside Chair Yarmuth and Ranking Member Womack. The Joint Committee's draft legislation formed the foundation for the recommendations Vice Chair Timmons and I will share with you today. We understood that process reforms alone can't force Congress to reach budget deals, but process matters because it determines how we enact policy. A strong bipartisan process can generate Member buy-in, and that is enormously important when it comes to reaching a deal.

As a first step the Select Committee recommended requiring an annual fiscal State of the Nation. A yearly fiscal State of the Nation discussion will help facilitate budget negotiations by establishing a common fact base based on non-partisan information.

We also recommended enhancing the budget submission process from the executive branch. Congress requires critical data from the executive branch to begin the budget building process. The Congressional Budget Office cannot begin constructing its base line for the upcoming Fiscal Year without data that is normally transmitted with the president's budget request. And without the CBO's baseline Congress generally cannot begin writing its budget resolution.

To create additional time for developing the baseline, and therefore the budget resolution and various appropriations bills, we recommended that the executive branch be required to provide a sup-

plemental budget submission that is separate from the president's policy proposals no later than December 1 of each calendar year. That simple requirement would allow CBO to begin constructing the baseline and subsequently enable the Budget and Appropriations Committees to begin preliminary work in writing the budget resolution and appropriations bills earlier in the process.

The Select Committee also agreed with the Joint Committee's assessment that including information about tax expenditures would encourage transparency and bring needed flexibility to the budget process.

I know Vice Chair Timmons will cover some additional terrain from the committee's recommendations. In sharing some of the Select Committee's recommendations with you today, Vice Chair Timmons and I hope we can work with the Budget Committee on bipartisan reforms to modernize the process, to eliminate delays and dysfunction that don't serve the interest of the American people.

On behalf of the Select Committee I would appreciate your consideration and am happy to provide additional information to support your work. Outside the work of the Select Committee I would also like to just take a minute and a half and highlight a topic that is also worthy of this Committee's consideration.

Many of you, like me, represent communities that were hurting well before any of us had heard of COVID-19. In fact, I grew up on the Olympic Peninsula of Washington State and was in high school when the timber industry took it on the chin. The economic change and the economic distress that we have experienced is not unique to my region. Indeed, too many communities are being left behind, with distressed labor markets, insufficient job opportunities, and the real fear that our top export will be young people.

In examining these challenges, I have identified three problems that should shape our response. First, communities that are struggling simply do not have the capacity to navigate the complex systems of grants and loans that exist across a multitude of federal agencies. Many can't afford grant writers.

Second, while one year grants are helpful, it is worth recognizing that the struggles facing these communities didn't arise in one year. While one year of support is helpful, research tells us that a sustained approach is needed.

And, finally, it is important to acknowledge that different communities have different problems. So a one-size-fits-all approach won't work. In my district alone there are some distressed communities for whom the primary issue is the need for work force. One community needs help with brownfield redevelopment, another with greenfield site development. One community needs broadband and another needs funding to address persistent flooding.

To address this, I am working on a proposal for flexible long-term grant assistance to persistently distressed communities. When we work on a recovery package or an infrastructure package in the weeks and months ahead, it is important that it doesn't simply amplify existing inequities between communities that have enjoyed tremendous economic growth and others that are being left behind. Rather, we need to make sure that people have economic opportunity, regardless of what zip code they live in.

I have provided a two-pager along with my testimony and would invite your Committee's partnership on this effort.

So thank you again for your leadership and for the opportunity to speak before the Committee today.

And I yield back.

[The prepared statement of Derek Kilmer and article submitted for the record follows:]

Statement for Rep. Derek Kilmer (WA-6)
House Committee on the Budget
Members' Day, March 23, 2021

Chairman Yarmuth and Ranking Member Smith, thank you for hosting today's Members' Day hearing and for your leadership. I appreciate the opportunity to share with you some bipartisan recommendations for improving the budget process that were unanimously approved by the Select Committee on the Modernization of Congress. The Select Committee's guiding principle is to make Congress work better so it can better serve the American people.

During the 116th Congress, members of the Select Committee worked with Chair Yarmuth, Ranking Member Womack, and the Budget Committee staff to identify a set of bipartisan recommendations focused on modernizing the budget process. In doing so, we relied extensively on the work of the Joint Select Committee on Budget and Appropriations Process Reform, on which I served alongside Chair Yarmuth and Ranking Member Womack.

The Joint Committee's draft legislation formed the foundation for the recommendations Vice Chair Timmons and I will share with you today. We understood that process reforms alone can't force Congress to reach budget deals. But process matters because it determines *how* we enact policy. A strong bipartisan process can generate member buy-in and that's enormously important when it comes to reaching a deal.

As a first step, the Select Committee recommended requiring an annual Fiscal State of the Nation. A yearly Fiscal State of the Nation discussion will help facilitate budget negotiations by establishing a common fact base based on nonpartisan information.

We also recommended enhancing the budget submission process from the executive branch. Congress requires critical data from the executive branch to begin the budget building process. The Congressional Budget Office cannot begin constructing its baseline for the upcoming fiscal year without data that is normally transmitted with the President's budget request. And without the CBO's baseline, Congress generally cannot begin writing its budget resolution.

To create additional time for developing the baseline, and therefore the budget resolution and various appropriations bills, we recommended that the executive branch be required to provide a supplemental budget submission that is separate from the President's policy proposals no later than December 1 of each calendar year.

This simple requirement would allow CBO to begin constructing the baseline, and subsequently enable the Budget and Appropriations Committees to begin preliminary work in writing the budget resolution and appropriations bills earlier in the process.

The Select Committee also agreed with the Joint Committee's assessment that including information about tax expenditures would encourage transparency and bring needed flexibility to the budget process.

I know Vice Chair Timmons will cover some additional terrain from the committee's recommendations. In sharing some of the Select Committee's recommendations with you today, Vice Chair Timmons and I hope we can work with the Budget Committee on bipartisan reforms to modernize the process – to eliminate delays and dysfunction that don't serve the interests of the American people.

On behalf of the Select Committee, I appreciate your consideration and am happy to provide additional information to support your work.

Outside of the work of the Select Committee, I would also like to take a minute and highlight a topic that is also worthy of the this Committee's consideration.

Many of you, like me – represent communities that were hurting well before any of us had heard of COVID-19. In fact, I grew up on the Olympic Peninsula of Washington State and was in high school when the timber industry took it on the chin. The economic change – and the economic distress – we have experienced is not unique to my region. Indeed, too many communities are being left behind – with stressed labor markets, insufficient job opportunities, and the real fear that our top export will be young people.

In examining these challenges, I've identified three problems that should shape our response.

First, communities that are struggling simply do not have the capacity to navigate the complex systems of grants and loans that exist across a multitude of federal agencies. Many cannot afford grant writers.

Second, while one-year grants are helpful, it's worth recognizing that the struggles facing these communities didn't arise in one year. While one year of support is helpful, research tells us that a sustained approach is needed.

And finally, it's important to acknowledge that different communities have different problems so a one-size fits all approach won't work. In my district alone, there are some distressed communities for whom the primary issue is the need for workforce. One community needs help with brownfield redevelopment, another with greenfield site development. One community needs broadband – and another needs funding to address persistent flooding.

To address this, I'm working on a proposal for flexible, long-term grant assistance to persistently distressed communities. When we work on a recovery package or an infrastructure package, it's important that it doesn't simply amplify existing inequities between communities that have enjoyed tremendous economic growth and others that are being left behind. Rather, we need to make sure that people have economic opportunity – regardless of what zip code they live in. I've provided a two-pager along with my testimony and would invite your committee's partnership on this effort.

Thank you again for your leadership and for the opportunity to speak before the Committee today.

THE BUILD BACK BETTER ACT

REP. DEREK KILMER (WA-06)
CHAIR EMERITUS, NEW DEMOCRAT COALITION

The COVID-19 crisis precipitated the worst economic downturn since the Great Depression, and is exacerbating existing inequalities,¹ including place-based opportunity gaps.² We need to create more opportunity for more people in more places with a bold, innovative agenda to spur widely shared economic growth and opportunity in places that have been left behind.

The Build Back Better Act (BBBA) would establish a new multi-year federal block grant program to create opportunities, jobs, and lasting economic growth in distressed communities.³ Build Back Better Grants (BBBGs) would empower communities to create good jobs and make investments in their workers, businesses, and resources for lasting opportunity. This could include programs to help workers access opportunities and succeed in their jobs, such as customized training, infrastructure development, transportation assistance, and childcare.

- **Why local control?** The needs of different regional and local labor markets differ. For some communities, the primary hurdle may be lack of a skilled workforce for growing industries, so they could use BBBGs to invest in training and educational opportunities. For other communities, the barrier may be inadequate broadband access or poor freight mobility, in which case, they could use these grants for infrastructure development.
- **Why flexible use?** Investing in a mixture of programs will enable communities to deal with both the supply and demand side of the regional and local labor markets, as well as address limited access to opportunities and resources that support employment, job retention, and growth. Services such as workforce outreach and training, infrastructure and housing development, job retention programs like childcare, and resources for small businesses and entrepreneurs are among the most cost-effective ways to boost lasting employment and wage growth for local workers.
- **Why long-term help?** Distressed communities are least likely to have the capacity to navigate the maze of competitive federal grant programs. Distressed communities are far more likely to have needs not addressed by short-term, ad hoc grants. BBBG funding is based on each communities' level of economic distress and provides consistent, longer-term help needed to design, implement, and carry out wide-ranging economic development activities.
- **Why distressed communities?** These places were hurting prior to the COVID-19 pandemic and have seen their challenges exacerbated by the ensuing recession. Many were left behind by the economic recovery following the Great Recession, or by the changing economy as certain sectors declined like the timber industry in Washington state. These communities have largely been left out of the investment, wealth, and innovation concentrated in just a handful of major metro areas. These communities are most in need of jobs, and by investing in these areas, America has the greatest opportunity to expand overall employment, diversify geographic opportunity, and to boost the national economy.

¹Bartik, Tim, et al, "[Stimulus steps the US should take to reduce regional economic damages from the COVID-19 recession](#)," Brookings Institute & W.E. Upjohn Institute for Employment Research (Mar 2020)

²Fikri, Kenan et al, "[Unlifting America's Left Behind Places: A Roadmap for a More Equitable Economy](#)," Economic Innovation Group (Feb 2021)

³Bartik, Tim, "[Helping America's distressed communities recover from the COVID-19 recession and achieve long-term prosperity](#)," Brookings (Sep 2020) & Bartik, Tim, "[Broad Place-Based Jobs Policies: How to Both Target Job Creation and Broaden Its Reach](#)," W.E. Upjohn Institute for Employment Research (Nov 2020)



Additional Details

- **Administration:** The 10-year Build Back Better Grant program would be administered by the Economic Development Agency (EDA), which would coordinate with other relevant agencies to review eligible communities' economic development plans, provide technical assistance, and conduct oversight of the programs.
- **Eligible Communities:** Persistently distressed communities, i.e., regional or local labor markets where the five-year average prime age employment rate is one percent or more below the national, would qualify. States, local and municipal governments, tribes, territories, the District of Columbia, and consortiums collectively established by and representing more than one such authority, could receive the grants.
 - **Regional labor markets** include [Core Based Statistical Areas](#) (CBSAs) and parts of [commuting zones](#) (CZs) that do not overlap with CBSAs.
 - **Local labor markets** include distressed tribal communities, counties, cities, towns, or groups of neighborhoods that are within regional labor markets that are not distressed.
 - Regional and local labor markets that become newly distressed due to significant economic disruption that is expected to be persistent, such as communities with lasting damage to local industries from COVID-19 or communities with significant fossil fuel industry reliance that are displaced due to clean energy transitions, could become eligible in future appropriation cycles.
 - These eligible areas would include roughly 30% of the U.S. population, span rural, suburban, and urban communities across the country, and represent the demographic diversity of the nation.
- **Eligible Uses:** BBBG could be used for a wide variety of purposes to address regional labor market and local labor market needs. Such programs include:
 - **Business advice** for small and medium-sized local businesses and entrepreneurs, such as manufacturing extension services and small business development centers.
 - **Land and site development** such as brownfield redevelopment, research and technology parks, business incubators, business corridor development, and Main Street redevelopment.
 - **Infrastructure and housing**, such as improvements in transit, roads, broadband access, and affordable and workforce housing development.
 - **Job training** oriented to regional or local labor market needs, such as customized job training programs run by local community colleges in partnership with local businesses.
 - **Workforce outreach programs** that reach out to lower-income neighborhoods and embed job placement and training services in neighborhood institutions.
 - **Job retention programs** for support services such as success coaches at small employers for recently hired workers, childcare services, or transportation support.
 - **Others** uses deemed appropriate by the EDA.
- **Allocation:** The block grants would be distributed by a formula tied to each community's level of distress to meet their labor market needs, i.e., the cost of closing half of the employment rate gap between the regional or local labor market and nation over 10 years.

Please reach out to Britt Van, Policy Director, New Democrat Coalition (Britt.Van@mail.house.gov) and Katie Allen, Legislative Director, Rep. Derek Kilmer (Katie.Allen@mail.house.gov) for more information.



Chairman YARMUTH. Thank you, Mr. Kilmer.
Does anyone have a question for Mr. Kilmer.
Ms. PLASKETT. Yes, I do, Mr. Chair.

Thank you so much, Mr. Kilmer, for your testimony. And I find that really very interesting and dynamic, the notion of supporting distressed communities and those that have been left behind.

In your two-pager, which I am really anxious to read, do you lay out how that determination is made as to what those communities would look like? This is in some ways reminiscent to me of our Whip Clyburn's 30-20-10 program, where he is trying to identify communities that have 30 years poverty—20—you know—well, you know poverty—in communities that have been in poverty levels for protracted periods of time. Are you tying it to anything specifically?

Mr. KILMER. Yes, thank you for the question.

We have been working with an economist named Tim Bardik, who has done some pretty detailed work on distressed communities. And we have also been getting technical assistance from EDA. So that if an idea like this moved forward, it would be done in a way that got assistance to the communities that need it most.

But certainly appreciate the question.

Ms. PLASKETT. Thank you.

Chairman YARMUTH. Any other Member have a question for Mr. Kilmer?

Seeing none, I now recognize the gentleman from South Carolina, Mr. Timmons, for five minutes. Welcome to the Committee.

STATEMENT OF HON. WILLIAM R. TIMMONS, IV, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF SOUTH CAROLINA

Mr. TIMMONS. Mr. Chairman, thank you for having me, Ranking Member Smith, thank you both for your leadership on this Committee and for holding today's Members' Day Hearing to listen to the concerns and priorities of Members of Congress.

I appreciate the opportunity to discuss some of the budget recommendations made by the Select Committee on the modernization of Congress.

The Select Committee made over 90 recommendations to the House last year, including recommendations involving the budget process and how we think it can be improved. These were all unanimous.

Our Founding Fathers separated the powers given to each branch of government. Congress was given the power of the purse and controlled our nation's entire annual budget and funding process for years. However, the creation of an initial budget was eventually moved from Congress to the executive branch, and this is the system we still use today. However, the budget process today rarely follows the system initially established. As noted in our Committee's final report for the 116th Congress, it is more like regular disorder.

One of the more radical changes from congressional procedure is the lack of regular order in our budget and appropriations process. Instead, Congress and the President tend to rely on omnibus legislation and continuing resolutions, as we have all seen in past years. Congress has failed and is failing to meet its Article I duties.

And one of the clearest examples we have is the worsening of the budget and appropriations process.

One of the recommendations made by the Select Committee is to require a biannual budget resolution while maintaining the annual appropriations bills. Unfortunately, over the last several years the budget resolution has become more and more a partisan issue, used by both sides of the aisle to emphasize their own policy preferences, and in some cases, a political mover for Senate passage of non-budget related bills.

To be clear, both sides are guilty of this. When the budget process is intentionally delayed and used for political purposes, it delays the incredibly important and constitutionally mandated responsibilities of Congress. If we were to require a biannual budget resolution while maintaining annual appropriations bills, the process would be more efficient and we would be able to plan ahead, avoiding unnecessary delays.

A biannual budget resolution would also give Congress ample time to conduct oversight on federal agencies and departments. When both appropriators and authorizers have more certainty, they are able to give more attention to those bodies they fund and oversee. This allows Congress to better ensure that appropriated funds, taxpayer dollars, are being used responsibly and that authorized programs are carried out in line with congressional intent.

In line with requiring a biannual budget resolution, a realistic deadline for Congress to complete action on a biannual budget is also needed. Congress has consistently failed to adopt a budget resolution by the deadline and statute of April 15. As you know, we will once again fail to meet this deadline this year. The current deadline does not reflect a realistic timeline and only further delays the budget process. A later deadline for the first year of the biennium would give Congress sufficient time and opportunities to finish its work.

Simply requiring a biannual budget resolution does not immediately fix the problems that we face in Congress, but it is a step in the right direction. But in order to maximize taxpayer dollars and ensure the congressional intent is implemented, the Budget and Appropriations Committees should adopt biannual budget resolutions going forward.

A two year budget would also allow us to take a good look at our spending and our budget cuts. With our national debt quickly reaching \$30 trillion, a biannual budget provides the opportunity to correct course and become good stewards of taxpayer dollars rather than rely on 11th hour continuing resolutions or bloated omnibus bills that only further exacerbate the problems at hand.

As a former member of the Budget Committee I understand the unique challenges of the work its Members do, and I believe a biannual budget would help us overcome some of the challenges facing us today.

The congressional budget appropriations process, as it stands today, is in desperate need of reform. Delays and, worse, inaction have become the norm. The unfortunate results are not just ineffectiveness and lack of accountability of Congress, they are increased delays throughout Congress as a whole and strained relationships with the executive branch. Vital legislation is forced to the side-

lines as we hurriedly try to fund the government through omnibus bills and CRs. And without on-time individual appropriates bills, federal programs and agencies are hamstrung by the uncertainty of future funding.

One of Congress' core responsibilities outlined in Article I of the Constitution is allocating funds for the federal government and it is not currently meeting that key responsibility.

By adopting these recommendations that both Chair Kilmer and I have spoken about, we can begin to remove the roadblocks that have only further delayed and polarizations in this body.

Thank you again for the opportunity to testify before you today. I hope that moving forward the Select Committee can be a resource to you and I look forward to working with you this Congress to help reform our budget process and make Congress work more efficiently.

Thank you, Mr. Chairman. I yield back.

[The prepared statement of William R. Timmons, IV follows:]

**Statement for Rep. William Timmons (SC-04)
House Committee on the Budget
Members' Day, March 23, 2021**

Chairman Yarmuth and Ranking Member Smith, thank you for your leadership on this Committee and for holding today's Members' Day Hearing to listen to the concerns and priorities of Members of Congress. I appreciate the opportunity to discuss some of the budget recommendations made by the Select Committee on the Modernization of Congress.

The Select Committee made over 90 recommendations to the House last year, including recommendations involving the budget process and how it can be improved.

Our founding fathers separated the powers given to each branch of government. Congress was given the "power of the Purse" and controlled our nation's entire annual budget and funding process for years. However, the creation of an initial budget was eventually moved from Congress to the Executive Branch, and this is the system we still use today.

However, the budget process today rarely follows the system initially established. As noted in our Committee's Final Report, it is more like "regular disorder." One of the more radical changes from congressional procedure is the lack of regular order in our budget and appropriations process. Instead, Congress and the President tend to rely on omnibus legislation and continuing resolutions, as we all have seen. Congress has failed and is failing to meet its Article One duties, and one of the clearest examples we have is the worsening of the budget and appropriations process.

One of the recommendations made by the Select Committee is to require a biennial budget resolution, while maintaining the annual appropriations bills.

Unfortunately, over the last several years, the budget resolution has become more and more a partisan document, used by both sides of the aisle to emphasize their own policy preferences, and in some cases, a political maneuver for Senate passage of non-budget related bills. When the budget process is intentionally delayed and used for political purposes, it delays the incredibly important and Constitutionally mandated responsibilities of Congress. If we were to require a biennial budget resolution while maintaining annual appropriations bills, the process would be more efficient and we would be able to plan ahead, avoiding unnecessary delays.

A biennial budget resolution would also give Congress ample time to conduct oversight on federal agencies and departments. When both appropriators and authorizers have more certainty, they are able to give more attention to those bodies they fund and oversee. This allows Congress to better ensure that appropriated funds - taxpayer dollars - are being used responsibly and that authorized programs are carried out in line with congressional intent.

In line with requiring a biennial budget resolution, a realistic deadline for Congress to complete action on a biennial budget is also needed.

Congress has consistently failed to adopt a budget resolution by the deadline in statute, April 15th. As you know, we will once again fail to meet this deadline this year. The current deadline does not reflect a realistic timeline and only further delays the budget process. A later deadline

for the first year of the biennium would give Congress sufficient time and opportunities to finish its work.

Simply requiring a biennial budget resolution does not immediately fix the problems that we face in Congress, but it is a step in the right direction. But in order to maximize taxpayer dollars and ensure that congressional intent is implemented, the Budget and Appropriations Committees should adopt biennial budget resolutions going forward.

A two-year budget will also allow us to take a good look at our spending and our budget deficits. With our national debt quickly reaching \$30 trillion, a biennial budget provides the opportunity to correct course and become good stewards of taxpayer dollars, rather than relying on eleventh hour continuing resolutions or bloated omnibus bills that only further exacerbate the problems at hand.

As a former Member of the Budget Committee, I understand the unique challenges of the work its members do, and I believe a biennial budget would help us overcome some of the challenges facing us today.

The congressional budget and appropriations process as it stands today is in desperate need of reform. Delays and worse - inaction - have become the norm. The unfortunate results are not just ineffectiveness and a lack of accountability of Congress. They are increased delays throughout Congress as a whole and strained relationships with the executive branch. Vital legislation is forced to the sidelines as we hurriedly try to fund the government through omnibus bills and CRs. And without on time, individual appropriations bills, federal programs and agencies are hamstrung by the uncertainty of future funding.

One of Congress' core responsibilities outlined in Article One of the Constitution is allocating funds for the federal government, and it is not currently meeting that key responsibility. By adopting these recommendations that both Chair Kilmer and I have spoken about, we can begin to remove the roadblocks that have only furthered delays and polarization in this body.

Thank you again for the opportunity to testify before you today. I hope that moving forward the Select Committee can be a resource to you and I look forward to working with you this Congress to help reform our budget process and make Congress work more efficiently.

Chairman YARMUTH. Thank you, Mr. Timmons.
 Does anyone have a questions of Mr. Timmons?
 Seeing none, I now recognize the gentlewoman from Wisconsin,
 Ms. Moore, for five minutes. Welcome to the Committee.

**STATEMENT OF HON. GWEN MOORE, A REPRESENTATIVE IN
 CONGRESS FROM THE STATE OF WISCONSIN**

Ms. MOORE. Thank you so much, Mr. Chairman, and thank you Ranking Member. Thank you to all the Members of the Budget Committee.

I am so grateful for the opportunity to come before this Committee. You know, I served on the Budget Committee for over 10 years and I know how hard every Member in both parties works to put this budget together, no matter where they land on the policy imperatives.

You know, I have so much to talk about, but I have been chastened by the five minute rule, so I want to focus my remarks on how provisions of the American Rescue Plan can become foundational for reforming our public assistance programs going forward by making the provisions adopted in the American Rescue Plan relating to the child tax credit, making it permanent, and to continuing to expand access to the earned income tax credit.

I have a proposal that you will hear more about in the future, called the Worker Act, which recognizes the work of the unpaid work of caretakers—expanding childcare, the Affordable Care Act, and SNAP. To those workers, who are described by the poor people's campaign as low wealth persons, we cannot only end welfare as we know it, but we can end the misery inflicted by poverty on our communities going forward.

You know, I don't need to remind anyone here that according to analysts, the earned income tax credit and the child tax credit provisions, among others in the Rescue Plan, will do more to reduce child poverty in our country than all the empty rhetoric for the last 25 years about personal responsibility since we ended welfare as we know it. And we need to continue to promote these proven poverty alleviation efforts like the CTC, the EITC.

In 2018 the CTC pulled 4.3 million Americans, including 2.3 million children, out of poverty. And if you are concerned about cutting poverty, oh, this is a great place to start. Children and families who receive the CTC had improved overall health, performed better in school, earned higher salaries as adults. And this next budget should consider and build on the progress that we have made.

You know, Mr. Chairman, Mr. Ranking Member, five minutes is just not long enough to revisit the 25 years since we ended it all. You know, and I was a state Senator in 1996 when then-Governor of Wisconsin Tommy G. Thompson, President Bill Clinton, Speaker Newt Gingrich, and luminaries on both side of the aisle breached the social contract of the Social Security Act to protect the elderly, the infirmed, the disabled, and children by snatching this protection singularly from children and relegating children's economic security to the vagaries of the marketplace. And as Governor Thompson, soon to be Secretary of Health and Human Services under President George W. Bush's compassionate conservatism, so aptly observed at the time, plenty of jobs, of low-wage jobs were available

to women because of this government mandated market manipulation.

And over the past 25 years, United States employers have enjoyed a reliable pool of workers, captured in a system that paid minimum wages, or more often, the tip wage of \$2.13 an hour, often less than 40 hours. And because TANF severely limited education and training and childcare to focus on workfare and these low-wage insecure jobs, and it severed the automatic entitled to Medicaid and SNAP, there was no escape from this government mandated feminization of poverty.

We were regaled with promises of lifting people out of poverty, of ending dependency, of restoring women's dignity by tying benefits to work requirements, drug testing, and time limits. Governor Scott Walker, Rep. Paul Ryan admonished us to accept the TANF program as a system that would provide a trampoline on poverty rather than welfare serving as a hammock.

And I hope my colleague Glenn Grothman is there, ever so romantic, that he defended this policy as pro-family and pro-marriage. Not surprisingly, the welfare rolls precipitously dropped due to rules requiring strict worker engagement rules and financial incentives to the States to get families off no matter what.

Five minutes is not enough time to review all of the literature on TANF after 25 years, however, briefly, according to CBPP's longitudinal study, deep poverty, defined as living on roughly \$8.50 a day, has surged. And according to research by Luke Shaefer and Kathryn Edin, households living in extreme poverty, defined as living on \$2.00 a day, has doubled.

My message is that we should keep on doing what we did on then the ARP, to begin a new conversation about addressing how we help the poorest truly escape poverty. I think it is time that we begin to discuss a new deal between the federal government and its people as distinct from a contract on America that exacerbates inequities.

We need a minimum wage increase. We have got to stop pretending that we can just live off of nothing. You know, we have got to—instead of us providing the poor with opportunities for upward mobility, we rely on insulting people out of poverty. If we just call them lazy, ne'er-do-well welfare queens, if we demand that they get some dignity with that \$2.13 an hour, plus tips, job and promise them that this would put them on a path to self-sufficiency, we would do OK. The awful truth in America is many hardworking Americans do not—got more month than money. And it is the government's responsibility to do it.

I just want to end, because I know that the Chair is indulging me. The reality is that people of all races, genders, and walks of life, have needed and benefited from time to time from a little help, and the government has provided stability and to help people keep afloat when life gets tough.

We need to reclaim our time when it comes to the debate on poverty and welfare and the work of this Committee will help us do that.

And I yield back.

[The prepared statement of Gwen Moore follows:]

**Testimony of Congresswoman Gwen Moore Before the
House Budget Committee—Members' Day
3/23/2021**

I am so grateful for the opportunity to appear before this Committee. I served on Budget for over 10 years and miss it.

I am pleased to join members of the CBC in our “Our Power, and Our Message” campaign to discuss tax and fiscal issues that are important to the caucus and our constituents.

There is so much I can talk about, and want to talk about, but I wanted to focus my remarks on how to use this budget resolution and budget reconciliation to help end the misery inflicted by poverty on our communities.

Let's be clear: COVID has highlighted and taken advantage of a situation in our country where not all boats were being lifted. It is no surprise that the populations disproportionately impacted by the virus were already disproportionately impacted by income inequality, criminal justice inequalities, health inequalities, and I can go on.

Those who were behind before this pandemic have suffered disproportionately, including low-income families with children. Nearly half of all families with children reported having trouble paying basic household expenses during the pandemic. For black families, that figure is nearly two-thirds. For Latino families, it is 58%. Families with children were more than 70% more likely to be skipping meals and were more than twice as likely to be behind on their rent, having more month than money.

These families—these children—need our help right now.

I point this out because we need to address these inequities. That conversation is much larger than any one bill. I get that.

But, this Committee has the opportunity to help the least, the lost, and the often overlooked. It has the chance to make clear that all Americans—not just the top 1%—can receive support to make it through these turbulent times but when things return to “normal.”

Lets invest wisely.

I don’t need to remind everyone that according to analysts, the Earned Income Tax Credit (EITC) and Child Tax Credit (CTC) provisions, among others in the American Rescue Plan will do more to reduce child poverty in our country than all the empty rhetoric about “personal responsibility” in the decades since we “ended welfare as we know it.”

We should keep doing what is working and build on the ARP to begin a new conversation about how we help people truly escape poverty. I think it is time that we begin to discuss a new “New Deal” between the federal government and its people.

We need to reach a consensus and stop pretending that people can live off less than poverty wages for full time work.

\$7.25 per hour is the current federal minimum wage and \$2.13 per hour is the tipped minimum wage. \$2.13 per hour. This is a policy based on the premise if you are “pleasant enough” you may generate enough tips to meet basic living expenses.

Let’s stop pretending folks: you can’t make a living off nothing.

The awful truth in America is that many hard-working Americans do not make enough, especially those at the lowest end of the wage scale—to meet their needs. It’s not a moral failure, it’s a policy failure.

But that’s not what you hear. We keep hearing some of the same old tropes about welfare that were around when I was a single mom relying on our basic needs program to get through.

It wasn't some magical characteristic about me that somehow led me to this seat before you today. I did not go from welfare to Congress by dropping out of Marquette University to work, which TANF now demands of women; I was able to pursue a career in public service using government support as I went to school and raised my daughter. I thank taxpayers for the opportunity to succeed.

My story isn't an exception. The reality is that people of all races, genders, and walks of life have needed and benefitted from help from time to time.

We need the budget resolution and budget reconciliation to continue to promote proven poverty alleviation efforts...like the CTC and EITC. In 2018, the CTC pulled 4.3 million Americans out of poverty. If you are concerned about poverty, this program is a good place to start.

Children in families who receive the CTC had improved health, perform better in school, and earned higher salaries as adults.¹ The next budget tools that this Committee considers must allow Congress to build on CTC and put in place permanent provisions to more effectively lift struggling families out of poverty.

The budget also should allow for strengthening the EITC. I have a bill, the **Worker Relief and Credit Reform or WRCR Act**, to expand the EITC, including to recognize the caregiving that tens of millions of Americans do each day, as work. It's time we acknowledge the reality that many families face.

Then we also need to look at our safety net programs. Over two decades of failed work requirements and arbitrary time limits have shown us clearly what doesn't work.

Let's invest in what works. Childcare. Let's invest in education and skills training. Our economy is changing and diversifying before our very eyes. Many of the jobs that were lost in this pandemic will not come back in the same way that they existed before, if at all.

We need to rethink and retool TANF to provide new education and training tools to help get folks with limited skills or skills that are out of date for today's job market and with other barriers to employment, get over those humps.

Some believe the best way to promote work is to call people lazy and impose punitive limits. I believe we need to reaffirm the dignity of all and provide critical supports that will keep food on the table, provide health care and childcare, and open

doors to education. The budget tools available to this Committee can be critical to helping achieve that vision.

I urge this Committee to not miss this opportunity.

Chairman YARMUTH. Thank you, Ms. Moore.
Any questions of Ms. Moore.

Seeing none, thank you to this panel. You are excused. And we have reached—oh, Mr. Kilmer, you are waving goodbye. Thank you.

Mr. KILMER. Take care.

Chairman YARMUTH. Thank you very much.

Our next panel at this point is Mr. Case of Hawaii and Mrs. Boebert of Colorado.

So I now welcome to the Committee and yield five minutes to Mr. Case of Hawaii.

**STATEMENT OF HON. ED CASE, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF HAWAII**

Mr. CASE. Good morning, Mr. Chair, Ranking Member, and colleagues from an early Hawaii, and mahalo, for the opportunity to testify before you today, as a former Member of this Committee, in support of a fiscally responsible budget.

At the outset, let me say very clearly that I reject the increasingly popular view that federal deficits and debt no longer matter, that we can somehow continue to endlessly spend far more than our revenues, endlessly increase our national debt, with no consequence. Our debt now exceeds \$28 trillion, doubling in just the last decade alone. Our debt to GDP ratio, measuring the ability of our economy to sustain that debt, is at its second highest level ever, exceeded only by World War II. Our own non-partisan Congressional Budget Office, in its recent Budget and Economic Outlook 2021–2031, published before the passage of the \$1.9 trillion American Rescue Plan, projects that in just another decade debt will equal 107 percent of GDP, the highest in our history. And within another two decades, almost 200 percent of GDP.

Even with record low interest rates, gross interest outlays increased 26 percent over the past decade and we are spending more on interest than key investments in our future, such as transportation infrastructure and K-12 education.

We can and should debate reasonable deficit and debt levels, and whether to address the on the revenue or the expense side. Those are debates that need to be had. But I hope we can all at least agree that the current escalation in our federal debt is unsustainable over time and will increasingly harm our country across the board.

I think the underlying challenge is our collective inability, or unwillingness, to recognize and prioritize fiscal responsibility and sustainability. Whether budgets, taxes, spending, PAYGO, or any other fiscal issue, we are increasingly simply avoiding sound budgetary principles and practices and accelerating the decline in our nation's finances. More directly, several of our nation's critical trust funds, including the Medicare Hospital Insurance Trust Fund, the Social Security Disability Insurance and Social Security Old Age and Survivor's Insurance are now projected to run out of money within the next decade plus, much sooner than earlier projected as a result of the COVID-19 crisis.

Against this backdrop it is simply irresponsible to ignore our nation's fiscal state and even more critical that our budget face up to

these realities. We do not have to implement immediate draconian and counterproductive spending cuts and/or tax increases to do so. We can take balanced, preferably bipartisan steps to re-institute fiscal responsibility and accountability, as long as we do so now.

I want to highlight some basic budgetary reforms that I believe can contribute.

First, and most basically, I believe we must produce a detailed budget. It is a mark of deterioration over time, in both finances and accountability, that we must even debate this most basic step.

Second, we must pursue efforts to responsibly utilize limited taxpayer resources. Unfortunately, terms such as “root out waste, fraud, and abuse” and “eliminate duplicative programs” have become proxies for political ping pong. But the desire to spend wisely should be, and I believe is, universal. As one step last Congress, we enacted the Taxpayers Right-to-Know Act, authored by Committee Member Jim Cooper, to require federal agencies to report fully on their federal program activities and publish that information online for direct public accountability. Further steps include strengthening the federal inspectors general offices, which were denigrated under the previous administration.

Third, we should establish balanced, bipartisan procedures that require us to evaluate and make the hard decisions necessary for true fiscal responsibility and sustainability.

I have again co-introduced the Sustainable Budget Act to do so for our overall fiscal state and will soon reintroduce the Trust Act, which focuses on the specific actions necessary to save our trust fund programs.

Last, while we pursue these initiatives, we must avoid digging ourselves any deeper than absolutely compelled by crisis circumstances through abiding by our PAYGO rules and statutes.

Paying for progress is not stopping progress. We have time and again proven that progress and fiscal responsibility are not mutually exclusive, as demonstrated most tellingly by the paid for Affordable Care Act. And we have proven that we can take the difficult decisions on spending constraints and revenue enhancements necessary to do so and successfully explain to our public why those decisions are necessary.

I urge this Committee to lead our way back to responsible budgeting and sustainable budgets.

Thank you very much for your consideration.

[The prepared statement of Ed Case follows:]

Members' Day Testimony to the Budget Committee

Mr. Chair, Ranking Member and Colleagues:

Mahalo for the opportunity to testify before you today in support of a fiscally responsible budget.

At the outset, let me say that I reject the view that federal deficits and debt no longer matter, that we can continue to endlessly spend far more than our revenues, endlessly increase our national debt, with no consequence.

Our debt now exceeds \$28 trillion, doubling in just the last decade alone. Our debt-to-GDP ratio, measuring the ability of our economy to sustain our debt, is at its second-highest level ever, exceeded only by World War II.

Our own nonpartisan Congressional Budget Office, in its recent Budget and Economic Outlook: 2021 to 2031 published before the passage of the \$1.9 trillion American Rescue Plan, projects that in just another decade, debt will equal 107% of GDP, the highest in our history, and within another two decades almost 200% of GDP.

Even with record low interest rates, gross interest outlays increased 26% over the past decade and we are spending more on interest than key investments in our future such as transportation infrastructure and K-12 education.

We can debate reasonable deficit and debt levels and whether to address them on the revenue or expense side. But I hope we can all at least agree that the current escalation in federal debt is unsustainable and will increasingly harm our country across-the-board.

The underlying challenge is our collective inability or unwillingness to recognize and prioritize fiscal responsibility and sustainability. Whether budgets, taxes, spending, PAYGO or any other fiscal issue, we are increasingly avoiding sound budgetary principles and practices and accelerating the decline of our nation's finances.

More directly, several of our nation's critical trust funds, including the Medicare Hospital Insurance Trust Fund, Social Security Disability Insurance and Social Security Old-Age and Survivors Insurance, are now projected to run out of money within the next decade-plus, much sooner as a result of the COVID-19 crisis.

Against this backdrop, it is irresponsible to ignore our nation's fiscal state and even more critical that our budget face up to these realities.

We do not have to implement immediate draconian and counterproductive spending cuts and/or tax increases to do so. We can take balanced, preferably bipartisan steps to reinstitute fiscal responsibility and accountability, as long as we do so now. I want to highlight some basic budget reforms that can contribute.

First, we must produce a detailed budget. It is a mark of deterioration in both finances and accountability that we must even debate this most basic step.

Second, we must pursue efforts to responsibly utilized limited taxpayer resources. Unfortunately, terms such "root out waste, fraud and abuse" and "eliminate duplicative programs" have become proxies for political ping pong, but the desire to spend wisely should be universal. As one step, last Congress we enacted the Taxpayers Right-to Know-Act, authored by Committee Member Jim Cooper, in law, to require federal agencies to report fully on their federal program activities and publish that information online for direct public accountability. Further steps include strengthening the federal Inspectors General offices.

Third, we should establish balanced, bipartisan procedures that require us to evaluate and make the hard decisions necessary for true fiscal recovery and sustainability. I have again co-introduced the Sustainable Budget Act to do so for our overall fiscal state, and will soon re-introduce the TRUST Act which focused on the specific actions necessary to save our trust fund programs.

Lastly, while we pursue these initiatives, we must avoid digging ourselves any deeper than absolutely compelled by crisis circumstances through abiding by our PAYGO rules and statutes.

Paying for progress is not stopping progress. We have time and again proven that progress and fiscal responsibility are not mutually exclusive, as demonstrated most tellingly by the paid-for Affordable Care Act. And we have proven that we can take the difficult decisions on spending constraints and revenue enhancement necessary to do so.

I urge this Committee to lead our way back to responsible budgeting and sustainable budgets. Thank you for your consideration.

Chairman YARMUTH. Thank you, Mr. Case, for your testimony. Does any Member have a question of Mr. Case? Ranking Member?

Mr. SMITH. Just mainly a comment for Mr. Case.

Would love for you to serve on the Budget Committee. So we definitely could use your voice, look at the deficits and items. So hopefully you get back here someday.

Mr. CASE. Thank you very much for that comment. I am busy on appropriations, but it is critical all across the board, Ranking Member. This should not be a partisan issue. I think we can all find a way to debate this and reach reasoned decisions. Tough decisions, but reasoned decisions in a way that will place our budget back on a sustainable path.

Mr. SMITH. Thank you, sir.

Chairman YARMUTH. Thank you.

Any other Member wish to ask a question?

Seeing none, I now recognize the gentlewoman from Colorado, Mrs. Boebert. And I think I can speak on behalf of the entire Committee in sending our condolences to you for the tragedy in your state.

You are now recognized for five minutes. Welcome to the Committee. You are a member of the Committee, but welcome as a witness.

STATEMENT OF HON. LAUREN BOEBERT, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF COLORADO

Mrs. BOEBERT. Thank you. Thank you, Mr. Chairman, and thank you so much for your condolences. It has certainly been a rough past few hours for Colorado beginning yesterday, and so I do appreciate that greatly.

Mr. Chairman, we need a real budget that puts the U.S. on a path to fiscal solvency. Democrats are not serious about the fiscal health of the country. Democrats waited until we were nearly half-way through the Fiscal Year before they even brought forth an Fiscal Year '21 budget. We know this was a sham process and only meant to cram \$1.9 trillion in new spending down the American people's throats. My children are affected through this.

As if once wasn't enough, they are back at it again, this time it may be a lot worse. Mr. Chairman, and my colleagues on this Committee, the federal deficits are on track to exceed \$3 trillion this year and the national debt will reach a new record. The non-partisan Committee for a Responsible Federal Budget estimates debt will now total 108 percent of GDP this year, which will surpass the prior record of 106 percent set just after World War II, and it will rise to 113 percent of GDP over the next 10 years—that is by 2031—irrespective of any potential economic feedback effects of the stimulus bills.

CBO had previously projected that debt would grow by \$14.3 trillion from \$21 trillion at the end of 2020 to \$35.3 trillion at the end of 2031. With the Democrats' \$1.9 trillion so-called COVID relief, debt is projected to increase by \$16.3 trillion over that same period, rising to \$37.4 trillion by the end of 2031.

The Biden Administration has talked about raising taxes in order to pay for all of this extra spending.

Mr. Chairman, I submit we do not have a revenue problem, we have a spending problem. You can't tax your way out of it. I urge my colleagues to take the Fiscal Year '22 budget and take this as an opportunity to show some restraint and fiscal sanity. That means we need an actual budget process that foresees the prioritization of limited resources. That is what leadership is all about.

Mr. Chairman, I represent the people of Colorado's Third District, which covers 52,000 square miles, 47 percent of the state, and is the second largest congressional district that is a non-at large state, and 55 percent of the Third District is public land. So the decision that the Biden Administration made to shut down oil and natural gas development on public land is a very big deal to us. Every decision about public land management and development is a big deal to us and other districts where most of the public land in our country is located.

Mr. Chairman, that is why it is so important that the Bureau of Land Management headquarters stays in Grand Junction, Colorado. Grand Junction was selected for the headquarters location because of its substantial cost savings, travel accessibility, quality of life attributes, and increased representation among the communities affected by land management decisions. It makes economic sense and has already saved money. The Department of the Interior estimates that in 2021 the move will save more than \$2 million in lease costs and \$1.9 million in salary savings.

Additionally, the agency reported a \$1.9 million in savings on travel costs in 2020. And it makes the most sense that the decisions are made closest to the people the land most directly impacted. Since 99 percent of the lands that the Bureau manages are west of the Mississippi, it only makes sense to have an agency located close to those communities that it serves out West.

Keeping the BLM headquarters out west is one example of a decision that we can make to save taxpayer money and benefit those most directly impacted by the land management decisions.

Mr. Chairman, as we contemplate the Fiscal Year 2022 budget process, I urge you to take this opportunity to put the country on a path to fiscal solvency and make wise decisions.

Thank you very much, Mr. Chairman, Ranking Member Jason Smith.

I yield back.

[The prepared statement of Lauren Boebert follows:]

Office of U.S. Congresswoman Lauren Boebert

Testimony Before the House Budget Committee

March 23, 2021

Mr. Chairman, we need a real budget that puts the US on a path to fiscal solvency. Democrats are not serious about the fiscal health of the country.

- Democrats waited until we were nearly half-way through the fiscal year before they even brought forth an FY 21 budget. We know this was a sham process and only meant to cram \$1.9 trillion in new spending down the American people's throats.
- As if once wasn't enough, they're back at it again this time it may be a lot worse.
- Mr. Chairman, and my colleagues on the Committee, federal deficits are on track to exceed \$3 trillion this year and the national debt will reach a new record.
- The non-partisan Committee for a Responsible Federal Budget [estimates](#) debt will now total 108 percent of GDP this year, which will surpass the prior record of 106 percent set just after World War II and it will rise to 113 percent of GDP over the next ten years (2031), irrespective of any potential economic feedback effects of the stimulus bills.
- CBO had previously projected that debt would grow by \$14.3 trillion, from \$21.0 trillion at the end of 2020 to \$35.3 trillion at the end of 2031. With the Democrats' \$1.9 trillion so-called Covid-relief, debt is projected to increase by \$16.3 trillion over that same period, rising to \$37.4 trillion by the end of 2031.
- The Biden administration has talked about raising taxes in order to pay for all this extra spending. Mr. Chairman I submit, we do not have a revenue problem, we have a spending problem; you can't tax your way out of it. I urge my colleagues to take the FY 22 budget as an opportunity to show some restraint and fiscal sanity.
- That means we need an actual budget process that forces prioritization of limited resources. That's what leadership is all about.
- Mr. Chairman, I represent the people of Colorado's third Congressional district, which covers 52,000 square miles, 47 percent of the state and is the 2nd largest Congressional district that is not an at-large state and 55 percent of the 3rd district is public land. So the decision the Biden administration made to shutdown oil and natural gas development on public lands is a big deal to us.
- Every decision about public land management and development is a big deal to us and other districts where most of the public land in our country is located.
- Mr. Chairman that is why it is so important that the Bureau of Land Management Headquarters stays in Grand Junction, Colorado.
- Grand Junction was selected for the headquarters location because of its substantial cost savings, travel accessibility, quality of life attributes, and increased representation among the communities affected by land management decisions.

- It makes economic sense and has already saved money. The Department of the Interior estimates that in 2021, the move west will save more than \$2 million in lease costs and \$1.9 million in salary savings. Additionally, the agency reported \$1.9 million in savings on travel costs in 2020.
- And it makes the most sense that the decisions are made closest to the people and lands most directly impacted. Since 99 percent of the lands the bureau manages are West of the Mississippi, it only makes sense to have the agency located close to those communities it serves, out West.
- Keeping the BLM head quarters out West is one example of a decision we can make to save taxpayer money and benefit those most directly impacted by land management decisions.
- Mr. Chairman, as we contemplate the FY 22 budget process, I urge you to take this opportunity to put the country on a path to fiscal solvency and make wise decisions.

Chairman YARMUTH. Thank you, Mrs. Boebert.

Does any Member have a question or comment about Mrs. Boebert?

Seeing none, thank you to Mr. Case and Mrs. Boebert. You are excused.

On the hearing we have one final panel and that includes Mr. Larson of Connecticut and Ms. Jackson Lee of Texas.

So, Mr. Larson, welcome to the Committee and you now have five minutes for your testimony.

**STATEMENT OF HON. JOHN B. LARSON, A REPRESENTATIVE
IN CONGRESS FROM THE STATE OF CONNECTICUT**

Mr. LARSON. Well, thank you, Chairman Yarmuth and Ranking Member Smith.

It is an honor to be here. And I am here to discuss—and I see that the Committee is blessed to have six of my colleagues from the Ways and Means Committee who serve on the Budget Committee as well, and they are very much aware and apprised of the issue I am addressing today.

I am proud that we have a president who has recognized the truth about Social Security and retirement. Social Security is a sacred trust between government and the people. And this Congress—not the 116th, but it is part of Congress—Congress has not taken any action with respect to Social Security since 1983. Thirty-eight years have transpired and the gap, the disparity gap that exists between people who live and rely on Social Security. And for many Americans, 40 percent of all retired seniors, Social Security is their only source of income, and yet we see the great success of the program because Social Security, as you all know, is the nation's No. 1 anti-poverty program for seniors. It is also the No. 1 anti-poverty program for children as well.

Roosevelt's genius was recognizing this and both Democrats and Republicans over the years have come to share this. In fact, it was Bob Dole that led the charge in 1983 in the U.S. Senate to make sure that we were reforming Social Security in a way that is going to be there for future generations.

But let us make it clear too, the debate in Congress more often than not gets politicized and gets away from the facts. The fact of the matter is that Social Security is not an entitlement, it is a earned benefit, something that people have paid for. How does every American know this? Because all they have to do is go to their paycheck and look at where it says FICA. That is not an entitlement, that stands for Federal Insurance Contribution. Whose? Theirs and yours. And people make that weekly, biweekly, monthly, however their payroll check divides. And those companies who also participate, of course as you know, get a tax write off.

Here is what is staring us in the face. Where we stand right now is that there are 10,000 baby boomers a day who become eligible for Social Security. That is 10,000 a day. Congress has last taken action as I said in 1983. We are long overdue to make this program sustainable for our people, sustainable in a way that it continues to both help them personally and their local economy. And we don't often look at Social Security as an economic stimulus, but we should.

Mr. Chairman, in your district you have approximately 150,000 Social Security recipients who receive \$207 million monthly that come into your district. Mr. Smith, Ranking Member Smith, you have 189,000 Social Security recipients in your district and \$230 million. Where does that money go when it comes into a district? You all know it as well as I, it is spent locally within your district at the grocery store, at the pharmacy, at the dry cleaners. And I could on and on and on, but you get it and understand this.

Congress is long overdue to step up to its financial responsibility to the citizens we are sworn to serve and to make sure, as President Biden says, that we honor the sacred trust that exists between the people who have paid into a system anticipating that they will receive a benefit. And it would break your heart to know that there are five million Americans who have contributed all their lives into a program and yet get a below poverty level check from the U.S. Government. Clearly, in the wealthiest nation in the world we have the ability—and it is—the ability relies on Congress taking action. So the responsibility is ours. And either we are going to step up and take the initiative or take the mirror test, look in the mirror and be honest with your constituents and say, no, we didn't take any action, that is why your benefits have decreased, have remained the same, and haven't kept pace with what we need to do.

We have got a proposal. We are working directly with the President as well, but we would love to see this bipartisan. Over 208 Democrats have signed onto Social Security 2100 to not only make sure that nobody can retire into poverty who has worked all their lives and paid into a system but also make sure that we actually, as the AARP has recommended, have a system that keeps pace with inflation, something they would call CPI-E—the “E” standing for elderly in this instance. But making sure that the moneys that they receive are keeping pace with the cost of living, again noting that Congress hasn't taken any action in 38 years.

So we are overdue for that action. We also know that people are working beyond age 65 and some into their 70's out of necessity. We shouldn't be taxing their Social Security at that point as well. And so the proposal provides that more than 12 million Americans will receive tax breaks as well.

And in many states, people are penalized because of WEP and GPO and have paid into a system or spouses have and yet they don't get the money back as well. All of this—

Chairman YARMUTH. The gentleman should wrap-up please. You are way over your time.

Mr. LARSON. I am sorry.

All of this—forgive me. But thank you for the opportunity, Mr. Chairman, to talk about Social Security, something I know all of you know and appreciate. And look forward to working with you on this and happy to take any questions.

[The prepared statement of John B. Larson follows:]

Written Testimony
before the
House Committee on Budget
Hearing on FY 2022 Budget Priorities: Members' Day
March 23, 2021

Thank you, Mr. Chairman, for the opportunity to testify before the House Committee on Budget hearing on FY 2022 budget priorities. As Chairman of the House Ways and Means Subcommittee on Social Security, I am honored to present my recommendations to protect and strengthen Social Security benefits so that all Americans have the chance to enjoy a financially secure retirement

and are protected from disability or death of a parent or a spouse.

I am pleased that we have a President who has called Social Security a “sacred trust” and who has presented a plan to protect and strengthen Social Security. I look forward to working with President Biden and his Administration to pass legislation to accomplish our mutual goals.

Every day, 10,000 Baby Boomers become eligible for Social Security. These Americans are facing a retirement income crisis, with too many people in danger of not having enough in retirement to maintain their standard of living and avoid sliding into poverty. For 40% of seniors, Social Security provides a majority of their income.

Currently 5 million seniors live below the poverty line; 3 million of them receive Social Security benefits. We musts do better.

Our responsibility here in Congress is to protect Social Security and ensure that it meets the needs of today's beneficiaries and future generations.

The Social Security Subcommittee, the full Ways and Means Committee, the House of Representatives and everyone in the Congress bear the responsibility to act before benefits are reduced by 20% in 2034 which is about \$300 a month on average. In other words, for the person who was making \$50,000 a year throughout their working career, they would be living below poverty level if these cuts go into effect.

In addition, 5 million Americans born in 1960 or who start receiving benefits in 2022 may see a cut in benefits

due to an anomaly caused by COVID's impact on the economy and the average wage index.

Democrats will continue – as we always have – to work for solutions that will protect the intergenerational guarantee that Social Security provides for American families.

In the Social Security Subcommittee, we focused in the 116th Congress on ways to protect and enhance Social Security so that it meets the needs of all American workers.

Social Security is the nation's premiere insurance program. It provides retirement, disability, spousal and dependent benefits to all working Americans.

It is not an entitlement, it is insurance you've paid for! That's why the deduction on your payroll is called FICA, the Federal Insurance Contribution Act. Whose contribution? Yours!

Data from the end of 2020 shows that about 65 million Americans receive Social Security benefits.

The choice is simple. We need to work bipartisanly and act.

Social Security is a civil rights issue too. People of color rely on Social Security more than their white counterparts due to their lower wages, lower life expectancy, higher disability rates and because they are less likely to work for an employer who offers retirement or disability benefits. Among seniors who received Social Security benefits in 2014, 45% of African Americans, 52% of Latinos, and 53% of Asian Americans relied on it for all or almost all of their income, compared to 32% of whites. These populations have been hurt the most by COVID-19 and need our support.

Social Security is also a women's issue. Women accrue fewer Social Security benefits than men but need it more. Due to the wage gap, women earn 80 cents for every dollar earned by men (and it's even lower for women of color -- 61 cents for African American women and 53 cents for Hispanic women), resulting in smaller Social Security benefits. Millions of women have lost their jobs due to COVID and will need Social Security more than ever.

Social Security is also a children's issue and is the largest government program providing direct cash assistance to children.

Social Security is the nation's largest economic development program. In 2014, Social Security contributed \$1.6 trillion nationally as benefits were spent. Social Security benefits go right back into the economy, nobody is getting rich off them. It is not only

a safety net for small business owners, it is a boon to entrepreneurship and business formation in this country.

Social Security isn't just an issue for seniors, it's a millennials issue. Millennials will rely more on Social Security for their retirement security than their parents or grandparents have due to wage stagnation, job instability, unprecedented levels of student debt, rising housing costs in addition to the risks posed by increased life expectancy, decline in union jobs and expansion of the gig economy. Two-thirds of millennials have ZERO retirement savings, and it's worse for millennials of color.

In the 116th Congress I introduced the Social Security 2100 Act with 208 cosponsors, which will expand and enhance Social Security, making the program financially stable through this century and beyond. The Social Security 2100 Act is the only legislative proposal that expands benefits, is fully paid for, and achieves

“sustainable solvency,” as determined by the Chief Actuary of the Social Security Administration.

It offers current beneficiaries an across the board benefit increase of approximately \$300 a year, and it changes the formula for the Cost-of-Living-Adjustment to reflect costs that seniors face day to day.

It ensures that no one who has worked their whole life can retire into poverty, by increasing the special minimum benefit to 125% above the poverty level. It also provides tax relief for almost 12 million Social Security beneficiaries.

In closing, I appreciate the opportunity to discuss this very important issue as you consider the nation’s budget. I look forward to working with you to ensure that all working Americans are able to retire with the peace of mind that they will not be a burden to the next generation.

Chairman YARMUTH. Thank you, Mr. Larson.

Yes, Mr. Donalds has a question.

Mr. DONALDS. Thank you, Mr. Chairman.

Mr. Larson, thanks so much for bringing up an issue that I think actually does need to be discussed in great detail by Congress. I actually agree with you. For the Members—and I am not going to get an extended remarks before I ask my question—but in my professional career I actually spent a lot of time working with retirees on Social Security and the different dynamics, how it impacts their retirement, how it impacts their savings, how it also deals with their retirement accounts, to essentially try to keep them from actually having to go back to work later in life so that they have the necessary dollars they need to survive and pay for healthcare and pay for living and just enjoy their retirement years.

My question is simple, Mr. Larson. I was listening to what you were saying intently, what are the actual elements of your plan, or the President's proposal. I didn't really pick that up. I just really wanted to know what the elements of that are.

Mr. LARSON. Well, the elements are—and I think you especially will appreciate this, looking at your district having more than 233,000 Social Security recipients and the district receiving \$368 million in monthly payments.

So what the bill is designed to do is to take Social Security, first, and make it sustainably solvent. Second, to make sure that nobody who has worked all their lives and paid into a system can retire into poverty. So the new floor for Social Security will become 125 percent of what the poverty level is.

For people who continue to work and have paid into the system, and I am sure in your case that is many in Florida, they wouldn't be taxed on their Social Security benefits as they are working, unless they are above a certain pay grade, et cetera. And also that we want to make sure that this program is sustainably solvent.

Primarily because millennials—and I think this is equally as shocking—for most of them, they have not had the opportunity for personalized savings. On the Ways and Means Committee we are trying to do both with the Secures Act and enhancing opportunity for people to put money aside, but also make sure that what we are asking people to contribute to is sustainably solvent and actually works for them back in their district. We haven't done that and so the gap continues to grow because of Congress' negligence. There is no one to blame other than Congress. And the fight usually stems around well, are we going to raise taxes or cut benefits. And that is a false fight too. What we have to do is take a look at the need that people have and then make the adjustments accordingly, whether that is, you know, lifting the cap, whether there is a whole host of ways that this could be addressed. And we would appreciate the input from Members of the Budget Committee on that as well.

Chairman YARMUTH. Thank you. Oh, yes, sir?

Mr. DONALDS. I have a quick followup on that.

Chairman YARMUTH. Sure.

Mr. DONALDS. I do understand the argument about raising the floor to 125 percent of the poverty line. I guess my question is where does the funding come from to do that? I think everybody

on the call is quite aware of the issues we are having with the fact that there are less Americans per—there are less working Americans per retiree on Social Security, and also on Medicare for that matter. It has been decreasing for the last 60 years in the United States, without question. Also combined with the fact that the truth of the matter is because of the wonders of our healthcare system in the United States that Americans are living significantly longer than when Social Security was created. Life expectancy since 1983 has increased by five years.

So my question is what is the actual mechanism that you are proposing we use in order to raise that floor?

Mr. LARSON. The exact mechanism that we currently use, the deductions are made. And so (a) you have a couple of choices here. You know, of course, as I am sure everybody on the Committee does, that you stop paying into Social Security, it is not deducted from your payroll after \$139,000. So a person paying \$50,000 proportionately pays far more than a person making \$400,000. Lifting the cap, especially starting with higher income people and having them continue to pay into the system the same way that someone making \$50,000 in Florida does, is a good starting place.

And then I think, again because of the economic times that we are in currently, difficult as they are, talk about phasing in an increase so that the increase matches the benefit. So even if people were to increase a program one percent, but that doesn't kick in until 10 or 15 years out in the future, kind of what they did back in 1983. We have yet still—we are going to experience another cut in Social Security as the age goes up again in 2022. Congress did that in 1983. It is up to this Congress to decide whether or not it is going to face up and say, OK, this is how we want to approach this. Again, to your point, giving diminished amounts in the work force, but not diminished amounts in the economy, and what the economy produces and what it generates in terms of prosperity, except that has become increasingly more one-sided and leaving behind all these people who worked all of their lives, especially in professions that weren't paying the kind of salaries that I would dare say most of the Members of Congress make.

Mr. DONALDS. Mr. Chairman, if you would indulge me one last question on this matter.

Chairman YARMUTH. Go right ahead.

Mr. DONALDS. Thank you, Mr. Chairman. I appreciate that.

So from what I am gleaning, one of the proposed—the primary proposed fix is to remove the \$139,000 cap on Social Security taxes. So if you have an American who is making \$145,000 and how that the cap has been removed, are they going to get frankly the increased incremental benefit when they retire, simply because now the cap has been removed from the—on their earnings?

Mr. LARSON. The proposal would actually to be—would be to lift money on people above \$400,000. The cap currently exists at 139. You could lift that cap as well. That would be a way to pay for it, but under the proposal it is to lift the cap on people earning over \$400,000.

And, yes, would they receive more of a benefit—yes. Slightly more of a benefit because that is the way that the program is designed. But I think many, especially in that category, would argue

that they probably don't need all that benefit, but nonetheless, that was the principle behind Social Security as well that Roosevelt instituted.

So the bill does not currently include lifting the cap on people making \$139,000, but it does include lifting the cap on \$400,000, people earning above \$400,000. But any input or ideas that you have with respect to that as a way for us to make sure that people in your district and everyone's district are getting what they deserve.

Mr. DONALDS. I am good, Mr. Chairman. Thank you for your indulgence.

Chairman YARMUTH. Absolutely. Thank you for your questions.

I would just add to that another argument for significant immigration reform is that it would bolster the finances and security of Social Security because we would have a lot of young people coming in banging in the system who would not draw benefits for many years. That is a subject for another day.

We have also added, just for your information, we have two more witnesses. Mr. Gohmert of Texas is also part of this panel. He will be our last witness.

I now yield five minutes to the gentlewoman from Texas, who is also a member of the Budget Committee, Ms. Jackson Lee.

**STATEMENT OF HON. SHEILA JACKSON LEE, A
REPRESENTATIVE IN CONGRESS FROM THE STATE OF TEXAS**

Ms. JACKSON LEE. Thank you very much, Mr. Chairman. I am delighted to be here and thank you to the Ranking Member and the Chairman for this hearing.

I am a Member who is honored to serve on this important committee and I share my priorities for the upcoming fiscal year. I want to do something we do not often do enough, and that is to say thank you. Thank you for the great work the Budget Committee has already done.

Mr. Chairman, as you well know, when you came in the 117th Congress America was in the grip of a lethal COVID-19 pandemic, which has now claimed the lives of over a half a million persons, including fathers and mothers and grandparents, siblings, friends, neighbors, loved ones, Americans, healthcare workers, and first responders, Americans, and those within our border. The pandemic left our nation's economy in shambles, millions were left jobless, food insecure, schools were closed, businesses—well, small businesses were shuttered, and vaccine distribution was a disaster. But bold action was needed.

I am very glad to be part of the Committee majority, the Democratic congressional majority and the incoming Democratic administration that—led by President Biden—that promised the American people that the days of chaos and confusion and blame are over, that help was on the way. And help has been delivered in the name of the American Rescue Act, now helping over 18 million people unemployed. And now I can say the words of help is here.

Delighted that money is being put in our pockets and shots in our arms. The plan will mount a national vaccination program. \$2,000 that was promised is now coming to the bank accounts of our fellow Americans, 40 million Americans can expand access to

safe and reliable childcare and affordable healthcare, the plan delivers \$170 billion for education, \$45 billion for childcare, and the lion's share of those dollars are coming to cities and counties, like Houston and Harris County, where they are getting billions of dollars. And I am delighted that my motion to instruct was accepted in the Budget Committee, that indicated that we would prohibit any removal of the language in the American Rescue Act that would provide direct payment to our local governments.

Mr. Chairman, I want you to know that Houston and Harris County wanted to give you and the congressional Democrats a resounding applause for allowing those direct payments to come to our local jurisdictions. As well our school districts are getting money. And, of course, the premium pay for eligible workers performing essential work, up to \$13 per hour will be provided. And what is so necessary in Houston and Texas after the freeze, thank you for making necessary investment in water, sewer, and broadband.

But now more work has to be done, even in spite of the childcare tax credit of \$3,600 and \$3,000, which will put as much as \$10,000 in the pockets of our fellow Americans, and the extended unemployment. What has to be worked on is of course the issue of income and retirement security.

I would like to join in Congressman from Connecticut on his legislation that I have supported. But in the meantime we realize that many years our 65 year olds and older do not get any COLA. So I would like my bill to be considered, the Social Security Safety Dividend Act, which provides a one-time payment of \$250 to seniors when there is no COLA. By 2035 Americans age 65 years and older will outnumber children under the age of 18 in the first time in U.S. history. And ensuring that current and future generations of seniors are able to enjoy a financially secure retirement is one of our greatest policy challenges.

Social Security should be protected. Women and minorities are especially at risk of retirement. In addition, Medicare and Medicaid must be lifelines for seniors. Seniors use Medicaid in their nursing home and it is extremely important.

I would also ask that my COVID-19 Delivery Act of 2021 be considered in this budget process. That is to provide for pandemics going forward to establish a firm delivery process that impacts the budget. We lost lives and lost income because we could not deliver, not only vaccines now, but testing. And so that is an important legislation that has a structure for apps, a structure for a communication between agencies.

I also want to make sure that we have a strong infrastructure plan. It has been demonstrated time and time again that for every dollar invested in infrastructure, at least \$1.63 is economic activity. In the Obama-Biden Recovery Act of 2009 it created one million jobs when we invested in infrastructure. I want to make sure that we include in infrastructure light rail, major flood and water, which is not often focused on, small bridges repair, and, yes, housing, which is a new addition to ensuring that those concerned with infrastructure also realize that people are unhoused.

Congress must act boldly and decisively in the area of transportation to ensure that the necessary investments are made and equi-

tably distributed, not just to bi-coastal areas, but all areas, including funding for light rail. Those of us that are in the south and the Midwest are often left out because of those formulas. I know there is a Transportation Committee, but I believe we can be very helpful in guidance.

Also Title VI of the Civil Rights Act should be part of any transportation funding. The Texas Department of Transportation has ignored its responsibility under the law and obligation to marginalized communities, low-income communities, Independence Heights, Near Northside, and as well cultural and historic communities. That is absolutely unacceptable.

Criminal justice reform and reparative justice, we should make sure that in criminal justice reform in budgets that we realize that restorative justice is important and mass incarceration should not be the future of the 21st century.

Let me finally, as I conclude, Mr. Chairman, say that I am the author and principal sponsor of H.R. 40, which establishes a commission to study the effects of slavery on modern day Americans to recommend proposals to eliminate remaining badges and vestiges of oppression. Let me be very clear, we understand that this is looking at the landscape of what happened and the continuing impact of disparities that we will find in the African American community well documented. A Harvard University study at the Harvard University Medical School indicated that if some form of reparations, access to healthcare had been given to African Americans before COVID-19—this is a peer reviewed study—they would not have suffered in hospitalization and death that occurred in that community in the COVID-19.

Finally, on March 4, 1865, in the incomparable second inaugural address, President Lincoln spoke of the harm to the nation resulting from the bondsman's 250 years of toiling in slavery. And so it is therefore appropriate that 150 years later we examine, we study, in order to respond what that meant and what the disparities meant.

I ask, Mr. Chairman, that the Harvard University Study be submitted into the record, and I also ask unanimous consent that my entire statement be submitted into the record to make sure that happens.

With that in mind, I thank you so very much for yielding to me and I yield back, Mr. Chairman.

Thank you.

[The statement of Sheila Jackson Lee and article submitted for the record follows:]

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**Congress of the United States
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JUDICIARY

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HOMELAND SECURITY

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Africa and Global Health

MIDDLE EAST AND SOUTH ASIA

TERIORISM, NONPROLIFERATION, AND TRADE

SENATOR WIEHL
DEMOCRATIC CAUCUS

CONGRESSWOMAN SHEILA JACKSON LEE (TX-18)

COMMITTEE ON THE BUDGET

**VIRTUAL MEMBERS' DAY HEARING ON
BUDGET PRIORITIES FOR FY 2022**

TUESDAY, MARCH 23, 2021

CISCO WEBEX

10:30 A.M.



- Thank you, Chairman Yarmuth and Ranking Member Smith for convening this Members' Day hearing for Members to share their budgetary priorities for fiscal year 2022.
- Before I begin my testimony, let me extend my condolences to the people of the Boulder, Colorado community, who yesterday experienced the horrific results of gun violence when a lone gunman armed with an AR-15 senselessly and brutally slaughtered 10 persons while they were shopping at the Sooper King grocery store, including an officer of the Boulder Police Department who was the first to respond to the report of an active shooter.
- Mr. Chairman, this tragedy is the latest example of why this Congress must act with the fierce urgency of now to ensure that the

most dangerous weapons stay out of the hands of the most dangerous individuals.

- As a member who is honored to serve on this important Committee, before I share my priorities for the upcoming fiscal year, I want to do something we do not do often enough, and that is to say thank you for the great work the Budget Committee has already done.
- Mr. Chairman, when you assumed the gavel for the 117th Congress, America was in the grip of the lethal COVID-19 pandemic, which has now claimed the lives of more than a half-million of our fellow Americans: fathers and mothers, grandparents, siblings, friends, neighbors, loved ones, health care workers and first responders.
- The pandemic left our nation's economy in shambles; millions were left jobless and food insecure, schools were closed, small businesses shuttered, and vaccine distribution was another disaster.
- Bold action needed was needed and it was needed now.
- Into the breach stepped this Committee majority, this Democratic congressional majority, and the incoming Democratic Administration led by President Biden, who promised the American people that the days of chaos, confusion, and blame were over, and that help would be on the way.
- And we delivered big-time, with a response that was transformative and commensurate to the challenges facing our country.
- With tens of millions of Americans infected, more than half a million lives lost, over 18 million Americans unemployed and millions more hungry and food and housing insecure, I am happy to announce that thanks to the work of my colleagues, congressional Democrats in the House and Senate and the Biden Administration, at long last the people of Texas can now take comfort in the fact that 'Help Is On The Way.'

- In straightforward simple terms, this life-saving legislation puts vaccines in arms, puts money in people's pockets, puts children safely back in school, and it will put workers back in jobs.
- The plan will mount a national vaccination program that includes setting up community vaccination sites nationwide and addressing disparities facing communities of color and takes complementary measures to combat the virus, including scaling up testing and tracing, addressing shortages of personal protective equipment and other critical supplies, investing in high-quality treatments and addressing health care disparities.
- The plan finishes the job on the President's promise to provide \$2,000 in direct assistance to households across America with checks of \$1,400 per person, following the \$600 down payment enacted in December.
- The plan will also provide direct housing assistance, nutrition assistance for 40 million Americans, expand access to safe and reliable child care and affordable health care, extend unemployment insurance so that 18 million American workers can pay their bills and support 27 million children with an expanded Child Tax Credit and more than 17 million low-wage workers through an improved Earned Income Tax Credit.
- The plan delivers \$170 billion for education and \$45 billion for childcare providers. This includes a \$130 billion investment in K-12 school re-opening and making up for lost time in the classroom.
- Here is what the American Rescue Plan means for the State of Texas, Houston, and Harris County.
- An estimated \$16.7 billion will come to the State of Texas.
- The lion's share of \$3.3 billion will come directly to the City of Houston, and Harris County will receive a similar share of \$5.667 billion, thanks to a provision in the law that you worked with me to secure that created the Coronavirus Local Fiscal Recovery Fund and appropriated \$45.57 billion.

- \$1.4 billion in direct payments is allocated to smaller jurisdiction like Jacinto City.
- Houston Independent School District can expect to receive close to \$100 million (\$993,198 million to be more precise).
- The law specifically allows this funding to be used:
 1. To respond to the pandemic or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality;
 2. For premium pay to eligible workers performing essential work (as determined by each recipient government) during the pandemic, providing up to \$13 per hour above regular wages;
 3. For the provision of government services to the extent of the reduction in revenue due to the pandemic (relative to revenues collected in the most recent full fiscal year); and
 4. To make necessary investments in water, sewer, or broadband infrastructure.
- In addition to these funds, Texas will receive \$100 million out of the newly created \$10 billion Coronavirus Capital Projects Fund for “critical capital projects directly enabling work, education, and health monitoring, including remote options, in response to the public health emergency with respect to the Coronavirus Disease.
- Mr. Chairman, what the American Rescue Plan means for a hard-working and hard-pressed single mother of two children making a modest income is this:

Stimulus checks: $\$1,400 \times 3 = \$4,200$

Child tax credit: \$3,600 (5-year-old) + \$3,000 (9-year-old) = \$6,600. Half of that amount will be paid out periodically from late July through December; the rest will come as a check with next year's taxes.

Enhanced unemployment: If the parent becomes unemployed in March, she will be eligible for \$300 in aid every week through the last week of August.

Total: \$10,800 from stimulus and tax credits, plus another \$7,500 from 25-weeks of enhanced unemployment aid. This individual would also receive \$318 per week in state unemployment aid and thousands more from the Earned Income Tax Credit.

- Finally, Mr. Chairman, this transformative legislation will also provide direct housing assistance, nutrition assistance for 40 million Americans, expand access to safe and reliable child care and affordable health care, extend unemployment insurance so that 18 million American workers can pay their bills and support 27 million children with an expanded Child Tax Credit and more than 17 million low-wage childless workers through an improved Earned Income Tax Credit, which will reduce the number of children living in poverty in America by 50 percent.
- Mr. Chairman, I recite this litany not to be boastful but to indicate to our viewers what can be done through the effective use of fiscal policy by an active, engaged government motivated by science, data, knowledge, and above, concern for the well-being of the American people.
- Daily, more than 2 million vaccine doses are being administered and today, thanks to the American Rescue Plan, the Center for Disease Control reports that more than 33 million people, have received either both doses of the Pfizer and BioNTech or Moderna vaccines or a single dose of the Johnson & Johnson vaccine and about 64 million people have received at least one dose of a vaccine.

- This means that more than 10 percent of the national population has been vaccinated and more people have been vaccinated than the 29 million documented cases of the coronavirus in the country.
- U.S., more people have now been fully vaccinated than have been reportedly infected with the virus.
- Mr. Chairman, I believe that in the years to come, we will look back on passage of the American Rescue Plan as the moment when Americans of all beliefs and colors and creeds had their faith renewed in the capacity of government to rise to the occasion and meet the challenges affecting their lives and livelihoods.
- But there is so much more work to be done and today I wish to touch on briefly four areas that fiscal policy can play a critical role in enhancing the security of our citizens and positioning our country to compete and win in the global economy of the 21st century: income and retirement security, infrastructure, criminal justice reform, and reparative justice.

INCOME AND RETIREMENT SECURITY

- By 2035, Americans aged 65 years and older will outnumber children under the age of 18 for the first time in U.S. history and ensuring that current and future generations of seniors are able to enjoy a financially secure retirement is one of our greatest policy challenges.
- Social Security is the foundation of American retirement security and plays an increasingly crucial role in seniors' economic security and single-handedly keeps millions of seniors out of poverty each year.
- That is why I introduced the *Social Security Safety Dividend Act of 2019*, which directs the Department of the Treasury to disburse to recipients of Social Security benefits or certain other federal benefits a \$250 payment in years where no cost-of-living adjustment (COLA) is made and exempts such payment income for determining eligibility for federal assistance or for taxation purposes.

- Women and minorities are especially at risk of retirement insecurity because they accumulated lower lifetime earnings, wealth, and rates of pension coverage due to discrimination and sexism.
- Keeping our promise to current and future retirees will require more revenue and as our population ages, the federal budget will need to support more seniors over longer periods of time, requiring more federal spending in the years ahead.
- Mr. Chairman, I urge this Committee to remain steadfast in its unyielding defense of Medicaid driven by ending the ACA's Medicaid expansion and capping federal payments to states. Steep cuts in the budget This amendment protects Medicaid for the most vulnerable Americans.
- Mr. Chairman, I urge this Committee to remain steadfast in its unyielding defense of Medicare and reject policies that would eliminate the guaranteed health insurance benefits for seniors and people with disabilities under the Medicare program. Similarly, I urge continued opposition to any cuts in Medicaid because they will ultimately fall on seniors in nursing homes, children with disabilities, and Americans with substance use disorders, as cash-strapped states look to reduce services or drop people from coverage altogether. Instead of looking to cut Medicaid spending, cash-strapped states should expand their Medicaid programs and take advantage of the enormous benefits of doing so provided in the Affordable Care Act, what has been described as "the deal of a lifetime."

INFRASTRUCTURE

- When it comes to creating jobs, there is no more effective means than investing in infrastructure.
- It has been demonstrated time and again that for every dollar invested in infrastructure, at least \$1.63 is economic activity is generated.

- A recent example of effective investment in infrastructure is the Obama-Biden Recovery Act of 2009, which created nearly one million jobs over the first year of investment while at the same time improving the lives of virtually every American who can enjoy the roads, bridges, and transit systems that were built or improved through this funding.
- I come from the district that embodies the nation's transportation needs, with the large Port of Houston, the gigantic and busy George Bush International Airport, major freight rail lines, and major interstate highways, so I understand how sound transportation and infrastructure investments will make our nation globally competitive and enhance the quality of life in our communities.
- Congress must act boldly and decisively in the area of transportation to ensure that the necessary investments are made and equitably distributed, not just to bi-coastal areas, but to all areas, including funding light rail in the rapidly growing Houston metroplex.
- And it must allocate its fiscal resources in such a way that all communities are treated equitable as Title VI of the Civil Rights Act requires and we can say goodbye to a bygone era when agencies the Texas Department of Transportation ignored its responsibilities under the law and its obligations to low-income and marginalized communities like Independence Heights on major infrastructure projects like the I-40 North Houston Improvement Project.

INVESTING IN HIGHER EDUCATION FUELS THE ECONOMY

- Next, Mr. Chairman, I strongly recommend the Budget Committee pursue fiscal policies that recognize the central importance of higher education in fueling an economy that is growing and offers economic prosperity for all.
- Colleges and universities cultivate entrepreneurship and incubate new businesses; those who attend college are twice as likely to own a small business than those with a high school education or less.
- Colleges and universities ignite innovation.

- From 1996 to 2015, technology transfer from universities sparked development of more than 380,000 new inventions, contributed \$591 billion to the national GDP, and supported 4.3 million jobs.
- In fact, 9 out of 10 U.S. patent holders have bachelor's degrees, and nearly half have professional or doctoral degrees.
- With the world's shift from an industrial economy to a knowledge economy, postsecondary education is key.
- 99 percent of jobs created since the Great Recession have gone to employees with more than a high school diploma and it is forecast that 65 percent of U.S. jobs will require postsecondary education or advanced training by 2020.
- Colleges and universities drive economic development and as they create a more educated labor market, colleges and universities essentially increase wages of all workers.
- When the number of college graduates increases one percent within a region, overall wages of high school grads increase by 1.6 percent.

CRIMINAL JUSTICE REFORM AND REPARATIVE JUSTICE

- Finally, Mr. Chairman, I would urge the Budget Committee to undertake two important research projects.
- I recall as a newly elected Member of Congress, then President Bill Clinton reminding the nation that "we don't have a person to waste," and that "putting people first" is and would always be the lodestar of his administration, an administration that went on to compile an economic record of 22 million new jobs that has never been matched.
- I agree that we do not have a person to waste and that is why I am urging this Committee to study and report on the impact that biases and inequalities in the nation's criminal justice system hold back the economy from realizing its full potential.

- Second, as the author and principal sponsor of H.R. 40, which establishes a commission to study the effects of slavery on modern-day America and to recommend proposals to eliminate remaining badges and vestiges of oppression, I believe it would be a valuable service to the nation for this Committee to study the impact of racial discrimination and racial inequalities on the fiscal and economic health of the nation.
- Mr. Chairman, according to the latest estimates from the U.S. Centers for Disease Control, African Americans have been infected with COVID-19 at a rate nearly one and a half times higher than that of white people, are hospitalized at a rate nearly four times higher, and are three times as likely to die from the disease.
- Interestingly, a recent peer-reviewed study from Harvard Medical School suggests that reparations for African Americans could have cut COVID-19 transmission and infection rates both among African Americans and the population at large.
- Their analysis, based on Louisiana data, determined that if reparations payments had been made before the COVID-19 pandemic, narrowing the wealth gap, COVID transmission rates in the state's overall population could have been reduced by anywhere from 31 percent to 68 percent.
- I ask unanimous consent to include a February 11, 2021 news article entitled “Harvard Study: Reparations for slavery could have reduced COVID-19 infections and deaths in US” in the record.
- On March 4, 1865, in his incomparable Second Inaugural Address, President Lincoln spoke of the harm to the nation resulting “from the bondman’s 250 years of unrequited toil.”
- It is therefore appropriate that 156 years later, we examine, acknowledge, and make recompense for what is now over 400 years of disadvantage and inequality saddled upon African Americans.
- Thank you, Mr. Chairman, for this opportunity to share these views with the Budget Committee.

https://www.eurekalert.org/pub_releases/2021-02/hms-srf021121.php

Harvard Study: Reparations for slavery could have reduced COVID-19 infections and deaths in US

Harvard Medical School

A new study suggests monetary reparations for Black descendants of people enslaved in the United States could have cut SARS-CoV-2 transmission and COVID-19 rates both among Black individuals and the population at large.

Researchers modeled the impact of structural racism on viral transmission and disease impact in the state of Louisiana.

The higher burden of SARS-CoV-2 infection among Black people also amplified the virus's spread in the wider population.

Reparations could have reduced SARS-CoV-2 transmission in the overall population by as much as 68 percent.

Compared with white people, Black individuals in the United States are more likely to be infected with SARS-CoV-2, more likely to end up in the hospital with COVID-19, and more likely to die from the disease.

Civil rights activists have long called for monetary reparations to the Black descendants of Africans enslaved in the United States as a financial, moral, and ethical form of restitution for the injustices of slavery.

Now, a study led by Harvard Medical School researchers suggests reparations could also have surprising public health benefits for Black individuals and the entire nation.

To estimate the impact of structural inequities between Black and white individuals, the researchers set out to capture the effect of reparation payments on the Black-white wealth gap in the state of Louisiana.

Their analysis, published online on Feb. 9 in *Social Science & Medicine*, suggests that if reparations had been made before the COVID-19 pandemic, transmission of SARS-CoV-2 in the state's overall population could have been reduced by anywhere from 31 percent to 68 percent.

The work was done in collaboration with the Lancet Commission on Reparations and Redistributive Justice.

"While there are compelling moral and historical arguments for racial-injustice interventions such as reparations, our study demonstrates that repairing the damage caused by the legacy of slavery and Jim Crow racism would have enormous benefits to the entire population of the United States," said study senior author Eugene Richardson, assistant professor of global health and social medicine in the Blavatnik Institute at Harvard Medical School.

The disproportionate effects of COVID-19 on racial minorities--Black individuals in particular--have been well documented. Black people get COVID-19 at a rate nearly one and a half times higher than that of white people, are hospitalized at a rate nearly four times higher, and are three times as likely to die from the disease, according to the latest estimates from the U.S. Centers for Disease Control.

The greater disease burden among Black people has caused tremendous loss of life and unspeakable suffering across these already vulnerable and disadvantaged communities. Notably, these effects have also spilled over and are driving transmission rates of the virus in the overall population, the study authors said.

Addressing the structural inequalities at the roots of this disparity through monetary reparations would not only radically decrease the impact of COVID-19 among the people who received reparations, the authors said, but would reduce the overall toll of the disease on a broader scale, benefiting the entire population.

The findings, the researchers said, powerfully underscores the truly global nature of the pandemic and the notion that a society is only as strong as its most vulnerable members.

"If we extrapolate these results to the entire United States, we can imagine that tens or hundreds of thousands of lives would have been spared, and the entire nation would have been saved much of the hardship it has endured in the last year," said Richardson, who is also the chair of the Lancet Commission on Reparations and Redistributive Justice.

For their analysis, the researchers paired sophisticated data analytics and computational tools with commonly used epidemiologic modeling methods to calculate the impact of structural racism on infection rates among Black and white populations in Louisiana. They chose Louisiana as an exemplar of the impacts of structural racism in the U.S. because it was one of the few states that reported infection rates by race in the early stages of the pandemic. For a control group, the researchers chose the relatively egalitarian population of South Korea.

The researchers noted that although modeling is used to understand many factors in the spread of an infectious disease, such as differences in infection risk based on whether passengers on a train sit with windows open or closed or individual variations in mask-wearing habits, it has rarely been used to capture the effects of social factors that can create vast disparities between populations, such as those seen between Blacks and whites in the U.S.

Richardson's recent book *Epidemic Illusions* explores the ways conventional epidemiology is constrained from proposing solutions that address the root causes of health disparities derived from the combined weight of centuries of racism, imperialism, neoliberal politics, and economic exploitation. One of the goals of the paper is to challenge the narrow ways people who work in medicine and public health measure and think about problems and solutions and to broaden the public imagination, thus opening new conversations about what challenges and opportunities are worth considering in global health and social science, Richardson said.

The study examined the initial period of the outbreak, before infection control measures were implemented, so any differences in infection rates between populations at that time would have been driven mainly by differences in the social structures, the researchers said.

For example, Louisiana has a population heavily segregated by race, with Black people having higher levels of overcrowded housing and working jobs that are more likely to expose them to SARS-CoV-2 than white people. In comparison, South Korea has a more homogenous population with far less segregation.

To probe how such structural inequities impact transmission of SARS-CoV-2, the researchers examined infection rates over time for the first two months of the epidemic in each location. During the initial phase of the outbreak in Louisiana, each infected person spread the virus to 1.3 to 2.5 more people than an infected individual during the same phase of the outbreak in South Korea, the analysis showed. The study also showed it took Louisiana more than twice as long to bring the early wave of the epidemic under control as South Korea.

Next, the researchers used next-generation matrices to gauge how overcrowding, segregation, and the wealth gap between Blacks and whites in Louisiana could have driven higher infection rates and how monetary reparations would affect viral transmission.

The model showed that greater equity between Blacks and whites might have reduced infection transmission rates by anywhere from 31 percent to 68 percent for every person in the state.

This research comes at a time when many Americans are already thinking about the larger societal costs of structural racism, the researchers said. They noted, for example, that the nationwide movement to protest police brutality against Black people has been fueled by many of the inequitable outcomes exemplified so painfully by the coronavirus pandemic in the U.S.

"This moment has made it possible for a lot of people who had no reason to think about these inequalities to be very aware of them," said study co-author and Lancet reparations commissioner Kirsten Mullen, who was a member of concept development team for the National Museum of African American History and Culture.

Anti-racism in action

Richardson said that the research was designed to explore how reparations payments might have altered the trajectory of the coronavirus pandemic in the U.S. and how a different response to the disease could have helped mitigate the disparities fueled by social conditions that are vestiges of slavery. Such conditions, Richardson noted, include ongoing discrimination and structural racism in the form of redlining, overcrowding, over-incarceration, and the heightened use of lethal force in policing experienced by Black people.

Richardson said that historian and anti-racist scholar Ibram X. Kendi's description of the differences between racism and anti-racism were helpful in designing the study. According to Kendi, a racist policy is any policy that produces or sustains inequality or promotes the power of one racial group over another, whereas an anti-racist policy is any measure that produces or sustains equity between racial groups.

Richardson said that one important goal of the project was to attempt to harness the power of mathematical modeling for an anti-racist response to the coronavirus and beyond.

"When you look at a formula for transmissibility, it looks like an objective calculation," he said. "But where is lethal policing in that formula?"

Richardson noted that it was important to call attention to the systemic and structural elements of racism that can get lost in simplified models of disease.

What are reparations?

Mullen and study co-author William Darity, who recently published a book on reparations and have written in the press about the case for using reparation payments to fight COVID-19, defined reparations as a program of acknowledgement, redress, and closure for a grievous injustice. In this case, Mullen said, the atrocities are associated with periods of enslavement, legal segregation and white terrorism during the Jim Crow era, and racial strife and violence of the post-Civil Rights Act era, including ongoing inequities in the form of over-policing, police executions of unarmed Black people, ongoing discrimination in regard to incarceration, access to housing, and, possibly most important, the Black-white gulf in wealth.

Successful reparations programs include three elements: admission of culpability on behalf of the perpetrators of the atrocity; redress, in the form of an act of restitution; and closure, wherein the victims agree that the debt is paid and no further claims are to be made unless new harms are inflicted.

In this case, Mullen said, reparations would take the form of financial restitution for living Black individuals who can show that they are descended from at least one ancestor who was enslaved in the U.S. and that they self-identified as Black on a legal document at some point during the 12 years prior.

The financial restitution is designed to help close the Black-white wealth gap. Darity noted that it is important to distinguish wealth from income. Wealth is how much you own, and income is how much you earn. Greater wealth translates to greater stability for individuals and families across time. Greater wealth is also more strongly associated with greater well-being than greater income, Darity said, and disparities in wealth manifest as health disparities.

"Wealth is more strongly associated with familial or individual well-being," said Darity, who is the Samuel DuBois Cook Distinguished Professor of Public Policy at Duke University and a Lancet reparations commissioner. He noted that, according to the Federal Reserve Board 2016 Survey of Consumer Finances, the average Black household had a net worth \$800,000 lower than the average white household, and that Black people, who represent 13 percent of the U.S. population, only own 3 percent of the nation's wealth.

"This dramatically restricts the ability of Black Americans to survive and thrive," Darity said.

To assess the effect of reparation payments on the trajectory of the pandemic, the researchers based their calculations on a model that would pay \$250,000 per person or \$800,000 per household to descendants of enslaved individuals—one of several proposed reparation models.

Every transmission is a social transmission

"Every transmission has a social cause," said study co-author and Lancet reparations commissioner James Jones, associate professor of Earth System Science and a senior fellow at the Woods Institute for the Environment at Stanford University.

For a brief moment when AIDS was in the spotlight during the late 80s and early 90s, people interested in social behavior became interested in mathematical modeling of disease, Jones said. While that interest largely waned, the COVID-19 crisis has highlighted the need to think about social science, inequality, social structure, behavior patterns, and behavior change, as well as how they fit together with how we understand and respond to epidemics, Jones said.

Even the simplest model must account for a rudimentary social structure, Jones said. At its most basic, this can be represented with a generalized estimate of how likely an infected person is to come into contact with a susceptible person. He explained that this number, R_0 or "R-naught," is the average number of people an infected individual transmits the virus to. When R_0 is less than one, no epidemic is possible because the number of people infected decreases. When R_0 is greater than 1 an epidemic is possible. R_0 also determines the total number of people who could potentially become infected or how many people would need to be vaccinated to end the epidemic. It can also be used to calculate the so-called endemic equilibrium—which determines whether a disease will continue to exist within a population, simmering constantly in the background or bubbling up seasonally, like influenza.

"That's the theory of infectious disease control in a single parameter," Jones said.

That seeming simplicity can make it hard to focus on the complex ways that infectious diseases move through the real world, the researchers said.

"It's important to highlight that R_0 is not simply a function of the pathogen," Jones said. "It's a function of the society." Social and environmental factors like mobility, segregation, and the nature of the built environment help determine rates of infection, he said.

This is one important reason that diseases don't hit all people the same. Global R_0 is an average of very different R_0 s for different groups of people. Some groups are more likely to interact only with members of their own group, some groups are more likely to come in contact with infected people, and some are more susceptible to the disease for other reasons, Jones said.

In this case, the researchers used mathematical models to help understand the differences in R_0 for Black people and white people in Louisiana and to help think about how things would change if racism were less prevalent in America.

Absent those interventions, the researchers noted that Black Americans remain at an elevated and inequitable risk of becoming infected and dying during the COVID-19 pandemic and that this inequity will continue to fuel the pandemic for all Americans.

"Increasing equality would have huge benefits on infection rates for everyone," said co-author Momin Malik, who was a data science postdoctoral fellow at the Berkman Klein Center for Internet & Society at Harvard University at the time the study was conducted.

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This research was supported by the National Institute of General Medical Sciences Models of Infectious Disease Agent Study (grant R01 GM130900), National Institute of Allergy and Infectious Diseases (grant K08 AI139361), National Institute of Minority Health Disparities (grant R01 MD011606), National Science

Foundation Division of Social and Economic Sciences (grant 1851845), Institute of Education Sciences (grant R305A190484), and the Ethics and Governance of Artificial Intelligence Fund.

Release written by Jake Miller

About Harvard Medical School

Harvard Medical School has more than 11,000 faculty working in the 11 basic and social science departments comprising the Blavatnik Institute and at the 15 Harvard-affiliated teaching hospitals and research institutes: Beth Israel Deaconess Medical Center, Boston Children's Hospital, Brigham and Women's Hospital, Cambridge Health Alliance, Dana-Farber Cancer Institute, Harvard Pilgrim Health Care Institute, Hebrew SeniorLife, Joslin Diabetes Center, Judge Baker Children's Center, Massachusetts Eye and Ear/Schepens Eye Research Institute, Massachusetts General Hospital, McLean Hospital, Mount Auburn Hospital, Spaulding Rehabilitation Network and VA Boston Healthcare System.

Chairman YARMUTH. Thank you for your testimony. It will be included in the record.

Does anyone have any questions of Ms. Jackson Lee?

All right, seeing none, I now welcome to the Budget Committee and yield five minutes to the gentleman from Texas, Mr. Gohmert.

Please unmute. Mr. Gohmert, unmute your mic.

**STATEMENT OF HON. LOUIS GOHMERT, A REPRESENTATIVE
IN CONGRESS FROM THE STATE OF TEXAS**

Mr. GOHMERT. OK, thank you, Chairman. And good morning, Chairman Yarmuth, Ranking Member Smith, Members of the Committee. It is truly an honor to speak before you today regarding serious issues relating to our nation's budget.

With our national debt now heading toward \$30 trillion the supreme urgency of this matter actually grows by the second. Over the last 20 years our national debt has skyrocketed to unsustainable levels. The spike in spending has put our economy at risk, and worse, saddled the next generations with undeserved fiscal burdens. Like I said, the situation worsens by the second.

In the past I introduced the Balanced Budget Amendment that would accomplish the following: first it would require that total spending for any Fiscal Year not exceed total revenue for that year and that total spending never exceed 18.5 percent of GDP, mandate that debt ceiling—is No. 2—mandate the debt ceiling and taxes can only be raised with 3/4 of both houses of Congress instead of with simple majorities, and then, third, require the President to submit a balanced budget or else risk impeachment.

The decision to introduce my Balanced Budget Amendment was made in order to try to force us to make the needed fiscal reforms before insolvency makes those decisions for us. This resolution takes a commonsense approach and will be a major step forward in regaining the trust of the American people.

Another important bill is the Zero-Baseline Budget Act, which is designed to cut wasteful spending by mending the Balanced Budget and Emergency Deficit Control Act of 1985 and eliminating annual automatic increases in the budget. This legislation will accomplish the following: first, amend the Balanced Budget and Emergency Deficit Control Act of 1985 to change the method of CBO that they use to calculate the official discretionary budget baseline that accompanies the budget process every year. No. 2, eliminate any automatic increases in the baseline for inflation or any other reason, and exclude emergency and supplemental spending. That has been a problem because we appropriate supplemental spending or emergency spending and then that gets lumped into the budget for the next year, which defeats the purpose of calling it emergency spending. But, No. 3, when the bill would come into law the CBO baseline for the next Fiscal Year will simply be the aggregate of the appropriation bills that are in effect for the current year, excluding emergency and supplemental spending. Therefore the Zero-Baseline Budget Act makes level funding the official CBO baseline for discretionary spending.

It is long past time to get our fiscal house in order. It is apparent America is on a road headed for ruin if we continue to spend money the federal government doesn't have.

I would also like to point out—and I appreciated Mr. Larson's testimony about Social Security—but there are parts of Social Security that are not paid for by the people that are receiving it. And, in fact, I was surprised when I got to Congress to find out that there is no cash—there is no money in the Social Security Trust Fund. I was surprised, I thought it was more modern development. But apparently when the very first money started rolling in in the 1930's from Social Security tax it went right out the door being spent in the General Fund. And that is something we really need to stop. And I agree with Mr. Larson 100 percent that Social Security benefits, if they are benefits to which the receiver had paid in, that they shouldn't be taxed. And, of course, that helped—when that taxing occurred in 1993 or '94, that helped the Republicans take the majority back. Seniors got rather upset about Bill Clinton and the Democrat majority taxing their benefits. So I would be glad to work with Mr. Larson to pass a bill to stop that and I know our seniors would appreciate it.

In the meantime I am very grateful for this time and I really appreciate you all listening to rank and file Members about things we need to do.

Thanks so much. I yield back.

[No prepared statement of Louis Gohmert was submitted for the record.]

Chairman YARMUTH. Thank you, Mr. Gohmert.

Does anybody have any questions of Mr. Gohmert? Mr. Good.

Mr. GOOD. Thank you, Chairman, and thank you, Mr. Gohmert, and thank you again to my fellow Committee Members and the other panelists who have appeared today.

Mr. Gohmert, I want to commend you for your commonsense specific proposals to be solution oriented. I have long maintained that our national debt and our spending is one of the greatest threats to our republic and a day of reckoning is coming. Many others have already pointed out on this Committee and in previous debates and discussions, you know, we are racing toward \$30 trillion in debt, which equates to some \$90,000 per citizen. And I have heard it said by Committee Members here and Members on the House floor that, hey, we will never ask people to pay that back, as if it is Monopoly money, as if it is not real, as if it just doesn't count. And, you know, the interest on the debt alone is climbing as a percentage of our budget and our spending now and it is projected to just multiply in the decades ahead. And it is really a travesty for us to leave that to future generations.

You know, we are, again, at some \$90,000 per citizen on average at a 330 million citizen for \$30 trillion worth of debt. And so I just want to thank you for your commonsense proposal. It is timely. We are looking at \$3 trillion more in spending that is being threatened by the majority. And I am in favor of investment in infrastructure when you have the resources and the fiscal management to do it, but we are not in a position to do that, sadly because of what we have done.

And both parties bear responsibility. And so I don't excuse when our party has been guilty. But together we have got to be solution oriented. And I thank you for what you shared this morning and I support the suggestions that you have made.

Thank you, Chairman.

Mr. GOHMERT. Thank you, Mr. Good. Thank you.

Chairman YARMUTH. Thank you, Mr. Good.

Any other Member have a question of Mr. Gohmert?

Well, seeing none, thank you, Mr. Gohmert. You and the rest of the panel are excused.

And that is actually the last witness, so we want to thank all the witnesses for being here today and all the Members who took the time to listen. This completes our business for today.

I want to ask unanimous consent that Members have until the end of the day today to submit any written materials for the record.

Without objection, so ordered.

And, again, that concludes our business for today.

Without objection, the hearing is adjourned.

[Whereupon, at 12:13 p.m., the Committee was adjourned.

Congressman Dan Bishop Testimony
House Budget Committee
FY 2022 Budget Priorities Members' Day
March 23, 2021

Thank you, Chairman Yarmuth and Ranking Member Smith. The first months of this Congress have shown that previous calls for unity from President Biden and the majority were hollow at best and disingenuous at worst. Democrats have made no effort to work with Republicans on common sense measures to get our kids back in school, reopen our economy or secure the border. Rather, Democrats are using their slim majorities to ram through long sought far-left priorities that have nothing to do with helping the American people or ending the pandemic, such as bailing out poorly run blue states or using taxpayer dollars to subsidize \$21,000 worth of paid leave for bureaucrats. We have now learned that one of their priorities is usurping the right of states to cut taxes.

The misnamed "American Rescue Plan" included a provision banning states that accept COVID relief from cutting taxes. To be clear, the language of the statute bans all tax cuts, not just ones financed with COVID relief funds. Section 602 of the bill states, "A state or territory shall not use the funds to either directly or indirectly offset a reduction in the net tax revenue of such State or territory." The use of the word "indirectly" effectively means any state that accepts COVID relief will not be permitted to cut taxes for any reason through 2024. Is there any doubt that an IRS led by this administration would interpret this statute as broadly as possible?

The breadth of this overreach cannot be overstated. The federal government has no right to dictate tax policy to the states. Last week, I introduced legislation to fix this problem. The *Let States Cut Taxes Act* repeals the ban on state tax cuts buried in the Pelosi Payoff and would ensure that fiscally responsible states like my home state of North Carolina can implement pro-growth tax policy free from Washington constraints. It should be a top priority in the effort to roll back the monumental damage done by Democrats in the first few months of this Congress.

Thank you.

**Statement of Congressman Robert C. “Bobby” Scott
Committee on the Budget
Members’ Day Hearing
March 23, 2021**

Chairman Yarmuth and Ranking Member Smith, thank you for the opportunity to testify before the Committee today. A nation’s budget reflects its priorities. For more than four decades, the Congressional Black Caucus has put forth alternative budgets to highlight the needs of our most vulnerable communities. And the CBC is using *Our Power, Our Message* to discuss the need for targeted investments to ensure an equitable economic recovery in the wake of the economic crisis created by the COVID-19 pandemic.

The American Rescue Plan is a step in the right direction to get students back in the classroom safely, to support workers, small business owners, and all Americans with the economic fallout of the pandemic.

The American Rescue Plan will cut child poverty in half. The Fiscal Year 2022 budget should build on this progress. There are several progressive revenue options available that would help pay to make permanent programs like the expanded Child Tax Credit and Earned Income Tax Credit, which help close the wealth gap and lift millions of Americans out of poverty. Addressing the needs of the most

vulnerable in our communities and getting Americans back to work in the wake of the COVID-19 pandemic must remain this Congress's top priority.

Raising the minimum wage, comprehensive immigration reform, and a comprehensive infrastructure and jobs package are all critical pieces to a robust economic recovery that is felt in every community in America. We can reduce the deficit and improve the economy while also addressing our nation's crumbling infrastructure needs and the warming climate that is making disasters like flooding and fires more and more common and impacting disadvantaged communities the most.

Our budget should focus on strengthening the social safety net including addressing health disparities and access to health care, funding criminal justice reform, and accelerating investments with an infrastructure and jobs package. Equitably improving education beginning with Pre-K and K-12 while also making college more affordable will help to guarantee America's long-term economic competitiveness. We need to invest in eliminating wealth disparities and making home ownership opportunities available to all. Our budget should be compassionate and address the needs of the most vulnerable while improving our economy.

Making our tax code fairer, improving retirement security for our seniors, and lifting Americans out of poverty are all possible. The Congressional Black Caucus' budget has repeatedly shown how to do it and I urge you to consider these provisions as you consider the Fiscal Year 2022 budget.

On behalf of the Congressional Black Caucus and Chair Beatty, thank you for having me here today.

Representative Jim Costa (CA-16)
Testimony Before the House Committee on the Budget
Members' Day Hearing
March 23, 2021

Chairman Yarmuth, Ranking Member Smith, thank you very much for holding this hearing and for providing me the opportunity to submit testimony on an issue of importance to my district which is impacted by our nation's budgetary laws.

The Water Infrastructure Finance and Innovation Act – better known as WIFIA – was created by Congress as part of the Water Resources Reform and Development Act of 2014 (WRRDA).¹

Through WIFIA, Congress granted the Environmental Protection Act (EPA) the authority to provide direct loans for certain water infrastructure projects. This was intended to drive federal and private investment into our nation's water infrastructure as the program caps WIFIA funds for a project to 49 percent of the project cost.² Furthermore, the program caps all federal investment in a participating project's cost at 80 percent.

The WIFIA program has only been administering loans since 2018, but it has already closed 45 loans totaling \$9 billion in financing.³

Unfortunately, for districts like mine with critical water infrastructure that delivers water to my constituents, the WIFIA program has fallen short.

As my western colleagues on this Committee know well, the Bureau of Reclamation was created in 1902 shortly after the Reclamation Act was signed into law.⁴ The Reclamation Act authorized the federal government to front the cost of developing what makes up much of western water infrastructure as we know it today. While these "Reclamation projects" were started with federal funds, under the Reclamation Act Congress required water users to repay construction costs for these projects and – ultimately – hold title to these projects.

The Reclamation Act revolutionized the western United States and made it possible for the United States to have a secure and healthy food supply. The recent pandemic has demonstrated just how important that is. However, due to the unique nature of the federal investments made in our western water infrastructure and a loose interpretation of the Federal Credit Reform Act by the Office of Management and Budget – Bureau of Reclamation projects have been barred from receiving WIFIA funds.

The federal government has an obligation in the west and we need to start looking at our water infrastructure as a public asset, not a liability.

I want to point out the irony to my colleagues that we can treat Reclamation projects as "federal projects" for the sake of a Congressional Budget Office (CBO) score, but when these locally

¹ [P.L. 113-121](https://www.congress.gov/113/plaws/113-121.pdf)

² <https://www.epa.gov/wifia/what-wifia>

³ <https://www.epa.gov/wifia>

⁴ <https://www.usbr.gov/history/borhist.html>

operated and maintained projects need critical investments, we tell them to go access the private bond market.

Congress has realized this issue and worked to remedy the limitations to the WIFIA program. In the 115th Congress, we directed the Environmental Protection Agency (EPA) to craft a Memorandum of Understanding (MOU) with the relevant federal agencies – including the Bureau of Reclamation – ultimately to identify areas of possible collaboration on financing for water projects.⁵

Additionally, in the 116th Congress, both the House and Senate pursued language that would clarify that projects such as Bureau of Reclamation projects would not be considered “federal projects” for budget purposes under the Federal Credit Reform Act if nonfederal entities would use nonfederal revenue to repay a federal loan under the WIFIA program.

This is just common sense. That is why I will be introducing legislation shortly to ensure that projects with truly unique backgrounds such as Bureau of Reclamation transferred works projects are treated fairly and able to access financing like any other water project in this country.

⁵ <https://crsreports.congress.gov/product/pdf/IF/IF11193>

Congressman Bill Foster (IL-11)

House Budget Committee Members' Day Testimony

March 23, 2021

Thank you Chairman Yarmuth, Ranking Member Smith, and other Members of the Committee for the opportunity to testify today. As this Committee crafts a budget for Fiscal Year (FY) 2022, I urge the Committee to consider the payer state issue.

My home state of Illinois is one of several states that sends more money in taxes to the federal government than it gets back, to the tune of over 20 billion dollars a year.

This represents an enormous financial drag on the citizens of Illinois, corresponding to roughly \$2,000 per person per year. Illinois is put at a tremendous competitive disadvantage, since the federal shortfall must eventually show up as higher state taxes or underinvestment in infrastructure and education.

Therefore, as you craft your budget, I urge you to at least document how un-level the playing field is for states like Illinois, by producing analysis that documents this unjustified transfer of wealth between states.

Thank you.

The Honorable Blaine Luetkemeyer
Ranking Member
House of Representatives
Committee on Small Business

Statement for the Hearing Record
House of Representatives
Committee on the Budget
Members' Day Hearing
March 23, 2021

Chairman Yarmuth, Ranking Member Smith, thank you for inviting me to submit a statement for the House Committee on the Budget's annual Members' Day hearing.

As you know, Section 301(e)(1) of the Congressional Budget and Impoundment Control Act of 1974 requires the House and Senate Budget Committees to hold hearings and receive testimony from Members of Congress and appropriate representatives of federal government agencies in developing the concurrent resolution on the budget for each fiscal year.¹ As Ranking Member of the House Committee on Small Business, I appreciate the opportunity to provide testimony and make recommendations that will help the Committee to produce a budget resolution that puts our nation on a fiscally responsible track.

The Budget Committee has difficult decisions ahead indeed. Crafting a responsible budget that will guide America through the lingering fiscal and economic challenges we still face, while also addressing our country's debt, is complex. The Committee's decisions about spending will include those programs that assist small businesses as they emerge from the unprecedented global pandemic.

I. Introduction

Before COVID-19, small businesses were projecting confidence, expanding, and creating jobs under the Trump administration's tax reform, deregulation, and pro-growth policies. Millions of small business owners have been deeply affected by the COVID-19 pandemic, and it has influenced their ability to stay in business. Challenges have continued to mount for them as they try to adapt and move forward, despite ever-changing state and federal guideline, mandates, and regulations. Small businesses – the lifeblood of our communities and our economy – have been under attack and truly fighting for survival, with some forced to close permanently.

On February 4, 2021, shortly after I became Ranking Member of the House Committee on Small Business, I sent a letter to Chairwoman Nydia Velázquez outlining my small business

¹ 88 Stat. 297, available at <https://www.govinfo.gov/content/pkg/GPO-RIDDICK-1992/pdf/GPO-RIDDICK-1992-34.pdf>.

priorities for the 117th Congress.² In that letter, I mentioned the effectiveness of the Paycheck Protection Program (PPP); oversight concerns about the Economic Injury Disaster Loan (EIDL) Program; the effects of state and local shutdowns on small businesses; the burdens of over-regulation; oversight of federal programs to protect American taxpayer dollars from waste, fraud, and abuse; federal resources available to help small businesses expand and create jobs; the state of federal contracting opportunities and the small businesses that engage in them; resources available to rural and agricultural small businesses; benefits of the Tax Cuts and Jobs Act for small businesses; and the impact of cyberattacks on small firms.³

II. SBA's Temporary and Emergency Loan Programs for Small Businesses

In response to COVID-19 and the economic downturn, Republicans have fought to provide much needed but narrowly targeted relief to our nation's small businesses. The PPP, created in the Coronavirus Aid, Relief, and Economic Security Act (CARES)⁴ in March of 2020, has been a success. After the PPP was implemented, the Small Business Administration (SBA) processed more than 14 years' worth of loans in less than 14 days. Through March 14, 2021, the PPP had provided more than 7.8 million loans totaling over \$700 billion, and as of August 8, 2020, when funding temporarily lapsed, the PPP covered over 80 percent of eligible U.S. employment, supporting over 51 million jobs, with \$135 billion in funding still available.⁵

However, the speed with which the PPP was established led to inconsistent guidance, burdensome paperwork, and confusion for small business owners who utilized it. EIDL provides economic relief to businesses that experience a temporary loss of revenue due to COVID-19, and funds may be used for obligations and operating expenses, such as working capital, continuation of health care benefits, utilities, and fixed debt payments that could have been met had the pandemic not occurred.

A. The Small Business Administration's History of Inadequate Program Oversight

In recent years, even before the COVID-19 pandemic, the Small Business Administration's (SBA) Office of Inspector General (OIG) consistently identified SBA's failure to provide effective oversight of lending programs as one of the most serious issues facing the agency.⁶ There is widespread agreement that the SBA must improve the oversight of its ongoing

² Letter from Blaine Luetkemeyer, Ranking Member, House Committee on Small Business, to Nydia Velázquez, Chairwoman, House Committee on Small Business (Feb. 4, 2021) (on file with Committee minority staff).

³ *Id.*

⁴ CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY ACT (CARES), Pub. L. No. 116-136, 133 Stat. 2475 (2020).

⁵ MICHAEL FAULKENDER, ROBERT JACKMAN & STEPHEN I. MIRAN, OFFICE OF ECONOMIC POLICY, DEP'T OF THE TREASURY, THE JOB PRESERVATION EFFECTS OF PAYCHECK PROTECTION PROGRAM LOANS I (Dec. 2020), available at <https://home.treasury.gov/system/files/226/Job-Preservation-Effects-Paycheck-Protection-Program-Loans.pdf>.

⁶ SBA, OFFICE OF INSPECTOR GENERAL, TOP MANAGEMENT AND PERFORMANCE CHALLENGES FACING THE SMALL BUSINESS ADMINISTRATION IN FISCAL YEAR 2021 (Oct. 2020), available at <https://www.sba.gov/sites/default/files/oig/SBA-OIG-Report-20-01.pdf>.

capital access programs, such as the flagship 7(a) Program, Microloan Program, and the CDC/504 Program, but also the more recently established PPP and EIDL programs, for which Congress has authorized billions of dollars in loans, much of it eligible for borrower forgiveness.

On June 25, 2020, the Government Accountability Office (GAO) reported that the SBA had processed over \$512 billion in guaranteed small business loans, but was not ready to address risks and had not said how it planned to oversee the loans.⁷ I am concerned about the numerous reports of fraudulent loans, as I am with any report of waste, fraud, or abuse. The SBA's IG is continuing to review the loan programs.

On October 1, 2020, the Small Business Subcommittee on Investigations, Oversight, and Regulations held a hearing with the SBA's Inspector General, Hannibal "Mike" Ware, and William Shear, Director of Financial Markets and Community Investment with the Government Accountability Office. Mr. Ware and Mr. Shear discussed the need for the SBA to adopt stronger internal controls to identify fraud and wrongdoing to ensure that the PPP and EIDL loans are properly allocated and funds are properly spent.⁸ The GAO reported that by October 1, 2020, the SBA had provided about \$729 billion to small businesses affected by COVID-19, and had streamlined its programs to speed fund distribution. However, this meant less oversight and left the programs more susceptible to fraud, and he noted that there were serious reports of fraud in both the PPP and EIDL programs.⁹

In fact, the SBA's IG and the GAO have issued numerous reports identifying fraudulent loans in the more recent programs.¹⁰ On October 16, 2020, the SBA's IG issued its annual report on top challenges for the agency.¹¹ As with past reports, this report reviews several ongoing challenges that SBA faces but, importantly, also notes the COVID stimulus programs as the agency's greatest overall challenge.¹² The pandemic response, the IG reported, has "magnified

⁷ GAO, COVID-19: OPPORTUNITIES TO IMPROVE FEDERAL RESPONSE AND RECOVERY EFFORTS (JUN. 25, 2020), available at <https://www.gao.gov/products/gao-20-625>.

⁸ Preventing Fraud and Abuse of PPP and EIDL: An Update with the SBA Office of Inspector General and the Government Accountability Office: Hearing Before the Subcomm. on Investigations, Oversight, and Regulations of H. Comm. On Small Business, 116th Cong. (2020) (statements of Hannibal "Mike" Ware, IG, SBA, and William B. Shear, Director, Office of Financial Markets and Community Investment, GAO).

⁹ *Id.*

¹⁰ The reports are too numerous to mention, but they include: SBA, OFFICE OF INSPECTOR GENERAL, DUPLICATE LOANS MADE UNDER THE PAYCHECK PROTECTION PROGRAM (REPORT 21-09, Mar. 15, 2021); SBA, OFFICE OF INSPECTOR GENERAL, MANAGEMENT ALERT: PAYCHECK PROTECTION PROGRAM LOAN RECIPIENTS ON THE DEPARTMENT OF TREASURY'S DO NOT PAY LIST (REPORT 21-06, Jan. 11, 2021); SBA, OFFICE OF INSPECTOR GENERAL, EVALUATION OF THE CARES ACT DEBT RELIEF TO BORROWERS (REPORT 21-03, Dec. 1, 2020); SBA, OFFICE OF INSPECTOR GENERAL, INSPECTION OF SMALL BUSINESS ADMINISTRATION'S INITIAL RESPONSE TO THE CORONAVIRUS PANDEMIC (REPORT 21-02, Oct. 28, 2020); AND SBA, OFFICE OF INSPECTOR GENERAL, SERIOUS CONCERNs OF POTENTIAL FRAUD IN EIDL PROGRAM PERTAINING TO THE RESPONSE TO COVID-19 (REPORT 20-16, Jul. 28, 2020).

¹¹ SBA, OFFICE OF INSPECTOR GENERAL, TOP MANAGEMENT AND PERFORMANCE CHALLENGES FACING THE SMALL BUSINESS ADMINISTRATION IN FISCAL YEAR 2021 (REPORT 21-01, Oct. 2020).

¹² *Id.*

the systemic issues in SBA’s mission-related work.”¹³ Those systemic issues include loan oversight and controls, information technology, and government contracting.¹⁴ On October 28, 2020, the SBA’s IG released a report detailing fraud in the PPP and EIDL programs.¹⁵ The IG found that the SBA had approved \$14.3 billion in COVID-19 EIDLs to bank accounts that differed from the original bank account listed on the loan application. Another \$62.7 billion went to multiple applicants using the same IP address, email address, bank accounts, or business listed at the same address, and about \$1.1 billion in EIDL and EIDL Advance grants went to potentially ineligible businesses. The IG singled out the SBA’s lowered internal controls as particularly problematic.¹⁶

In addition, in December 2020, SBA’s independent financial auditor identified significant weaknesses in both the PPP and EIDL programs, including the SBA’s loan approval processes which caused loans to be issued to ineligible borrowers.¹⁷ Auditors were unable to find sufficient, appropriate audit evidence for a number of transactions and account balances due to inadequate processes and controls over financial reporting.¹⁸ As a result, the auditors were unable to determine if the SBA program adjustments might be necessary.¹⁹

Waste, fraud, and abuse are unacceptable in any program at any time. But now, when our nation is enduring a pandemic and continuing to amass record debt, we must absolutely insist that all program funds are efficiently spent and that taxpayer dollars are protected. We will continue to work with the SBA’s IG and the GAO to carefully review the SBA’s loans and the need for the SBA to strengthen its internal controls.

It should be noted that at the Small Business Committee’s markup of the majority’s partisan budget reconciliation legislation in February, minority Committee Members offered numerous commonsense amendments, including two that would have increased oversight funding for the SBA’s IG by \$25 million. All of the minority’s amendments, including these two that focused on the need for additional oversight, were defeated.²⁰

On March 19, 2021, I sent a letter to Isabel Guzman, the new SBA Administrator, requesting details of how she plans to safeguard the taxpayer dollars that have been allocated to the EIDL and ensure there are proper oversight controls in place.

¹³ *Id.*

¹⁴ *Id.*

¹⁵ SBA, OFFICE OF INSPECTOR GENERAL, INSPECTION OF SMALL BUSINESS ADMINISTRATION’S INITIAL DISASTER ASSISTANCE RESPONSE TO THE CORONAVIRUS PANDEMIC (Report 21-02, Oct. 28, 2020), available at <https://www.sba.gov/document/report-21-02-inspection-small-business-administrations-initial-disaster-assistance-response-coronavirus-pandemic>.

¹⁶ *Id.*

¹⁷ KPMG, INDEPENDENT AUDITOR’S REPORT ON SBA’S FY 2020 FINANCIAL STATEMENTS, available at <https://www.sba.gov/document/report-21-04-independent-auditors-report-sbas-fy-2020-financial-statements>.

¹⁸ *Id.*

¹⁹ *Id.*

²⁰ Markup of Committee Print Pursuant to S.Con.Res.5: House Comm. on Small Business, 117th Cong. (Feb. 10, 2021), available at <https://smallbusiness.house.gov/calendar/eventsingle.aspx?EventID=3530>.

B. The House Majority's Additional February Stimulus

In February 2020, as much as \$1 trillion in previous COVID relief funds was unspent, and many programs in December's COVID relief bill had not even been enacted by the agencies. Despite this, our colleagues across the aisle insisted on passing their massive \$1.9 trillion "American Rescue Plan." That spending package included an additional \$50 billion for many of the new, unlaunched programs.²¹ It also unwisely expanded the PPP beyond the original Congressional intent by expanding nonprofit eligibility.

The new legislation directs the SBA to establish additional and untested Community Navigator Pilot Program to issue grants or contracts with an entire range of organizations, including nonprofits, resource partners, states and localities, in order to provide resources to small businesses at no charge. Of course, many small businesses need assistance, particularly when first starting to ensure that they have the guidance and assistance necessary to write a business plan, craft a budget, and develop a marketing plan. However, for many years, the SBA has had established successful and heavily utilized programs by trusted resource partners, such as Small Business Development Centers, SCORE, Women's Business Centers, and Veterans Business Outreach Centers. Minority Committee Members are concerned that the majority's recently-enacted Community Navigators Program, and the \$175 million the legislation appropriated for it, may be duplicative of the programs that are already in place and may in fact create complications and confusion for small business owners. We hope that this will not be the case, and we urge the SBA to swiftly adopt clear eligibility standards, goals, and outcome metrics for the Community Navigators program to ensure its transparency, effectiveness, efficiency, and accountability.

It is important to note for the record that all of these recent initiatives were accomplished through the strictly partisan, costly, and irresponsible process of budget reconciliation. During this process, the House and Committee majority was unwilling to consider any minority ideas, consultation, discussion, or a single one of over a dozen constructive amendments Committee minority Members offered at the Small Business Committee's markup. It was stunning that the majority Members of the Committee, who have such a strong history and tradition of bipartisanship and assisting all small businesses, would refuse to even engage in a constructive dialogue during this process.

C. A Temporary Extension of the PPP Program

The PPP was scheduled to terminate on March 31, 2021. On March 16, 2021, the House passed H.R. 1799, the PPP Extension Act of 2021, to extend the PPP program until May 31, 2021, by a vote of 415-3. The extension will give the SBA time to consider any remaining applications for emergency small business loans before the program's new termination date.

The PPP has been a successful rescue vessel for millions of small businesses across the country. It provided stability and confidence when small firms were devastated by COVID-19. Currently, PPP loans are facing lengthy delays as error codes force multiple back and forth

²¹ American Rescue Plan Act, Pub. L. No. 117-7 (Mar. 3, 2021).

conversation between small businesses, lenders, and the SBA. These crosschecks are creating uncertainty surrounding how the loans will proceed. Complicating this further was the threat that the program would end March 31, 2021, and the SBA reporting that the end date would prevent loans currently in the pipeline from being processed. Because Congress believes that small businesses that have followed the rules and completed their loan applications in a timely manner deserve to have their applications considered, the program is being extended and the loans in progress should be fully processed.

The Small Business Committee Members on both sides of the aisle worked together to ensure that the PPP remains available through May 31, 2021 to small businesses that need it most.

III. A Look Ahead

The COVID-19 pandemic has had a deep and lasting effect on small businesses, with many barely surviving, and some forced to close altogether. We must be cautious about the potential of encumbering small businesses with additional regulations and higher taxes. As small firms begin to recover, need additional capital, apply for new SBA loans, and above all, continue to face an uncertain future, we must be mindful of their fragile state.

Today, there are hopeful signs of economic recovery. Across America, vaccines are going into arms, and lockdowns are being lifted, allowing businesses to begin to reopen. In February, the nonpartisan Congressional Budget Office (CBO) projected real Gross Domestic Product (GDP) will return to pre-pandemic levels by the middle of this year, and forecast a GDP growth rate of 3.7 percent, the highest in 15 years.²² Labor market conditions are expected to continue to improve, with the unemployment level declining from 6.8 percent to 5.3 percent by the end of 2021, and continuing to decline to 4 percent by 2025.²³

However, many are concerned about the Biden administration taking steps to institute a federal minimum wage mandate and return to a regulatory environment that heavily burdens small businesses. These actions will not help small businesses regain economic independence, but will instead hold them back from expanding, creating jobs, and generating the economic boost that America urgently needs. Remember that small businesses comprise 99.9 percent of all American businesses, and create over 65 percent of net new jobs.²⁴

My March 19, 2021 letter to SBA Administrator Isabella Guzman urged increased oversight of the SBA's EIDL programs.²⁵ As the COVID-19 pandemic has presented unprecedented challenges to our nation's small businesses, the SBA must ensure that taxpayer

²² CONGRESSIONAL BUDGET OFFICE, AN OVERVIEW OF THE ECONOMIC OUTLOOK: 2021 TO 2031, available at <https://www.cbo.gov/publication/56965>.

²³ *Id.* at 1.

²⁴ SBA, OFFICE OF ADVOCACY, FREQUENTLY ASKED QUESTIONS (OCT. 2020), available at <https://cdn.advocacy.sba.gov/wp-content/uploads/2020/11/05122043/Small-Business-FAQ-2020.pdf>.

²⁵ Letter from Blaine Luetkemeyer, Ranking Member, House Committee on Small Business, to Isabella Guzman, Administrator, U.S. Small Business Administration (Mar. 19, 2021) (on file with Committee minority staff).

dollars are protected. Reports due to be published in the coming weeks will continue to focus on the fact that EIDL programs remain a target for fraudulent activity. The SBA has an enormous responsibility to deliver funding to small businesses through the pandemic. However, oversight and anti-fraud measures must not be shortchanged. Hard-earned American taxpayer dollars must be safeguarded within these programs.

Across our federal government, we must provide targeted relief to small businesses and promote an environment in which they can thrive, as they are truly the innovators and engines of our economy. When small business succeeds, America succeeds.

Again, thank you for the opportunity to offer this statement.

STATEMENT FOR THE RECORD
CONGRESSMAN FILEMON VELA
HOUSE COMMITTEE ON THE BUDGET MEMBERS' DAY HEARING
MARCH 23, 2021

Chairman Yarmuth, Ranking Member Smith, Members of the Committee,

Thank you for this opportunity to provide remarks. As you prepare the Budget Resolution for Fiscal Year 2022, I would like to highlight two important funding priorities for my constituents in the 34th District of Texas – land ports of entry and broadband. These issues represent opportunities for major infrastructure investment, which is both necessary and past due.

Land Ports of Entry

It is critical that the Budget Resolution include \$6 billion for our land ports of entry (LPOEs). Investments in improving the aging infrastructure at our ports of entry are necessary for a safer and more prosperous America.

As you know, many of our LPOEs have longstanding infrastructure needs that impede both security and commerce. Mexico and Canada are two of our three largest trading partners, and every day, hundreds of thousands of commercial trucks, passenger vehicles, and pedestrians cross our LPOEs on the northern and southern borders. Our LPOEs are in dire need of upgrades to address the considerable increase in trade and commerce with these two countries over the past few decades, and the anticipated continued growth of products and people crossing at our land ports. Improvements of LPOEs will also be an important step in directing federal resources to smart border enforcement efforts.

President Biden has made clear his understanding of the “importance of transforming our crumbling transportation infrastructure – including roads and bridges, rail, aviation, ports, and inland waterways”, and specifically mentioned his plan to “invest heavily in improving the aging infrastructure at all of our ports of entry.” Building infrastructure is a critical part of putting people back to work and reviving the economy. Upgrading the facilities at our LPOEs would not only bring good jobs to local communities and boost our country’s economy, but it would also strengthen our national security and facilitate trade and travel.

Broadband

The Budget Resolution for Fiscal Year 2022 must also include significant funding to address the severe and ongoing need for internet connectivity in urban minority communities. My district is home to successful small businesses, cutting-edge universities, and a strong workforce poised to benefit from fast and reliable internet. However, many of my constituents have been left behind by the broadband market. According to the National Digital Inclusion Alliance (NDIA), the Rio Grande Valley is home to the first, second, and fifth worst-connected cities in America.

As the COVID-19 pandemic has further highlighted, broadband connectivity is a crucial need for South Texas, and we must work to ensure every home has affordable and accessible internet connectivity. We must prioritize funding for urban areas, including municipal-owned networks,

and remove unnecessary barriers that prevent local governments from providing this critical utility to their communities.

Thank you again for this opportunity to provide remarks to the Committee. I urge Members of Congress to consider the importance of these infrastructure needs and include sufficient funding for both of these priority areas.