THE PRESIDENT'S FISCAL YEAR 2022 BUDGET

HEARING

BEFORE THE

COMMITTEE ON THE BUDGET
HOUSE OF REPRESENTATIVES

ONE HUNDRED SEVENTEENTH CONGRESS

FIRST SESSION

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THE PRESIDENT'S FISCAL YEAR 2022 BUDGET

WEDNESDAY, JUNE 9, 2021

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

The Committee met, pursuant to notice, at 11:06 a.m., in room 210 Cannon House Office Building and via Zoom, Hon. John A. Yarmuth [Chairman of the Committee] presiding.

Present: Representatives Yarmuth, Jeffries, Higgins, Boyle, Doggett, Price, Schakowsky, Kildee, Morelle, Horsford, Lee, Chu, Plaskett, Wexton, Scott, Jackson Lee, Cooper, Moulton, Jayapal; Smith, Kelly, Grothman, Smucker, Jacobs, Burgess, Carter, Cline, Boebert, Donalds, Feenstra, Good, Hinson, and Obernolte.

Chairman YARMUTH. This hearing will come to order. Good morning and welcome to the Budget Committee's hearing on the President's Fiscal Year 2022 Budget. We are holding this hybrid hearing in compliance with the regulations for committee proceedings pursuant to House Resolution 965 carried over to the 117th Congress via House Resolution 8. Members and witnesses may participate remotely or in person.

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.

For individuals who are participating remotely, consistent with regulations, the Chair or staff designated by the Chair may mute a participant's microphone when the participant is not under recognition for the purpose of eliminating inadvertent background noise. Members participating remotely 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. They will not unmute your microphone under any other conditions. Members participating remotely 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.

Finally, to maintain safety in light of the Attending Physician's new guidance and the Speaker's announcement on January 4, Members, staff, and all others physically present in the hearing room must wear a mask and are required to keep their masks on when seeking recognition. After an individual has been recognized, the individual may remove their mask while speaking. Each individual must reapply their mask at the conclusion of their remarks. For those Members not wanting to wear a mask, the House rules provide a way to participate remotely from your office without being physically present in the hearing room.

Now, I will introduce our witness. This morning, we will be hearing from the Honorable Shalanda Young, Acting Director of the Office of Management and Budget. We welcome her to the House Budget Committee. I now yield myself five minutes for an opening statement.

I would like to take another moment to welcome the Honorable Shalanda Young to our witness table. OMB is well-served to have you at the helm this budget season, particularly given your more than 14 years of experience with the House Appropriations Committee. Thank you for being with us today and in person.

With the help of some new safety protocols and guidance from the Office of the Attending Physician, it is good to be back in the hearing room today. We are finally and thankfully rounding the corner of this public health crisis.

Vaccination rates are up, coronavirus cases are down. Job growth is up, and the unemployment rate is down to its lowest point since before the pandemic. Rescue checks have significantly reduced hardships facing American families, with sharp declines in food insecurity and financial instability. The American Rescue Plan has helped save communities, delivering the resources necessary to get shots into arms, workers back in jobs, and to provide lifelines to state and local governments, small businesses, and families.

It was the plan our nation needed, and it was a plan this Committee was proud to help deliver. But this is not the time to stop and pat ourselves on the back. Our country is not where we need it to be. There is much more work to do.

That is why President Biden has proposed a transformative budget that will ensure we emerge from these past 15 months of crisis stronger and better prepared for the future than ever. With critical investments in job creation, clean energy, infrastructure, education, childcare, public health, and more, the President's budget for 2022 lays out a visionary plan to build a better and more secure future for our nation.

For too long, self-inflicted austerity has been mistaken for fiscal responsibility to the detriment of American families and our nation's economy. The Biden budget ends this era of chronic underfunding and disinvestment in America's potential, and addresses the longstanding deficits in our communities that have been exposed and exacerbated by the pandemic.

And I might add, the thing that most impresses me about this budget is it represents a change in thinking that is long overdue. For decades and decades, the first question has always been, at the federal level, what can we afford to do? President Biden's budget asks the questions in a different order. It asks first, what do we need to do to serve the American people? And then, how do we resource those needs? I think that is an important change in mentality.

The budget includes President Biden's American Jobs Plan, proposing $2.2 trillion in historic investments over 10 years to fix and modernize our failing infrastructure, create good-paying jobs, and revitalize U.S. manufacturing so we can lead the global marketplace. The budget ends decades of underinvestment in transportation infrastructure and also makes transformative investments to address climate change, renew the electric grid, and spur energy-related economic development.

Together, the plan's investments will increase energy resilience and security, lower energy costs for Americans, improve air quality, create good-paying jobs, and strengthen U.S. competitiveness, all while putting our country on the pathway to 100 percent carbon-free electricity by 2035.

The budget also includes the American Families Plan and proposes long-overdue investments in affordable housing, infrastructure, public health, and childcare infrastructure, expanding opportunities, and creating a fairer, more modern economy in the wake of the pandemic.

It extends key tax cuts in the American Rescue Plan that benefit lower-and middle-income workers and families, like the Child Tax Credit that helped cut child poverty in half. It builds on the anti-poverty and food initiatives in the American Rescue Plan, investing $45 billion over 10 years to deliver nutrition security to vulnerable families. To ensure parents, particularly mothers, can safely return to the work force, provide for their families, and help power our recovery, the budget invests $225 billion over 10 years to make childcare more affordable and accessible. Then it provides free universal preschool, which is an enormous benefit to working families. And because a more educated work force builds a stronger economy, it provides two years of free college education.

Investing in the American people has always been a good bet, but with interest rates this low and the need so high, right now it is a sure thing. For too long, our economy has not worked for those working the hardest to get by. Underlying inequities and widening income inequality, exacerbated by the pandemic-driven recession, continue to jeopardize the financial security of working Americans. In the United States, the wealthiest nation on earth, this is neither acceptable nor inevitable.

But by pairing the American Family and American Jobs Plans with reforms to ensure that big corporations and the wealthiest Americans pay their fair share, we can make these powerful, pro-growth investments and set our nation on a fiscally responsible path.

President Biden has put forward a visionary budget that will transform our country and create a far better future for all American families. Acting Director Young, I look forward to working with you and the rest of the Administration to advance this budget and to answer the President's call to build a stronger country by putting the needs, goals, ingenuity, and strength of the American people front and center.

Thank you. And I now yield to the Ranking Member for his opening statement.

[The prepared statement of Chairman Yarmuth follows:]

Chairman John A. Yarmuth
Hearing on The President's Fiscal Year 2022 Budget
Opening Statement
June 9, 2021

I'd like to take a moment to welcome The Honorable Shalanda Young to our witness table. OMB is well-served to have you at the helm this budget season, particularly given your more than 14 years of experience with House Appropriations Committee. Thank you for being with us today and in-person.

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President Biden has put forward a visionary budget that will transform our country and create a far better future for all American families. Acting Director Young, I look forward to working with you and the rest of the Administration to advance this budget – and to answer the President's call to build a stronger country by putting the needs, goals, ingenuity, and strength of the American people front and center.

Thank you.

Mr. SMITH. Thank you, Mr. Chairman. Thank you, Director Young, for participating in today's hearing. As President Biden has said repeatedly, don't tell me what you value, show me your budget, and I will tell you what you value. When President Biden released his budget, he sent a clear message that his Administration values Washington control over America's working class. Under President Biden's budget, government spending reaches historic highs and raises our national debt to unsustainable levels. It creates the highest sustained tax burden in American history, and nearly doubles tax collections over the next 10 years, while breaking the President's pledge not to raise taxes on American families earning under $400,000.

His budget gives Washington the greatest and most coercive command and control over Americans' lives and livelihoods ever witnessed in modern history, while abandoning government's core constitutional function of providing for a national defense. In a budget that gives an average 16 percent raise to every non-defense agency next year, the President struggles to find one new dollar for Homeland Security, when we have a crisis at our southern border.

Within 10 years under the budget proposal, America will pay more to settle the interest on our national debt than it costs today to take care of our seniors on Medicare. It will cost more than our entire national defense and nearly 10 times more than what we will spend on veterans' healthcare next year. The misplaced priorities of this budget are not the only frightening part. It is how President Biden says he wants to pay for some of it. One of the ways he hopes to finance some of his massive government spending is to permanently grow the IRS $80 billion. A bureaucracy which has a history of targeting conservative political groups.

Given that history, the American people are right to be worried. Because instead of finding new ways to grow America's economy and create opportunity, President Biden is bent on finding new ways to tax America while countries like China outcompete us on the global stage. If we want to strengthen America, we need to start by focusing on the right economic conditions that give workers a chance to succeed instead of settling for an agenda that the President's own budget admits will underperform.

Based on the projections outlined in this budget, the President's spending and tax plan would lead to the worst economic growth of any decade since the Great Depression. What is worse, it completely ignores the real cost of government spending. The high prices Americans are facing at the pump and in the checkout lines due to rising inflation. Here are some facts that have gone underreported recently.

Since President Biden took the oath of office, monthly inflation has quadrupled. Core inflation in April increased at the highest level in nearly four decades. And yet, still the President's budget assumes $69 trillion in new spending and will not significantly fuel this rise in new spending, which will significantly fuel this rise in the cost of living that disproportionately harms the working class.

President Biden needs to level with the American people. If we continue down this path, by 2031, a quarter of our GDP will be government spending and Americans will be on the hook for a whopping $39 trillion in debt. We need a budget that bets on the working class and supports their families. A budget that prioritizes constitutional responsibilities like national security, fosters better job growth, rising wages, and economic security, and gives our children a chance to inherit the American Dream, not a list of broken promises.

I am not sure if there is such a thing as a perfect budget in Washington, but it is clear that the budget President Biden is proposing falls far short of the mark. And, frankly, America can do better than the President's disappointing vision for the future. I yield back, Mr. Chairman.

[The prepared statement of Jason Smith follows:]

BUDGET | HOUSE BUDGET REPUBLICANS

Rep. Jason Smith
Republican Leader

Smith Opening Statement:
House Budget Committee Hearing on President Biden's FY22 Budget

June 9, 2021
As Prepared for Delivery

Thank you, Mr. Chairman.

As President Biden has said repeatedly, "Don't tell me what you value. Show me your budget, and I'll tell you what you value."

When President Biden released his budget, he sent a clear message that his administration values Washington control over America's working class.

Under President Biden's budget, government spending reaches historic highs, and raises our national debt to unsustainable levels. It creates the highest sustained tax burden in American history and nearly doubles tax collections over the next ten years while breaking the president's pledge NOT to raise taxes on American families earning under $400,000.

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The misplaced priorities of this budget are not the only frightening part – it is how President Biden says he wants to pay for some of it. One of the ways he hopes to finance some of his massive government spending is to permanently grow the IRS by $80 billion dollars; a bureaucracy with a history of targeting conservative political groups. Given that history, the American people are right to be worried.

Because, instead of finding new ways to grow America's economy and create opportunity, President Biden is bent on finding new ways to tax America, while countries, like China, outcompete us on the global stage.

If we want to strengthen America, we need to start by focusing on the right economic conditions that give workers a chance to succeed, instead of settling for an agenda that the President's own budget admits will underperform.

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President Biden needs to level with the American people. If we continue down his path, by 2031, a quarter of our GDP will be government spending, and Americans will be on the hook for a whopping $39 trillion in debt.

We need a budget that bets on the working class and supports their families; a budget that prioritizes constitutional responsibilities like national security; fosters better job growth, rising wages, and economic security; and gives our children a chance to inherit the American dream, not a list of broken promises.

I am not sure if there is such a thing as a perfect budget in Washington. But it is clear that the budget President Biden is proposing falls far short of the mark, and frankly America can do better than the President's disappointing vision for the future.

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Chairman YARMUTH. I thank the Ranking Member for his opening statement. In the interest of time, I ask that any other Members who wish to make a statement, submit their written statements for the record to the email box we established for receiving documents before and during Committee proceedings. We have distributed that email address to your staff. I will hold the record open until the end of the day to accommodate those Members who may not yet have prepared written statements.

Now, once again, I would like to thank Ms. Young for being here this morning. The Committee has received her written statement and it will be made part of the formal hearing record. You have five minutes to give your oral remarks and you may begin when you are ready.

STATEMENT OF SHALANDA YOUNG, ACTING DIRECTOR AND DEPUTY DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET

Ms. YOUNG. Thank you, Mr. Chairman, Ranking Member Smith, the other Members of the Budget Committee. This is a welcome home for me. I have spent a long time in these halls. I also want to thank the staff on both sides of the aisle. I know the work it takes. You all were my colleagues. So, I am uniquely aware of the work it takes to put this on. So, thank you to the Members and to the staff.

We released this budget at a moment when our country is emerging from one of the most challenging times in our history. At least 63 percent of American adults have now received one vaccine shot. The economy has added two million jobs since the President took office. The unemployment rate has dropped to 5.8 percent, the lowest it has been since the start of this pandemic. A very encouraging sign is the decline we see in the long-term unemployed of 431,000 last month, as well as a decline in those seeking initial claims of unemployment by about half of what they were in January. And yet, we also know that it is not enough to simply go back to where we were before the pandemic. Instead, we must seize this moment to reimagine and rebuild a new American economy that invests in the middle class and those trying to break into the middle class.

The President's Fiscal Year 2022 Budget details his agenda for this year to help grow the economy, create good paying jobs empowering equitable economic recovery. It includes the two historic plans the President has put forth, the American Jobs Plan and the American Families Plan, and reinvests in education, research, and public health, and other foundations of our country's strength through the discretionary request. And it does all of this while proposing tax reforms that will put our country's long-run fiscal health on a legitimate path and lay the foundation for shared prosperity in this country.

The budget starts with the American Jobs Plan. A once-in-a-generation investment in America that would put millions of people to work rebuilding our country: fixing highways, rebuilding bridges, upgrading our transit systems, replacing all lead pipes and service lines in our drinking water systems, investing in the infrastructure of our care economy, and creating new and better jobs for caregiving workers, and more.

The budget also includes the American Families Plan. A historic investment to help families cover the basic expenses that so many struggle with now, lower health insurance premiums, and continue the historic reductions in child poverty that we began in the American Rescue Plan.

Alongside these investments, the budget also reiterates the President's strong call to Congress during his joint session to make progress on healthcare by reducing the cost of prescription drugs and expanding and improving health coverage. Moreover, the budget details a robust set of discretionary proposals to help reinvest the foundations of our strength and to begin reversing a decade of chronic underinvestment in priorities like public health, public education, basic science, and clean energy. In total, the budget's discretionary investments would restore non-defense appropriations to its historical average share of the economy.

Importantly, the budget makes all of these investments in a way that is responsive to both near-and medium-term economic landscape and longer-term fiscal outlook.

In the near-term, the decades-long, global trend of declining interest rates give us the fiscal space to make these necessary upfront investments. Under this budget's policies, the real cost of federal debt payments will remain below the historical average through the coming decade, even as the budget assumes the interest rates will rise from their current lows, consistent with private sector forecasts.

Over the long run, when we face larger fiscal challenges and more uncertainty about interest rates, the budget will reduce the deficit and improve our nation's finances. That is because its front-loaded investments are more than paid for through permanent tax reforms and will ensure corporations and the wealthiest Americans pay their fair share. The budget policies reduce annual deficits beginning in 2030 and reduce deficits by over $2 trillion in the subsequent decade, while the American Jobs Plan and the American Families Plan are fully offset within the next 15 years.

As a whole, the President's budget will improve our nation's long-term finances, while making the growth enhancing investments we need right now. Thank you for the opportunity to appear here today, and I look forward to taking your questions.

[The prepared statement of Shalanda Young follows:]

TESTIMONY OF
SHALANDA D. YOUNG
ACTING DIRECTOR AND DEPUTY DIRECTOR
OFFICE OF MANAGEMENT AND BUDGET
BEFORE
HOUSE BUDGET COMMITTEE

JUNE 9, 2021

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

Thank you for this opportunity to testify on President Biden's Fiscal Year 2022 Budget.

Confronting Historic Challenges

Under the President's leadership, our country is getting back on track after one of the most challenging periods in our history. At least 63% of American adults have now received one vaccine shot. The economy has added two million jobs since the President took office. The unemployment rate has dropped to 5.8 percent, the lowest since the start of the pandemic. A very encouraging sign is the decline we see in the long term unemployed by 431, 000 last month, as well as a decline in those seeking initial claims of unemployment by about half of what they were in January. All of this is due in no small part to the American Rescue Plan, which put money in pockets and shots in arms. The President's Budget before you builds on this economic momentum to reimagine a new American economy that invests in the middle class and those trying to break into the middle class.

The President's Fiscal Year 2022 Budget details the President's agenda for this year to help grow the economy, create good paying jobs, and do so responsibly by requiring the wealthiest Americans and big corporations to pay their fair share. It includes the two historic plans the President has already put forward—the American Jobs Plan and the American Families Plan—and reinvests in education, research, public health, and other foundations of our country's strength through the discretionary request. The Budget also calls on Congress to take action this year to lower prescription drug costs and expand and improve health coverage. And it does all of this while proposing long-overdue changes to our tax code that will improve our country's long-run fiscal health and help lay the foundation for shared prosperity.

The American Jobs Plan

The Budget starts with the American Jobs Plan—a once-in-a-generation investment in America that will put millions of people to work rebuilding our country: fixing highways, rebuilding bridges, and upgrading our transit systems; replacing all lead pipes and service lines in our drinking water systems; investing in the infrastructure of our care economy and creating new and better jobs for caregiving workers; and much more. Specifically, it would:

- **Fix Highways, Rebuild Bridges, Upgrade Ports, Airports, and Transit Systems.** The President's plan will modernize 20,000 miles of highways, roads, and main-streets. It will fix the ten most economically significant bridges in the Nation in need of reconstruction. It also will repair the worst 10,000 smaller bridges, providing critical linkages to communities. And, it will replace thousands of buses and rail cars, repair hundreds of stations, renew airports, modernize Ports of Entry and expand transit and rail into new communities.

- **Deliver Clean Drinking Water, A Renewed Electric Grid, and High-Speed Broadband to All Americans**. The President's plan will eliminate all lead pipes and service lines in our drinking water systems, improving the health of the Nation's children and communities of color. It will put hundreds of thousands of people to work laying thousands of miles of transmission lines and capping hundreds of thousands of orphan oil and gas wells and abandoned mines. And, it will bring affordable, reliable, high-speed broadband to every American, including the more than 35 percent of rural Americans who lack access to broadband at minimally acceptable speeds.

- **Build, Preserve, and Retrofit More Than Two Million Homes and Commercial Buildings, Modernize Our Nation's Schools and Child Care Facilities, and Upgrade Veterans' Hospitals and Federal Buildings.** The President's plan will create good jobs building, rehabilitating, and retrofitting affordable, accessible, energy efficient, and resilient housing, commercial buildings, schools, and child care facilities all over the Nation, while also vastly improving the Nation's Federal facilities, especially those that serve veterans.

- **Solidify the Infrastructure of Our Care Economy by Creating Jobs and Raising Wages and Benefits for Essential Home Care Workers.** These workers—the majority of whom are women of color—have been underpaid and undervalued for too long. The President's plan makes substantial investments in the infrastructure of our care economy, starting by creating new and better jobs for caregiving workers. It also provides home- and community-based care for seniors and people with disabilities who would otherwise have to wait years to get services they need.

- **Revitalize Manufacturing, Secure U.S. Supply Chains, Invest in R&D, and Train Americans for the Jobs of the Future**. The President's plan will ensure that the best, diverse minds in America are put to work creating the innovations of the future while creating hundreds of thousands of quality jobs today. Our workers will build and make things in every part of America, and they will be trained for well-paying, middle-class jobs using evidence-based approaches such as sector-based training and apprenticeship.

The American Families Plan

To complement the American Jobs Plan and help extend the benefits of economic growth to all Americans, the Budget also includes the American Families Plan—a historic investment to help families cover the basic expenses that so many struggle with now, lower health insurance premiums, and continue the historic reductions in child poverty in the American Rescue Plan. It would:

- **Add at Least Four Years of Free Education.** The American Families Plan will provide universal, high-quality preschool to all three- and four- year-olds. It will provide Americans two years of free community college. It will invest in making college more affordable for low- and middle-income students, including students at Historically Black Colleges and Universities (HBCUs), Tribal Colleges and Universities (TCUs), Hispanic-serving institutions, Asian American and Native American Pacific Islander-serving institutions, and other minority-serving institutions (MSIs). And, it will invest in our teachers as well as our students, improving teacher training and support so that our schools become engines of growth at every level.

- **Provide Direct Support to Children and Families.** The American Families Plan will provide direct support to families to ensure that low- and middle-income families spend no more than seven percent of their income on child care, and that the child care they access is of high-quality. It will also provide direct support to workers and families by creating a national comprehensive paid family and medical leave program that will bring the American system in line with competitor nations that offer paid leave programs. And, the plan will provide critical nutrition assistance to families who need it most and expand access to healthy meals to our Nation's students—dramatically reducing childhood hunger.

- **Extend Tax Cuts for Families with Children and American Workers.** The American Families Plan will extend key tax cuts in the American Rescue Plan that benefit lower- and middle-income workers and families, including the expansions of the Child Tax Credit, the Earned Income Tax Credit, and the Child and Dependent Care Tax Credit.

- **Strengthen Health Care.** The American Families Plan will also extend the expanded health insurance tax credits in the American Rescue Plan. These improvements are lowering premiums for 9 million current enrollees by an average of $50 per person per month and making them permanent will let an estimated four million uninsured people gain coverage. The American Families Plan also makes historic investments to improve maternal health and reduce maternal mortality. The Plan will also support the families of veterans receiving health care services.

Alongside these investments, the Budget also reiterates the President's strong call to Congress during his Joint Session address to make progress on health care by: cutting prescription drug costs; reducing deductibles for ACA marketplace plans; improving Medicare benefits through access to dental, hearing and vision coverage; creating a public option and giving people age 60 and older the option for people to enroll in Medicare; and closing the Medicaid coverage gap to help millions of uninsured Americas gain health insurance.

Reinvesting in Discretionary Programs

After a decade of underinvestment in priorities that are vital to our country's future, the Budget also details a robust set of discretionary proposals to help reinvest in the foundations of our strength and success. That includes funding for priorities like public health, public education, basic science, and clean energy. In total, the Budget's discretionary investments would restore non-defense appropriations to the historical average share of the economy.

Specifically, the discretionary request is another important opportunity to continue laying a stronger foundation for the future and reversing a legacy of chronic disinvestment in crucial priorities. Over the past decade, due in large measure to overly restrictive budget caps, the Nation significantly underinvested in core public services, benefits, and protections. Since FY 2010, non-defense discretionary funding—the area of the Federal budget that funds education, research, public health, and other crucial services—has shrunk significantly as a share of the economy. The President's Budget reverses that trend through targeted discretionary investments across a range of key areas. The Budget:

- **Makes Historic Investments in High-Poverty Schools.** The Budget proposes a historic $36.5 billion investment in Title I grants, a $20 billion increase from the 2021 enacted level. This investment would provide historically under-resourced schools with the funding needed to deliver a high-quality education to all of their students.

- **Launches Advanced Research Projects Agency for Health (ARPA-H).** The Budget includes a major investment of $6.5 billion to launch ARPA-H, which would provide significant increases in direct Federal research and development spending in health. With an initial focus on cancer and other diseases such as diabetes and Alzheimer's, this major investment in Federal research and development would drive transformational innovation in health research and speed application and implementation of health breakthroughs.

- **Improves Readiness for Future Public Health Crises.** The Budget includes $8.7 billion in discretionary funding for the Centers for Disease Control and Prevention (CDC) — the largest budget authority increase in nearly two decades—to restore capacity at the world's preeminent public health agency and rebuild international capacity to detect, prepare for, and respond to emerging global threats.

- **Makes a Major Investment to Help End the Opioid Epidemic.** The Budget includes a historic investment of $10.7 billion in discretionary funding in the Department of Health and Human Services, an increase of $3.9 billion over the 2021 enacted level, to support research, prevention, treatment, and recovery support services, with targeted investments to support populations with unique needs, including Native Americans, older Americans, and rural populations. The Budget also includes $621 million specific to the Department of Veterans Affair's Opioid Prevention and Treatment programs.

- **Invests in Tackling the Climate Crisis.** The Budget includes major new climate change investments—an increase of more than $14 billion compared to 2021—across nearly every agency to: restore the critical capacity needed to carry out their core functions and to take a whole-of-government approach to tackling climate change while creating good paying jobs; secure environmental justice for communities that have been left behind through the largest direct investment in environmental justice in history; and help developing countries reduce emissions and adapt to climate change.

- **Extends Housing Vouchers and Helps End Homelessness.** The Budget proposes to provide $30.4 billion for Housing Choice Vouchers, expanding vital housing assistance to 200,000 more families, with a focus on those who are homeless or fleeing domestic violence. The Budget also builds on important provisions included in the American Rescue Plan Act of 2021 by providing a $500 million increase for Homeless Assistance Grants to support more than 100,000 households—including survivors of domestic violence and homeless youth, helping prevent and reduce homelessness.

- **Invests in Civil Rights Offices Across Government.** The Budget supports significant increases for civil rights offices and activities across Federal agencies to ensure that the Nation's laws are enforced fairly and equitably.

- **Invests in Efforts to End Gender-Based Violence.** The Budget includes a historic investment of $1 billion in total funding for DOJ Violence Against Women Act programs, nearly double the 2021 level, including funding for new programs. In addition, the request provides funding at HHS for domestic violence hotlines and for cash assistance, medical support and services, and emergency shelters for survivors.

- **Upholds Our Trust Responsibility to Tribal Nations.** To begin redressing long-standing, stark inequities experienced by American Indians and Alaska Natives, the Budget proposes to dramatically increase funding for the Indian Health Service (IHS) by $2.2 billion and provides $900 million to fund tribal efforts to expand affordable housing, improve housing conditions and infrastructure, and increase economic opportunities for low-income families. The Budget also includes an increase of more than $450 million to facilitate climate mitigation, resilience, adaptation, and environmental justice projects in Indian Country, including investment to begin the process of transitioning tribal colleges in the country to renewable energy.

A Fiscally and Economically Responsible Path

The Budget makes these investments in a way that's responsive to both the near- and medium-term economic landscape and the longer-term fiscal outlook.

In the near-term, the decades-long, global trend of declining interest rates gives us the fiscal space to make necessary upfront investments. Under this Budget's policies, the real cost of federal debt payments will remain below the historical average through the coming decade, even as the budget assumes that interest rates will rise from their current lows, consistent with private sector forecasts. Low real debt service payments show that the cost of these up-front investments is not burdening the economy. To the contrary, failing to make these investments at a time of such low interest costs would be an historic missed opportunity that would leave future generations worse off.

This Budget does not make that mistake, and its investments will pay dividends for many years to come.

Over the long run, when we face larger fiscal challenges and more uncertainty about interest rates, the Budget will reduce the deficit and improve our Nation's finances. That's because its front-loaded investments are more than paid for through permanent tax reforms that will ensure corporations and the wealthiest Americans pay their fair share. The Budget policies reduce annual deficits beginning in 2030 and reduce deficits by over $2 trillion in the subsequent decade, while the American Jobs Plan and American Families Plan are fully offset within fifteen years.

As a whole, the Budget will improve our nation's long-term finances while making the growth-enhancing investments that we need right now.

Thank you for the opportunity to appear before the committee today, and I would be happy to take your questions.

Chairman YARMUTH. Thank you very much for your statement. We will now begin our question-and-answer session. Acting Director Young will be available to answer questions in person until 2 p.m. today. She has another appointment at the Appropriations Committee. With that in mind, we ask Members to keep your questions to their allotted time. As a reminder, Members can submit written questions to be answered later in writing. Those questions and responses will be made part of the formal hearing record. Any Members who wish to submit questions for the record, may do so by sending them to the clerk electronically within seven days. I now recognize the gentleman from New York, Mr. Jeffries, for five minutes.

Mr. JEFFRIES. Thank you so much, Mr. Chairman, for your continued leadership and for convening this very important hearing. And Acting Director Young, I am thankful for your presence and for your leadership, for your work on behalf of the nation. Welcome back to the House of Representatives. It is great to see you.

As you testified, the American Jobs Plan and President Biden's budget would put millions of Americans back to work, in part, by investing in our crumbling bridges, roads, tunnels, airports, mass transit system, water and sewage system, and also, by investing in the caring economy. To begin with, is it the case that in America we last meaningfully invested at a national level in our infrastructure in the 1950's connected with President Eisenhower's Interstate Highway System?

Ms. YOUNG. You are absolutely right, Congressman, and we believe now is the time. Rather than constant infrastructure weeks, we would like to see a real investment to help grow the economy.

Mr. JEFFRIES. Interesting, because it seems like instead of an infrastructure week or an infrastructure month or an infrastructure year, or decade, this is sort of an infrastructure century since it has been a long time since we have meaningfully invested. Is it possible to have a first-class economy for us to win the century while having a third-rate infrastructure or a crumbling infrastructure?

Ms. YOUNG. Congressman, we talk a lot about competing with China. This is just as important to ensure that we remain the world leader, that we have a strong infrastructure, a strong economy, just as much as it does where we land on the defense budget.

Mr. JEFFRIES. And China is investing an extraordinary amount in their infrastructure, both in Mainland China as well as across the world. Is that correct?

Ms. YOUNG. Absolutely. They are around the world investing in other countries' infrastructure as well as their own.

Mr. JEFFRIES. Now, in January, President Biden inherited a crumbling economy connected, of course, to the COVID–19 pandemic, as well as mismanagement from the prior Administration. And that had more than 10 million Americans out of work. I think as you mentioned, the economy—well, the unemployment rate has already dropped to 5.8 percent under President Biden's leadership. And is that a sort of—does that match a pre-pandemic low or how does that measure up during the duration of this pandemic?

Ms. YOUNG. So, we are at the levels we were at the start of the pandemic. We still have a way to go. But let me—we touched on this a little but let me be clear. We think we are on the right path to economic recovery from COVID. The American Rescue Plan did what it set out to do. Vaccination rates we could not have envisioned better. But what the Jobs Plan and Families Plan insists is that we do better than we did before the pandemic and create a more equitable economic system in this country.

Mr. JEFFRIES. And that is entirely consistent with what then-candidate Biden said he was going to do, which is build back better. He made a campaign promise and now he is working to fulfill that promise to ensure that we emerge even stronger than we were prior to the pandemic. How many more jobs would the American Jobs Plan as outlined in the budget create?

Ms. YOUNG. Sir, it not only would create more jobs. It would ensure that those who are working that may not have a college degree can have access to good paying union jobs. So, it is about the quality of jobs. We want to return to pre-pandemic low unemployment rates, but we want to make sure we see appropriate wage growth. And for those who are at any point in an education system, that they have access to be able to feed their families.

Mr. JEFFRIES. And last, I think the budget states that approximately 40 percent of energy and climate infrastructure investments would go toward traditionally disadvantaged communities. I assume that means both inner city communities that has been left behind, as well as rural coal mining towns, small town America, parts of Appalachia. Can you tell us what the rationale was for making sure that these type of communities are identified for investment?

Ms. YOUNG. Congressman, you won't be surprised. This is beyond the budget. The President has put forth an executive order that calls on the government to look through all its lenses as we implement programs to make sure we don't leave any communities behind. We have huge investments in the discretionary requests to make sure, as you put, coal communities, as those jobs tend to decline. We want to make sure we don't leave anyone behind. And this budget absolutely speaks to that. And the actions of the EO speak to that.

Mr. JEFFRIES. Thank you so much for your testimony.

Chairman YARMUTH. The gentleman's time has expired. I now recognize the gentleman from Missouri, the Ranking Member Mr. Smith, for 10 minutes.

Mr. SMITH. Thank you, Mr. Chairman. Given China's negligence regarding COVID–19, America's real GDP dropped by $2 trillion in the first half of 2020. The unemployment rate skyrocketed from 3 and a 1/2 percent to 14.7 percent in two months. Twenty-one million jobs were lost from February to April 2020. And more than 600,000 Americans have tragically died. Given the detrimental economic effects of COVID–19, what was noticeably absent from your budget were any plans to hold China accountable for its role in spreading COVID–19. What is the Administration's plan to seek retribution and recoup American taxpayer dollars?

Ms. YOUNG. Thank you, Congressman. As you probably know, the President has asked the intelligence community to undertake a 90-day review.

Mr. SMITH. Perfect. We will be watching those 90 days to make sure that we are going to be compensated for the damage that China has put onto the United States.

Over the past few weeks, it has become increasingly evident COVID–19 originated from a lab in Wuhan, China. What concerns me, as a Republican leader on the Budget Committee, is that Dr. Anthony Fauci's recently publicized emails show a clear link between American taxpayer dollars and labs that outsource research outside of the United States. Acting Director Young, what are you doing to get to the bottom of the clear link between federal funding and the Wuhan lab?

Ms. YOUNG. Congressman, I will point you back to the President's tasking of the intelligence community. That is the appropriate place to task to look at the source of COVID and any relation to the Wuhan lab.

Mr. SMITH. So, let me ask you this. Can you commit that American dollars will never be used to fund such research going forward from this budget?

Ms. YOUNG. Congressman, I started my career at NIH. I would never, you know, make that commitment as someone who believes we need to be led by science. And we certainly need to wait until this review before we jump to conclusions.

Mr. SMITH. All right. This budget proposes an additional $80 billion for the IRS, which will be used to more than double its number of agents. It concerns me that this Administration found $80 billion more for the IRS to target Americans, but not one dollar more for border security. In the past, the IRS has repeatedly targeted conservative groups and been used by administrations for political retribution. What will you do to protect Americans so that IRS will not target individuals based on their political views, their social media post, or how they vote?

Ms. YOUNG. Well, Congressman, the President has the highest standards for all federal workers. You have heard him speak about that. But I point out the investment in the IRS is intended to collect about $1 trillion that we believe those are not—the tax gap between what is owed and what people are actually paying with these current tax systems. So, we think that is appropriate investment to ensure the federal government is collecting the tax revenue that the laws require.

Mr. SMITH. Do you know if there are any parameters within this proposal to make sure that it's not bias according to political affiliations?

Ms. YOUNG. That would be a underlying assumption that we don't hold that there is a bias. But, absolutely, if those things come forth, you would have our cooperation in looking into those matters. We expect the highest caliber from all of our federal agencies.

Mr. SMITH. It is a huge concern to me just with the report in the last 24 hours that this Administration in this budget is proposing the highest tax increase in the history of the United States, but so happens some of the most wealthy Americans' tax records were just so how leaked that showed that they paid very little in the news. So, that shows that there is some kind of a leak within the IRS. So, I hate the retribution of trying to push policies that at least it looks like maybe that is happening in the IRS.

Let's go to another issue. The budget requests $26 million to reduce maternal mortality and eliminate race-based disparities and outcomes among "birthing people." This is a shift from recent budgets, which referred to maternal health issues as women's issues. I have never heard the term before. Can you explain what it means?

Ms. YOUNG. Absolutely. There are certain people who do not have gender identities that apply to female or male. So, we think our language needs to be more inclusive in how we deal with complex issues. I think the underlying issues most important that your colleagues, Lauren Underwood, and others, are working on is to try to ensure that those of color who are giving birth leave the hospital alive. And that is the issue, rather than the verbiage. The verbiage matters, but the underlying issue is extremely important. And a lot of your colleagues are working hard on this because all of those giving birth should have access to the same quality healthcare.

Mr. SMITH. So, is the Administration's official policy to replace the term, woman, with birthing people?

Ms. YOUNG. I think our official policy is to make sure when people get service from their government, that they feel included. And we are trying to use inclusive language.

Mr. SMITH. OK. Interesting. We are currently facing historic levels of migration caused by this Administration's irresponsible border and immigration policies. The number of migrants illegally crossing the U.S.-Mexico border this Fiscal Year is already the most since 2006, with four months left to go. Since January, more people have illegally crossed the southern border than the entire population of Kansas City, Missouri in my home state. The only folks benefiting from the Biden border crisis are drug cartels, human traffickers, and large corporations that benefit from cheap labor, all at the expense of hard-working Americans. Despite all this, the Administration proposes flatlining the Department of Homeland Security's budget, the agency charged with keeping Americans safe. Specifically, it proposes to freeze the ICE budget and reduce the Customs and Border Patrol budget. Even worse, the CBP Procurement Construction and Improvements Account is cut by almost 50 percent. What is the justification for flatlining the DHS budget when every other agency receives a 16 and a 1/2 percent increase in funding on average? Not to mention the billions of dollars in so-called COVID relief already sitting in their accounts. Why was this critical department singled out?

Ms. YOUNG. Congressman, what I would call the DHS budget is a realignment. You may not agree, but we have a proposal to cancel the border wall funding. And that funding is redirected to what we consider a better use in where we get real border security. A focus on technology, land ports of entry. Those have been bipartisan interests. Migrant services, $203 million. Office of Immigration review, which is in DOJ. The Office of Refugee Resettlement, which deals with children at the border and resettlement. So, those are beyond the Department of Homeland Security. So, you see those increases in DOJ and HHS.

Mr. SMITH. With that realignment, do you see the Administration coming back and asking for a supplemental with the influx of money being spent along the southern border?

Ms. YOUNG. So, I will point out that we continue to monitor the border. Typical migration patterns would tell you, you see increases over the spring and summer. It depends on the weather. This budget, remember starts October 1. So, we are asking for increases in OR for next year. We think that is an appropriate level. But what you are speaking to we certainly are managing. But this budget would not speak to any patterns that we might see over the summer. But we believe we are managing it with the resources we have.

Mr. SMITH. On April 27, Ranking Member John Katko of the Homeland Security Committee and I wrote a letter to you regarding the border crisis, which is costing unknown amounts of taxpayer dollars. We have not received a response. Mr. Chairman, I ask unanimous consent to submit the letter for the record?

Chairman YARMUTH. Without objection, so ordered.

[Letter submitted for the record follows:]

U.S. House of Representatives
Washington, DC 20515

April 27, 2021

Ms. Shalanda Young
Acting Director
Office of Management and Budget
725 17th Street, N.W.
Washington, D.C. 20503

Dear Acting Director Young:

We write to you out of concern for the fiscal impact of the humanitarian and security crisis occurring along the southwest border and the escalating federal cost to American taxpayers. It is apparent that hundreds of millions, if not billions, of tax dollars are being spent as a result of the transpiring disaster. We are particularly concerned about recent reports that the Department of Homeland Security (DHS) and the Department of Health and Human Services (HHS) are having to redirect resources from operating budget accounts, including agent payroll, to respond to the turmoil at our border.[1] It is clear to us that the time is fast approaching where the Biden Administration will ask Congress, and the American taxpayer, to authorize the use of billions of federal dollars to bail them out of the mess of an unsecured border and a mass influx of illegal immigration.

DHS announced it is on pace to encounter more individuals on the southwest border this year than it has in the last 20 years. In March of this year alone, U.S. Customs and Border Protection (CBP) encountered 172,331 migrants—a 400 percent increase from March of last year. Even more startling: the total number of apprehensions at the border for this fiscal year (FY)—only at the halfway point—has already surpassed the total number for FY2020.[2]

While it is evident that President Biden's immigration policies have encouraged historic levels of migration to the border, exacerbating the national security, humanitarian, and public health crisis, what remains unclear is the true cost—both current and future—of responding to this policy-driven crisis. Recent visits by Members of Congress to the southwest border, along with media reporting, have shed light on costs that the American taxpayer will ultimately be forced to pay:

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[1] Press Briefing by Press Secretary Jen Psaki, April 19, 2021, https://www.whitehouse.gov/briefing-room/press-briefings/2021/04/19/press-briefing-by-press-secretary-jen-psaki-april-19-2021/; "Republican Members Visit Border - Share Shocking Realities, Homeland Security Republicans," April 14, 2021, https://republicans-homeland.house.gov/republican-members-visit-border-share-shocking-realities/.

[2] Southwest Land Border Encounters, U.S. Customs and Border Protection, Official Website of the Department of Homeland Security, https://www.cbp.gov/newsroom/stats/southwest-land-border-encounters.

- Hundreds of millions to pay non-profits, including one which employs a previous Biden campaign official and transition team member, to assist at the border.[3] These contracts include $86 million for hotel rooms to temporarily house the surge of migrants.[4]
- $19.2 million to operate CBP's Donna Processing Facility in Texas in March, which previously reached 420 percent capacity—a 20 percent increase from the $16 million[5] cost to operate the facility in February. Members were told that $50,000 per month is coming out of CBP's operational funds for migrant childcare items.[6]
- Millions in transportation costs for contracts to facilitate the movement of migrants between federal facilities and for NGOs to provide services for migrants including purchasing some domestic flight and bus tickets to transport migrants to their desired location within the United States.[7] As of March 22, these costs now include transportation of sponsors to assist with the rising number of unaccompanied children in federal facilities.[8]
- Millions for Alternatives to Detention programs including GPS tracking devices for the increases in migrants being released from custody.[9]
- $60 million per week to provide services to unaccompanied minors. CBP encountered nearly 19,000 unaccompanied minors in the month of March, and projects that number to increase.[10] These are some of the highest numbers ever recorded.

Many of these adjusted costs were not budgeted or appropriated for, nor were they approved by Congress. Additionally, these costs were not accounted for in the most recent budget outline submitted by the Biden Administration. What is even more disconcerting is the budget outline for the upcoming fiscal year calls for a freeze in funding for DHS.

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[3] "Texas nonprofit lands huge contract after hiring former Biden official: report," Fox News, April 14, 2021, https://www.foxnews.com/politics/texas-nonprofit-lands-huge-contract-after-hiring-biden-official-report.
[4] "Biden is spending $86 million on hotel rooms for migrants as his administration struggles to handle the surge of families and kids trying to come to the US," Business Inside, March 20, 2021, https://www.businessinsider.com/biden-to-spend-86-million-hotel-rooms-migrants-near-border-2021-3.
[5] "'No Place for a Child': Inside the Tent Camp Housing Thousands of Migrant Children," New York Times, March 30, 2021, https://www.nytimes.com/2021/03/30/us/texas-border-facility-migrants.html#:~:text=The%20tent%20facility%20at%20Donna,medical%20care%20and%20personnel%20contracts.
[6] "Republican Members Visit Border - Share Shocking Realities, Homeland Security Republicans," April 14, 2021, https://republicans-homeland.house.gov/republican-members-visit-border-share-shocking-realities/.
[7] "Catch-and-Bus: Thousands of Freed Border-Crossing Immigrants are Dispersing Across American," March 31, 2021, https://cis.org/Bensman/CatchandBus-Thousands-Freed-BorderCrossing-Immigrants-Are-Dispersing-Across-America; "Feds to give Pima County $2 million to help cover cost of asylum seekers," Tucson News, April 13, 2021, https://tucson.com/news/local/feds-to-give-pima-county-2-million-to-help-cover-cost-of-asylum-seekers/article_f4df0dd8-9c7a-11eb-9f6a-ab2f8d7b941b.html.
[8] "Church groups say they can help the government more at the border," April 21, 2021, https://www.axios.com/migrant-children-sponsor-travel-cost-560b8868-2351-46e8-b129-efeb79be864a.html
[9] "Exclusive: DHS warns ICE to 'Prepare for border surges now,' February 23, 2021, https://www.washingtontimes.com/news/2021/feb/23/dhs-warns-ice-prepare-border-surges-now/; FY 2021 DHS Budget in Brief, https://www.dhs.gov/sites/default/files/publications/fy_2021_dhs_bib_web_version.pdf
[10] "Biden administration spending $60 million per week to shelter unaccompanied minors," The Texas Tribune, April 9, 2021, https://www.texastribune.org/2021/04/09/immigration-biden-migrants-minors-shelter/

Given all of this, we ask for your response to the following questions regarding the short- and long-term costs of these policies that have placed American taxpayers in such a position:

1. To date, what are the total federal costs above budgeted line items associated with addressing the dramatic influx of migrants at the southwest border?
    a) What does the federal government project total costs to be for this full fiscal year and for fiscal year 2022?
    b) Will the complete fiscal year 2022 budget request include details on how the Biden Administration plans to budget for this crisis?
2. Please account for all funding reprogramming done at DHS and HHS in relation to the situation at the southwest border, including the underlying legal authorities for such reallocations of appropriated funds.
    a) How has the reprogramming of funds impacted the operating accounts for components of DHS and HHS?
3. Does the Administration plan to request additional federal funding to respond to the situation at the southwest border or to backfill accounts from which funds are being diverted?
    a) If so, when can Congress expect to see details on funding levels, as well as for which agencies and accounts additional resources are being requested?
4. What are estimated long-term costs for state and local governments that will have to provide social services to the influx of illegal immigrants into their communities?
    a) What is the estimated total cost to border states – inclusive of enhanced law enforcement and National Guard response – whose resources for their residents are being depleted due to mass federal releases of illegal immigrants in their communities?
5. How will this Administration pay for settlement fees and lawsuits associated with the termination and/or pause of border wall construction contracts? Reports suggest this could be as high as $3 billion.[11]
6. What is the current cost of materials that have gone to waste due to the pause in construction of the border wall system?
7. How much money has been sent to Central America under the Administration's belief that this will prevent migrants and asylum seekers from entering the country illegally?
    a) Please explain the Administration's specific analysis showing how foreign aid investment in Central America will stem the flow of illegal immigration.
    b) Please explain the cost savings that will be attained by such foreign aid investment.
    c) Please explain the Administration's criteria to determine where and how foreign aid will be spent in Central America to stem the flow of illegal immigration.

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[11] "Seven Steps Joe Biden Should Take to Solve the Border Crisis, The Heritage Foundation," April 12, 2021, https://www.heritage.org/homeland-security/commentary/seven-steps-joe-biden-should-take-solve-the-border-crisis; "Terminating border-wall contracts would cost 'billions,' says CBP head, but US has options," Border Report, Dec. 15, 2020, https://www.borderreport.com/hot-topics/the-border-wall/terminating-border-wall-contracts-would-cost-billions-says-cbp-head-but-us-has-options/.

We look forward to hearing from you on this important matter, particularly if you plan to request supplemental funding from Congress to address a crisis that was created by this Administration. We respectfully request a response to this letter by May 3, 2021.

Sincerely,

Jason Smith
Republican Leader
House Committee on the Budget

John Katko
Republican Leader
House Committee on Homeland Security

Mr. SMITH. Many of these costs were not budgeted for. And reports indicate that DHS and HHS needed to reprogram billions from operating budgets to address the crisis. Does the Administration—so, it is up to what the border—what they decide at the border of whether they will do a supplemental? Is that correct?

Ms. YOUNG. Sir, you know reprogramming and transfer authorities have been debated a long time. You know, Democrats in the last four years probably would have liked to see those rein in. Those are tools we are using just like the last Administration used to manage situations that may have been unknown at the beginning of the fiscal year. So, we are using them just like prior Administrations have. And we are working on your request. It is a complicated, detailed request.

Mr. SMITH. I appreciate it.

Ms. YOUNG. I will point out we also responded to your apportionment request. And we are trying to be more transparent with apportionments.

Mr. SMITH. We got that yesterday. I appreciate that.

Ms. YOUNG. Have you? OK.

Mr. SMITH. I want to ask one quick question before time runs out. In your proposal, I saw that you set aside $40 million to states that change their gun law regulations to incentivize more restrictions. Can you discuss that a little bit more?

Ms. YOUNG. Yes, we have a $5 billion in total gun violence prevention initiative. We think that is an appropriate thing to do. Also, $50 million in gun violence prevention research. So, you do see a focus from this Administration to make sure that we get at issues, you know, I am proud to say that even with the last Administration, we were able to get gun violence research going again. So, you absolutely do see a forward focus to make sure we get our hands around. I think what we can clearly see is a problem with mass shootings and other things that can't go on in this country.

Mr. SMITH. Thank you. I will say Director Young, not Acting Director.

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

Mr. HIGGINS. Thank you, Mr. Chairman, Director Young. I think it is wise to appoint a House budget insider to the director of Office of Management and Budget. And we are pleased to have you here today.

In the 1950's, corporate income taxes represented about 35 percent of the total federal budget. In the 1960's, it was 21 percent. In the 1980's, it was 10 percent. Today, it is about 6.6 percent. Fifty-five American corporations paid no federal income taxes in 2020, despite reporting $40.5 billion in pre-tax income. Duke Energy, FedEx, Nike. The issue is not, you know, whether or not we should have it paid for. Corporations just need to pay their fair share. You know, people will try to equate the amount of taxes that corporations pay relative to economic growth. The last time this economy grew by more than 6 percent was in the 1950's, when 33 percent of the federal budget was corporate taxes.

I just want to get to infrastructure. The American Society of Civil Engineers says that we need $4.6 trillion by 2020, just to bring

America's infrastructure to a state of good repair. The President proposed $2.3 trillion. And the President was just engaged with a Republican representative from the Senate to talk about lowering that further, which I think was a complete waste of time. The reality is that the tax cuts that our colleagues on the other side embraced didn't do anything to grow the economy. Didn't do anything to give us the resources necessary to compete effectively with China.

According to the Business Roundtable, for every dollar that you spend in infrastructure, you grow the economy by $3.70. Standard and Poor's, for every dollar that you spend in infrastructure, you grow the economy by $2 and 70 percent. University of Maryland, for every dollar that you spend in infrastructure, you grow the economy by more than $3.

The fact of the matter is, yes, corporations should be paying their fair share. But we already have a pay-for for infrastructure, and that is future economic growth by the millions of jobs that will be created, and by every academic and economic study that shows that infrastructure pays for itself. That if you can get money cheaply and you can grow the economy with new jobs and a more efficient operation of your infrastructure, that is a wise investment. Your thoughts on the infrastructure proposal?

Ms. YOUNG. Congressman, I could not have said it better. The tax proposal certainly does offset the spending we have in the budget. You know, through budgetary rules, we do have to assume offsets in that way. But you are absolutely right. We expect, you know, Ranking Member Smith pointed out our economic growth figures. Those were done in February. We expect a much larger growth pattern than we see even in this budget, which does show that we have fully offset policies. So, I couldn't agree with you more. But also, I think the tax policies even if you paid for these investments through infrastructure, the tax policies we have here should be passed on of their volition because as you put it, the corporate tax rate is what they are paying into the system versus what everyday Americans are. There is an inherent unfairness. So, these tax reforms should be seen as the right policy as well as helping to pay for—or fully paying for these policies.

Mr. HIGGINS. Thank you very much. Just let me make another point about the amount of public dollars that were invested into the development of a vaccine. It was about $11 billion by the federal government. The messenger RNA is the stuff that converts DNA to proteins, and proteins are the vaccine's active ingredient. Moderna's stock pre-pandemic, who developed one of the vaccines with government paid for—taxpayer paid for research, their stock was at $21 a share pre-pandemic. Now, it is at $209 a share. They were a $5 billion company, and now they are a $35 billion company. I know my time is up. But we have to find a way to make taxpayers whole. To give them some stake in the commercial success that government-financed research produces in terms of drugs and technology. Thank you very much.

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

Mr. KELLY. Thank you, Mr. Chairman. And thank you, Director, for being here today. It was also nice talking to you yesterday in preparation for this hearing. The security of the world depends on a credible and capable American military. In order to do that, the bipartisan National Defense Strategy Commission recommended an annual 3 to 5 percent real growth increase above the rate of inflation for the combined defense budget. Why has the President done less than that in this budget, when we had a bipartisan commission say that we need 3 to 5 percent real growth in defense spending every year, while every other—other than Homeland, every other non-defense spending area increased by up to 16 percent?

Ms. YOUNG. Congressman, I think you have to look at the historical spending on a lot of these non-defense programs compared to defense. Also, I appreciate the growth. There is an assumption that we don't have to look at outdated technology as defense to reprioritize, as many agencies on the other side of the ledger what we call non-defensive, had to do for many years. So, we think there are efficiencies to be had in defense where we can also, to the tune of over $700 billion, still be the world power with regard to our military might.

Mr. KELLY. And on that note, how much of that $700—how much of the defense budget for the $753 billion, how much of that is actually spent on climate change, green fuels, things that don't build tanks, train people to drive tanks, don't build airplanes, don't refuel airplanes? They are not operating costs. They are for things that should be above and beyond. They are not defense. So, how much of that goes into green or fuel efficiency green stuff in the defense budget?

Ms. YOUNG. As you know, defense uses—is our top purchaser. We have immense need for environmental cleanup in the defense world as bipartisan members want to see that line item increase given the Defense Department's historic use of PFAS, PFOA. So, we think they are appropriate uses. You look at military housing, for example. I know you served in the military.

Mr. KELLY. Director, my question is, I know there is over 600 million that is earmarked to be for green stuff in defense. It doesn't go to tanks, airplanes, ships. There is also another $80 million that is earmarked for renewable fuels. My point is, is it is really not even an increase in the defense budget when we are doing green stuff that—I have no issue with green stuff, but it shouldn't be part of defense budget or a large part of the defense budget.

Going to my next point, is there any provision in this budget or is OMB looking, or the President, the Administration, looking at anything? Right now, our Guard and Reserve are talking about not having Guard drills. That means people don't have jobs starting in August or September because of all the money expended on Capitol, on protection of the Capitol and all the COVID response from the Guard that has not been supplemented. Is there any talk of supplementing the Guard and Reserve for all the things they have done to help this great nation over the last year?

Ms. YOUNG. I believe you all just passed a bill to do exactly that in the January 6 supplemental. And we——

Mr. KELLY. OK.

Ms. YOUNG [continuing]. we supported that from the Administration. We sent a statement of support.

Mr. KELLY. Very good. And going back to the gun buyback program, I think there is $10 million, which first of all I think history shows and data shows that gun buyback programs are not very effective in areas that they have done those. Many times, the crime and gun violence rate goes up. Is this just a slippery slope to have a mandatory gun buyback program at some point in the future? Or, I mean, what is the purpose of spending this $10 million for a gun buyback program?

Ms. YOUNG. I think the purpose of our intense focus on gun prevention, gun violence prevention, writ large throughout this budget is to acknowledge we have an issue with gun violence in this country, including the proliferation of mass shootings, that we have to use every tool to get under control.

Mr. KELLY. So, what are we doing about the violence part of gun violence? You know, people always focus on the gun side of that. But whether you are running a car through a crowd, whether you are setting off a bomb, there are many, many ways. What does this budget do to address the mental side, the violent side, of this part? Because that is the important issue. It is not the guns. It is the violence, or the violent tendencies of people.

Ms. YOUNG. I don't disagree with you that in addition to the initiative being led by DOJ, the other co-lead would be the Department of Health and Human Services, which has a lot of those wraparound services that people need. So, there is a comprehensive approach planned.

Chairman YARMUTH. The gentleman's time has——

Mr. KELLY. All right, thank you, and I yield back.

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

Mr. BOYLE. Well, thank you, Mr. Chairman. And thank you for joining us today, although I don't envy the day you have ahead of you. I think we should consider the true public service that you having to spend all the hours today dealing with questions from us. But I have to say, I am enormously excited by this budget proposal.

When we look at our nation's federal budget, it is more than just the bottom line. It is, as President Biden often says, a statement of our values. And in the wake of a once-in-a-century pandemic that crippled our economy and changed life as we know it, now is the time to go big and be bold to get America back on track. And that is exactly what this budget does. From childcare to infrastructure, work force development, to veteran services, this budget restores our investments in true American values and invests in the American people.

Now, as we are looking at next steps, the President's American Jobs Plan is our next opportunity to continue our recovery and progress our nation forward. Moody's Analytics did a thorough analysis of the jobs plan and concluded that it would stimulate long-term economic growth, create high wage jobs, and lower unemployment. In fact, their estimate suggests the proposal would create around 2.7 million new jobs with significant wage growth for people with lower incomes. I was wondering, Acting Director

Young, if your figures show something similar to what Moody's shows and if there is anything that you wanted to elaborate on that point?

Ms. YOUNG. I think it ties greatly with what Congressman Higgins pointed out. We will see economic growth if these policies are enacted. It is not just about the policies you see with taxes and spending here. But we certainly expect to see our economy grow just by these investments. I don't think we have even ourselves fully calculated what a poor infrastructure has done to our ability to fully realize our economics in this country and exactly what you are saying and what Congressman Higgins is saying. We will see enormous growth from this.

Mr. BOYLE. So, something that actually both Congressman Higgins and Jeffries referred to but didn't mention by name is that we have essentially been hindered by sequestration for the last decade under the Budget Control Act. And while we did experience actually the longest economic growth in American history in the previous decade, it was not as perhaps robust as it could have been because of, frankly, shooting ourselves in the foot through the Budget Control Act. How does this budget reinvest in areas that have been significantly underfunded in the past? Not just through sequestration, but also, frankly, referring to the 70 years or so since the last major infrastructure bill?

Ms. YOUNG. We talk a lot about defense inflationary increases. You know, we serve 95,000 fewer kids in Head Start than we did 10 years ago. The Budget Control Act—a lot of the COVID spending last year on CDC was to catch up because we had underfunded our public health infrastructure for many years. So, these basic appropriations bills where I know 10 years ago we were looking for savings, what we got was a chronic underinvestment that we had to make up for when we saw ourselves in the middle of a pandemic. So, there are real life consequences to the Budget Control Act into efforts to not keep up with inflation. We're going back to—it took 16 percent for non-defense just to spend what the historical share of GDP is——

Mr. BOYLE. Right.

Ms. YOUNG [continuing]. on those programs.

Mr. BOYLE. And, of course, we are referring to this in nominal dollars in real terms, frankly, we have had cuts in many areas over the last decade. I was curious if you could—and this is going to get very geeky, but, you know, you are an in-the-weeds person. The concept of dynamic scoring I know can be controversial. And CBO now applies it to tax cuts, but they don't apply it to the sort of investments that we are talking about here. Do you think that it is appropriate that we use dynamic scoring in general? And then if we are going to use it, properly account for the sort of growth we will have because of these investments?

Ms. YOUNG. I mean, I think the reason—and you are right—it is in the weeds that it has been controversial is because the fear is it is easy game.

Mr. BOYLE. Right.

Ms. YOUNG. And we want the Congressional Budget Office to remain that institution. That probably doesn't make any of us happy with the numbers they come out doing. But there is something inherently wrong with looking at one side of the ledger one way and not looking at the investment, which is not spending, it is investment to get people housing and education for our children. So, you know, it is a complicated answer to say absolutely we think there is growth. If we look at it in a dynamic way, it certainly would show more of the reason to tell the story for the need for these investments. But there is real concern about the slippery slope and making sure that CBO remained impartial to push and pulls both ways.

Mr. BOYLE. Well, thank you.

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

Mr. GROTHMAN. Hi, thank you. I want to go back—first of all, thank you for spending time talking with me the other day. Glad to see you are dealing with Congress so much. I want to go back to homeland security a little bit, what is going on at our southern border. The information that I have indicates at this time last year, we were letting virtually nobody in the country who was asking for asylum. And the border patrol statistics indicate that every month we were letting about 6,000 people in the country as what they call got-aways. In other words, people who weren't processed by border patrol, but just somehow snuck in that we monitor.

At least the information that I have, and some of this information is hard to get a hold of, that in May this year, the border patrol estimates instead of 6,000 got-aways, we have about 30,000 got-aways. In addition, about 30,000 people are let in the country on potential asylum claims. So, about 60,000 people are coming in the country as opposed to 6,000 a year ago. Could you comment on that and what do you think is an ideal number of people to have coming in the country either on asylum claims or got-aways? We have gone up from 6,000 to 60,000 in a year, I think.

Ms. YOUNG. Congressman, one, I would like to point out we are still under Title 42 authorities at the border. So, that posture has not changed from the last Administration, given we are still in the midst of COVID pandemic. So, the way we handle single adults, for example, is exactly the same as the——

Mr. GROTHMAN. Great.

Ms. YOUNG [continuing]. Trump Administration. But the President has been clear when it comes to unaccompanied minors, children, he is not sending them back after they have made this treacherous journey. It is a matter of conscience and moral obligation with regard to children.

Mr. GROTHMAN. Well, great. What I am looking for is I am looking for a number. Because we don't have enough border patrol agents and because they are processing the children, the number of people coming across as got-aways, which includes single people or anybody, we believe has increased from 6,000 a month last year this time to 30,000 now. And we believe the combination of families and children has gone up from about 6,000 to 30,000. So, we have right now have gone from 6,000 people a month coming here to 60,000. And I am afraid it is going to continue to go up as the rest of the world finds out we are not doing a lot to enforce the borders. What do you think we should aim for in that number?

Ms. YOUNG. Congressman, can I——

Mr. GROTHMAN. From 6,000 to——

Ms. YOUNG. Can I ask for a clarification? Are got-aways people that you are saying slipped through apprehension at the border?

Mr. GROTHMAN. Right, exactly. They are a given number of people because we are underfunded. Maybe we get them on drones or, you know, we monitor that they are there. But as I understand, at this time last year, there were about 6,000 got-aways a month. This year there are about 30,000. And at least the border patrol feels one of the major reasons for that is they are spending so much of their time processing the children or the families.

Ms. YOUNG. Yes, if it is those evading apprehension and evading our border laws, that would absolutely be an estimate. I can certainly talk to the Department of Homeland Security and see if they have a estimate for those. But given that they have evaded apprehension, that would be definitely a modeling of sorts. So, I would feel uncomfortable giving you a definite number of something we would not have the actual people to count.

Mr. GROTHMAN. I like you. And I would like to ask you to step up to the plate and talk to border patrol. I know the Vice President hasn't expressed a great deal of interest to what is going on on the southern border. I know there have to be—maybe you could be the border patrol czar. You seem like a sharp person. But I would like you to look into that and get back to us as what the Biden Administration thinks is an appropriate number.

The next thing I am going to ask about is you have a lot of money in here for preschool, a lot of money for daycare. There are still people out there, families who are moms or dads taking care of their children of that young age. It seems as though this country is working toward having, just having the government take care of kids before age 5. Could you comment on that? Or what do you think about families who are taking care of their own children? Are you trying to make them obsolete? Or what is the deal here?

Ms. YOUNG. No, trying to meet people where they are economically. Look I, you know, love my job, but, you know, there are days where I certainly would like to spend more time with my family. That is not possible for me, for many women who have to get up and work to ensure that their children have adequate clothing and a roof over their head. So, I think we are meeting families where they are, where women, mothers have to be in the work force along with dads.

Mr. GROTHMAN. Can I give you one more question?

Chairman YARMUTH. No, your time has expired. I am sorry. We are going to have a hard time getting everybody in before 2. So,——

Mr. GROTHMAN. OK.

Chairman YARMUTH [continuing]. I can't let you. Thanks.

Mr. GROTHMAN. Thank you.

Chairman YARMUTH. I now recognize the gentleman from Texas, Mr. Doggett, for five minutes.

Mr. DOGGETT. Thank you, Mr. Chairman. And thank you, Director, for your service to our country and your testimony this morning. While hundreds of millions of Americans have benefited from the Affordable Care Act, I represent many who have not. Those who are economically disadvantaged Texans whose state Governors have failed them in expanding Medicaid to provide them access to healthcare. There are, as you know, 13 states in which obstructionism has won out over providing care for our most vulnerable neighbors.

You have a number of possibilities for how to address this problem. I have raised with you a backup proposal that has been joined by almost every Democrat from one of the 13 non-expansion states. Which is to allow our local governments to take up much as they provided leadership during the pandemic when we had state governors fail, but to allow local governments to contrive directly with Medicaid, with CMS to provide Medicaid to their neighbors. And I would just like to ask you to consider that as a proposal to fill the gap and to cover now our folks. We would like to cover everyone, but we would like to be sure that at least some of those who are uninsured get covered. Could you respond on this issue of the people that have been left out of healthcare in our country who need it so much?

Ms. YOUNG. One, I am sympathetic. And you are absolutely right, some states have chosen, for whatever reason, not to expand Medicaid and it has left some of the, you know, the neediest of the poor without health insurance. And they can least afford to be without health insurance. In the budget, you may have seen we have a narrative about the budget with regard to the plans to cover those populations. The reason we did that is because we do think in the place of healthcare, we need a dialog here. We don't want to be prescriptive with Congress. We know many members, including yourself, have ideas on how to cover those whose states have chosen not to expand Medicaid. So, we will absolutely engage with you on your idea. And we think it is, in the space of healthcare, it is necessary to allow those conversations to continue, rather than dictating a specific policy the Administration may want.

Mr. DOGGETT. Thank you very much. And as we address the issue of prescription price gouging, is it also important that any plan that we adopt assure that its benefits accrue to help the uninsured as well as the insured?

Ms. YOUNG. Absolutely, sir. We feel strongly that Medicare should be in control of negotiating drug prices. We think that is beneficial for controlling healthcare costs in this country. Also ensuring that we get needed medications to those with and without insurance. But, of course, the ultimate goal is to make sure everyone in this country has health coverage.

Mr. DOGGETT. You know, Director, it would be amusing were it not so serious to listen to our Republican colleagues talk about their concern of debt these days when they express no concerns about debt when the leader of their cult, Donald Trump, proclaimed himself the king of debt. I think there is reason to be concerned, be fiscally responsible going forward, but to not let this be an excuse for addressing some of the pressing needs that are outlined in the budget that you're presenting today. Why is it that the President today has focused on paying for the needed infrastructure improvements instead of just borrowing more as Republicans did to address other security needs? And isn't it important to move forward with those revenue measures which the Republicans rejected at the same time they said they would only agree to programs that were paid for?

Ms. YOUNG. So, the tax policy you see are two part. It is to present a fiscal path that is responsible to make sure that the proposals put forth by the President are fully offset. But it is also the right policy to ensure a fair tax system in this country, that nurses who worked during COVID who pay a certain percentage of their salary that that should be matched by the very wealthy in corporations. So, there is a two-part benefit here that it pays for our policies, puts us on sound fiscal ground, but also ensures that we have a fair tax system.

Mr. DOGGETT. That we have equity for individuals and that our multi-nationals are treated the way our small businesses are and not given a special preference over them. Thank you so much.

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

Ms. BOEBERT. Thank you very much, Mr. Chairman. And thank you, Director Young, for coming before the Committee today. You made reference in your testimony to be confronting historic challenges. But what we didn't hear a word about was how this President will confront the historic crisis at the southern border. The silence of the President's budget and your silence on this crisis in your testimony actually speaks very loudly.

I have been to the border two times. That is twice as much as our current border czar and seen firsthand the chaos this President has created. It really is a crisis of the President's own making. Even our border patrol agents have no problem admitting that this is a manmade crisis by this Administration. Even saying that they had prepared for the change of administrations. They prepared for the influx and the surge of migrants crossing the border. But just like Mike Tyson says, everyone has a plan until you get punched in the face. And our border patrol has been punched in the face by this Administration.

The President appointed Vice President Kamala as border czar and refuses to provide the real resources and policies necessary to secure the border. Your budget has a zero percent increase in homeland security. No money to finish building a border wall. When in the previous budget approved and allocated funds were diverted from border wall construction. And contractors are still being paid despite construction halting.

I am a business owner. You don't pay people for not doing the work. Yet, the American people are paying contractors to not build the wall. But $4 billion in rewards to Central American countries who are flooding our border with illegal immigrants are in your budget. Your budget mentions border security zero times in all 72 pages of the budget proposal.

This is at a time when border crossings are at a 21-year high. And there are 22,000 unaccompanied minors in HHS custody you talk about that our conscience and moral and the unaccompanied minors who are at the border, but parents are self-separating from their children because of this Administration's policies. In April CBC encountered a record high of over 170,000 illegal aliens. May is the third straight month of over 170,000 apprehensions, which hasn't occurred since 2000. Authorities are on the case to apprehend a 1.35 million illegal aliens this year. This most since 2000.

Meanwhile, the Biden Administration released more than 26,000, 26,233 to be exact, illegal aliens into communities across the United States. I have seen them bussed from McAllen, Texas station and even flown on our airplanes, paid for by United States tax dollars. And they are getting on those planes without an ID as well. CBP arrested 5,900 violent criminals in just the first four months of this Biden term. Arrests for murders are up 1,133 percent. Arrests for sex crimes doubled. Arrests for weapons smuggling almost quadrupled. And arrests for drug traffickers tripled.

Without the funds, infrastructure, technology, and support for our brave CBP and law enforcement, the cartels win and human beings suffer. I think the one question I have for you, Director, and most Americans have for this President and this Administration, is just how long will you be ceding the southern border to the cartels?

Ms. YOUNG. I would like to remind everyone and who cares about where the border funding came from the last Administration. We are returning the billions of dollars that were taken from our men and women and troops in uniform for the southern border work. So, this Administration is returning Department of Defense money that bipartisan members decried as taken away from——

Ms. BOEBERT. Reclaiming my time.

Ms. YOUNG [continuing]. critical projects.

Ms. BOEBERT. Excuse me, reclaiming my time. We are not talking about the funding that was taken away. Right now, we are currently paying contractors to not build. I asked you how long will you be ceding the southern border to the cartels? That is my question to you, Director.

Ms. YOUNG. Well, given the bipartisan concern from the stealing from DoD, I thought it was important to highlight that. And also highlight that we are moving away from an unsustainable border wall that has not worked to technology, as you pointed out to increase——

Ms. BOEBERT. Reclaiming my time.

Ms. YOUNG [continuing]. the immigration——

Ms. BOEBERT. Reclaiming my time. I need you to answer the question that I am asking you. This is my time. How long will you be ceding our southern border to the cartels?

Ms. YOUNG. That is not a question with an assumption in which I am going to assume. So, we can certainly talk about the reassessment at the border.

Ms. BOEBERT. My time is up. Thank you very much, Director.

Ms. YOUNG. Thank you.

Ms. BOEBERT. My time has expired. Thank you, Director.

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

Mr. PRICE. Thank you, Madam Director. And it is a pleasure to call you that. We welcome you back to your home turf, Capitol Hill, and you are doing a great job and we are very, very happy to see you where you are. And by the way, it is absolutely imperative that the duly appropriated funds with bipartisan approval that were directed toward defense priorities and unconstitutionally diverted from that to pursue this border wall folly, it is absolutely imperative that those moneys be returned. And I commend the Administration for doing that.

Also, very, very glad to hear you talking about infrastructure and we are doing more than just talking about infrastructure. We have done that for a long time. Infrastructure week almost became a punchline during the last Administration. But now we have a serious infrastructure proposal. And I want to ask you something about that.

The investments come close to home for me because I am chairing the Transportation and Housing Appropriations Subcommittee. Both halves of that committee, so to speak, are a part of this infrastructure emphasis. And I want to ask you to elaborate on that. Namely, to talk about how you define infrastructure, and how the Administration has thought about this. What do you make of the critique that the definition is overly broad? I tell you, I am very, very happy to see housing and community development included in the definition of infrastructure. And water and sewer systems and the electrical grid and broadband, as well as all modes of transportation. But how did you and your colleagues come to decide what should be included in the President's budget as an infrastructure initiative?

Ms. YOUNG. Well, I will save most of my remarks for Mr. Price, but everyone should know he is my first chairman I ever worked for on the Appropriations Committee and ably now serves on the Transportation and Housing Subcommittee, but a long experience since the Department of Homeland Security was founded. So, thank you for the comments on DHS.

But also, with regard to where you sit now with transportation and housing, the Jobs Plan invests in all things. We consider infrastructure, the systems, the structures, the foundation. That makes good jobs possible. We have to look beyond this traditional limited view of infrastructure. Of course, it includes roads, bridges, ports, and rail. Goods and services need that transportation infrastructure to get from producers to consumers, but it also needs housing and building infrastructure. Business and workers need modern, safe, resilient homes and workplaces in the 21st Century, and that includes a care infrastructure. Millions of workers simply cannot be productive without access to quality, affordable care for their children or for a family with a disability or for an aging parent. So, we need a comprehensive view of what we consider infrastructure as lasting, is foundational, it supports that makes our whole system work better. So, doing one part of that we don't believe puts us on the path that is sustainable for the next 20 or 30 years.

Mr. PRICE. Well, that is a focal point of debate. And I think you—what you say is very persuasive. I hope that that viewpoint will prevail as we put this together.

Another point of controversy, of course, has been raised by my colleague, Lloyd Doggett, namely how do you pay for this? You are electing to pay for it. The Biden Administration said you want to pay for the Jobs Plan and the Families Plan. Of course, you are being criticized for that. But you would also be criticized if you didn't pay for it as you well know. Anyway, can you talk about the basis for your tax decisions that go along with it? It is not the merits of the tax decisions particularly the one, but what—why do we need to pay for this in terms of fiscal policy? Why do we need to pay for this or some portion of it? And do you have anything to say about the debate over user fees versus coming from directly from the U.S. Treasury?

Ms. YOUNG. Congressman, we talked about this a little, but it cannot be reiterated too much. There is a reason to do this to be fiscally sound to make sure every dollar we spend in the President's proposals are offset. We can do that without taxing people who make less than $400,000. That is what you see before you. We think that is responsible to ensure that the middle class and those trying to enter it are not impacted. But we do believe there is merit to paying for policies, but also it is the right thing to do to ensure that the wealthiest Americans are contributing their fair share and pay what average Americans pay as a percentage of what they bring in.

Chairman YARMUTH. The gentleman's time has expired.

Mr. PRICE. Thank you. Thank you, Mr. Chair.

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

Mr. SMUCKER. Thank you, Mr. Chairman. Director Young, thank you for being here. I want to talk a little about the overall spend number in this budget and what it does to our national debt. You know, many of the colleagues, my colleagues on my side of the aisle are seriously concerned about this seemingly insurmountable debt. And, in fact, that concern is shared by Members from both sides of the aisle. And I think, you know, it has been recently made much worse by this Administration's spending. And I think it will be catastrophic potentially for our nation if this proposed budget should become law. So, I would just like to hear from you whether you share those concerns. Are you concerned about the long-term impact of our burgeoning national debt on the future of the country?

Ms. YOUNG. Congressman, I hope you see that the concern from the Administration by our willingness to put offsets on the table that pay for all of the President's proposals.

Mr. SMUCKER. But we would still have growing deficits going out year after year, over $1 trillion per year. You know, when I last served on this Committee, in the 115th Congress, the then Director of the CBO, Keith Hall, used the term sovereign debt crisis, which was a new term to me. But he described the situation that we will eventually be in that will be a real shock to our nation's system. And your predecessor, then OMB Director Mick Mulvaney, he added some color to his remarks at a subsequent hearing and said that, you know, eventually we are going to balance the budget. It is either going to be through proper congressionally driven avenue, or it is going to be printing a bunch of money, or through having a future lender force fiscal responsibility on us as a condition of future borrowing.

And unfortunately, the budget right now is in much worse shape than it was when those comments were made. And, you know, despite that, the way I see it, the President with this budget and with the spending that we have seen, seems to have taken a new approach. And I think this Administration has chosen to just simply ignore the debt crisis entirely and instead go on this massive spending spree. And it is going to be paid for by massive tax increases. It is going to impact every single American.

Now, you know, you have said, the President has said, and I think falsely, that this budget proposal will only increase taxes on the wealthiest Americans. But in fact, it is out of control government spending and the printing and borrowing that is necessary to pay for it is already causing a steep rise in inflation. And if you don't believe that, look at last month report. It shows that inflation in April reached its highest level in 40 years. And I fear that this is just the beginning of what we are going to see for years to come due to this monetary policy.

Inflation is a real tax on working class Americans. They are already feeling it. You feel it at the gas pump today. You can feel it at the grocery store. If you are remodeling your home, buying a new home, building a new home. Inflation is very, very real. So, Ms. Young, if inflation continues to rise at this current alarming rate, if we continue to see those kind of reports, are you prepared to rollback some of these spending proposals?

Ms. YOUNG. Congressman, I think this Administration, this country are lucky to have the economists this Administration knows from Janet Yellen to CeCe Rouse. We don't see those long-term economic indicators that lead us to believe we are going back to inflation levels of the 70's. We see short-term issues certainly coming out of a pandemic. That is not surprising. But we see those as short-term. But we do absolutely continue to monitor. And I would like to also——

Mr. SMUCKER. Let me——

Ms. YOUNG [continuing]. point out——

Mr. SMUCKER. Let me just——

Ms. YOUNG [continuing]. that this budget does assume increased interest rates throughout the out years. We tried to present a responsible vision of where we see that.

Mr. SMUCKER. I want to just get—I'm sorry. I want to stop you on that. Just want to get another quick question in. So, do you believe that we can just tax our way out of debt? Or do you think that economic growth is a factor that we should be considering in reducing debt? Because the economic growth figures, the projected numbers in your budget, are pretty dismal going forward for the next 10 years. So, just, you know, how do we get out of debt? Can we tax our way out or is economic growth a factor?

Ms. YOUNG. Congressman, the one place we will agree is our economic figures. Thankfully, this country, due to the vaccine effort, has grown faster than we imagined in this budget. And you will certainly see updates of those economic measures as we do the midsession review.

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

Ms. SCHAKOWSKY. Thank you very much. And I thank you and congratulate you, Ms. Young, as being the OMB head and welcome you so much to this hearing. Thank you so much. I wanted to focus on long-term care. You know, the United States of America does not really have a long-term care policy. Every family trying to figure out for themselves. And we know that Americans are aging at a very rapid rate. Ten thousand people turn 65 every single day in this country. And we also know that there is a severe shortage of paid caregivers. And people who have let—are having fewer children and that means in the future it will be even a bigger problem. And with the current demographic trends, these problems are bound to get worse.

So, nevertheless, the country doesn't have the aging policies that—and the strategies that we really need. And we expect that to grow 40 percent of the people who are over 65, or 65 to 84, by 2040. So, here are a couple of questions that I have for you. In the face of these challenges, what do you think is the most financially viable option for the country to ensure quality, equitable care for our older Americans?

Ms. YOUNG. Congresswoman, you see an investment in this budget of $400 billion over 10 years to support expanding home and community-based services, and strengthening home-based work force and extending the Money Follows the Person Program. I have a family who not only worked in home healthcare, it is tough work. Depending on where you live in this country, it is not work that is easy to make a living on and support your family. I also had a grandmother who helped take care of me and helped care for her mother as she was dying from Alzheimer's. This is tough work. We can do better as a country. And this is a first step to making that transformational change in this country.

Ms. SCHAKOWSKY. Well, as the co-chair of the Task Force on Aging and Families, I look forward to working with you on the exact language of that. According to AARP and the National Alliance for Caregivers, in 2020, over 21 percent of Americans were providing care for an adult or a child with special needs during the past year. This is a particular challenge for the sandwich generation that is taking care of both children and aging parents. And before the pandemic, many caregivers, predominantly woman, have had to cut back on work hours and leave the work force entirely with an average loss of 33 percent of their income each year. And so, this is a really, really serious problem. So, could you explain how paying family caregivers would actually affect our country long-term?

Ms. YOUNG. Congresswoman, not just for the workers, ensuring that they can take care of their families, also many other families need those workers to come in ensuring that they can go to work and make ends meet for their families. So, it helps both the caregivers and the families in which they assist, and, you know, as we have talked about in this hearing, women have to work in this day and age to help take care of their family. It is not optional for many of us. So, this is absolutely necessary. We see, you know, the sandwich generation having to take care of both children. That is why you see the childcare investments. But also, older adults and those with disabilities in the family. So, we see this as a necessary long overdue change in this economy.

Ms. SCHAKOWSKY. Well, I really look forward to this investment now in long-term care and working with you to figure out some of the details, which we certainly want to present to you. So, thank you so much. I yield back.

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

Mr. JACOBS. Thank you, Director. I want to thank you, as well, for our discussion yesterday on the phone. I appreciate you taking the time. One of the questions I asked yesterday I wanted to just followup on. I had mentioned my concern about the stepped-up basis, in particular to farms. Agriculture is the biggest sector in my district in western New York. I was glad to hear about the exemptions for the transference of—I guess I am asking both about stepped-up basis and estate taxes. You mentioned about the exemption for family farms, for transfers to family members. I was just wondering if you know specifically what will be considered a family member? How broad that will be? Will it just be a son or a daughter or would it be broader than that?

Ms. YOUNG. Congressman, this is something I think we have left a space to work with Congress to make sure we get that definition right. The overall goal is to make sure these family farms absolutely continue. We want to have a tax system that encourages them to remain family farms, stay in the family. So, we are happy to and I think the purpose is to make sure we get that definition right.

Mr. JACOBS. Thank you. Yes, I will just say in our area, we are trying hard or I am trying hard as I can to help with transitions, the farms to continue them to operate as locally owned family based farms. And sometimes the immediate son or daughter is not there, but a nephew who really wants to do it. And if there could be a combination for those sort of things or even beyond that. Because we are, you know, we just need to do everything we can. So, I would love to work with you on that.

Just another question regarding the increase in capital gains from 20 percent, which is now at a 39.6. A lot of the budget modeling estimates a decrease in revenue from that. The Penn Wharton Budget Model had a $33 billion, the Tax Foundation, $124 billion. CBO estimates that revenue maximizing rate to be 28. What is your revenue estimates on capital gains?

Ms. YOUNG. Congressman, let me see if anyone from the team has the exact number. But we will get that to you before the end of the hearing or after the hearing.

Mr. JACOBS. OK. Thank you. I would assume you would not want to be losing money on a tax increase, otherwise it would be just viewed as a punitive measure.

I just wanted to comment on the capital gains in New York State and the impact and some of the concerns I have. New York State what we are seeing here with the 39.6 plus the Medicare add-on, which is about 43.4, but New York State has a capital gains as well. So, we are well over 50 percent, 54 percent to be exact, in New York State, which would be our capital gains rate. Then if you look at New York City, which we are so dependent on as far as revenue, we are close to 58 percent because New York City has a capital gains impact.

My real concern here is during COVID, we had a significant exodus of people out of New York City. Three hundred thousand changed their address. Granted, some will come back. But I know that we have a record of 32,000 people changed address, changed driver license to Florida alone. We are very dependent on the revenue generated from New York. And I am very concerned about if this significant increase in capital gains consequence of well over 50 percent of money earned could have a very detrimental effect to continue to cause the loss of population in our state.

And as a state senator, I was concerned about this that 40 percent of our revenue several years ago and has increased comes from the top 1 percent, mostly from down state in New York City. If New York City gets a cold, the rest of the state gets the flu. This could have significant long-term impact to the viability and long-term success of our state. So, just something to keep in mind. I am out of time. Thank you for your time.

Ms. YOUNG. I know the time, but Mr. Chairman, the capital gain——

Chairman YARMUTH. You can respond.

Ms. YOUNG [continuing]. savings in the budget are $322 billion.

Chairman YARMUTH. Thank you for that. The gentleman's time has expired. I now recognize the gentleman from Michigan, Mr. Kildee, for five minutes.

Mr. KILDEE. Thank you, Mr. Chairman. And thank you very much, Director Young, for being here today to talk to us about the President's Fiscal Year 2022 Budget. I really appreciate the focus that this budget puts on infrastructure and building out our middle class and strengthening, particularly strengthening public schools. Very important priorities.

One area of reinvestment that I would like to discuss with you is the need to provide strong federal support for our cities. And particularly those cities that have suffered chronic economic hardship, a high level of poverty, and disinvestment that is due to trade related events that obviously have disparate impact on communities across the country, and also contribute to significant job losses. As you highlighted in this budget, the Trade Adjustment Assistant Program expires at the end of June. And I have been working as a member of the Ways and Means Committee with Mr. Blumenauer who chairs the trade subcommittee and our full committee chair, Mr. Neal, to reform trade adjustment assistance to help more people who are negatively affected by this disparate impact that trade may have on various communities and regions.

Specifically, I have been working to develop a trade adjustment assistance program for communities. As we know, communities affected by trade can have an impact on firms, can have an impact on workers, but also, when a large business like a manufacturing facility closes due to trade, it is not just workers and companies. The entire community is impacted. They relied often on those employers and the jobs that they provide as the heart and soul of economy. So, they are negatively impacted even if they are not directly related. So, our trade adjustment assistance for communities is an approach that I think might work.

One related area that I know the budget proposes is a community revitalization fund at HUD for redevelopment projects in chronically distressed areas. And I wonder if you might touch on two things. One, if you could discuss a bit more about how the Administration envisions this proposal, and whether we might find some common ground or some synergy with my TAA for communities proposal.

And then also, before you are done, if you could comment on the issue of the Delphi salary retirees. I have raised this with you before when we have chatted. For too long, these pensioners have been fighting to have their hard-earned benefits restored. And I would like to work with you and the OMB to find a way forward for these individuals. So, thank you. If you could comment on those two subjects, I would really appreciate it.

Ms. YOUNG. One, I will just start with Delphi and you and I have had conversations about this. And I had certainly recognized the challenges that the Delphi pensioners, many of whom had hard-earned retirement benefits reduced as a result of Delphi's bankruptcy. We will continue to work with the Pension Benefit Guaranty Corporation to ensure that these pensioners are receiving the full extent of benefits they are eligible for under the law. So, we know it is a heartbreaking situation any time this happens. So, we certainly want to work with you and other members who have identified this as a problem.

As far as the Community Revitalization Program, we do think there is an opportunity to work with you on incorporating the trade adjustment fixes you have been working through Ways and Means on. And we are happy to engage with you to make sure there is synergy and we are picking up the efforts through this program, and happy to work with you.

Mr. KILDEE. Thank you. One other area, if you wouldn't mind commenting on, because you and I have also worked even in your previous role, on issues related to drinking water. I talked to the President a couple of weeks ago about this and he made it quite clear that he intends to eliminate lead service lines throughout the entire country from the drinking water systems. Knowing that in places like Flint, the cost of failure is so much greater than the price of preventing that sort of failure. Twenty or $30,000 million in Flint, for example, could have prevented what is now going to be somewhere between half a billion and $1 billion spent to deal with the fallout of that. Could you comment on how this budget addresses issues of access to clean drinking water? And particularly, how an infrastructure plan would prevent significant costs downstream if we get it right by making these investments now.

Ms. YOUNG. I think Flint was an awakening. It was not unfortunately a one-off in this country with regard to lead in water, and the damage that does to children as they grow. We see the costs of that throughout their life. And it is a cost to the country in what they would have been able to achieve had we provided them safe drinking water. So, what we have found since Flint is this is unfortunately, you know, epidemic around the country. I just got in the mail from my own locality, you know, a way to check my own lead service pipe entry. So, this Administration through the Jobs Plan seeks to replace every lead pipe leading into a home to ensure that we provide clean water to all our American citizens.

Mr. KILDEE. Thank you. I yield back. Thanks for all your great work.

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

Dr. BURGESS. I thank the chair. And it is good to see you, Administrator. That you for visiting with me the other day. I have a question that was actually given to me by a constituent Saturday night, and it is about the President's proposed tax plan. I am going to submit that to you in writing because it is fairly technical and fairly complicated. And I know we can't probably answer it within the constraints of the five minutes that are available. But I just wanted to underscore how serious a question it is and why just to, again, it is something that I need to be able to get back to this individual with at least some explanation of what the reasoning is about some of President Biden's proposals to the tax law. I mean, he says he is not going to affect anyone who earns under $400,000 a year, but it looks like he is going to affect it in a big way. So, I would appreciate your response on that.

Now, this morning when I picked up my local paper, the Dallas Morning News, and turned to the editorial page, as I will frequently do to make sure they are not disparaging me in some way, shape, or form. And the headline on the editorial page and I don't know if you can read it from this distance, but the headline is, the budget reads like a fairy tale. And this is unusual because the Dallas Morning News generally tends to be more left of center than right of center. But they raised some interesting points. And I would just like for you to comment on that if you could. They do make the point that taxpayers—they acknowledge the need for investment in infrastructure. They say taxpayers have every reason to choke on a budget that is basically a wish list that is as impractical as the birthday demands of a child who has no appreciation of the value of money.

There is no way around the difficulties in paying for it whether it is taxes or adding to the deficit. Either trajectory is unsustainable. But it comes down also on the issue of inflation. And I do wish you would address that. This article maintains that nothing in the Biden budget works if inflation comes back as a factor. And we have seen the month of April, there is 4 percent inflation for the month. So, could you address that, how inflation is going to impact the aspirational document that we have in front of us?

[Article submitted for the record follows:]

The Dallas Morning News

Established October 1, 1885

Publishers
ealey 1885-1940 James M. Moroney Jr. 1980-1985
Dealey 1940-1960 John A. Rector Jr. 1985-1986
ealey 1960-1980 Burl Osborne 1986-2001
James M. Moroney III 2001-2018

Acknowledge the right of the people to get from the newspaper both sides of every important question.

G.B. Dealey

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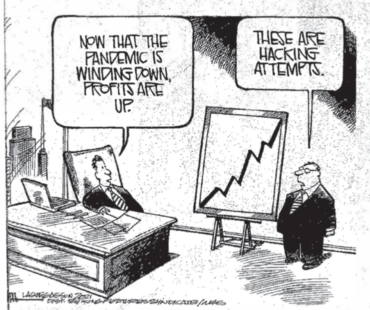
Keith Campbell *Managing Editor*
Brendan S. Miniter *Editor of Editorials*

Wednesday, June 9, 2021

LAUGH OR CRY



Mike Smith/Las Vegas Sun

LETTERS

et with us, senator

yn derides 'cult' of climate change l fuel advocate but hasn't flatly de- nan activity is heating the Earth," s story.

reporter Raga Justin for this arti- ive Texan and lifelong conservative onvinced by science that it is time e forward with market-based cli- s that will put the world on a path issions by 2050.

a volunteer with Citizens Climate rofit, nonpartisan, grassroots ad- ization focused on policies to ad- ging climate. By building upon rather than partisan divides and its supporters to work in keeping erns of their local communities, rs work toward the adoption of nd sustainable climate change so-

L volunteers across Texas have ing for a number of years to ar- ng with U.S. Sen. John Cornyn, R- a constructive conversation with pic. It would be wonderful if he to us the same courtesy that he ex- yler Area Chamber of Commerce it. We look forward to the oppor-

Larry Howe, Plano

s understand problem

ornyn, really? In April of this year, ed the Senate Growing Climate or which I thanked you. Then, on ergy Summit in Tyler, you called ber because I support action on

Cornyn, pandering to an audi- ership. Here's an example of lead- usiness Roundtable, the U.S. ommerce, the American Petro- , ExxonMobil and over 3,400 o support action on climate ng a price on carbon emissions.

Robert L. Joes, Conroe

ason for voting changes

oting Bill Went Off the Rail — day Letters.

Field states (paraphrasing), "no greater evil than the murder of a child by his mother." No, Mr. Field, there is no greater evil than forcing a woman to give birth while blocking common-sense gun reform to prevent said child from being murdered at school, in a theater, in the mall, etc. Do not call yourself "pro-life" unless you are pro all life and not just pro-birth.

Tammy Sparks, Wichita Falls

Get vaccinated

Abortion opponents tell us that women lose their personal "freedom to choose" when they threaten the lives of innocent humans. Yet, many of the same people say personal freedom justifies their refusal to be vaccinated, insisting on the right to contract the deadly disease and transmit it to innocent humans who can't protect themselves by vaccination due to medical conditions.

If your belief in protecting the sanctity of human life is sincere, you can prove it by getting vaccinated.

Jay Lynch, Pittsburgh, Pa.

In defense of gun owners

Re: "Welcome to the Wild West," by Paula B. Dardaganian, Sunday Letters.

I am sure this letter writer is being funny or sarcastic or both, but there are a few things she is leaving out of her six-point letter. Texans want to make it known that we stand for the Constitution and the rights we have to carry. And no one gets to just buy a gun when they want.

Lawful gun owners are just that. We take the courses, we take the test, we practice and we carry for self-defense. Those who shoot others in a fit of road rage are not lawful owners. My guess is that they don't lawfully own that gun and found a way around the law to buy that gun.

The majority of gun owners use guns for hunting or protection of their homes and family. Remember, those who cry about these laws in Washington, D.C., are protected by people with guns. They can whine about it as long as they want until something happens to them or a family member.

So, Ms. Dardaganian, be funny or sarcastic, but have the correct information backing up those sarcastic comments

EDITORIALS

Budget Reads Like Fairy Tale

U.S. must modernize, but not by spending like there's no debt coming due tomorrow

A key problem with President Joe Biden's $6 trillion budget proposal is not that it fails to take aim at real problems, but that the president seems to think that spending doesn't have price tags.

Without a doubt, the nation needs to invest in roads, water systems, the electric grid, bridges and other traditional infrastructure that have suffered from decades of neglect as well as in the cutting-edge infrastructure of broadband internet to help Americans learn, compete and achieve economic mobility.

Still, taxpayers have every reason to choke on a budget that is basically a wish list that is as impractical as the birthday demands of a child who has no appreciation of the value of money.

There is no way around the fact that $6 trillion is a massive amount of money, regardless of whether a portion of the spending is paid for with new taxes and revenue from the expiration of the Trump-era tax cuts, or put on the national tab as a massive IOU. Both trajectories are unsustainable.

Debt as a percentage of the economy would be higher than when the country was fighting World War II, and rising budget deficits will be a reality for decades. The nation's debt would rise from 100% of the gross domestic product at the end of fiscal year 2020, to 110% at the end of fiscal year 2021 and to 117% of GDP by 2031.

Therein lies the problem — the flawed belief that debt doesn't matter, which is true until it isn't, something reckless credit card spenders discover eventually. Maybe not today or tomorrow, but the laws of economics haven't been repealed. And it is a bit of a stretch to think that federal spending doesn't impact taxpayers. The check may say Uncle Sam, but the cash ultimately comes from taxpayers, whose tax bill will go up.

The Committee for a Responsible Federal Budget rightly notes that the "budget takes too long to pay for his initiatives and does little to address our high and rising debt, lower health care costs, or secure major trust funds headed toward insolvency." But that is only a portion of the problem. Taxes went down for most Americans under former President Donald Trump's tax relief package, but will go back up and more — the opposite of what Biden promised on the campaign trail.

While some segments of the economy are in a better position to weather the impact than others, higher taxes can't be viewed as a net plus for the nation. Plus, the budget document optimistically promises that "over time, the savings from these reforms will exceed the cost of the investments, and by large and growing amounts." The only way that is remotely possible is if interest rates remain at historically low levels for the next decade, which is highly unlikely.

Signs of inflation are already apparent. To bet wrong on low interest rates will mean that debt will become more expensive and unsustainable, and inflation will erode consumer confidence, business expansions and overall economic growth and saddle future generations with crushing debt.

Refinance Debt On Dallas Love Field

City and Southwest should land this deal now

Some opportunistic financing and a little coordination could save $20 million for one of our city's greatest assets. This is a deal that needs to get done.

For more than a year, Southwest Airlines has been working with the city of Dallas to refinance debt on Love Field.

"Texas is a great place to do business, and Dallas is a great city. But at times the Dallas government structure is dysfunctional," Southwest CEO Gary Kelly told us recently. "The city has been very slow on refinancing."

The details are complicated. In 2010 and again in 2012, the city of Dallas entered an agreement with Southwest Airlines to ...

"By not allowing Southwest and DAS [Dallas Airport System] to take advantage of GARBs' lower rates, the City of Dallas is impeding the company's and airport's recovery from the economic devastation wrought by the COVID-19 pandemic and hinders Southwest's ability to reinvest in Dallas' economic revitalization post-pandemic," Southwest spokesperson Chris Mainz wrote in an email.

The discussion about this refinancing has been going on for some time. In April 2020, the city proposed a refinancing plan using SFRBs, which would have saved "a signifi-

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Dallas County reports 4 coronavirus deaths, 103 new cases; Denton County adds 3 deaths

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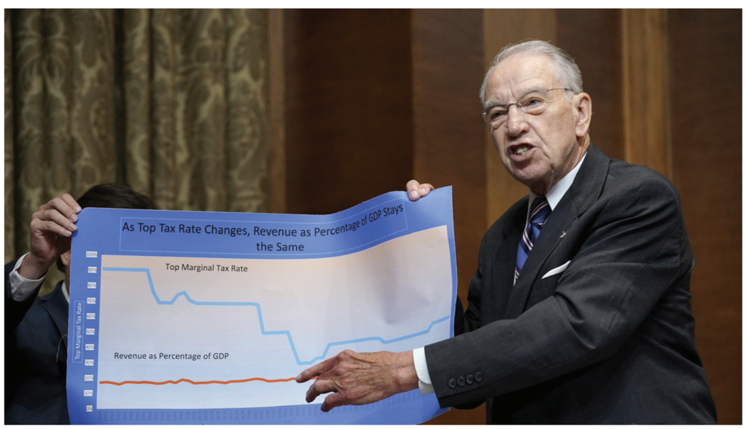
OPINION

President Biden's $6 trillion budget has a Goldilocks problem

The nation needs to modernize, but choices still must be made.



Sen. Chuck Grassley, R-Iowa, holds a graph as he speaks during a Senate Budget Committee hearing to discuss President Joe Biden's budget request for FY 2022 on Tuesday, June 8, 2021, on Capitol Hill in

Washington. (Greg Nash/Pool via AP) (Greg Nash)

By Dallas Morning News Editorial
2:00 AM on Jun 9, 2021

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This editorial was written by the editorial board and serves as the voice and opinion of The Dallas Morning News.

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Ms. YOUNG. Dr. Burgess, thank you for the question. Also, you know, I understand people will disagree with the offsets here, the tax reforms. But it is important to know that trying not to live in a fairy tale, this President bothered to offset his policy so we did not add to and have a fiscal policy that was not fully offset. So, that is one. And two, on inflation, as all of you know, and I will just remind everyone, in the country, the Fed has the tools to look at inflation and interest rates and try to make sure we have no problem. And I know they are looking at the same indicators we are.

Dr. BURGESS. I do have to interrupt——

Ms. YOUNG. We think the long-term view is we still welcome——

Dr. BURGESS. I do have to interrupt you here for just—and I apologize for doing it, but time is short. I mean, Mr. Powell was on the CBS news show not too long ago saying he was absolutely not worried about inflation. Inflation is not an issue. But clearly, your budget is—any hope it has of balance at some point in the future is predicated on historically low interest rates being maintained and again, the proof is what we have seen. Four percent inflation for the month of April. You can't do it with that kind of number.

Ms. YOUNG. Yes, if we thought there was a long-term inflation problem, which as you pointed out, the Federal Reserve does not see those indicators being a long-term problem. We remain well anchored. But, of course, we will have pressures when we come out of a pandemic year. And that is what we believe we are seeing, not a long-term problem.

Dr. BURGESS. Yes, well, it is going to be sooner rather than later. And I don't think, with all respect to Mr. Jerome Powell, I don't think he has bought a 2X4 or a bag of Quikrete in a while because those prices have dramatically increased.

Let me just touch on, and we talked about this a little bit when we visited the other day, and I do so appreciate the phone call. But some of the changes that were made in the American Rescue Plan to the advanced premium tax credit, also known as a subsidy for the Affordable Care Act, that it has gone from helping those at the lowest income scales to now people at the highest income scales. And at the same time, is going to expire in two years' time. I don't know if people are aware of that, but that is another looming crisis we have created for ourselves. But was there any discussion, any internal discussion, of what the effect of these increased advanced premium tax credits, or subsidies, would have on say the ERISA, the commercial insurance market, the large group market that protects 200 million people in this country?

Ms. YOUNG. And I know I have to be quick. The chairman's looking at me. But I remind everyone the Families Plan does make those premium tax credit subsidies permanent so as not to deal with the cliff you are talking about. But our overall goal was certainly to make sure more Americans had affordable healthcare to bring the premium costs down. And we are seeing more people enroll in the Affordable Care Act, which was the ultimate goal.

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

Mr. HORSFORD. Thank you and good afternoon, Chairman Yarmuth, and thank you for holding today's hearing. I want to first congratulate Acting OMB Director Shalanda Young on your historic appointment. I can't think of anyone more qualified and experienced to run the office of OMB at this critical time. And I want to thank you for being here. I also want to encourage the Administration as I have done repeatedly, to drop the acting in front of your name and your title and make you the permanent OMB Director.

I want to focus my time on two issues. One, dealing with community violence intervention programs and the other on work force development. First, in 2020, gun violence has been a major issue in this country where we saw historic spike in homicides in communities across the country. And while final numbers are not yet available, criminologists estimate that in 2020, there were just over 20,000 criminal homicides. A number that has not been crossed since the mid–1990's. A sizable portion of the spike occurred in urban jurisdictions of all sizes and occurred at the highest rates in racially segregated high poverty neighborhoods.

Now, one of the strategies that we know works are community violence intervention strategies that are proven to reduce gun violence with direct effective measures deployed by trusted individuals who have an intimate understanding of the community. And it will also help save lives and reduce gun violence. Gun violence which has a really significant cost. As much as $280 billion a year from out-of-pocket medical costs, police response, and incarceration costs, and loss in productivity and revenue, not to mention the lives that are lost.

President Biden's budget reverses this trend by requesting $200 million in discretionary resources to support a new community violence intervention initiative to implement these proven interventions across the country. The President also requests an additional $5 billion in total mandatory resources to provide long-term support for this initiative. So, Director Young, how does this Administration intend to break down this $5 billion over the next eight years based on the President's recommendation?

Ms. YOUNG. One, I want to thank you for your leadership on this, along with your colleague from Delaware. We worked extensively with you and others interested in this. We will continue discussions. I think we have a upcoming one with you. We need to work, I think, collaboratively here to make sure we are getting it right.

One of your colleagues brought up the need to make sure we are dealing with wraparound services, not just the justice side. And the resources you point out are split between the Department of Justice and the Centers of Disease Control because we do acknowledge there are other components we must address when you deal with community violence issues. There is often other things going on that we need to make sure we are dealing with from a community standpoint.

So, we look forward to those conversations continuing. Those are the things if you have a narrow scope of what you consider infrastructure that go away, and you have stated the cost of doing nothing to allow those—that trend of violence to continue, and we think we have to do something about that. And it is inherent that certain communities who are overly dealing with these issues are not seeing their full growth and so, this initiative is one of the things we certainly will push for when we look at how we view infrastructure and the need to make sure all Americans can take advantage of this prosperous country.

Mr. HORSFORD. Thank you. Related to my question on work force development, I know our focus is on infrastructure and the Jobs Plan. But in order to create the jobs that we want to see, we need to also have an investment in human infrastructure so that people get the training particularly women and people of color who were disproportionately affected during this pandemic recession. So, related to the President's proposal, I believe there is $1.27 billion requested toward work force development, providing training that incorporates employers' and workers' needs. How will you make sure that these work force dollars are equitably distributed to reach the hardest hit communities and those who have been impacted?

Ms. YOUNG. I also would like to just highlight the $100 million on the discretionary side for registered apprenticeships. We understand coming out of the pandemic people will have to seek different jobs that maybe they were not tooled for. So, the hope here is to retool workers from—and I do think the President's order on equitable distribution of programs, the executive order comes into play here to make sure we are getting to communities from coal country to those urban centers to make sure we are hitting and bringing an equitable look in how we implement programs.

Mr. HORSFORD. Thank you, Mr. Chairman. I yield back.

Chairman YARMUTH. The gentleman's time has expired. Now, I recognize the gentleman from Virginia, Mr. Cline, for five minutes.

Mr. CLINE. Thank you, Mr. Chairman. I want to thank the witness for being here today. I appreciate the call that we received this week and we got to talk about some of the issues that were important. I want to focus on immigration and particularly border enforcement. Are you aware of a letter sent from Republican Members of this Committee requesting an opinion from GAO with regard to whether President Biden's suspension of the border wall violates the Impoundment Control Act?

Ms. YOUNG. I am, Congressman.

Mr. CLINE. We received a followup from GAO last week stating that their decision is pending responses from both OMB and the Department of Homeland Security. Has OMB responded to the GAO with requested information?

Ms. YOUNG. We have, and I believe GAO has communicated to the Committee that OMB and DHS provided timely responses. And that is something I am proud that will continue as a trend.

Mr. CLINE. I appreciate that. Can you share what OMB provided to GAO?

Ms. YOUNG. Yes. We understand the—I believe this Committee asked for the report and GAO requested it. But we can, pending any concerns from GAO, we are happy to provide that information to the committee.

Mr. CLINE. OK. Thank you. Can you talk about the percentage increase in the President's budget for homeland security funding for Fiscal Year 2022?

Ms. YOUNG. Yes. The overall budget is relatively flat. But we seek to move border wall funding. We seek a cancellation and would rather fund technology and migrant services and other items in DOJ and in HHS that we believe would improve the asylum system. Have people go through faster, have a more efficient process.

Mr. CLINE. In fact, despite all of these different items you are mentioning, border security is not mentioned in the budget plan. Is that correct?

Ms. YOUNG. I heard Congresswoman Boebert speak of that. The budget is certainly larger than 72 pages. Maybe we looked at the budget summary, but, of course, we have to mention border security. We talk about every government program in our budget documents.

Mr. CLINE. Now, you are speaking of support for border security for other countries in numerous sections of the budget, $861 million total for security and economic support for Central American nations, correct?

Ms. YOUNG. That is one of the areas we are funding to deal with the root causes of migration, which does impact our border.

Mr. CLINE. OK. Would you speak to the number of detention beds that the budget is anticipated to fund?

Ms. YOUNG. Sure. The same amount that Congress passed on a bipartisan basis last December. So, we are staying at that level.

Mr. CLINE. Is that the $32,500 level?

Ms. YOUNG. I believe so. I will confirm with the staff. But if that was the level in December, that is what we are funding.

Mr. CLINE. And I am showing $34,000 last year. So, a slight decrease, but relatively stable. Given the skyrocketing numbers that we are seeing at the border, do you think that there should be a reflection in the President's budget for additional bed requests?

Ms. YOUNG. I will remind everything we are still using Title 42 authority as long as we are in the pandemic. And so, therefore, the policies on how we deal with certain groups like single adults has not changed since the last Administration when we approved that bed number.

Mr. CLINE. Do you anticipate any funding to pay for hotel rooms for illegal immigrants?

Ms. YOUNG. Congressman, we certainly seek licensed beds when it comes to children. And we have turned to influx facilities, but we certainly will not take anything off the table to ensure that we don't have people who are sleeping in squaller.

Mr. CLINE. And I will take that as a yes. We talked a little bit about the infrastructure plan that the President has put forward. In particular, what constitutes infrastructure. I think you would find a broad bipartisan consensus for a streamlined infrastructure plan introducing concepts such as care infrastructure, which has never been considered by Congress. Never been approved as a concept by Congress. I think makes it more challenging to approve an infrastructure plan. I am a member of the Problem Solvers Caucus. We are putting forward plans that hopefully will garner bipartisanship in the House. I would ask you, can you give an example of something that the Administration considers——

Chairman YARMUTH. The gentleman is already over his——

Mr. CLINE [continuing]. not to be infrastructure?

Chairman YARMUTH. The gentleman is already beyond his time. So, I will not allow him to ask another question. The gentleman's time has expired.

Mr. CLINE. Thank you, Mr. Chairman.

Chairman YARMUTH. I now recognize the gentlewoman from California, Ms. Lee, for five minutes.

Ms. LEE. Thank you very much, Mr. Chairman. And thank you so much for your leadership and for putting this hearing together today. And I just wanted to also salute and thank our Acting Director, Ms. Young, Director Young, and associate myself with the comments of Congressman Horsford, my colleague from Nevada, who indicated that you certainly should be our next director and the most qualified and experienced we know personally that this should happen. So, thank you so much.

Let me say a couple things. First of all, there are many items in the President's budget that I was very pleased to see such as critical investments in jobs and families. And, yes, our budget is a reflection of our priorities as a nation and this budget invests in the American people which certainly are critical to our infrastructure in this country.

Of course, it is no secret that I was quite disappointed to see the President with his request in terms of an increase of our already bloated defense budget. The United States War on Terror has lasted two decades and cost the United States approximately $6.4 trillion. And the Pentagon itself is still unable to pass an audit like every other cabinet department. So, let me just ask you what effort is OMB making to identify excessive spending at the Pentagon? Where are you looking for waste, fraud, and abuse? What criteria are you using to evaluate whether specific weapons systems are affordable and appropriate for our national security needs?

Ms. YOUNG. Congresswoman, one, you know, I know your thoughts here well. You probably heard from the Folsom Discussion here that I don't think—some people don't think it is enough. Some people think it is too much. What we tried to do is assume some efficiencies in weapons systems. Also, pay for pay raises for our men and women in troops. That is part of the increase you see here.

So, certainly assume that there will need to be retooling at the Department of Defense. I know Secretary Austin is working on those initiatives. We will continue to have reviews at the department that will refine the Department of Defense's budget. But we certainly have to work with Congress to find the right level here as you have heard. But thank you for your views here and pointing out that defense has to meet the same standards as every other agency to make sure the dollars spent here are efficient and go to troop readiness and making sure we can counter China.

Ms. LEE. Thank you very much. And I am still going to request, and you don't have to answer it now, but a status of the audit and how waste, fraud, and abuse is being addressed within the Pentagon. Because there are billions of dollars we know that have been wastefully spent and have not been subject to audit requirements. So, please just get us——

Ms. YOUNG. We will work with——

Ms. LEE [continuing]. that information.

Ms. YOUNG. We will work with the Department of Defense on a status update of the audit.

Ms. LEE. Thank you very much. Let me ask you a couple of things about our international programs. And I am very pleased that the Administration has proposed increases to our international programs as it relates to development and diplomacy. COVID pandemic raging abroad, we have health challenges in terms of the economic impact of the COVID pandemic.

Also, with regard to HIV and AIDS, we sent a letter, bipartisan letter, with Congresswoman Gonzalez Colon as it relates to establishing the Office of national AIDS Policy and making sure that that is staffed. And so, I would just like to find out where we are as it relates to our overall national and international budgets as it relates to HIV and AIDS and also for our development programs and our international programs.

Ms. YOUNG. So, absolutely. As we talk about defense, we also have to talk about our diplomacy because if we want to deal with a very complex world, we believe it is appropriate, which we are doing, to look at defense in a broad view and make sure we have the necessary increases in foreign assistance and aid. And that is what this budget does and that is why we think we have the right tools. So, certainly, our State Department and other international is up 11 percent. I am sure you will agree that it has been underfunded for many years but has to be taken in context of defense. I think General Mattis said it best, you cut diplomacy, you may as well buy me more bullets. So, this budget should be seen and I hope is seen is a effort to make sure we are exhausting every diplomatic tool before we turn to conflict in this country.

Chairman YARMUTH. The gentlewoman's time has expired. Let me make one statement in relation to Mr. Cline and to all Members. I am not going to allow questions to be posed after the five minutes are expired. But as I said at the beginning, you have the right to submit questions in writing for the witness and both the question and her response will be part of the permanent record.

With that, I now recognize Mr. Carter from Georgia. I owe Mr. Carter a couple of extra minutes from a prior hearing when he was cutoff. So, I am going to recognize you for seven minutes. If you don't want to take them all, we can roll them over to another time. Mr. Carter is recognized.

Mr. CARTER. Thank you, Mr. Chairman. I appreciate you remembering that. Not that I was going to let you forget it, but nevertheless, I do appreciate you remembering it. Thank you, Ms. Young, for being here today and for answering these questions. I have got quite a few questions. In fact, it is hard for me to decide which ones to ask.

But I will start by asking you, in your testimony you said the budget makes growth enhancing investments that we need right now. And it predicts high growth while we are pumping, the federal government is pumping trillions and trillions of dollars into the economy, but it assumes that the economy will only grow at just under 2 percent per year for most of the decade. And despite all that funding or all that spending, I should say, your projections show the GDP growing to nearly the same as in the CBO's baseline projections. And my question is why won't these massive growth enhancing investments, as you put them, continue long-term economic growth? I mean, why are you predicting this only going to be short lived like this?

Ms. YOUNG. Congressman Carter, you probably heard me speak to the Ranking Member about this. The economic assumptions were built in February. We certainly expect updates and that is why we have the mid-session review to do exactly that. And we have outperformed even our—the current year growth, the first year, we have a 5 percent number. OECD and others, I believe the economic growth thanks to our robust vaccine rollout, will be closer to 6 and a 1/2 percent. So, that is something developed in February that we, thankfully, this country is coming out of the pandemic even better than we assumed in February.

Mr. CARTER. Is this telling us, is this budget telling us that all the unprecedented spending that we have seen with the pandemic and everything else that it is not going to payoff in the future? Or do you feel like it is going to pay off?

Ms. YOUNG. Certainly with the American Rescue Plan it is more than paid off. Not only in our economic assumptions, but the number of people we have seen hospitalized and alive after this virus. So, we have turned the corner thanks to the Rescue Plan and the spending in that plan. What the Jobs and Families Plan does is hopes to set us on a path for a better future so we are in a better place than even before the pandemic.

Mr. CARTER. I am not sure—well, I am not going to dispute what you are saying. But I am not sure I agree with that when you consider the fact that less than 9 percent of the Rescue Plan went to healthcare. So, nevertheless, and just, again, it sounds like we are mortgaging our children's future. I have got my grandbabies here this week with me and, you know, I just look at them and I think, oh my gosh, what are we doing to you? What are we doing to you all? And, you know, this is inner-generational theft that we are talking about here.

But nevertheless, another thing I wanted to ask you about and I will get to debt in just a minute. But it is very important to me because I have been to the border and I have seen what has happened down there and it is very, very concerning. But as a percentage of GDP, our non-defense—our defense spending, I should say, would be reduced to 2.5 percent. The lowest since World War II. And it would increase non-defense spending by 42 percent, this budget would. So, and, you know, the focus is shifted from defense spending to things like the Green New Deal. And the President's Fiscal Year 2022 discretionary funding request for national defense is $753 billion, which that doesn't even keep up with inflation as we all know.

And meanwhile, we have got, you know, a world on fire right now. We have got the U.S. world faced growing threats from China, from Iran, Russia, and the cyber criminals. And now, even the bipartisan National Defense Strategy Commission has recommended an annual 3 to 5 percent increase above inflation for national defense. Why is the Administration ignoring this? Why are they ignoring the growing threats to our country and the world, as well as the recommendations of our national defense professionals?

Ms. YOUNG. Thank you, Congressman. One, I think we have to assume not just inflation growth but a retooling. The Department of Defense has to take the responsibility to make sure we are not purchasing outdated equipment that does not focus us in the right place to our future adversaries. That is one. And two, remind everyone that on this non-defense side that is growing, we also have serious security spending. Like Homeland Security, like Department of Justice, like our USAID, and State Department. So, you know, I appreciate the split between defense and non-defense, but we certainly do have significant security funding in this non-defense side that is growing.

Mr. CARTER. Does the Administration not think that these are credible threats that we are seeing? That the U.S. should be conceding its world leadership role?

Ms. YOUNG. We think at $753 billion we have the tools available to make sure that we can counter China and any other adversary. But we also think we have to have a diplomatic budget that keeps up with a complex and changing world and that is what you see here.

Mr. CARTER. Ms. Young, let me ask you, unlike our President and our Vice President, I have been to the border. And I have been to the border recently. And I have seen the humanitarian crisis and national security crisis that we have down there. In fact, I would venture to say it is more than a crisis. It is a disaster. But nevertheless, the President's budget called for a freeze on funding for the Department of Homeland Security for Fiscal Year 2022. Why is that when we know what is going on at the southern border?

Ms. YOUNG. The President called for an additional $760 million in facilities to improve our border and migrant processing, 203 million more for migrant processing, 200 million more, almost, for technology. Almost 900 million more for immigration judges. So, you know, you are certainly——

Mr. CARTER. I am talking about——

Ms. YOUNG [continuing]. speaking to the top line with what you have——

Mr. CARTER. I am sorry.

Ms. YOUNG [continuing]. resources that we have devoted to this issue.

Mr. CARTER. I don't mean to interrupt you, but I just want to know. So, does that send us a message that the Administration has no intentions to do anything about securing the border? But instead, just wants to spend more money in processing the illegals as they come across?

Ms. YOUNG. With processing comes ability if asylum is not proven, that people are returned. So, you absolutely need an asylum system. It is the law of the land that we have to process people with credible fear seeking asylum. We cannot violate the law in that way. So, you must have these pieces to ensure that there is a orderly processing, which does turn some people back to their country of origin.

Chairman YARMUTH. The gentleman's time has——

Mr. CARTER. Thank you, Mr. Chairman——

Chairman YARMUTH. Sure.

Mr. CARTER [continuing]. for the extra time.

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

Ms. CHU. Director Young, I would first like to say congratulations on your appointment. And I would like to start by thanking the Administration for including 12 weeks of paid family leave in the budget as the U.S. remains the only industrialized country that does not guarantee its citizens time off to care for themselves or their loved ones when needed.

And I would like to ask about another topic with respect to the Unaccompanied Children's Program. The budget provides 4.3 billion to the Office of Refugee Resettlement and the commitment that services will align with child welfare best practices while unaccompanied minors are in ORR's custody. I recently visited the emergency shelter at the Pomona Fairplex in Los Angeles County and I was encouraged by the prioritization of culturally appropriate trauma informed care and expedited protocols reunifying children with their families.

And while I am grateful for the swiftness by which the Biden Administration has worked to remove children from CBP holding cells, we know that massive congregate care facilities are not appropriate for prolonged stays for children. So, can you discuss the Administration's plans for this $4.3 billion in funding? And does it include a long-term plan to collaborate with state child welfare authorities and NGO's to allow children to stay in small, licensed facilities until they can be released to family or sponsors in a timely manner?

Ms. YOUNG. Congresswoman, our goal will always be to use licensed beds. We think it is the more appropriate place and better care can be given. It is not as crowded. And also from a fiscal standpoint, it is a much more reasonable cost, you know, cost consideration. I will say COVID has certainly made it more difficult to find licensed beds. We have to spread children out further. But I want you to know it is certainly our goal and it should be every administration's goal to make sure we are using licensed beds for children.

And certainly, the increase seen is for ORR, but also remember that office deals with the other side of refugee resettlement. So, there is a funding there also to make sure we have improvements to that system. So, it is a much broader set of proposals than just unaccompanied children program.

Ms. CHU. Thank you for that. Director Young, a consistent problem throughout the pandemic has been the lack of this aggregated data when it comes to Asian-Americans and Pacific Islanders or AAPIs. At the beginning of the pandemic, AAPIs were even lumped into the other category on the CDC website. But from the data we have, we know that Native Hawaiians and Pacific Islanders have experienced some of the highest COVID–19 infection and mortality rates out of any racial group in over a dozen states, including my home state of California, where the case rate for Pacific Islanders is 31 percent higher than the statewide rate.

Despite guidelines from OMB and provisions of the Affordable Care Act that require Asian-Americans and Native Hawaiians and other Pacific Islanders to be listed in separate categories in federal demographic datasets, the CDC data currently lumps Asian-Americans and NHPIs into one category in its hospitalization data. But this lack of adequate data goes far beyond COVID. It also impacts our ability to understand and address broader health, economic, education, and housing disparities that AAPIs are facing. Unfortunately, our current federal data collecting standards from the Office of Management and Budget haven't been updated in over two decades, how is OMB working to promote data disaggregation for the AAPI population? And are there efforts to ensure that AAPI data disaggregation is prioritized across the different departments of the federal government?

Ms. YOUNG. Congresswoman, thank you for your long-standing work on this issue. We couldn't agree with you more as an administration. If you don't collect the data and know what the problem is, you have no chance of fixing it. So, I am glad the President took action at the end of May. He signed the executive order on advancing equity, justice, and opportunity for Asian-Americans and Native Hawaiians and Pacific Islanders.

The President also established a first of its kind Equitable Data Working Group that is led out of the White House. It includes data scientists, economists, and experts across key agencies. OMB is one of those agencies that will be working on this data issue with Census and Treasury and the Office of Science and Technology Policy. So, we are trying to get there. We are at the beginning stages of righting what you pointed out as a significant wrong.

Ms. CHU. Thank you for that. And also, thank you for the President's budget, which calls for the establishment of a Civilian Climate Corps, which is a bill that I am introducing. Thank you, and I yield back.

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

Mr. FEENSTRA. Thank you, Mr. Chairman Yarmuth and Ranking Member Smith. And thank you Acting Director Young for testifying today. I sincerely appreciated the opportunity to speak with you last week. As I talked to you about, inflation is something that I have really been concerned about since the reconciliation bill and what we are seeing today, you know, the continued growth of inflation up by about 4.2 percent right now. So, I am really nervous about how this is going to affect as we move forward. And just talking with key economists and working through it myself, this is not a short-term thing. It looks like it is going to be a long-term thing.

Our economists on both sides of the aisle have said that the economy is running way too hot due to the massive federal intervention. The Federal Reserve has been saying they plan to stay out of this at this point. However, they can change their minds at any time. I have made this point before, but in 1980's, right, the Fed decided to change the monetary system and increased rates, which created rates of 20 percent inflation. If that happened today, we would be paying $4.7 trillion more in our deficit. Even a small interest rate would have devasting effects on our debt and the money we are taking in. Can you imagine even a slight increase to our budget?

The President's budget adds another 17 trillion to the national debt, putting the United States at 39 trillion by 2031. A significant interest rate hike at that time would have us spending more on interest than we currently spend on a single Fiscal Year budget. That is being generous as this budget doesn't assume any inflation.

But I move on to my question. I just wanted to make this point that the numbers that we are talking about are today are just completely unreal with it comes to our debt. And I can't even say that we are spending monopoly money. You know, if we say that, we have outspent that metaphor long ago. So, my question is, one thing that I would like to ask is about the stepped-up and basis proposal as written in the Department of Treasury's Green Book. The tax is effectively a death tax with a new coat of paint. The Administration proposes to tax any capital gains that is in farm, for example, might accrue above a certain exemption. Even with the proposed policy maneuvering, the chairman of the House Agriculture Committee, someone who generally agrees with the President, and farmers in my district agree that this will punish modern farming.

I also sit on the Science Committee and we are trying to incentivize those sorts of modern technology. So, Director Young, this is my question, how does the Administration see this proposal working without placing a huge burden on our farmers when it comes to stepped-up and basis?

Ms. YOUNG. By providing, Congressman, a exemption for family farms. We certainly recognize that in agriculture, there are different dynamics. We want to encourage family farms to remain in place. So, absolutely those families who want to leave the family farm, the house associated with that farm to family members, would have an exemption to continue to not pay taxes on those as long as it stays a family farm.

Mr. FEENSTRA. OK. And I see you are trying to pigeonhole the farming community. I completely understand that. But even those with small business, I think we have to relook at this because you are not always going to say, I mean, if you are person that does not have a child, it could be devastating effects if you want to give it to somebody else. So, I just think that we have to be very cognizant of that.

Another question. In January, the OMB put out a notice to consider changing the definition of metropolitan statistical areas. The proposal received almost 900 comments. And I have heard from stakeholders all around our state, including Ames, Iowa, that such a change would have devastating effects on our local resources. My interactions with the Census Bureau have given me the understanding that the law that tie resources to MSAs are a separate matter than the definition. However, the fact remains that any change is going to impact local resources. The laws are on the books regardless. Where is the OMB on this proposed rule? And what is the rationale behind the change?

Ms. YOUNG. Congressman, the change was proposed the day before the last Administration left. But I will say, you know, even the timing, even though the last Administration did it on the way out the door, it was done by a group of civil servants. So, the timing was interesting for a lot of Members on the other side of the aisle from you, but we are looking at this. We had a public comment period. I have heard more from Members on both sides of the aisle on this. We hope that public comment review period ends soon and we can make a determination about whether to take the civil servants' recommendations on the changes. But I hear you and your colleagues have also made it clear what a problem this would be.

Mr. FEENSTRA. Thank you, and I yield back.

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

Ms. WEXTON. Thank you, Mr. Chairman. And thank you, Director Young, for joining us here today. It is wonderful to see you. I cannot think of anybody who would be better suited to this role. And I really, I want to associate myself with the remarks of my colleagues that I hope that you become the permanent director of OMB. And there is so much in this budget to celebrate. I want to say thank you very much for the 2.7 percent pay increase for federal workers, and the parity with our service members in the civilian service. You know, our federal workers get a bad rap from a lot of folks on the other side of the aisle. They think that it plays well back home. But they performed amazing service during this pandemic standing up programs remotely for things like the Paycheck Protection Program and new nutrition programs during the pandemic and keeping everything going smoothly. So, I am very pleased that you did that and I just want to say thank you.

Now, I want to take a moment to talk about VOCA, the Victims of Crime Act, because that is funded by deposits into the Crime Victims Fund. And those deposits are at historic lows. They, in fact, haven't been at the reduced levels that they are at now since 2003. And I have heard from a number of victim services agencies in my district that they are going to have to cut services to victims of crime. Things like victims of domestic violence, sexual assault, child abuse, and human trafficking. So, I just wanted to give you a heads up that that is going to happen if we don't do something about this. But I understand that your budget includes some wonderful supports for those communities. So, can you talk a little bit about how your budget seeks to support these populations?

Ms. YOUNG. As you probably know, President Biden worked on these issues as a senator many years ago. So, the commitment in this budget is not surprisingly strong. VAWA is increased by 95 percent. We understand the receipts have gone down and we will have to make up for that in budget authority. But it is the right thing to do. You have seen increases through this pandemic on what people have to face with regard to domestic violence. So, a already bad issue has become worse during the pandemic. And, you know, we are proud of the resources we put forward, and want to work with you and others in Congress to make sure, you know, these investments stay there. Awfully important, again, especially during this time of the pandemic.

Ms. WEXTON. Yes, that is another thing I have heard from my victims services agencies is that they have seen increased demand for their services, unfortunately, during the pandemic. So, I appreciate the Administration is helping out with that in that regard.

I want to talk a little bit about some of the backlog at USCIS. I represent a very diverse district with a big immigrant population and the backlogs were already very, very high for things like employment authorization and visas and citizenship applications, but they have skyrocketed during the COVID–19 pandemic. How does your budget seek to end the visa backlogs at USCIS?

Ms. YOUNG. As you probably know, USCIS before the pandemic was fee-funded. We have during my time in my previous job, we tried to put budget authority so additional dollars to support the USCIS processing. You know, it will certainly take time to work through the issues the pandemic brought to USCIS. But you certainly have our commitment to make sure that backlog is dealt with. And you are absolutely right, the pandemic not only slowed down processing, but really brought their funding source to a halt that we had to find ways to work around.

Ms. WEXTON. Great, thank you. Now, gun violence prevention is another issue that is really important to my constituents. And I see that your budget makes a historic investment of $2.1 billion to address the gun violence epidemic. Can you speak about some of the programs that will be funding by this money?

Ms. YOUNG. This is a place you heard me talk to Congressman Horsford about. We look forward to working with you as we build out where we think we get the, you know, the most success from investments. But we do think it is appropriate that both the justice piece of this and also the health and human services pieces of this are funded because it is not just the violence side, but what factors create these environments. So, we definitely think both sides are needed.

Ms. WEXTON. I am delighted to hear that you want to be proactive as well as reactive because for too long we have just been reactive. So, that is all of my questions for you right now. Thank you so much, and I will yield back.

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

Mr. GOOD. Thank you, Mr. Chairman. And thank you, Director Young, for being with us today. Director Young, in addition to the tremendous concerns regarding the recklessly irresponsible budget put forth by this Administration from a fiscal standpoint, and the demonstrated budgetary incompetence, I have great concern for the moral implications contained therein in the explicit values or lack thereof regarding life and other issues. Mr. Biden has been praised by pro-abortion groups and I am concerned that those like Planned Parenthood are now being treated as an extension of our federal government. Ms. Young, was Planned Parenthood's staff consulted at any point during this budget writing process?

Ms. YOUNG. This budget was written by the Administration policy advisors and the staff of the Office of Management and Budget and the agencies who help build it.

Mr. GOOD. You didn't answer my question. Was Planned Parenthood's staff consulted at any point during the budget writing process?

Ms. YOUNG. I certainly did not. Also, thousands of people work on the budget, but I certainly did not seek advice from Planned Parenthood——

Mr. GOOD. What I asked was——

Ms. YOUNG [continuing]. or any other organization.

Mr. GOOD. Was Planned Parenthood consulted at any point during the process?

Ms. YOUNG. I can speak for myself, Congressman. Certainly not by me.

Mr. GOOD. You have never met with Planned Parenthood during your time at OMB?

Ms. YOUNG. Of course, I meet with Planned Parenthood and other organizations, as I think part of my job entails.

Mr. GOOD. OK. So, when have you met with Planned Parenthood since you got to OMB?

Ms. YOUNG. I have never——

Mr. GOOD. How many times——

Ms. YOUNG. Yes, I have never met one-on-one with Planned Parenthood, but I certainly would not rule out that they participated in group meetings with other organizations.

Mr. GOOD. Thank you. Planned Parenthood has donated millions of dollars to Democrat candidates, including the President. Now, that he is elected, it appears that these donors, such as Planned Parenthood, are being given seats at the table in the policymaking process. Are there other Democrat donors to which the Biden Administration plans to direct federal funds that the American people should be aware of?

Ms. YOUNG. Congressman, to the extent organizations receive federal funding and also our campaign donors, I cannot speak to that.

Mr. GOOD. On the subject of values indicated in this budget or, again, the lack thereof, do you personally believe that abortion is wrong for any reasons under any circumstances or at any stages of the unborn child's development?

Ms. YOUNG. In this job—I appreciate the answer. In this job, my personal beliefs have little to do with the budget you see put forward before you.

Mr. GOOD. So, you won't indicate any time, any reason, any circumstance in which abortion, you believe, would be wrong?

Ms. YOUNG. My personal values have nothing to do with the budget. We are here to serve the American people.

Mr. GOOD. The science is now clear that life begins at conception. When, if ever, do you think we have a responsibility as a government to protect that life?

Ms. YOUNG. Congressman, to the extent this has anything to do with the budget, I just don't have a personal opinion.

Mr. GOOD. Well, this is the most anti-life budget in American history. It is actually good to hear you say the word abortion because our President's been in office now for 140 days. Neither he nor his press secretary have used the term abortion yet, which demonstrates the callousness they have to the 70 million lives who have been lost through this travesty of abortion. And which, in fact, has disproportionately impacted or devastated the minority community. I think the President is probably uncomfortable with his political compromise on the issue. There was a time when he would actually stand up for unborn life. But now he has caved to the anti-life commitment of his party.

The President's budget tragically calls for the removal of the Hyde Amendment, a policy that has been in place for nearly 50 years. And his Administration is now on record opposing Hyde, which protects American taxpayer dollars from funding the murder of unborn lives. That is why abortion views are relevant to this budget discussion. Ms. Young, will you continue to enforce the Hyde Amendment if, in fact, it is included in this year's appropriation bills?

Ms. YOUNG. It is currently the law of the land. I commit to following the law of the land. If it is continued and this proposal is——

Mr. GOOD. Thank you for that.

Ms. YOUNG. Yes.

Mr. GOOD. Thank you, thank you. This budget also calls for the removal of the Dornan Amendment, which prohibits taxpayer funding as you know for abortions in D.C. Do you support the American taxpayer dollars being used to fund abortions here the Nation's Capital?

Ms. YOUNG. Congressman, my personal beliefs have nothing to do with the budget.

Mr. GOOD. You know, as Vice President, Mr. Biden said, hey, show me your budget, I will show you your values. I am saddened by what this budget says about the values or lack thereof that our government now promotes. And I am right on time, so I yield back. Thank you, Mr. Chairman.

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

Ms. JAYAPAL. Thank you, Mr. Chairman, and Director Young, Acting Director Young. Thank you so much for being with us today. I wish my Republican colleagues cared as much about life when it comes to supporting things like childcare, things like ending poverty, things like ending hunger. Those are also part of ensuring that we support life. So, thank you, Director Young, for all of your testimony today and all of the work that you have been doing across the board for the American people.

I wanted to say that this budget is largely a bold and progressive budget that recognizes that we need those once-in-a-generation investments in education, childcare, healthcare, infrastructure, and so much more, along with making fair a ridiculously unfair tax system where the wealthiest millionaires and billionaires never pay their fair share. But I do want to focus today on two issues. One, where I greatly agree with the President and one where I do not.

The COVID–19 pandemic made clear that we must deliver a healthcare system that works for the American people and isn't tethered to employment. I am grateful that this budget reflects commitments laid out in the Biden-Sanders Unity Task Force that I co-chaired and reflected in a letter that I led with over 75 percent of the Democratic Caucus across the ideological spectrum who understand how critical it is to empower Medicare to negotiate drug prices, improve Medicare benefits to include dental, vision, and hearing, and expand Medicare eligibility to 60. Director Young, please speak to President Biden's commitment that Congress should act swiftly to include in the American Jobs and Families Plan these critical issues.

Ms. YOUNG. Congresswoman, one, thank you for everything you have done around the issue of healthcare. The budget is very clear. The President wants to see action, bold action on prescription drug prices. There is a fundamental problem with Americans, not only through their tax dollars with the Medicare program paying too much for drugs in this country. So, we asked Congress to work this year to bring those costs down. We think that will save at least $.5 trillion. We also want to see action to make sure that all Americans have access to affordable healthcare that includes through Medicare, Medicaid, ensuring we have additional dental, vision, and hearing services. But also strengthening the Affordable Care Act, which has already brought millions and millions healthcare at an affordable rate.

Ms. JAYAPAL. Thank you, Director. Shifting gears, in 2010, then Vice President Biden said this, "The spread of nuclear weapons is the greatest threat facing the country and humanity, and that is why we are working both to stop their proliferation and eventually eliminate them." Yet, the President's budget expands almost every nuclear program proposed by the previous Administration. It funds the new nuclear arms sea-launched cruise missile, a weapon that President Obama retired with the full support of the navy that then Trump sought to restart and now this budget gives it its first funding. Is that correct?

Ms. YOUNG. Yes. But I also want to assure——

Ms. JAYAPAL. And——

Ms. YOUNG [continuing]. assure you we are at the beginning of a process where we are undertaking our nuclear posture review.

Ms. JAYAPAL. That review is very, very important. As you know, just last August, President Biden pledged to bring us closer to a world without nuclear weapons—this is a quote of his—so that the horrors of Hiroshima and Nagasaki are never repeated. And yet, this budget again extends the life of the massively destructive B83 nuclear gravity bomb, which has a yield that is 100 times larger than the bomb dropped on Hiroshima. Moreover, the budget increases funding for the long-range standoff nuclear armed air launched cruise missile to a level far beyond what the previous Administration's budget suggested would be required. Can you speak to how quickly the nuclear posture review will be done? And be clear about whether this budget will incorporate whatever that review comes up with.

Ms. YOUNG. Congresswoman, one, I want to let you know the President remains committed to taking steps to reduce the role of nuclear weapons in our national security strategy. So, we await the results of those reviews. But even with the reviews, you know, the President will make a informed decision on how we proceed and they will absolutely be reflected in future budget requests. So, you see a continuation of a program, but certainly subject to what those reviews will yield out and the President will use those reviews to make future decisions.

Ms. JAYAPAL. Thank you so much, Director Young. You know how important this is to me as well as cutting overall fraud, waste, and abuse out of defense spending. And I hope we can get there. I thank you so much for your service and for all that I know you will do for our nation.

Chairman YARMUTH. The gentlewoman's time has expired. I now recognize the gentlewoman from Iowa, Mrs. Hinson, for five minutes.

Mrs. HINSON. Thank you, Mr. Chairman, for holding this hearing today. And thank you, Director Young as well, for appearing before us today and for our candid conversation as well last week about the whole budget process and some of our shared concerns about inflation, economic stability, and more. I am particularly concerned about the cost of living for the average Iowan. We have heard a lot of talk today about inflation. Just this week a standard 2X4 of lumber at our Waterloo Home Depot was up to $8.25. That is a nearly 60 percent increase. And that is just one area where we have seen a dramatic increase in inflation. So, I hope to continue our conversations about how we can truly address this issue.

But I would like to spend my limited time today on a few other issues important to my constituents. President Biden has previously expressed strong support for the Hyde Amendment prohibiting taxpayer dollars from directly funding abortions of unborn children. He, in fact, wrote to a constituent saying those of us who oppose abortion should not be compelled to pay for them. But, frankly, when we are talking about so much spending, so much debt, and given that so many Americans are morally opposed to abortion, why does the President's budget proposal fail to safeguard taxpayers against paying for abortions both here at home and abroad?

Ms. YOUNG. Congresswoman, for the President this is consistent with his campaign commitment around Hyde. This should not be a surprise to anyone who watched the Presidential elections that the President made a campaign commitment regarding Hyde because is it a issue for him around healthcare. And he wants to ensure that women have the access to affordable healthcare and it purely comes down to that.

Mrs. HINSON. Access to healthcare is one thing, abortion is not healthcare. Who made the decision to revoke longstanding pro-life protections in this budget? Why were the policies removed? Was that a direct order from President Biden?

Ms. YOUNG. Congresswoman, his name is on the budget. This is the President's budget.

Mrs. HINSON. OK. Thank you. I want to now reference something that my colleague from Iowa, Congressman Feenstra, brought up in his line of questions. The city of Dubuque in Iowa's first congressional district is a thriving community that has led the way in innovation when it comes to sustainable transportation, city planning, and work force development. And the proposal by OMB to change that definition of MSA threatens Dubuque's access to certain critical resources, including federal dollars for healthcare providers and more. That definition change proposal would dramatically increase the population that is required to qualify as an MSA. It would severely change access to federal dollars affecting the abilities of our cities to innovate and attract investments in mobile economies.

One example, I specifically heard from Unity Point Healthcare on this, it mentions potentially massive impact on their ability to provide care to Dubuquers. And I know you mentioned you have had conversations with folks on this. My office has reached out, of course, regarding this classification. And it does remain a very important issue to my constituents. Right now, I understand that the definition change is currently in kind of a black box period of review. Can you share with us why this process is not transparent and it is lacking in input for community input and commentary? We are missing out on that opportunity. Can you kind of expound on that a little bit?

Ms. YOUNG. Well, we just concluded a public comment period. So, you know, all the comment periods are announced in the Federal Register. I am sorry if your community missed the chance to comment. But we certainly did. The reason we have not made a final determination on this is because we did not want to skimp on a public comment period. So, that is certainly what we were waiting on. And I await for the staff to bring an analysis of what those public comments brought to bear before we make a final determination.

Mrs. HINSON. And will you commit to working with our office to ensure that everyone does have their voices heard before the final decision is made and just keep us up to date on that process as it continues to move forward? People are very concerned about this, not just in Dubuque, but also in Ames, as Congressman Feenstra mentioned.

Ms. YOUNG. Yes, Congresswoman, to the extent, you know, we try to have a open public comment period, but we do want to, we have to, to make sure people know that we are not bringing inside information. So, we did have a public comment period. And as soon as we can analyze that data and make an informed decision based on the public comments, we will certainly let offices who are interested in this know where we land. And again, this issue shows bipartisanship is alive. I have heard from Members on both sides of the aisle. So, we did——

Mrs. HINSON. And thank you, Director Young. I appreciate your willingness to work with us on these issues and, Mr. Chair, thank you so much. I yield back.

Chairman YARMUTH. The gentlewoman yields back. I now recognize the gentlewoman from Texas, Ms. Jackson Lee, for five minutes.

Ms. JACKSON LEE. Am I on?

Chairman YARMUTH. You are on.

Ms. JACKSON LEE. Hello? Hello?

Chairman YARMUTH. You are recognized. You are on.

Ms. JACKSON LEE. Thank you so very much. It looks like I have a few seconds here into the sound. Thank you so very much, Mr. Chairman, and the Ranking Member, and to Ms. Young for the time that you have spent with us today. Let me emphasize my commitment to the mindset of the President. I believe we should go big. And, frankly, I believe that the President—I just got through with an Appropriations Committee presentation listening to members explaining the various needs that members have in their respective districts. We are long overdue for a rebuild in our country. We cannot go small. We have to go big. And I happen to support the $2.2 trillion program that I frankly believe we should go back to. And the reason is because it is partly a rebuild of this nation that has not had this opportunity for a long period of time.

So, let me first of all raise a question to you with respect to the contentious formula for how one should pay for this. My question is, could you tell us what the corporate tax was in the pre-Trump tax era?

Ms. YOUNG. Ma'am, this policy would take us not all the way back to the pre-TCJA tax cut period. We would be moving from 21 to 28 percent under this proposal. I believe the pre-TCJA rate was 35 percent, which I am getting a lot of nods, yes. So, we are going from 21 to 28. The rate before the tax cuts was 35.

Ms. JACKSON LEE. So, let me put a stamp of reasonableness on that decision. A stamp of reasonableness on that decision in the light of what the $2.2 trillion would do. Build world class transportation, make transformative investments in the renewed electric grid, ensures high speed broadband, improve public health, deals with research and development, revitalize American manufacturing, retrofits, and then, of course, there was the community care. Ms. Young, was this budget put together randomly? Or was your agency, OMB, able to assess the desperate need of Americans and evidenced by the collapse of the electric grid in Texas where 100 people died? The crumbling bridges, which I have seen as the Secretary of Transportation made his tour around America. Did you all do a deep dive on the desperate needs of Americans as it relates to the putting together of this budget?

Ms. YOUNG. Congresswoman, these ideas aren't new. We talked and joked a little about infrastructure weeks. But these aren't new ideas. We had lots to pull from because of the long-term underinvestment here. You know, I get the opposition to the overall issues, but there is a lot of bipartisan ideas reflected here because these ideas have percolated in Congress and various administrations for a long time.

Ms. JACKSON LEE. So, you had evidence thereof. Let me move quickly to the question of recognizing the increasing hate crimes, the increasing violence with guns. So, is the budget in such a way that we can enhance the protection of American civil rights that we can ensure a stronger Department of Justice to protect against gun trafficking and issues such as that. Meaning, have the agencies had the opportunity, plussed up, ultimately appropriations deals with that, but plussed up on some of these very vital issues, societal issues that we are suffering in America right now.

Ms. YOUNG. We have talked a lot. So, I won't go into detail about the Community Violence Initiatives that are very important with regard to that. Also, on the discretionary side, the budget makes $209 million investments at DOJ that protect marginalized communities, a $33 million or 19 percent increase above last year with regard to a civil rights enforcement.

Ms. JACKSON LEE. And so, I see the Administration is engaged in a lot of negotiations. As I indicated earlier, I am glad they dropped the previous one that seemed to be very narrow. The idea of bipartisanship, I understand, still is part of the mindset of our President. However, I just want to make sure that our budget continues to emphasize eliminating poverty and boosting communities that have long since suffered from lack of attention. Is that one of the policy elements of your budget at this time along with racial equity?

Ms. YOUNG. Yes, including actions outside the budget including the President signing of executive order on racial equity and equity issues writ large.

Chairman YARMUTH. The gentlewoman's time has expired. Thank you.

Ms. JACKSON LEE. I thought I had a few seconds. Thank you.

Chairman YARMUTH. No, I gave you a few extra seconds.

Ms. JACKSON LEE. Thank you.

Chairman YARMUTH. I now recognize the gentleman from California, Mr. Obernolte, for five minutes.

Mr. OBERNOLTE. Thank you, Mr. Chairman. And, Ms. Young, thank you for your testimony today. Also, thank you for the discussion last week. I know I speak for my colleagues when I say that your willingness to engage with us really indicates that both for you and for the Administration, that you view the budget as a collaborative process with Congress. And that is something that we certainly agree with you on.

I would like to start by continuing a line of questioning from Congressman Smucker. He was asking you about the budget's commitment to reducing the federal deficit. And you said that the commitment is reflected in the fact that all of the spending increases were paid for by tax increases corresponding to them. However, the budget projections in the out years still have the deficit increasing instead of decreasing. So, what is the budget's plan for getting the deficit under control?

Ms. YOUNG. So, Congressman, I want to make sure we are—you are not speaking apples to apples. So, yes, we started to see annual deficit reductions in 2030 of $40 billion. And in the second decade, a total of $2 trillion in deficit reduction. I think you might also be referring to overall GDP numbers, which do rise, but flatten out in out years.

Mr. OBERNOLTE. OK. I am just looking at your—this is your budget summary under deficit. In 2029, it is $1.3 trillion, 2030, at $1.48 trillion, and 2031, $1.57 trillion. So, that just tells me that we are moving in the wrong direction rather than the right direction in getting the deficit under control. Do you not agree?

Ms. YOUNG. Annual deficits start to show negative effects in 2030 in our budget. We can certainly work with you to figure out the discrepancy. But by 2030, we see $40 billion in annual deficit savings.

Mr. OBERNOLTE. OK. Let's work, because, I mean, that is not what I am seeing in your budget summary. And the reason it is important to me is that according to the Congressional Budget Office, when GDP—when the federal debt reaches 200 percent of GDP, that is going to represent an annual income loss to the average American of over $9,000. So, that is something that is obviously not desirable. And I hope everyone would have a commitment to getting that under control.

I would also like to talk about something that Congressman Smucker asked you about regarding interest rates. And I know Congressman Feenstra had a concern about this as well. You had said in your presentation that declining interest rates give us the fiscal space to make these investments. But then when you were responding to Congressman Smucker, you said this budget assumes that interest rate increases in out years. So, I found that confusing. And particularly in light of the fact that the last time we saw this uptick in inflation was about 40 years ago. And the result of that was that the interest rate on government debt surpassed 10 percent. So, you know, how do you reconcile that? What interest rate assumptions have you made in this budget? And what would the effect be of interest rates going to above 10 percent for government debt?

Ms. YOUNG. Sir, we don't see indicators that interest rates will rise to the levels you speak of. My intention in telling you what we built our economic assumptions around were that we were trying to be responsive and set reasonable. I think OMBs in the past, have been criticized for making too optimistic of assumptions. We tried a reasonable approach here where we did show some interest rate growth, but it still remained very low based on historical averages. And we still believe even with that reasonable projection, gives us the fiscal space given the historical lowness of where we are with interest rates. And we don't see long-term indicators that we are going to reach rates nearly as close to what you are mentioning.

Mr. OBERNOLTE. OK. Well, I think we all join you in hoping that that is the truth. That that remains to be seen whether interest rates are actually going to increase again. It would be terrible for our country and for our government and for this budget should that occur.

And my last question. Something that you said in your opening really interested me. You said that this budget ensures that wealthy Americans pay their fair share. So, I just want to clarify. Does that mean that if Congress would enact this budget exactly as written, that wealthy Americans would be paying their fair share?

Ms. YOUNG. Sir, we think this is a start to ensure that the wealthiest Americans pay as a percentage of what they make closer to what regular Americans, our nurses and postal workers and others that kept this place going during the pandemic, for example, the rates that they pay compared to what their salaries, their income brings in.

Mr. OBERNOLTE. OK. So, just to be clear. Even if all of these tax increases were enacted, you are saying wealthy Americans wouldn't be paying their fair share.

Ms. YOUNG. What I am saying is this does bring a more equitable system and also helps us pay for the fiscal policies we presented here.

Mr. OBERNOLTE. I will take that as a yes. Mr. Chairman, I yield back.

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

Mr. MOULTON. Thank you, Mr. Chairman. Acting Director Young, thank you so much for being here today, and for staying to end. We very much appreciate your testimony. And I want to thank you and President Biden for the investment in rail in the Fiscal

Year 2022 budget. I would like to focus on that and on transportation because it is such a central part of the President's economic plan, his Jobs Plan. And, of course, we know that transportation is the leading contributor to climate change in the United States. The greatest contributor of carbon emissions. And so, I would like to just ask a few questions about that.

Obviously, rebuilding infrastructure is central to growing the economy, but because this is the Budget Committee and let's just focus on those economics and not just on the climate change benefits. I assume it is the position of the Administration to choose projects that have high, not low, ROI, return on investment. Is that correct?

Ms. YOUNG. That makes the most sense and it ensures that our federal dollars go further. So, absolutely.

Mr. MOULTON. Exactly. And it is something, it is a point that I think my Republican colleagues fully agree with. They want to see a good return on investment of American taxpayer dollars as do Democrats on the Committee.

Now, high speed rail has one of the highest ROIs in the transportation world. And that is why countries like Morocco, Morocco has .5 percent of our GDP, and yet, they are investing in high-speed rail. And I emphasize, they are not investing in the slow excuse for high-speed rail that we are used to riding on in the Northeast Corridor. They are investing in true modern high-speed rail, 200 mile per hour trains because the ROI of these projects is so high. China is doing the same thing. They have invested so much in high-speed rail that they in just 12 years have built the largest high-speed rail network in the entire world.

In the Pacific Northwest, Microsoft in the states of Washington and Oregon recently commissioned a study that showed that making a investment of about $40 billion in high-speed rail to connect Portland and Eugene, Oregon with Seattle and Vancouver would create about $355 billion in economic benefits, in economic returns for the project. So, it is quite significant. I also assume that given the title of the President's economic plan, the Administration cares a lot about jobs. Is that correct?

Ms. YOUNG. Good paying jobs.

Mr. MOULTON. Good paying jobs. And high-speed rail creates nearly twice as many good paying jobs per billion dollars invested as highway and transit projects. About 24,000 versus 13,000, according to a recent study. I would hasten to add that subsidizing electric vehicles, which is also a big part of the plan, actually reduces jobs. Most EV factories are highly automated, taking jobs away from auto plants around the country and giving them to robots. Now, I am not opposed to EVs. I am not even opposed to subsidizing them because of the climate change benefits. But they are not going to have a positive impact on jobs.

Now, I also believe the Administration cares about reducing congestion. We pay about $166 billion in congestion prices, congestion costs every single year. Is that correct?

Ms. YOUNG. Correct, especially when you look at lost productivity.

Mr. MOULTON. Right. And so, the FAST Act of 2015, which is the most recent major surface transportation law, authorized about $45 billion annually for the Federal Highway Program. But with induced demand, congestion is only getting worse. In fact, highway capital projects in urban areas cost $500 billion to states between 1993 and 2017. And congestion grew by more than 144 percent. That is much faster than population growth. Look, I am all for electric vehicles, but if all they are going to do is produce silent traffic jams, that is not going to improve congestion, is it?

Ms. YOUNG. We certainly think you have to look at EVs from the climate standpoint. And, you know, for the foreseeable future, people are going to be driving. So, that is a substantial view as to why we need to invest in EVs.

Mr. MOULTON. A lot of people will be driving because they don't have the alternative. They don't have an option. We don't have high-speed rail at all in America. It is an option in almost every other developed country in the world. So, I would encourage you to make sure that truly transformative investments in transportation are part of this plan. We want to recognize those economic benefits. That $355 billion that comes from a mere $40 billion investment in the Pacific Northwest, compared that to adding one lane to I–5 in either direction, it costs twice as much. And there are no economic benefits from that because travel times don't improve. So, rather than just silent traffic jams, let's invest in the future of transportation. Thank you, Mr. Chairman. I yield back.

Chairman YARMUTH. The gentleman's time has expired. I now recognized the gentleman from Florida, Mr. Donalds, for five minutes.

Mr. DONALDS. Thank you, Mr. Chairman. Director Young, I actually want to pick up where Mr. Obernolte of California left off. He talked about essentially this is the starting point of your tax proposal to make sure the tax system is equitable. If this is your starting point, what is the finish line?

Ms. YOUNG. Frankly, sir, the tax proposal in itself we think is a necessary step for reform for fairness. But it is also a tool to ensure that we have some fiscal discipline and fully offset the proposals we put forward. So, we have to——

Mr. DONALDS. Yes, but Director Young, I——

Ms. YOUNG [continuing]. look at revenues we need.

Mr. DONALDS. Director Young, hold on. I am going to reclaim my time a little bit. I have heard that explanation throughout this hearing. I am asking you specifically, if this is the start in the mind of yourself or the Administration, what is the finish line? Where are we going when it comes to tax policy?

Ms. YOUNG. Congressman, this is the policy on the table. And we would ask you to take close consideration.

Mr. DONALDS. All right. Real quick, let me ask you a question. If the desire of the Administration in part is to make sure that all Americans are paying the same percentage of their income, incomes taxes, would the Administration support a flat tax?

Ms. YOUNG. Congressman, the policy is in front of us. It ensures that the wealthiest amongst us begin to pay a fair share compared to regular Americans——

Mr. DONALDS. Hold on I want to——

Ms. YOUNG [continuing]. people who are——

Mr. DONALDS. Hold on I want to reclaim my time. Because if you say fair, that means the same percentage. So, would the Administration support a flat tax?

Ms. YOUNG. You have our proposal in front of us, which is not a flat tax.

Mr. DONALDS. OK. I am going to move on to somewhere else because I do want to get to issues associated with the border. You said earlier in your testimony, in part, we are talking about border security and what the budget speaks to about border security, that walls don't work, essentially. When you guys were crafting this budget, did you actually have consultation with members of border security—border patrol—excuse me?

Ms. YOUNG. Of course we talked to the Department of Homeland Security.

Mr. DONALDS. But did you talk with members that actually worked border facilities on the southern border? Did you talk to them? Did you consult with them?

Ms. YOUNG. We talked to the Department of Homeland Security, which can speak to all issues, and that includes CBP.

Mr. DONALDS. OK. Quick question for you. Currently, there is a contract to finish completion of sections of our southern border that the Biden Administration has halted. Are the contractors who had contracts signed with the federal government are they currently being paid simply not to build the border wall they were contracted to build?

Ms. YOUNG. Congressman, when the President turned off the inappropriate national emergency, what that did was allow us to return funding back to the Department of Defense. So, those contractors' paid with Department of Defense money, they——

Mr. DONALDS. Director Young——

Ms. YOUNG [continuing]. did not continue.

Mr. DONALDS [continuing]. are the—Director Young, I am going to reclaim my time. Are the contractors being paid?

Ms. YOUNG. We have turned that off. Most of them, I think you are referring to were paid with Department of Defense money, which we found inappropriate and we stopped those contracts.

Mr. DONALDS. So, they are not being paid at all. Is that your answer?

Ms. YOUNG. They are not being paid.

Mr. DONALDS. OK.

Ms. YOUNG. Not—Department——

Mr. DONALDS. Quick question for you.

Ms. YOUNG [continuing]. of Defense contractors are not being paid.

Mr. DONALDS. Quick question for you. I have a question for you here. You know, I assume, like everybody else, your house has walls. I mean, that is just a gross assumption, but it is one that, you know, for the purpose of this exercise. If the contractor that built your home didn't build one of the walls, would the walls in your home actually serve the purpose? If one of the walls weren't constructed, would the walls in your home serve a purpose? Would it contain heat, air conditioning? Would it keep people in and out? Would it serve its purpose?

Ms. YOUNG. I think we are trying to compare home walls to walls along a complex border. I certainly see where we are going. I don't see how those things are comparable.

Mr. DONALDS. Director Young, have you, yourself, actually been to the border to see the border wall with your own eyes?

Ms. YOUNG. I have.

Mr. DONALDS. You have seen it. I have seen it. You do realize that are holes in the wall on the southern border that have not been completed by previous iterations of Congress?

Ms. YOUNG. I realize that there was a bipartisan opposition against taking Department of Defense funding to complete sections of a wall that had dubious merits to begin with.

Mr. DONALDS. I guess, Director, here is what I am trying to understand. How can the border wall actually work if Congress refuses or the Administration pulls back contracts to actually complete the wall? That would be similar to the contractor, you know, building, frankly, the entire wall for a home, but not putting in the windows. Wouldn't you agree?

Ms. YOUNG. It was also important to put in windows in wellness facilities and other things. The last Administration stole to fund the border wall. We put it back.

Mr. DONALDS. Last question for your, Director. Are you aware that border patrol has informed people on the southern border that the aerostat balloons and bridge cameras are being removed because they say it cost too much money?

Ms. YOUNG. I have not heard that.

Chairman YARMUTH. The gentleman's time——

Mr. DONALDS. I am done with my time. I yield back.

Chairman YARMUTH. The gentleman's time has expired. I now recognize the gentleman from New York, Mr. Morelle, for five minutes. You need to unmute, Mr. Morelle.

Mr. MORELLE. Yes, sorry. This is my first Zoom session. I apologize. First of all, Mr. Chairman, thanks for holding this important hearing to discuss the President's budget and I certainly want to echo the comments of many of my colleagues in offering a thank you to Acting Director Young for your service to the country in the past and for your continued service in this role.

The budget calls for major investments in childcare, which would significantly solve the affordability problem that most families with young children experience. As you know, Director Young, there is an unprecedented number of women, particularly mothers, had to drop out of the labor force because of the pandemic. So, could you just detail a little bit how the childcare proposal in this budget will help us to reverse that trend?

Ms. YOUNG. Absolutely, sir. As we have talked about a little today, this budget assumes that working mothers, working fathers, need safe and affordable places to send their children to make sure that those same children have food on the table and roofs over their head. So, this is a necessary investment, long overdue. And this is exactly what we are talking about about not just getting back to pre-pandemic, but building back better in investments that have been sorely lacking. And if we do this right, we will see economic growth because people can be assured that their families are taken care of.

Mr. MORELLE. And this is particularly true at the lower ends of the economic scale. So, this is really allowing everyone to participate in what we certainly hope, I think, all of us, an expanded economy.

The budget proposes 7.4 billion for the Childcare and Development Block Grant, which I believe is about a $1.5 billion increase over the previous fiscal year. Can you just give me a sense of how you expect to invest in these areas with the new dollars surrounding childcare, what the plan is for doing that?

Ms. YOUNG. You know, I think if you talk to people who have worked on this a long time, they would say the $1.5 billion is long overdue. So, you know, it will certainly go to places that we have underinvested in and not provided enough federal assistance for years. But also, that is one part of the childcare budget, that is the discretionary side, also making large investments in the American Families Plan. But the annual budget is important to make sure we get that baseline up and ensure annual continuation as the Families Plan phases out in the long run.

Mr. MORELLE. Very good. I know the President has also made clear his commitment to advance racial equity through a whole of government approach. And in particular, forums that would address the disparate experiences and outcomes of families of color in the child welfare system. Can you just talk a little bit about how this budget helps us meet the goal of improving those outcomes?

Ms. YOUNG. One, the big thing is it is not just he budget document. But the President's executive order calls for the government to look writ large at all of its programs and including how we implement programs. So, not just new spending, but retool the way we approach and make sure we are bringing services to all American people and really looking at communities that, you know, or have historically been left behind in this economy.

Mr. MORELLE. Well, I appreciate that. I am also enthusiastic about what, frankly, what the Congress and what the Administration have done to significantly reduce child poverty. My area of Rochester, New York, we have the second highest child poverty rates in America. Experts estimate the tax credits and other relief for families enacted in the American Rescue Plan would cut child poverty by more than half. Can you tell us what kind of impact the expanded child tax credits would have on American families in our economy and about efforts to make this permanent?

Ms. YOUNG. Absolutely. We have a 5-year expansion of the child tax credit as part of the American Families Plan. We do believe that the reduction in child poverty, you have mentioned half of child poverty just with the expansion of the Rescue Plan, we consider the Families Plan an improvement on that. And we know a lot of members want to see a permanent change there and certainly we want to work with you as you work on options to do that.

Mr. MORELLE. Very good. Just two closing comments if I can in my remaining few seconds. First of all, thanks. You have been very available to Members of this Committee and Members of Congress. I think that is something we are all very, very grateful for. It helps us really dive deeply into this.

And the last thing I would say is the reason I focus on child poverty and daycare is, if we want to expand the economy for everyone, we have to make these investments. And I am pleased that you and the Administration will do that. And with that, Mr. Chairman, I yield back my time.

Chairman YARMUTH. The gentleman's time has expired. I now yield myself a few minutes. I am going to get you out of here relatively quickly. And I thank you so much for your patience and your willingness to stay. I always reserve my time until the end so it gives Members a few more minutes to get to something else and also, I get to have the last word, which is always a nice thing.

First thing I will say is if anyone had any question about whether you were the right person for the permanent director's job, I would think after this appearance they couldn't possibly have. So, I wish you the best of luck with that. You have my strong endorsement.

Second, about two years ago, I spoke to the rotary club in Louisville, and the theme of my speech was there were three things that I thought we had to start doing immediately and totally emphasize if we were going to have a viable future. One was deal with climate change. This budget does that. One was to concentrate on early childhood education. This budget does that. And the third was try to figure out how we are going to handle artificial intelligence. And with the research commitment that is made in this budget, I suspect that that will be achieved as well. In terms of making the decisions for the future, I think this budget deserves a great deal of commendation.

Finally, I am going to give a quick speech that I give all the time when people worry about debt. And I will ask you agree or not agree. We have been accumulating debt in this country for 230 some odd years. Has anybody ever been asked to pay off their share of the debt?

Ms. YOUNG. No, Mr. Chairman.

Chairman YARMUTH. Is there any likelihood that that would happen?

Ms. YOUNG. No, Mr. Chairman.

Chairman YARMUTH. And there is a book out now called The Deficit Myth by an economist, Dr. Stephanie Kelton. And when she talks about the debt, she says you shouldn't think of it the debt, the national debt. You should think about that as the total investment that the federal government has made in the United States people, the population, over the history of the country, minus taxes. Does that seem like a fair characterization of debt to you?

Ms. YOUNG. It seems fair and I will add if we are concerned about the debt when it comes to investments, we have to be concerned about it when it comes to consideration of tax cuts.

Chairman YARMUTH. Absolutely. And then just to deal for an instant with the question of inflation. We saw, as many of my colleagues from the other side mentioned, a relatively high monthly rate of inflation. Part of it as I recall is that I think one estimate was 1/3 of that was the increase in the price of rental cars because last year there was no business for the rental car companies. They had to sell all of their vehicles and now they have to rebuy them. So, certainly, not something that would be expected to recur, is it?

Ms. YOUNG. That is true. That is one of the things we saw. And just one of those interesting things after coming out of a once-in-a-generation pandemic, you were surprised to see, but it is not surprising that we see come quirks coming out of the pandemic. And we think a lot of this is base effects from that.

Chairman YARMUTH. Lumber would be another example of that. The lumber mills expected a steep drop in demand so they stopped producing and then turned out that everybody decided they wanted to spend more on their house and the price went way up. And but over the last 10 days or so, the price of lumber has dropped 30 percent. So, these things do level out.

And finally on inflation, the percentage increase has a lot to do with what you are comparing it to. This was the second month, basically, of shut down of a year ago. So, you would naturally expect as we come out of a pandemic that the percentage increase based on a depressed level of activity and pricing a year ago would be higher than normal. Is that not correct?

Ms. YOUNG. Yes, and that is what I mean when we have to look at base effects. What are we comparing it to? And last year absolutely had, you know, pandemic depressed prices.

Chairman YARMUTH. Well, once again, I want to thank you for your responses and your knowledge and the work you have done on this budget. And I look forward to working with you to get this implemented for the benefits of the American people. Thank you very much for being with us today. And if there is no further business, without objection, this hearing is adjourned.

Ms. YOUNG. Thank you, Mr. Chairman.

[Whereupon, at 2:13 p.m., the Committee was adjourned.]

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DEMOCRATIC CAUCUS

CONGRESSWOMAN SHEILA JACKSON LEE OF TEXAS

STATEMENT
HYBRID HEARING:
"PRESIDENT'S FY2022 BUDGET REQUEST"

COMMITTEE ON THE BUDGET
WEDNESDAY, JUNE 9, 2021
210 CANNON
11:00 A.M. (EDT)

- Thank you Chairman Yarmuth and Ranking Member Smith for convening this hearing on the *"President's FY 2022 Budget Request."*

- Let me welcome our witnesses:

    The Hon. Shalanda Young
    Acting Director
    Office of Management and Budget

- Over the past two months, the President has previewed his approach to strengthening our economy and improving the lives of American families.

- His American Jobs Plan makes the broad range of infrastructure investments that are essential for a modern economy.

- His discretionary request highlights the federal government's vital role in innovation, research, and other investments in our people, and responds to years of chronic underfunding and disinvestment.

- The American Families Plan focuses on creating a more inclusive economy that expands opportunities for all families to share in our prosperity.

- At the same time, the President seeks to reform our tax code to ensure that wealthy corporations and individuals pay their fair share.

- The President's FY2022 budget request shows how these proposals fit together.

CREATING JOBS AND REVITALIZING U.S. MANUFACTURING WHILE BUILDING 21ST CENTURY INFRASTRUCTURE

- The budget invests $2.2 trillion over 10 years in fortifying and modernizing American infrastructure, while creating good-paying jobs and revitalizing U.S. manufacturing.

- The budget also requests the needed funding to:

    1. Build world-class transportation infrastructure;
    2. Make transformative investments in a renewed electric grid and energy-related economic development;
    3. Ensure highspeed broadband reaches all Americans;
    4. Improve public health by rebuilding clean drinking water infrastructure;

5. Invest in research and development (R&D) and cutting-edge technologies to spur American innovation, competitiveness, and job creation;
6. Revitalize American manufacturing and small businesses, creating economic and job growth across the country;
7. Build and retrofits buildings across the country for energy efficiency and expanded housing options;
8. Invest $400 billion in home or community-based care for seniors and people with disabilities; and
9. Support workforce development.

STRENGTHENING FAMILIES AND ENSURING MORE BROADLY SHARED PROSPERITY

- The budget lays out policies that will create a better future and expand opportunities for all American families by:

  1. Providing four additional years of free education;
  2. Making critical investments in childcare;
  3. Creating universal paid family and medical leave;
  4. Delivering nutrition security to America's vulnerable families; and
  5. Extending key tax benefits for lower- and middle-income workers and families

PROPERLY FUNDING NON-DEFENSE DISCRETIONARY (NDD) INVESTMENTS

- The budget provides a 16.5 percent increase in non-defense discretionary spending for 2022, which together with the American Jobs Plan and American Families Plan will finally set the stage to not only meet ongoing challenges but also responsibly prepare for whatever problems may arise.

- Mr. Chairman, the President is to be applauded for sending the Congress a budget that:

  1. Invests in the knowledge, technologies, and actions needed to tackle the climate crisis and lead in the clean energy economy;

2. Protects our air, water, environment, and health and supports distressed and disadvantaged communities;
3. Makes historic investments in education;
4. Strengthens public health infrastructure to enhance our ability to address existing and emerging threats;
5. Increases the supply, quality, and affordability of rental housing;
6. Strengthens American leadership in science, technology, and innovation;
7. Makes global leadership a priority;
8. Fulfills sacred obligation to our veterans; and
9. Supports needed reforms in justice system.

MEETING NATIONAL DEFENSE NEEDS

- The budget provides $753 billion for national defense for 2022, a 1.6 percent increase from the comparable 2021 level, and it funds national defense based on comprehensive security strategy, ends the Overseas Contingency Operations (OCO) loophole, and ensures NDD components of national security fulfill their roles.

MAKING A FAIRER TAX CODE

- Finally, the President's budget raises $3.6 trillion in new revenues over 10 years, and enough to offset the costs of the American Jobs Plan and the American Families Plan over 15 years.

- Families earning less than $400,000 per year are not asked to contribute more and instead are provided with greater tax benefits, including extensions of the higher Child Tax Credit, Earned Income Tax Credit, and Marketplace tax credit enacted in the American Rescue Plan.

- The President's plan ensures big corporations pay their fair share, ends tax loopholes for the wealthy, and provides the IRS with the resources it needs to crack down on wealthy tax cheats and improve taxpayer services.

- Mr. Chairman, I look forward to discussing this welcome budget request with OMB Director Young, who we all know to be a person of considerable knowledge and unimpeachable integrity from our personal experiences working with her when she led the professional staff of the House Appropriations Committee, and is now the first African American woman to lead the very important Office of Management and Budget.

- Thank you; I yield the remainder of my time.

"The President's Fiscal Year 2022 Budget"

June 9, 2021

Questions for the Record for OMB Acting Director Shalanda Young

Representative Trent Kelly (MS-01)

1) *Question 1 for the Record on Donor-Advised Funds*

Families across my state have faced significant hardship as a result of the COVID pandemic. Charities throughout Mississippi are stepping up, providing vital services to those impacted by the pandemic and in need. As charities face resource restraints because of the pandemic, they have had to rely more on charitable donations and grants from a variety of sources – including donor-advised funds (DAFs).

Charitable grants from DAFs increased dramatically in 2020 in direct response to the pandemic, and they have become an increasingly important funding source for charities. Unfortunately, certain groups have proposed policy proposals to restrict DAFs. I have concerns with these proposals because they would harm charitable giving and ultimately reduce the robust support that local charities currently receive from DAFs.

As the Administration considers legislation and regulations impacting DAFs, will you commit to working with the philanthropic sector to ensure that DAFs continue to be an important giving tool and charities are not negatively impacted?

2) *Question 2 for the Record on Donor Privacy*

Families across my state have faced significant hardship as a result of the COVID pandemic. Charities throughout Mississippi are stepping up, providing vital services to those impacted by the pandemic and in need. As charities face resource restraints because of the pandemic, they have had to rely more on charitable donations and grants from a variety of sources – including from DAFs and anonymous donors.

As the Administration continues to work with through its regulatory and tax agenda, will you commit to working with the philanthropic sector to ensure that any changes you make will continue to protect donor privacy and ensure that the charitable sector can continue to rely upon the philanthropic sector?

"The President's Fiscal Year 2022 Budget"

June 10, 2021

Questions for the Record for Acting OMB Director Shalanda Young

Representative Randy Feenstra (IA-04)

1) Is the U.S. Department of Agriculture (USDA) currently coordinating with the Office of Management and Budget (OMB) on its decision to transition away from the Farmers to Families Food Box Program to facilitate pandemic food purchasing? If so, what is the OMB's role?

2) On June 4th, the USDA said they would spend $1 billion to support food banks, including $400 million for Agricultural Marketing Service cooperative agreements. Will OMB have equities in approving these cooperative agreements before they're issued?

3) Does the OMB believe that cooperative agreements will be more effective in serving more of those in need of food assistance than the Farmers to Families Food Box Program?

4) With Farmers to Families Food Box Program being terminated before other pandemic programs, like SNAP waivers and Farm Production and Conservation payments, how does OMB work with Departments like USDA to ensure they are being faithful stewards of taxpayer dollars, especially as we get past the pandemic?

5) Does OMB plan on advising USDA, to look for cost savings that may return unused COVID funds?

6) Has the OMB found examples of executive agencies, like USDA, trying to reprogram COVID funds rather than return funds to the Treasury? Is OMB advising executive agencies to avoid this practice?

“President Biden’s Fiscal Year 2022 Budget”

Wednesday, June 9, 2021

Questions for the Record for The Hon. Shalanda Young

Representative Glenn Grothman (Wisconsin – 06)

1) On January 19, 2021, the Office of Management and Budget (OMB) unveiled a proposal to increase the population requirement for Metropolitan Statistical Areas (MSA) from 50,000 to 100,000. The proposed change would cause 142 of the current MSAs, or 36% of the national MSAs, to lose their designation. Five of the 12 MSAs in my home state of Wisconsin, three of which are in my district, would be negatively affected – Oshkosh, Fond du Lac, Sheboygan, Janesville-Beloit, and Wausau.

When I’ve traveled throughout my district in recent months, I’ve spoken to many community activists and local leaders who have expressed their concerns to me about this proposed change to MSAs. They are worried this will damage their ability to attract new businesses and could potentially reduce or eliminate their access to federal grant program funding.

What has OMB been hearing from MSAs that would be affected by this proposal?

Has OMB decided to move forward with this MSA change?

Do you have projections you can share with the committee on the impact this will have on business development, jobs, federal grant funding, and the economies of current MSAs with populations less than 100,000?

QUESTIONS

Acting Director Young, President Biden's budget proposal includes taxing capital gains above $1 million as ordinary income, taxing unrealized gains on $1 million or more of an asset when passed to an heir, and lowering the exemption for estate taxes to $3.5 million while increasing the tax rate to 45%. While these provisions appear to target the wealthy, often the assets passed to heirs are in the form of land or other non-liquid financial instruments. As a result, I am concerned about the effects this will have on ordinary Americans.

> **Have you evaluated how these changes will affect Americans at all income levels?**
>
> **[***For example, if someone makes $50,000 per year and suddenly receives $2 million of inheritance in the form of land, how will they be able to pay the estate taxes on that land?*
>
> *As another example, taxing capital gains as ordinary income will change the behavior of the market because investors will avoid gains that reach the level at which they will be taxed (dump stocks). This will affect stocks throughout the market, which will in turn hurt ordinary Americans who are invested in the market through their pensions.***]**

Ms. Young, President Biden's budget proposal does not include any funding for border wall system construction and does not increase the budget for the Department of Homeland Security. Putting aside political rhetoric, we are facing a crisis along our southern border. This is the third major border influx since 2014. Unfortunately, my home state of Texas is bearing the brunt of this crisis and many of our border communities have experienced property, land, and livestock damage as a result.

> **How does the Biden Administration propose to effectively handle the influx of unaccompanied children, single adults, and family units and restore security along our southern border without any additional resources?**

Ms. Young, as we discussed last week, included in the American Rescue Plan was the elimination of the eligibility income cap for ACA premium subsidies. Historically, these subsidies have been reserved for low-income individuals, but now those with the highest incomes will receive the largest subsidies. Although these subsidies are expected to expire in two years, a Congressionally created "cliff" will likely push many to advocate for permanency.

What is the expected impact of these subsidies on the budget?

What do you expect the impact of these subsidies to be on employer-sponsored insurance?

Questions for the Record
for Office of Management and Budget
Acting Director Shalanda Young
The President's Fiscal Year 2022 Budget Proposal
June 9, 2021
House Budget Committee

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Rep. Kelly

Families across my state have faced significant hardship as a result of the COVID pandemic. Charities throughout Mississippi are stepping up, providing vital services to those impacted by the pandemic and in need. As charities face resource restraints because of the pandemic, they have had to rely more on charitable donations and grants from a variety of sources – including donor-advised funds (DAFs). Charitable grants from DAFs increased dramatically in 2020 in direct response to the pandemic, and they have become an increasingly important funding source for charities. Unfortunately, certain groups have proposed policy proposals to restrict DAFs. I have concerns with these proposals because they would harm charitable giving and ultimately reduce the robust support that local charities currently receive from DAFs. As the Administration considers legislation and regulations impacting DAFs, will you commit to working with the philanthropic sector to ensure that DAFs continue to be an important giving tool and charities are not negatively impacted?

Thank you for raising this question. The Budget does not include any proposals regarding donor-advised funds. I defer to Treasury on matters of tax administration and tax policy.

Rep. Kelly

Families across my state have faced significant hardship as a result of the COVID pandemic. Charities throughout Mississippi are stepping up, providing vital services to those impacted by the pandemic and in need. As charities face resource restraints because of the pandemic, they have had to rely more on charitable donations and grants from a variety of sources – including from DAFs and anonymous donors. As the Administration continues to work with through its regulatory and tax agenda, will you commit to working with the philanthropic sector to ensure that any changes you make will continue to protect donor privacy and ensure that the charitable sector can continue to rely upon the philanthropic sector?

Thank you for raising this question. The Budget does not include any proposals regarding donor-advised funds. I defer to Treasury on matters of tax administration and tax policy.

Rep. Feenstra

Is the U.S. Department of Agriculture (USDA) currently coordinating with the Office of Management and Budget (OMB) on its decision to transition away from the Farmers to Families Food Box Program to facilitate pandemic food purchasing? If so, what is the OMB's role?

USDA briefed OMB on their plans to transition from the Farmers to Families Food Box Program as part of USDA's effort to transition from short-term pandemic assistance to longer-term reforms to transform the Nation's food system. OMB provides feedback on Agency plans to ensure its proposed initiatives would use taxpayer dollars effectively and meet the Administration's policy objectives and legal obligations.

Rep. Feenstra

On June 4th, the USDA said they would spend $1 billion to support food banks, including $400 million for Agricultural Marketing Service cooperative agreements. Will OMB have equities in approving these cooperative agreements before they're issued?

OMB does not generally weigh in on individual cooperative agreements entered into by AMS. OMB may review the Agency's general spend plan for how these funds may be used to ensure these funds will be used effectively.

Rep. Feenstra

Does the OMB believe that cooperative agreements will be more effective in serving more of those in need of food assistance than the Farmers to Families Food Box Program?

The Farmers to Families Food Box Program was always intended to be a temporary program to meet the needs of low-income households in the midst of the pandemic while also addressing supply chain disruptions caused by the temporary closures of many restaurants and commercial food service operations. As restaurants and other commercial food service operations resume, and as more Americans reenter the workplace, this program will ramp down as designed. Building on successes and lessons learned from this program, USDA's cooperative agreements will help leverage USDA's procurement to support local and regional food systems and socially disadvantaged producers. These new agreements, coupled with additional investments in TEFAP, will help ensure that our food systems continue to provide assistance to those who need it while preparing for future emergencies.

Rep. Feenstra

With Farmers to Families Food Box Program being terminated before other pandemic programs, like SNAP waivers and Farm Production and Conservation payments, how does OMB work with Departments like USDA to ensure they are being faithful stewards of taxpayer dollars, especially as we get past the pandemic?

OMB regularly works with Agencies, including USDA, to ensure Agencies are using their authorities and funding effectively and legally. As we continue to make progress on vaccinating more Americans and reopening our communities, OMB is continually coordinating with Agencies and other stakeholders to ensure the Administration's efforts continue to be effective and tailored to the circumstances within the legal parameters set by Congress.

Rep. Feenstra

Does OMB plan on advising USDA, to look for cost savings that may return unused COVID funds?

OMB's guidance to USDA and other agencies, as provided in OMB memoranda M-21-20 and M-20-21, continues to focus on delivering effective and equitable relief, while implementing sound financial management of the resources funding that relief.

Rep. Feenstra

Has the OMB found examples of executive agencies, like USDA, trying to reprogram COVID funds rather than return funds to the Treasury? Is OMB advising executive agencies to avoid this practice?

OMB's guidance to agencies, as provided in OMB memoranda M-21-20 and M-20-21, advises agencies to ensure effective implementation and stewardship of COVID relief funding. Agencies have been instructed by OMB to deliver effective and equitable relief, while implementing sound financial management of the resources funding that relief. As you know agencies may only reprogram or transfer funds in line with underlying laws passed by Congress.

Rep. Grothman

On January 19, 2021, the Office of Management and Budget (OMB) unveiled a proposal to increase the population requirement for Metropolitan Statistical Areas (MSA) from 50,000 to 100,000. The proposed change would cause 142 of the current MSAs, or 36% of the national MSAs, to lose their designation. Five of the 12 MSAs in my home state of Wisconsin, three of which are in my district, would be negatively affected – Oshkosh, Fond du Lac, Sheboygan, Janesville-Beloit, and Wausau. When I've traveled throughout my district in recent months, I've spoken to many community activists and local leaders who have expressed their concerns to me about this proposed change to MSAs. They are worried this will damage their ability to attract new businesses and could potentially reduce or eliminate their access to federal grant program funding.

What has OMB been hearing from MSAs that would be affected by this proposal?Has OMB decided to move forward with this MSA change?Do you have projections you can share with the committee on the impact this will have on business development, jobs, federal grant funding, and the economies of current MSAs with populations less than 100,000?

OMB develops and maintains the Metropolitan Statistical Areas (MSAs) to provide an objective geographic framework for government statistics. I am committed to ensuring the objectivity, integrity, and transparency of OMB's statistical standards. MSAs are regularly reviewed through a long-established process that includes expert review and public comment. This process is designed to ensure the rigor and objectivity of the MSAs.

In line with OMB's long tradition of transparency around the MSAs, we held a public comment period and received a significant amount of comments from the public and we take that feedback seriously. OMB is finalizing analysis factoring in public comments with regard to these proposed changes.

Rep. Burgess

Acting Director Young, President Biden's budget proposal includes taxing capital gains above $1 million as ordinary income, taxing unrealized gains on $1 million or more of an asset when passed to an heir, and lowering the exemption for estate taxes to $3.5 million while increasing the tax rate to 45%. While these provisions appear to target the wealthy, often the assets passed to heirs are in the form of land or other non-liquid financial instruments. As a result, I am concerned about the effects this will have on ordinary Americans.

Have you evaluated how these changes will affect Americans at all income levels?

[For example, if someone makes $50,000 per year and suddenly receives $2 million of inheritance in the form of land, how will they be able to pay the estate taxes on that land?

As another example, taxing capital gains as ordinary income will change the behavior of the market because investors will avoid gains that reach the level at which they will be taxed (dump stocks). This will affect stocks throughout the market, which will in turn hurt ordinary Americans who are invested in the market through their pensions.]

Under the President's tax plan, no one making under $400,000 would see an increase in taxes.

Although the estate tax reaches only the very wealthiest estates, the Budget does not include proposals to reform the estate tax.

The Budget proposes to eliminate long-standing loopholes, including lower taxes on capital gains and dividends for the wealthy, which reward wealth over income derived from jobs. Economists have long observed that the current capital gains tax system creates a "lock-in effect": loopholes in the current system encourage the wealthy to hold stocks long after they would have sold them and bought new assets under a neutral tax system. The lock-in effect impedes capital from being routed to its most productive uses. The Budget's capital gains tax reform reduces the lock-in effect while ensuring that the wealthiest Americans pay their fair share.

Rep. Burgess

Ms. Young, President Biden's budget proposal does not include any funding for border wall system construction and does not increase the budget for the Department of Homeland Security. Putting aside political rhetoric, we are facing a crisis along our southern border. This is the third major border influx since 2014. Unfortunately, my home state of Texas is bearing the brunt of this crisis and many of our border communities have experienced property, land, and livestock damage as a result.

How does the Biden Administration propose to effectively handle the influx of unaccompanied children, single adults, and family units and restore security along our southern border without any additional resources?

The Budget reprioritizes investments at the Department of Homeland Security (DHS) to secure the border both at and between our ports of entry. It also includes targeted resources across DHS, the Department of Justice (DOJ), and the Department of Health and Human Services (HHS) to make our immigration system more efficient and humane. Investments include $188 million for border security technology, $203 million for migrant services, $758 million for land ports of entry, $891 million for immigration courts, and $3.3 billion for unaccompanied children (UC).

The Budget proposes additional resources and robust funding for both U.S. Customs and Border Protection (CBP) and U.S. Immigration and Customs Enforcement (ICE) that will enable those agencies to address migrant flows and border security requirements in 2022. It includes funding for a new CBP centralized processing center, expansion and modernization projects at existing CBP facilities, and to ensure that migrants in CBP custody receive proper medical evaluations and care. It invests in border security technologies and assets to help identify and interdict potentially unlawful cross-border activity. It also includes investments to hire 100 new DOJ immigration judges and 100 new ICE attorneys, and leverages technology to help process immigration cases faster, reducing the amount of staff time and resources that will be needed for immigration detention. At HHS, the Budget expands state-licensed placements as well as critical programmatic reforms that will reduce the time it takes to unify children with their families and decrease HHS's reliance on large, expensive facilities.

In short, the President's FY 2022 Budget will better enable DHS, DOJ, and HHS to strengthen border security and management efforts at and between the ports through the application of modern, technological solutions, while making our immigration system more efficient and humane.

Rep. Burgess

Ms. Young, as we discussed last week, included in the American Rescue Plan was the elimination of the eligibility income cap for ACA premium subsidies. Historically, these subsidies have been reserved for low-income individuals, but now those with the highest incomes will receive the largest subsidies. Although these subsidies are expected to expire in two years, a Congressionally created "cliff" will likely push many to advocate for permanency.

What is the expected impact of these subsidies on the budget?

What do you expect the impact of these subsidies to be on employer-sponsored insurance?

These improvements are lowering premiums for more than nine million current enrollees by an average of $50 per person per month, and would enable millions of uninsured people to gain coverage. Individuals earning more than 400 percent of the Federal poverty level actually receive the lowest, or in some cases no, subsidies since all subsidies are subject to the same required premium contribution as a percentage of their income. The Budget and The American Families Plan make permanent the American Rescue Plan's expansion of premium tax credits, an investment of $163 billion dollars to lower health care costs for millions of people.