CONCURRENT RESOLUTION
ON THE BUDGET
FY 2016

COMMITTEE PRINT TO ACCOMPANY
S. CON. RES. 11
together with
ADDITIONAL VIEWS AND MINORITY VIEWS

COMMITTEE ON THE BUDGET
UNITED STATES SENATE

MICHAEL B. ENZI, Chairman

MARCH 2015

Prepared for the use of the Committee on the Budget. This document has not been officially approved by the Committee and may not reflect the views of its members.

U.S. GOVERNMENT PUBLISHING OFFICE
WASHINGTON : 2015
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1. Overview

The Budget and Economic Outlook

In its January 2015 report titled The Budget and Economic Outlook: 2015 to 2025, the Congressional Budget Office (CBO) analyzed the nation’s long-term fiscal challenges. According to CBO’s 10-year forecast, the federal budget deficit, while remaining at low levels relative to the gross domestic product (GDP) through fiscal year (FY) 2018, begins to rise in subsequent years, increasing the federal debt relative to GDP. After FY 2017, CBO expects real GDP growth to slow dramatically.

CBO projects that the deficit will reach $1.1 trillion in FY 2025, or 4 percent of GDP. From FY 2016 to 2025, cumulative deficits are expected to reach $7.6 trillion. At the end of this fiscal year, CBO forecasts that publicly held debt will reach 74 percent of GDP, climbing to nearly 79 percent of GDP by FY 2025.

Over the next decade, CBO projects continued increases in federal spending, from slightly above 20 percent of GDP this fiscal year, to a little over 22 percent in FY 2025. CBO expects spending for Social Security, Medicare, Medicaid, and health insurance exchange subsidies; and net interest to outpace economic growth. At the same time, according to CBO, mandatory spending excluding Social Security and health care, as well as defense and non-defense discretionary spending, will decline relative to GDP.

CBO’s 10-year projections forecast that in 25 years the federal debt will reach unsustainable levels, topping 100 percent of GDP and continuing to rise. This augurs serious economic consequences, including increased spending to pay interest, decreased long-term economic growth, difficulty responding to unforeseen problems, and the potential for a fiscal emergency.

In its report, CBO lowers its previous real GDP growth projections for FY 2014 through 2018, from 2.7 percent to 2.5 percent annually. This downward revision means fewer potential jobs for Americans to hold, as well as a higher risk of businesses being unable to expand and hire more workers.

According to CBO, in the longer term, economic growth will slow from FY 2020 to 2025 to an annual average of 2.2 percent. Potential output growth will be much slower than during the 1980s and 1990s. This forecast is more bad news for Americans hungry to find and keep good-paying jobs, own a home, start and sustain a family, and prepare for the future and save for retirement.

In addition, inflation and interest rate increases likely will become an issue in the next several years, according to CBO, which will cause additional stress on Americans’ pocketbooks.

The President’s Budget Request for Fiscal Year 2016

The President’s budget fails to balance and, in fact, never achieves balance. Under the proposal, every American will owe almost $57,000 on the national debt in just 10 years.
Next year alone, the President’s budget request for fiscal year (FY) 2016 calls for an 8 percent increase in federal spending. Over the next 10 years, the President’s plan increases total spending by 65 percent, from $3.7 trillion to $6.1 trillion.

Under an honest accounting, the President proposes tax increases of $1.8 trillion to pay for this new spending, amassing deficits of $6.0 trillion over 10 years. Deficits will increase steadily in the years after the President’s term is complete.

The President’s budget materials reported that his plan reduces deficits by $2.2 trillion over the next 10 years, but CBO puts the deficit reduction number at $1.2 trillion.

The President’s budget proposes $1.091 trillion in regular discretionary budget authority for FY 2016. Over the FY 2016 to 2021 period, the President recommends increasing regular discretionary budget authority by $362.2 billion, reversing approximately two-thirds of the discretionary spending constraints imposed by the 2011 Budget Control Act (BCA), the only significant control on discretionary spending since similar limits expired in 2002.

In addition to the requested regular discretionary budget authority, the President asks for $68.2 billion in BCA cap increases for FY 2016. When combined with the $1.091 trillion in regular appropriations, the President proposes $1.159 trillion in discretionary budget authority for FY 2016.

The President’s plan more than triples spending on federal interest costs, the fastest growing item in the budget. These payments provide no goods, no services, and no benefits to taxpayers. Interest on the debt in FY 2015 is expected to be $229 billion, but would rise to $769 billion in FY 2025 under the President’s plan, making annual interest costs larger than his proposed spending for national defense, Medicaid, or the combined total of all non-defense agency spending.

The President’s proposal allows total federal debt to reach $25.8 trillion in 10 years, an increase of $7.4 trillion. Borrowing from Social Security and other government agencies expands under the President’s plan by $770 billion over the budget period. Following the President’s gross debt path, from FY 2014 to 2025, debt per person increases by nearly $20,000, or 36 percent, to $74,389 owed by every American.

**Senate Republicans’ Balanced Budget Resolution**

The FY 2016 Senate Republican budget plan balances the budget in 10 years by limiting the growth of government spending – not by raising taxes – and increases the pace of economic growth and private sector job creation. It provides for a strong national defense and for the care of our most vulnerable citizens. It serves as a framework to expand economic opportunity for American families, employers, and hardworking taxpayers. By limiting spending and lightening the regulatory burden, the plan makes it possible for millions of unemployed Americans who need a good job to reenter the workforce.

Senate Republicans present a way forward, toward a more effective, efficient, and accountable government – one that supports Americans when it must, and gets out of the way when it should. Senate Republicans achieve $4.4 trillion more in deficit reduction through their
balanced budget than the President does in his request, thereby saving American taxpayers $6.1 trillion over 10 years relative to CBO’s January projections.

Fostering fiscal honesty, transparency, and discipline, this balanced budget represents a down payment on restoring the public’s trust in their government. The resolution responds to public concerns about the budget process by proposing new rules that promote honest accounting and curb budget gimmicks. The budget calls for a return to regular Senate order, allowing all committees to act fully, and the Appropriations Committee to begin consideration of spending bills on time. It also provides a fast-track vehicle through reconciliation to move important legislation this year. In addition, the Senate plan delivers taxpayer protections that reinforce discretionary spending caps, limit abuses of the appropriations process, confront unfunded mandates, and expedite legislation to tackle government overreach.

Concerning the Patient Protection and Affordable Care Act (PPACA), the Senate Republican budget provides for repealing and replacing this law with practical health care solutions. This will protect Americans from the law’s burdensome mandates and doctor-patient restrictions to boost the private sector economy and bring back full-time jobs. The plan also allows Congress to replace PPACA’s tax hikes with pro-growth, revenue-neutral tax reforms.

At the same time, the Senate Republican budget retains PPACA’s Medicare savings in order to protect the Medicare trust fund from insolvency, while allowing Congress to author policy choices that protect beneficiaries. The Senate plan prevents future raids by the President on the Medicare trust fund and adds five years to the program’s solvency.

In an effort to strengthen the nation’s safety net and bolster anti-poverty programs, the Senate Republican budget allows Congress to provide flexible funding to the states to better assist Americans in need. The budget improves the Medicaid program using the successful model of the Children’s Health Insurance Program, or CHIP, allowing states to more effectively
design benefits. The plan makes no changes to the funding of Medicaid acute-care services for low-income elderly and disabled citizens. As well, it provides funding for CHIP and a reserve fund for extension of CHIP, a program pioneered by Republicans in 1997.

The proposal allows Congress to strengthen welfare by streamlining programs to expedite aid to those who need help while giving states key decision-making responsibilities. Operating welfare programs more efficiently not only produces better results, but also saves the taxpayers money. The budget allows Congress to strengthen the welfare-to-work job training program to help millions of struggling Americans transition from dependence on the welfare rolls, to financial and personal independence on the payroll – the ultimate goal of any poverty alleviation effort.

Along with caring for Americans in need and dealing with the debt, the budget recognizes that the government must provide for a strong national defense, especially given the mounting security threats from abroad. The Senate Republican budget makes national defense a priority and provides for the maximum allowable defense funding under current law, and includes a fiscally responsible path for further defense spending increases. There are no across-the-board defense cuts in the Senate budget. Rather, the plan encourages responsible defense spending increases every year. Under the plan, Congress retains the flexibility to make key defense funding decisions in future years.

While balancing the budget, the Senate Republican plan preserves Social Security, which is on a track to bankruptcy. Honoring the special off-budget status of Social Security, the proposal seeks no current changes to the retirement program for seniors. Rather, it slows the rate of funding growth in other areas of the budget in order to avoid an increase in publicly held debt. Leaders from both sides of the aisle need to come together and reasonably discuss sensible measures to safeguard Social Security and prevent future automatic across-the-board benefit cuts, for the well-being of retirees, the disabled, and future generations.

With a federal debt of $18 trillion and counting, the nation desperately needs balanced budgets and a return to robust economic growth, which will enhance revenues without tax hikes and help bring down the debt. The Senate Republican budget provides this needed boost to the economy. By curbing overspending and providing regulatory relief, the Senate proposal could nearly double the current job creation rate.

To hasten private sector job creation, the budget includes an economic growth reserve fund. This fund helps Congress consider policies to lower the after-tax costs of investment, savings, and work; curb costs from the Internal Revenue Code of 1986; reduce the costs of frivolous lawsuits; create a more competitive financial sector while enhancing the creditworthiness of lending institutions; and provide enhanced use of economic models and data in scoring legislation to better estimate the economic impact of policy changes.

The Senate Republican budget allows Congress to lay the groundwork for strengthening American energy security, natural resources, and transportation infrastructure as critical to the health of the overall economy. The proposal permits Congress to enhance America’s position as a major producer of global energy resources and promotes low-cost energy and economic opportunity for America’s hardworking families. It supports the ability of Congress to consider how to responsibly increase domestic oil and gas exploration and allows Congress to consider
the elimination of burdensome regulations that discourage economic development and job creation.

The plan also promotes a more sensible approach to managing federal lands, permitting Congress to make key recommendations about how best to protect natural resources in the country. In addition, the budget supports modernization of the nation’s deteriorating transportation infrastructure. The proposal begins by bringing future transportation spending in line with incoming revenue to pay for essential road and bridge construction and promote economic growth without adding to the debt.

The Senate Republican balanced budget is a responsible plan that safeguards America’s future generations by confronting our nation’s overspending problem, tackling our debt, and balancing the budget in 10 years. Every day, American families make tough decisions about their spending in order to live within their means -- it is time that Congress does the same and starts making hard choices about how it spends hardworking taxpayers’ money. If government programs are not delivering results, improve them. If they are unnecessary and wasteful, eliminate them. It’s time to prioritize, demand results, and bring honesty back to the budget process on behalf of the American people. This balanced budget moves America forward.
II. **Resolution Levels**

**Budget Function 050: National Defense**

The National Defense function includes funds to develop, maintain, and equip the military forces of the United States. Historically, about 95 percent of the funding in this function goes to Department of Defense military activities; the remaining funding applies to atomic energy defense activities of the Department of Energy and other defense-related activities.

**Summary of Committee-Reported Resolution**

The committee-reported FY 2016 budget resolution calls for $531.3 billion in regular budget authority and $564.0 billion in outlays in fiscal year 2016. Regular discretionary budget authority in FY 2016 totals $523.1 billion, with $555.7 billion in outlays; mandatory spending is $8.2 billion in budget authority and $8.3 billion in outlays. Over 10 years, regular budget authority totals $5,886.8 billion, and outlays are $5,821.5 billion.

As well, the function contains $89.0 billion in discretionary budget authority and $87.1 billion in related outlays for overseas contingency operations.

**Plan Addresses Challenges**

The administration has created uncertainty in the defense budget, postponing the choices required for a more efficient and sustainable defense spending topline. Therefore, Congress will need to take the lead in making choices on defense spending. As such, the Senate Budget Committee will take a continued interest in the Senate Armed Services Committee’s initiatives for greater efficiency and reforms in the national defense budget. As outlined in their bipartisan views and estimates letter to the Budget Committee (reprinted later in this report), the Chairman and Ranking Member of the Senate Armed Services Committee are committed to the following initiatives:

- Reform of the defense acquisition process to foster increased competition and accountability, produce weapons systems within budget and on time, and improve our nation’s defense technological edge.
- Continued scrutiny of the Department of Defense to ensure auditability by FY 2017.
- Examination of the recommendations of the Military Compensation and Retirement Modernization Commission, with a focus on recommendations that enhance the experience of service-members.
- Identification of defense management reforms that could reduce or consolidate military headquarters, commands and infrastructure; slow the rate of personnel cost growth; and enhance contract competition.

The budget fully funds national defense under the BCA and provides nearly $5.8 trillion in regular discretionary budget authority over the FY 2016 to 2025 period. Under the budget, base discretionary budget authority totals $523.1 billion in FY 2016, or $1.8 billion more than last
year’s statutory defense spending limit. And after FY 2016, defense spending will continue to increase. Over the remaining BCA period, FY 2017 to 2021, defense spending will increase by $13.4 billion, or an average of 2.4 percent annually. Appropriating at the levels assumed in the budget resolution during the FY 2016 to 2021 period ensures that defense spending will not face indiscriminate across-the-board cuts in the future.

The budget resolution recognizes that only a change in law can modify the BCA’s statutory discretionary spending limits. Therefore, in order to address the need for further investments beyond the resolution’s nearly $5.8 trillion in non-war budget authority, the budget includes a deficit-neutral reserve fund to enhance national security spending. This fund could be used for deficit-neutral legislation that would invest in our military personnel, the readiness of our Armed Forces, U.S. nuclear forces and their technical base, and the modernization of critical platforms, all while maintaining fiscal discipline.

Finally, in addition to the regular budget authority included in the resolution, the budget supports $89.0 billion in overseas contingency operations (OCO) funding. This level of OCO funding, when combined with the legally permitted base funding level, is in line with the President’s overall discretionary defense request of $612 billion.

**BUDGET FUNCTION 150: INTERNATIONAL AFFAIRS**

The International Affairs function contains spending on international humanitarian and development assistance; international security assistance; the conduct of foreign affairs; foreign information and exchange activities; and international financial programs. Major agencies with programs funded under this function include the departments of State, Treasury, and Agriculture; the U.S. Agency for International Development; and the Millennium Challenge Corporation.

**Summary of Committee-Reported Resolution**

The committee-reported FY 2016 budget resolution calls for $40.7 billion in regular budget authority and $46.6 billion in outlays in FY 2016. Regular discretionary budget authority in FY 2016 totals $41.3 billion, with $47.9 billion in related outlays. Mandatory spending is -$251 million in budget authority and -$1.3 billion in outlays. Over 10 years, regular budget authority totals $451.8 billion, and outlays are $437.1 billion, $22.0 billion divergent from baseline levels.

The above figures exclude the $7.0 billion in discretionary budget authority and $6.8 billion in related outlays provided in this function for overseas contingency operations. The resolution provides these funds at the level requested by the President.

**Plan Addresses Challenges**

Funds provided through this function serve to enhance U.S. national security by promoting international stability and economic development abroad. The budget ensures that U.S. foreign aid efforts have the resources to meet these aims. Accordingly, the funding levels for this function provide the committees of jurisdiction the ability to modernize and prioritize.
Modernize. U.S. foreign assistance policies and programs are governed by a myriad of authorizations and regulations going back decades. Many of these authorizations have not been renewed since the Foreign Relations Authorization Act, Fiscal Year 2003, and the International Security and Development Cooperation Act of 1985. This lapse in accountability and oversight has led to an increase in overlapping, antiquated, and duplicative efforts. There are now nearly 30 federal government entities contributing to the U.S. foreign aid effort. This budget supports efforts by the committees of jurisdiction in Congress to reform the U.S. foreign aid structure to ensure U.S. foreign assistance is delivered in a more effective and transparent manner to today’s interconnected world.

Prioritize. Today, at least 70 percent of countries receive some form of U.S. international assistance. This budget supports committee efforts for a top-to-bottom review of U.S. aid and diplomatic programs, allowing the committees of jurisdiction to identify where aid is working and shift funding away from underperforming programs. As part of these prioritization efforts, the budget supports the committees of jurisdiction reflecting the enhanced role of private sector engagement in the foreign affairs landscape when making program funding decisions, to create an appropriate blend of U.S. entities engaged in international assistance.

BUDGET FUNCTION 250: SCIENCE AND TECHNOLOGY

The Science and Technology function includes the National Science Foundation, programs other than aviation programs at the National Aeronautics and Space Administration, and general science programs at the Department of Energy.

Summary of Committee-Reported Resolution

The committee-reported FY 2016 budget resolution calls for $30.0 billion in budget authority and $30.0 billion in outlays in FY 2016. Discretionary budget authority in 2016 totals $29.9 billion, with $29.9 billion in related outlays. Mandatory spending is $107 million in budget authority and $105 million in outlays. Over 10 years, budget authority totals $331.4 billion, and outlays are $328.5 billion, a divergence of $548 million from baseline levels.

Plan Addresses Challenges

This function is comprised almost entirely of discretionary spending, which is focused in three agencies: the National Aeronautics and Space Administration (NASA), National Science Foundation, and Office of Science at the Department of Energy. The budget allows for committees to act in directing these agencies to refocus on their core missions, and spark a new generation of American scientists.

The budget allows for committees to help NASA refocus on its core mission of space exploration by consolidating its science, technology, engineering, and mathematics (STEM) efforts, which better suit the National Science Foundation. Such focus for NASA could better serve tomorrow’s scientists. Furthermore, the budget allows committees to consider whether to ensure that the Department of Energy places enhanced focus on its core mission of addressing
America’s energy needs while allowing the National Oceanic and Atmospheric Administration to take the lead on climate change-related research.

BUDGET FUNCTION 270: ENERGY

The Energy function concerns the production, development, and use of energy for the country. This function contains civilian energy programs at agencies including the departments of Energy and Agriculture, Tennessee Valley Authority, Federal Energy Regulatory Commission, and Nuclear Regulatory Commission.

Summary of Committee-Reported Resolution

The committee-reported FY 2016 budget resolution calls for -$1.9 billion in budget authority and $2.4 billion in outlays in FY 2016. Discretionary budget authority in FY 2016 totals $3.1 billion, with $4.2 billion in related outlays. Mandatory spending is -$5.1 billion in budget authority and -$1.8 billion in outlays. Over 10 years, budget authority totals $6.9 billion, and outlays are $6.1 billion, a divergence of $31.3 billion from baseline levels.

Plan Addresses Challenges

The programs included in this function have allowed the government to become increasingly involved in the energy industry. Federal loan programs have cost taxpayers hundreds of millions of dollars in failed firms such as Solyndra, A123 Systems, and Fisker Automotive. Taxpayers must cover the costs of investments gone awry.

The Senate Budget Committee allows committees to focus efforts on the nation’s energy policymaking apparatus, which needs to be modernized. Regulatory frameworks for the supply and delivery of electricity too often lag states’ needs and technological development. Cost-benefit analysis fails to drive rule-making at self-funding agencies. The budget supports committees of jurisdiction in their examination of government’s role in areas of the economy that interact with Function 270 programs.

BUDGET FUNCTION 300: ENERGY AND NATURAL RESOURCES

The Environment and Natural Resources function focuses on the management, development, and maintenance of the nation’s natural heritage. This function includes conservation of land and water resources; development of water power and transportation infrastructure; and agencies and resources associated with the management and regulation of pollution, public and recreational lands, and natural resources.

Summary of Committee-Reported Resolution

The committee-reported FY 2016 budget resolution calls for $36.3 billion in budget authority and $39.0 billion in outlays in FY 2016. Discretionary budget authority in FY 2016 totals $34.5 billion, with $37.2 billion in related outlays. Mandatory spending is $1.8 billion in
budget authority and $1.8 billion in outlays. Over 10 years, budget authority totals $406.5 billion, and outlays are $412.5 billion, a divergence of $19.7 billion from baseline levels.

Plan Addresses Challenges

The budget envisions committees engaging in an examination of the federal government’s environmental regulatory framework. In recent years, statutes that have remained unchanged for decades have provided the legal basis for sweeping regulations that impact vast swaths of the economy. The President’s Climate Action Plan and burdensome compliance procedures, required even for basic infrastructure projects, are evidence of needed improvements for committees to examine.

Agricultural conservation programs were improved and streamlined through the recent farm bill, yielding savings of 6.5 percent from the baseline spending level. The budget recognizes committees can investigate opportunities for further improvement to achieve additional savings to the taxpayers without harming our agricultural sector.

The federal government owns a large amount of land in Western states and does not always manage those lands and their resources properly. Publicly owned forests are often sources of disease and wildfires, while the share of onshore oil and gas production from public lands has been falling.

The budget assumes policies from committees that fully fund wildfire suppression operations and make provision for hazardous fuels reduction, timber harvests, and other programs that promote healthy forest management. The budget allows committees to review timber production from National Forests. Over time, policies that reduce the risk and severity of wildfires, while supporting local economies through job creation and shared receipts, could be considered. The budget also empowers committees to consider legislation that increases regular appropriations for wildfire suppression costs to an amount over the 10-year average of wildfire suppression costs, while fixing the common and self-defeating practice of “fire-borrowing,” allowing limited access to cap adjustments within the BCA framework, and funding programs at the National Forest Service and Bureau of Land Management that are necessary to maintain healthy forests.

BUDGET FUNCTION 350: AGRICULTURE

The Agriculture function provides for the continued success of American agriculture and the agricultural industry. This function includes only programs and policies concerned with agricultural production.

Summary of Committee-Reported Resolution

The committee-reported FY 2016 budget resolution calls for $20.6 billion in budget authority and $20.6 billion in outlays in FY 2016. Discretionary budget authority in FY 2016 totals $5.9 billion, with $5.9 billion in related outlays. Mandatory spending is $14.7 billion in
budget authority and $14.7 billion in outlays. Over 10 years, budget authority totals $218.1 billion, and outlays are $213.3 billion, a divergence of $11.5 billion from baseline levels.

Plan Addresses Challenges

Many programs at the Department of Agriculture promote unauthorized research or conduct activities better-suited to other agencies. The budget encourages the committees to review authorized programs to better align needs and resources.

The 2014 farm bill achieved less than 3 percent of savings from baseline spending levels through reforms of commodity programs and crop insurance. Much of that savings has been lost due to the configuration of new programs that replaced direct payments. The United States needs a robust and straightforward safety net for farmers. The budget allows committees to reexamine the farm safety net for necessary improvements that strengthen its ability to streamline program payments.

BUDGET FUNCTION 370: COMMERCE AND HOUSING CREDIT

The Commerce and Housing Credit function includes the regulation and promotion of commerce and certain housing policies and agencies. Agencies concerned with the economy as a whole fall into this function. In addition, general-purpose subsidies and credit subsidies are recorded here.

Summary of Committee-Reported Resolution

The committee-reported FY 2016 budget resolution calls for $1.9 billion in budget authority and -$11.7 billion in outlays in FY 2016. Discretionary budget authority in FY 2016 totals -$8.1 billion, with -$7.9 billion in related outlays. Mandatory spending is $10.0 billion in budget authority and -$3.7 billion in outlays. Over 10 years, budget authority totals -$5.6 billion, and outlays are -$179.9 billion, a divergence of $121.0 billion from baseline levels. These figures reflect the combined on- and off-budget amounts associated with this function.

Plan Addresses Challenges

Taxpayers remain at too great an exposure to market shocks in the housing industry, which is susceptible to market-distorting signals. At the same time, regulatory agencies continue to implement the Dodd Frank Act. The budget invites the re-examination of many of the questions that were raised in the 2008 financial crisis with the goal of limiting taxpayer risk and ensuring a robust and effective financial regulatory framework.

Other programs within Function 370 are evidence of excessive government involvement in the economy. The budget allows for an examination of policies to allow the market more freedom to pick winners and losers.

The Federal Communications Commission (FCC) role bears re-examination. Recently, the FCC raised taxes on American cell phone users in order to fund its expanded E-Rate program for schools and libraries. Controversy continues to swirl around the provision of phone service
through Lifeline. The FCC’s vast regulatory power was on display in its recent “Open Internet” order. The budget allows committees to review the FCC and its activities.

**BUDGET FUNCTION 400: TRANSPORTATION**

The Transportation function focuses on aid and regulation for ground transportation (including roads and highways, railroads, and urban mass transit), air transportation (including aeronautical research conducted by NASA), and maritime commerce. The major agencies included in this function are the Department of Transportation (including the Federal Aviation Administration, Federal Highway Administration, Federal Transit Administration, and Maritime Administration), the Department of Homeland Security (including the Transportation Security Administration, United States Coast Guard, and the Federal Air Marshal Service), and the National Railroad Passenger Corporation.

**Summary of Committee-Reported Resolution**

The committee-reported FY 2016 budget resolution calls for $71.5 billion in budget authority and $88.4 billion in outlays in FY 2016. Discretionary budget authority in FY 2016 totals $29.1 billion, with $87.2 billion in related outlays. Mandatory spending is $42.4 billion in budget authority and $1.2 billion in outlays. Over 10 years, budget authority totals $750.4 billion, and outlays are $806.4 billion, a divergence of $162.5 billion from baseline levels.

**Plan Addresses Challenges**

The Highway Trust Fund is insolvent. Spending outpaces revenues from the gas tax by approximately $14 billion each year, and that number is growing. If spending is kept at baseline levels, CBO estimates a $169 billion shortfall in the Highway Trust Fund over the next 10 years. The budget allows committees to bring spending in line with revenues, putting the Highway Trust Fund on a more sustainable financial path, and preserves the user-pays principle in which the public receives the level of service for which they have paid. At the same time, this budget envisions reducing a number of lower priority items, wasteful spending, and diversions of funds away from core transportation activities, to focus on the essential activities necessary for maintaining this nation’s surface transportation, aviation and safety. The final package of these policies will be determined by the appropriate committees of jurisdiction in future legislation.

**BUDGET FUNCTION 450: COMMUNITY AND REGIONAL DEVELOPMENT**

The Community and Regional Development function includes federal programs to improve community economic conditions, promote rural development, and assist in federal preparations for and response to disasters. This function provides appropriated funding for the Community Development Block Grant, Department of Agriculture rural development programs, Bureau of Indian Affairs, Federal Emergency Management Agency, and other disaster mitigation and community development-related programs. It also provides mandatory funding for the federal flood insurance program.
Summary of Committee-Reported Resolution

The committee-reported FY 2016 budget resolution calls for $17.4 billion in budget authority and $22.3 billion in outlays in FY 2016. Discretionary budget authority in 2016 totals $16.2 billion, with $20.9 billion in related outlays. Mandatory spending is $1.2 billion in budget authority and $1.4 billion in outlays. Over 10 years, budget authority totals $186.5 billion, and outlays are $211.9 billion, a divergence of $38.6 billion from baseline levels.

Plan Addresses Challenges

An inefficient grant system currently exists in domestic development programs funded within this budget function. In the past, the Office of Management and Budget (OMB) has judged many of the current grant programs to be ineffective, unable to demonstrate results, or duplicative of other federal programs.

The Senate Budget Committee believes that committees could review creating a more efficient grant system, with congressional committees possessing stronger oversight roles. Consolidating these various grant programs not only would eliminate waste, but also could provide states the opportunity to have larger, more targeted and effective grants. As such, the budget supports committee and government audits of various grant programs to combat waste, fraud, and abuse.

BUDGET FUNCTION 500: EDUCATION, TRAINING, EMPLOYMENT, AND SOCIAL SERVICES

The Education, Training, Employment, and Social Services function includes funding for the Department of Education, some social services programs within the Department of Health and Human Services, and employment and training programs within the Department of Labor.

Summary of Committee-Reported Resolution

The committee-reported FY 2016 budget resolution calls for $86.3 billion in budget authority and $95.7 billion in outlays in FY 2016. Discretionary budget authority in FY 2016 totals $91.4 billion, with $95.0 billion in related outlays. Mandatory spending is $5.1 billion in budget authority and $746 million in outlays. Over 10 years, budget authority totals $930.0 billion, and outlays are $942.3 billion, a divergence of $14.3 billion from baseline levels.

Plan Addresses Challenges

Federal loans and grants for post-secondary education are major components of mandatory spending in this function. College affordability is declining, despite recent surges in federal student aid. This dynamic is unsustainable. Pell Grant funding tripled from 2001 to 2010, yet the tuition-purchasing power of the maximum grant is at an all-time low. Post-secondary students now borrow $100 billion annually, and the typical senior now graduates owing more than $30,000, but is the likely not to be employed in a job not requiring a college degree. Student loan delinquencies are at historically high levels, and outstanding debt exceeds $1
trillion. The President’s budget recognizes that federal student aid policies can have unintended consequences; it proposes student loan policy revisions “to protect against institutional practices that may further increase student indebtedness.” The budget allows committees to craft legislation to address these challenges that the nation’s students now face.

**BUDGET FUNCTION 550: HEALTH**

The Health function contains spending on a variety of health care services administered by the Department of Health and Human Services. This function also includes health research conducted by the National Institutes of Health; public health and safety programs conducted by the Centers for Disease Control and Prevention; primary health care services conducted by the Health Resources and Services Administration; and the regulation of pharmaceuticals, medical devices, and food products conducted by the Food and Drug Administration. However, the most significant drivers of spending in the function are the coverage provisions of the President’s health care law and Medicaid.

**Summary of Committee-Reported Resolution**

The committee-reported FY 2016 budget resolution calls for $414.3 billion in budget authority and $424.7 billion in outlays in FY 2016. Discretionary budget authority in FY 2016 totals $57.7 billion, with $58.4 billion in related outlays. Mandatory spending is $356.6 billion in budget authority and $366.3 billion in outlays. Over 10 years, budget authority totals $4,376.4 billion, and outlays are $4,384.4 billion, a divergence of $2,487.0 billion from baseline levels.

**Plan Addresses Challenges**

This budget provides for committees to repeal and replace the President’s health law, including the health insurance exchange subsidies and Medicaid expansion enacted by the law. The budget allows committees of jurisdiction to develop common-sense health care solutions that lower costs and improve care.

Under current law, the Medicaid program is financed jointly by federal and state governments. The federal government’s share of spending for services is based on a formula that provides a higher reimbursement to states with lower per capita incomes relative to the national average. Almost all federal Medicaid funding is provided on an open-ended basis to the states, meaning that increases in the number of enrollees or in costs per enrollee translate into more federal payments to states. However, the program is administered by the states. States have some flexibility in determining eligibility rules, which services to cover, program administration, and payment rates for providers.

During times of economic growth, states have expanded eligibility and increased benefits largely because they pay only a fraction of the cost as a result of the program’s matching rate formula. Yet during economic downturns, states have limited avenues for reducing Medicaid spending and scaling back program expansions, while the number of beneficiaries grows as the
number of people eligible for the program increases. The current financing structure has created a challenge both for the federal government and states that have fewer resources to provide health care for low-income people, particularly when those services are needed the most. If Medicaid’s financing is not strengthened, it threatens the sustainability of the safety net and further crowds out spending on other budget areas.

This budget envisions committees considering policies to create a new, stable, and predictable funding mechanism for states. The committees could modernize Medicaid based on the successful model of the Children’s Health Insurance Program (CHIP), created with congressional Republican leadership in 1997. The CHIP model could serve low-income, working-age, able-bodied adults and children eligible for Medicaid. By allowing committees to craft policies that place the Medicaid non-disabled populations onto a CHIP-style platform, the budget greatly supports increased state flexibility in designing benefits and administering its programs. Importantly, the budget assumes no changes to the funding of acute-care services for the low-income elderly and individuals with disabilities. The budget places home- and community-based services on a level playing field with institutional long-term care, and provides the ability of committees to create stable and predictable funding, so that long-term services and supports are sustainable for the federal government, the states, and, importantly, those served by Medicaid.

**BUDGET FUNCTION 570: MEDICARE**

The Medicare function includes only the Medicare program, which provides health insurance to senior citizens and certain persons with disabilities. Nearly 99 percent of spending in this function occurs on the mandatory side of the budget, and almost all of the mandatory spending consists of payments for Medicare benefits. The balance of spending is discretionary annual appropriations for the cost of administering and monitoring the Medicare program.

**Summary of Committee-Reported Resolution**

The committee-reported FY 2016 budget resolution calls for $567.2 billion in budget authority and $567.1 billion in outlays in FY 2016. Discretionary budget authority in FY 2016 totals $6.6 billion, with $6.6 billion in related outlays. Mandatory spending is $560.6 billion in budget authority and $560.6 billion in outlays. Over 10 years, budget authority totals $6,930.9 billion, and outlays are $6,929.9 billion, a divergence of $434.7 billion from baseline levels.

**Plan Addresses Challenges**

Medicare spending is on an unsustainable course. The Hospital Insurance Trust Fund is on a path to become insolvent as early as 2021, under the Medicare Trustees’ high-cost scenario. CBO expects the trust fund will be exhausted early in the decade following 2025. According to the independent actuaries at the Centers for Medicare and Medicaid Services, over the next 75 years, the federal government has promised more than $35 trillion in Medicare benefits in excess of dedicated sources of revenue to support the program. Demographic changes also will place a
strain on the federal budget, even in the near term. In 2011, the oldest baby boomers turned 65 and began enrolling in Medicare. CBO estimates that the number of Medicare beneficiaries will increase by more than a third over the next decade, and that by 2024, roughly 60 percent of baby boomers will be receiving Medicare benefits.

The budget assumes committees will act to extend Medicare’s solvency now, while helping place the program on a path to permanent solvency over the long term. The Senate Finance Committee ultimately will determine the Medicare reforms enacted to meet the goals of the budget resolution. However, this budget allows committees to repeal the Independent Payment Advisory Board (IPAB) mechanism under the President’s health law. The budget also supports the total amount of proposed net Medicare savings in the President’s budget as a target without endorsing the President’s specific policy proposals. The plan allows the Senate Finance Committee to develop a path forward as part of future negotiation with the administration.

The budget allows committees to write policies as they choose to extend the life of Medicare’s Hospital Insurance Trust Fund by at least an additional five years, which Republicans support. The plan also accommodates legislation to provide for a Medicare “doc fix” through a reserve fund, in order to preserve seniors’ access to their doctors and prevent a scheduled 21 percent cut in physician payment rates from taking effect.

**BUDGET FUNCTION 600: INCOME SECURITY**

The Income Security function covers a range of income security programs that provide cash or near-cash assistance to low-income persons, and benefits to certain retirees, persons with disabilities, and the unemployed.

**Summary of Committee-Reported Resolution**

The committee-reported FY 2016 budget resolution calls for $529.5 billion in budget authority and $528.8 billion in outlays in FY 2016. Discretionary budget authority in FY 2016 totals $65.1 billion, with $65.4 billion in related outlays. Mandatory spending is $464.4 billion in budget authority and $463.4 billion in outlays. Over 10 years, budget authority totals $4,899.5 billion, and outlays are $4,858.0 billion, a divergence of $760.3 billion from baseline levels.

**Plan Addresses Challenges**

Participation in programs funded through this function typically increase during a recession and decrease during a recovery. The latest recession and recovery have been different. Participation rates have increased more than poverty or unemployment.

Over the past several years, many states relaxed eligibility standards and increased enrollment for persons above the poverty level in programs supported by this function, threatening their fiscal sustainability.

Waste, fraud, and abuse continue to plague some programs. The Treasury Department’s Inspector General has reported that millions of people who are not authorized to work in the
United States have claimed billions of dollars in refundable child tax credits. This problem could be fixed by requiring the use of Social Security Numbers just as we do for the Earned Income Tax Credit.

The budget assumes that Congress will make improvements to the programs in this function, ensuring programs for vulnerable populations will be protected. The budget supports committees acting on reforms that would provide states with flexibility so that they can target assistance to those most in need. The budget further assumes that the committees of jurisdiction will exercise fiscal discipline and work to reduce spending on duplicative and wasteful programs.

**BUDGET FUNCTION 650: SOCIAL SECURITY**

The Social Security function consists of the payroll-tax-financed programs collectively known as Social Security: Old-Age and Survivors Insurance (OASI) and Disability Insurance (DI). These programs provide retirement and disability benefits to approximately 56 million eligible retired workers, disabled persons, and their spouses and dependents. This function includes both Social Security benefit payments and funds to administer the program and ensure program integrity.

**Summary of Committee-Reported Resolution**

The committee-reported FY 2016 budget resolution calls for $930.0 billion in budget authority and $925.9 billion in outlays in FY 2016. Discretionary budget authority in FY 2016 totals $5.0 billion, with $5.1 billion in related outlays. Mandatory spending is $924.9 billion in budget authority and $920.7 billion in outlays. Over 10 years, budget authority totals $12,285.9 billion, and outlays are $12,225.4 billion. There is no change from baseline levels.

**Plan Addresses Challenges**

Social Security is on track to bankruptcy. Declining birth rates and rising life expectancies, along with the aging of the baby boomers, is leading to a permanent demographic shift, reducing the ratio of workers to beneficiaries from 3-to-1 to 2-to-1.

This demographic shift will increase the cost of benefits, relative to payroll tax revenue, resulting in rising deficits. These deficits will deplete the Disability Insurance Trust Fund in 2016 and the Old-Age and Survivors Insurance Trust Fund in 2033, resulting in automatic across-the-board benefits cuts of 20 percent to 25 percent, respectively.

This budget assumes that the Senate Finance Committee, as the committee of jurisdiction, will work in a bipartisan fashion to enact legislation to confront the challenges facing the Social Security program, including the approaching insolvency of the Disability Insurance Trust Fund.
BUDGET FUNCTION 700: VETERANS BENEFITS AND SERVICES

The Veterans Benefits and Services function includes veterans' health administration and health services (majority of the discretionary spending), veterans' pensions and disability compensation (majority of the mandatory spending), and other veterans' services.

Summary of Committee-Reported Resolution

The committee-reported FY 2016 budget resolution calls for $166.7 billion in budget authority and $170.2 billion in outlays in FY 2016. Discretionary budget authority in 2016 totals $68.6 billion, with $68.3 billion in related outlays. Mandatory spending is $98.1 billion in budget authority and $101.8 billion in outlays. Over 10 years, budget authority totals $1,817.4 billion, and outlays are $1,812.7 billion. There is no change from baseline levels.

Plan Addresses Challenges

This budget resolution assumes no changes in discretionary or mandatory spending for this function. The Senate Budget Committee will take a continued interest in providing veterans with the care and resources they deserve. The budget contains a reserve fund for the improvement of the delivery of benefits and services to veterans. This deficit-neutral reserve fund will allow Congress, in a fiscally responsible manner, to keep our promise of high-quality health care and services to those who have served our country.

BUDGET FUNCTION 750: ADMINISTRATION OF JUSTICE

The Administration of Justice function includes programs to provide judicial services, police protection, law enforcement (including civil rights), rehabilitation and incarceration of criminals, and the general maintenance of domestic order.

Summary of Committee-Reported Resolution

The committee-reported FY 2016 budget resolution calls for $52.5 billion in budget authority and $56.8 billion in outlays in FY 2016. Discretionary budget authority in 2016 totals $51.3 billion, with $52.0 billion in related outlays. Mandatory spending is $1.2 billion in budget authority and $4.8 billion in outlays. Over 10 years, budget authority totals $618.2 billion, and outlays are $621.3 billion, a divergence of $29.1 billion from baseline levels.

Plan Addresses Challenges

Each year, Congress uses budget maneuvers, known as ChiMPs (Changes in Mandatory Programs), with spending found in this function, to allow for additional budget authority during the appropriations process. The Crime Victims Fund, Assets Forfeiture Fund, and Treasury Forfeiture Fund will be protected in order to maintain a stable source of support for assisting victims, the intended purpose of these funds. Through accountability, trust can be rebuilt with the American taxpayer, and these changes can receive bipartisan support.
This function also includes funding for grants to law enforcement to keep our country and our communities strong and secure. The budget supports committees reviewing these various programs so that these programs operate in the best manner possible.

BUDGET FUNCTION 800: GENERAL GOVERNMENT

The General Government function includes the activities of the White House and the Executive Office of the President, the legislative branch, and programs to carry out the administrative responsibilities of the federal government, including personnel management, fiscal operations, and property control.

Summary of Committee-Reported Resolution

The committee-reported FY 2016 budget resolution calls for $23.8 billion in budget authority and $23.7 billion in outlays in FY 2016. Discretionary budget authority in FY 2016 totals $17.2 billion, with $17.1 billion in related outlays. Mandatory spending is $6.6 billion in budget authority and $6.6 billion in outlays. Over 10 years, budget authority totals $266.3 billion, and outlays are $263.2 billion, a divergence of $4 billion from baseline levels.

Plan Addresses Challenges

This function contains many of the programs and activities that constitute the operational responsibilities of the federal government. It also funds the salaries of federal lawmakers and White House officials, and those who staff Congress and the Executive Office of the President. These individuals should share in the sacrifice necessary to balance the budget. If committees act, the budget allows management and personnel efficiencies in the legislative branch and the White House, to reflect broader recommendations to right-size the government and modernize the federal workforce.

BUDGET FUNCTION 900: NET INTEREST

The Net Interest function contains the interest paid to private and foreign government holders of U.S. Treasury securities. This function includes interest on the public debt less the interest received by the federal government from trust fund investments and loans to the public. It contains mandatory payments, with no discretionary components.

Summary of Committee-Reported Resolution

The committee-reported FY 2016 budget resolution calls for $274.4 billion in budget authority and $274.4 billion in outlays, all of which are mandatory, in FY 2016. Over 10 years, budget authority totals $4,788.1 billion, and outlays are $4,788.1 billion, a divergence of $701.4 billion from baseline levels. These figures reflect the combined on- and off-budget amounts associated with this function.
Plan Addresses Challenges

The budget proposes no policy changes for Function 900. Outlays in this function respond entirely to the changes in annual total budget deficits and borrowing from the public to meet or pay those deficits. The changes in spending and revenue levels described elsewhere in this budget plan account for all changes in Function 900 outlays.

BUDGET FUNCTION 920: ALLOWANCES

This function displays the budgetary effects of proposals that cannot easily be distributed across other budget functions.

Summary of Committee-Reported Resolution

The committee-reported FY 2016 budget resolution calls for -$12.3 billion in budget authority and -$5.5 billion in outlays in FY 2016. Discretionary budget authority in FY 2016 totals -$15.1 billion, with -$11.4 billion in related outlays. Mandatory spending is $2.8 billion in budget authority and $5.9 billion in outlays. Over 10 years, budget authority totals -$677.8 billion, and outlays are -$630.7 billion, a divergence of $272.5 billion from baseline levels.

Plan Addresses Challenges

Function 920 levels reflect the impact of policy assumptions that would have an impact across federal agencies. Current federal workforce hiring, pay, and promotion practices are outdated and inefficient. Productivity and worker morale suffer as a result. CBO found recently that federal employees and private sector counterparts with similar education levels receive dissimilar compensation. The distribution of pay and benefits within the federal workforce is also dysfunctional. Too little scope is available for rewarding high performers, or for encouraging low-performers to improve. The result is low morale. In a recent Office of Personnel Management survey of federal employees, less than one-third agreed that promotions are based on merit, or that steps are taken to deal with poor performers. If committees choose to address these and other issues, the budget could support such efforts.

Function 920 also includes the lower spending on benefit programs and activities other than interest payments that will result from the enhanced economic growth from the lower deficits anticipated in this budget.

BUDGET FUNCTION 950: UNDISTRIBUTED OFFSETTING RECEIPTS

This function comprises major offsetting receipts items that would distort the funding levels of other functional categories if they were distributed to them.

Summary of Committee-Reported Resolution

All funding in this function is mandatory. The committee-reported FY 2016 budget resolution calls for -$86.0 billion in budget authority and -$86.0 billion in outlays in FY 2016.
Over 10 years, the budget authority in this function totals -$1,102.6 billion and outlays total -$1,102.8 billion, an increase of $14.5 billion. These figures reflect the combined on- and off-budget amounts associated with this function.

Plan Addresses Challenges

The spending assumptions in this function reflect a portion of the budgetary implications from reform policies also captured in other functions.

REVENUES

Federal revenues are comprised of taxes and other collections from the public that result from the government’s sovereign powers to impose levies under Article I, section 8, clause I of the U.S. Constitution. Federal revenues include individual and corporate incomes taxes, social insurance taxes, excise taxes, estate and gift taxes, customs duties, and miscellaneous receipts.

Summary of Committee-Reported Resolution

The committee-reported FY 2016 budget resolution calls for $3,459.5 billion in revenues in FY 2016 ($2,666.8 billion on-budget, $792.8 billion off-budget) and $41,669.7 billion over 10 years ($32,170.6 billion on-budget, $9,499.1 billion off-budget), the same as baseline levels.

Plan Addresses Challenges

The United States tax code is overly complicated, inefficient, and archaic. The current tax structure hurts economic growth, frustrates working Americans, and pushes American businesses overseas. The budget resolution assumes that the tax-writing committees will adopt a tax reform proposal that reduces marginal rates but broadens the tax base to create a fairer, efficient, competitive, pro-growth tax regime that is revenue neutral. If the tax-writing committees choose, the revenue-neutral tax reform would include a permanent extension of section 179 and a repeal of the tax increases in the Patient Protection and Affordable Care Act.
III.  **Budget Enforcement**

The Senate Republican blueprint, reported by the Senate Budget Committee, balances the budget in 10 years—a necessary effort to establish fiscal discipline and restore faith with the nation’s hardworking taxpayers. To help reach this goal, the budget resolution includes reconciliation instructions and budget enforcement tools that will help bring federal spending programs in line with the reported levels in the resolution.

**Reconciliation**

The budget instructs the Finance Committee and the Committee on Health, Education, Labor, and Pensions each to report, by July 31, 2015, changes in laws within their jurisdiction to reduce the deficit by no less than $1 billion over the 10-year period of FY 2016 through FY 2025.

The U.S. Supreme Court is currently reviewing key elements of the Patient Protection and Affordable Care Act of 2010 and will issue its ruling after the budget process is complete. Any change to that law could significantly and suddenly alter the current projected levels of spending in the budget resolution.

**Other Budget Enforcement**

The enforcement title addresses overspending, promotes honest accounting, and extends certain enforcement tools already in current law.

**Subtitle A**

- **Extends Current Supermajority Enforcement.** The resolution extends supermajority points of order created in the Congressional Budget Act and in prior budget resolutions.
- **Prohibits Long-Term Deficits.** The resolution updates the current point of order against legislation that would increase long-term deficits.
- **Updates Advance Appropriations.** The resolution updates the existing point of order against advance appropriations to conform to the new budget window.
- **Strengthens the Restriction on Unfunded Mandates.** The resolution curtails the practice of inserting unfunded mandates on state and local governments in federal legislation by increasing the vote threshold needed to waive the existing prohibition from a simple majority to 60 votes.
- **Restores Reconciliation.** The resolution restores the equal treatment of all reconciliation bills, consistent with budget law prior to 2008, by repealing section 202(a) of S. Con. Res. 21, the FY 2008 budget resolution.
- **Phases Out ChiMPs That Do Not Reduce Outlays.** The resolution phases out the use of “ChiMPs” (changes in mandatory programs) in appropriation bills that reduce budget authority but do not result in any net outlay savings. For FY 2016, the limit on this type of ChiMP is $19 billion, the amount contained in FY 2015 appropriations measures. Thereafter, the limit will be reduced by 20 percent per year until FY 2021, when ChiMPs that fail to reduce net outlays will no longer be permitted in appropriation measures. The limit is enforced with a 60-vote point of order.
• **Requires Cost Estimates.** The resolution requires a CBO cost estimate of legislation—prepared pursuant to sec. 402 of the Budget Act—to be made available on CBO’s website at least 24 hours before a vote on final passage.

• **Protects Reconciliation Savings.** The resolution adopts a House rule that protects the reported savings of a reconciliation bill from amendments that result in a net increase in spending.

• **Reviews OCO Spending.** The resolution establishes a point of order that allows the Senate to review the designation for Overseas Contingency Operations (OCO) in FY 2016 and FY 2017. Designations that cause the total amount of OCO spending in those years to exceed $58 billion and $55.5 billion, respectively, are subject to a point of order, which if raised would require 60 votes to waive. If sustained, the offending provision would be stricken, but the rest of the measure would remain standing.

• **Protects the Crime Victim’s Fund.** The resolution includes a point of order against any measure that includes CHAMPs that affect the Crime Victims Fund. The point of order, if raised, would require 60 votes to waive. If sustained, the offending provisions would be stricken, but the rest of the measure would remain standing.

• **Requires Accurate Budget Enforcement.** The resolution directs the Chairman of the Budget Committee, for enforcement purposes only, to disregard the budgetary effects of timing shifts and rescissions that do not reduce outlays included in legislation.

• **Provides Fair-Value Estimates.** For legislation affecting federal direct loan and loan guarantee programs, the resolution directs CBO to provide in its cost estimates an assessment using fair value, in addition to its estimates pursuant to the Federal Credit Reform Act. According to CBO, fair-value estimates “...more fully account for the cost of the risk the government takes on. In particular, the fair-value approach accounts for the cost of market risk, which FCRA procedures do not.” These estimates would serve informational purposes.

• **Provides Honest Accounting Estimates.** The resolution directs CBO to produce, alongside its conventional estimates, cost estimates that incorporate the economic effects of major policy changes. These estimates would serve informational purposes.

• **Scores Currency Modernization.** The resolution directs CBO to incorporate the impact of reduced borrowing associated with a conversion from the paper dollar to the dollar coin.

• **Scores Energy Contracts Accurately.** The resolution directs CBO to score energy contracts not on a cash basis, but rather by using net present value, a method that more accurately represents the economic value of these transactions.

**Subtitle B**

• **Encourages Oversight of Government Performance.** The resolution directs Senate committees to identify waste, fraud, abuse, and duplication in federal programs, and to review matters

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identified by the Government Accountability Office, or GAO (in GAO's annual duplication report or its High Risk list) for consideration by Congress. In addition, the resolution asks committees to provide recommendations for improved governmental performance in their annual views and estimates reports.

- **Establishes the Budgetary Treatment of Discretionary Administrative Expenses.** The resolution requires the joint explanatory statement accompanying the conference report on the budget resolution to include amounts for the discretionary administrative expenses of the Social Security Administration and the United States Postal Service—which are subject to the discretionary spending caps—in the allocation to the Appropriations Committee.

- **Allows for Changes in Allocations and Aggregates.** The resolution directs that (1) adjustments of allocations and aggregates, made under the authority of a reserve fund or other directive, will apply while a measure is under consideration, take effect once the measure is enacted, and be published in the Congressional Record; (2) revisions to allocations and aggregates will be considered as if contained in this budget resolution, for enforcement purposes; and (3) Budget Committee estimates will serve as the basis for determining new levels of budget authority, outlays, direct spending, new entitlement authority, revenues, deficits, and surpluses.

- **Allows for Changes in Concepts and Definitions.** In the event Congress enacts a bill or joint resolution that changes concepts or definitions, the resolution provides the Budget Committee Chairman with the authority to change levels and allocations in this resolution, accordingly.

- **Exercises Rulemaking Power.** The resolution declares that the provisions in Title III of the resolution are promulgated under the Senate's rulemaking power and will be considered part of the rules of the Senate.
IV. ECONOMICS

Table 1 below shows the assumed levels and rates of change for key economic variables that constitute the economic assumptions of the Senate Budget Committee-reported FY 2016 budget resolution. The Budget Committee fully adopted CBO’s economic forecasts and projections as published in its January 2015 Budget and Economic Outlook report.

<table>
<thead>
<tr>
<th>Economic Assumptions for the Senate Budget Resolution (Fiscal Years)</th>
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<tbody>
<tr>
<td>-----------------------------</td>
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<tr>
<td>Gross Domestic Product (GDP)</td>
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<tr>
<td>Percentage change</td>
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<td>Real GDP</td>
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<td>Billion of chained 2012 dollars</td>
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<td>Percentage change</td>
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<td>Consumer Price Index, all Urban Consumers (CPI-U)</td>
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<td>1982=100</td>
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<tr>
<td>Percentage change</td>
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<tr>
<td>Price Index, Personal Consumption Expenditures (PCE)</td>
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<td>2009=100</td>
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<tr>
<td>Percentage change</td>
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<td>Unemployment Rate, Civilian, 16 Years or Older</td>
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<td>Percent</td>
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<tr>
<td>Employment, Total, Nonfarm (Establishment Survey)</td>
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<td>Millions</td>
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<tr>
<td>Percentage change</td>
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<tr>
<td>10-Year Treasury Note Percent</td>
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<tr>
<td>Income, Personal</td>
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<td>Percentage of GDP</td>
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Comparison with Other Forecasters

Table 2 shows how the Budget Committee’s assumptions compare with economic forecasts made by private sector economists (as reported by Blue Chip Economic Indicators) and with the White House Office of Management and Budget, or OMB (as reported in the Analytical Perspectives. Budget of the United States Government. Fiscal Year 2016). Table 2 differs slightly from Table 1 in that it contains calendar year forecasts, while Table 1 shows fiscal year forecasts. It was necessary to move to calendar year annual rates of change for Table 2 due to Blue Chip’s convention of only publishing calendar year forecasts. Again, the committee fully adopted CBO’s forecasts and projections.
Table 2
Senate Budget Committee / Congressional Budget Office Economic Assumptions
Compared with the Blue Chip Economic Indicators and the Office of Management and Budget
(Calendar Years, Annual Percent Rates of Change)

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<td>Nominal Gross Domestic Product (GDP)</td>
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<td>(Current Dollars)</td>
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<td>Real GDP (Chained 2009 Dollars)</td>
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<td>Unemployment Rate (Percent of Civilian Labor Force)</td>
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<td>10-Year Treasury Note (Percent Per Annum)</td>
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Overview of the Economy

The Slow Recovery: The U.S. economy has struggled to recover from the Great Recession of 2007 to 2009 and, particularly, from the burden of policies enacted then and afterwards that failed to boost the economic growth rate. Stark economic realities continue to face hardworking taxpayers.
Millions of Americans have seen their opportunities vanish because this recovery fell so far below average. The administration’s policies have helped produce the slowest employment recovery in U.S. history, even longer than any recovery period in the 1930s. While data on 19th century recoveries are spotty, historians cannot find any longer period when the economy failed to achieve the same level of output as it had when the recession began. It took 75 months before the number of jobs returned to its December 2007 level, an unprecedented period of job loss and income decline for millions of Americans.

Total economic output reflected the slow recovery in employment. It took more than three years for Gross Domestic Product (GDP) to recover its December 2007 level, compared with less than two years to recover from the equally severe 1981 recession. That’s three years of lost opportunities. Even after the economy began to recover in June 2009, the pace of GDP growth was decidedly slow.
Sluggish Labor Markets: A jobs and output depression persists for vast segments of the population. The overall percentage of the population working in any job dropped from 2010 through early 2014 to levels last seen during the late 1970s. In fact, it is now barely above employment percentages set during the worst days of the Great Recession. The labor force participation rate of males between the ages of 25 and 54 started falling sharply in 2009 and has only recently flattened out. The annual average participation rate for males and females combined is now below that of all years dating back to 1984.
There still are not as many full-time jobs in the economy as there were in December 2007. The level of part-time work has remained at its recession heights. Some claim that the total number of jobs today equals those in the economy in 2007. Such a claim, though, consists of advocates adding together part-time and full-time workers, or 27 million and 121 million employees, respectively. Those advocates also overlook the fact that, in 2007, there were 2.7 million fewer part-time workers.

The Bureau of Labor Statistics reports that the population not in the labor force has grown by 12,369,000 since January of 2009. By contrast, over the six years from 2009 to 2014, the labor force itself grew only by 2,792,000, and over the previous six years from 2004 through 2009, only by 7,368,000.

**Little Recovery in Incomes:** Inflation-adjusted income for the average family has fallen by $3,049 since December 2007 and remains at or below the lowest levels during the recession. That’s a 5 percent real income cut since 2007.
Average weekly earnings have risen by a meager 14 cents (after inflation) from June 2009 to January 2015, the latest data available. For the average worker, that’s a paltry percentage raise of 0.5 percent in the last six years.

These data show an economy still struggling from the Great Recession. Hardworking families know a recession can hurt, but they also expect an economic recovery to heal. Americans are still hurting due in large part to policies that have restricted economic growth, resulting in a disappointing economic recovery.

**Likely Economic Effects from Implementing Committee-Reported Resolution**

The Senate budget resolution provides the framework to strengthen the economy and boost the recovery to benefit individuals, families, and businesses. The resolution sets spending levels to support the work of authorizing committees to fund government activities and make policy changes with an eye toward helping America’s economy grow strong again.

Even so, changes in the overall funding levels can have significant economic effects. On March 18, 2015, CBO issued an assessment of how these funding changes alone likely would...
affect economic performance. Significantly, CBO found that the fully implemented spending levels of the budget would improve the economy:

- Per capita Gross National Product (GNP) will be 1.5 percent higher in 2025 than it would be without the spending changes.
- For the entire forecast period, FY 2016 through FY 2025, nominal GDP will be $500 billion higher by FY 2025 than otherwise.
- The economy significantly improves from spending changes alone, in income to persons (per capita GNP) and total economic output (GDP).

CBO explains that these gains in economic activity stem from how the budget would reduce the crowding out of private investors from credit markets. Crowding out occurs when the federal government’s borrowing needs to compete successfully with those of private borrowers. Not only can the federal government command credit resources more readily, thanks to its generally superior rating for default risk when compared with private borrowers, but excessive borrowing can put upward pressure on interest rates that private borrowers must pay. Less credit available in private lending markets could mean higher prices for Americans as borrowers.

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V. **Reserve Funds**

The Senate Budget Committee does not have the authority to make policy recommendations in a budget resolution—that is the role of the authorizing committees. Committees often make some of their policy priorities known in their views and estimates letters, and reserve funds are a way to accommodate those requests when the specific spending and revenue contours of those policies are unknown.

Operatively, a reserve fund allows the Chairman of the Budget Committee to revise the committee allocations, budgetary aggregates, and other appropriate levels in the budget resolution to accommodate legislation described in the reserve fund—as long as the budgetary effects of that legislation satisfy the requirements enumerated. The committee-reported resolution includes reserve funds for legislation that would:

- Accelerate economic growth and private sector job creation.
- Strengthen America’s priorities.
- Protect flexible and affordable health care choices.
- Improve access to the Children’s Health Insurance Program (CHIP).
- Provide other health-related reforms.
- Improve child welfare programs.
- Improve the delivery of benefits and services to veterans and service members.
- Reform the tax code and improve tax administration.
- Invest in America’s infrastructure.
- Improve air transportation.
- Promote domestic job creation through international trade.
- Enhance employment opportunities for disabled workers.
- Improve the Higher Education Act.
- Reform the nation’s energy policies.
- Reform the nation’s environmental policies.
- Improve America’s waterways and water resources.
- Reduce domestic reliance on foreign mineral imports.
- Reform the abandoned mine lands program.
- Improve forest health.
- Reauthorize Payments in Lieu of Taxes (PILT).
- Reform the financial regulatory system.
- Improve federal program administration.
- Implement agreements with Freely Associated States.
- Protect payments to rural hospitals and improve health care access for rural communities.
- Establish Medicaid demonstration projects to promote independent living and integrated work for the disabled.
- Reform Medicare pharmacy payments.
- Improve community health centers.
- Subject the Consumer Financial Protection Bureau (CFPB) to the appropriations process.
- Promote U.S. exports.
- Improve 529 college savings plans.
- Enhance security at overseas U.S. diplomatic facilities.
- Help struggling Americans achieve personal and financial independence.
- Improve federal land conservation and reauthorize the Secure Rural Schools Act.
- Protect taxpayers from identify fraud.
- Improve access to career and technical education.
- Enhance Federal Emergency Management Agency (FEMA) preparedness.
- Improving science, technology, engineering, and math (STEM) education.
- Promote the next generation of National Institutes of Health (NIH) researchers.
- Promote U.S. manufacturing.
- Prohibit aliens without legal status from qualifying for refundable tax credits.
- Eliminate, modify, or reduce congressionally mandated reports.
- Address heroin and opioid abuse.
- Strengthen the civilian workforce.
- Improve financial management at the Department of Defense.
- Improve federal workforce development, job training, and reemployment programs.
- Provide energy assistance and invest in energy efficiency and conservation.
- Promote greater collaboration between the VA and law school clinics serving veterans.
- Improve Department of Energy nuclear waste cleanup.
- Bolster the resilience of national-defense-related mission critical infrastructure.
- End the Department of Justice Operation Choke Point program.
- Prevent the use of federal funds for the bailout of improvident state and local governments.
VI. SUMMARY TABLES

Table 1. Summary
Table 2. Components of Deficit Reduction
Table 3. Discretionary Budget Authority
Table 4. Aggregate and Function Levels
Table 5. Allocation of Spending Authority
<table>
<thead>
<tr>
<th>TABLE 1 SUMMARY</th>
<th>FY 2016 BUDGET RESOLUTION, AS REPORTED BY THE SENATE BUDGET COMMITTEE</th>
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<td>GDP Real (6)</td>
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1. As of 2015-16 and prior years, percentage change average annual growth
2. OCS= Operating Cash Surplus
3. GDP= Gross Domestic Product
4. CBO= Congressional Budget Office
5. BA= Balanced (6)= Budget Authority
6. CT= Cash of the Cash Flow
7. FY= Fiscal Year
8. BB= Budgetary Baseline
9. CBO= Congressional Budget Office
10. GDP= Gross Domestic Product
11. CBO= Congressional Budget Office
12. FY= Fiscal Year
13. BB= Budgetary Baseline
14. CBO= Congressional Budget Office
15. GDP= Gross Domestic Product
16. CBO= Congressional Budget Office
17. GDP= Gross Domestic Product
18. CBO= Congressional Budget Office
19. GDP= Gross Domestic Product
20. CBO= Congressional Budget Office
21. GDP= Gross Domestic Product
22. CBO= Congressional Budget Office
23. GDP= Gross Domestic Product
24. CBO= Congressional Budget Office
25. GDP= Gross Domestic Product
| TABLE 2: COMPONENTS OF DEFICIT REDUCTION  
| FY 2016 BUDGET RESOLUTION, AS REPORTED BY THE SENATE BUDGET COMMITTEE  
| ($ BILLIONS) |

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**MEMORANDUM:**

- Change in Discretionary Regular Outlays
- Change in Interest
- Economic Growth Refund

\[^1\] Repayment and/or reduction of outstanding obligations and employers' program refunds

\[^2\] Economic growth adjustment to the budget

\[^3\] Economic growth adjustment to the budget

\[^4\] Economic growth adjustment to the budget
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**TABLE 4. AGGREGATE AND FUNCTION LEVELS**
FY 2016 BUDGET RESOLUTION, AS REPORTED BY THE SENATE BUDGET COMMITTEE ($ billions)

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### TABLE 4. AGGREGATE AND FUNCTION LEVELS
FY 2016 BUDGET RESOLUTION, AS REPORTED BY THE SENATE BUDGET COMMITTEE
($ billions)

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**Notes:**

- The budget resolution assumes a top statutory limit of $1.045 trillion for national defense in 2020, with annual increases of $47 billion.
- Non-Military includes programs such as international affairs, law enforcement, and veterans affairs.
- Historical data is included for comparison and planning purposes.

### Additional Details

- The budget resolution aims to reduce the federal deficit, increase national security, and promote economic growth.
- Key focus areas include defense funding, international security, and domestic priorities.

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**43**
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**TABLE 4. AGGREGATE AND FUNCTION LEVELS**

FY 2016 BUDGET RESOLUTION, AS REPORTED BY THE SENATE BUDGET COMMITTEE

($ billions)
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**Table 4. Aggregate and Function Levels**

FY 2016 Budget Resolution, as Reported by the Senate Budget Committee

($ billions)
### Table 5. Allocation of Spending Authority

#### Senate Committee on Appropriations

**Fiscal Year 2018 ($ billions)**

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<th>Outlays</th>
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*Pursuant to section 314(a) of the Congressional Budget Act of 1974, the allocation to the Committee on Appropriations will be adjusted following the reporting of bills, offering of amendments, or submission of conference reports that qualify for adjustments to the discretionary spending limits as outlined in section 251(b) of the Balanced Budget and Emergency Deficit Control Act of 1985.*
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Includes entitlements funded in annual appropriations acts.
VOTES OF THE COMMITTEE

On March 18, 2015, Chairman Enzi presented a “Chairman’s Mark” for the fiscal year 2016 Budget Resolution to the Committee.

On March 19, 2015, the following votes were taken during the Committee markup of the fiscal year 2016 Budget Resolution:

1. An amendment offered by Senators Sanders and Merkley to establish a deficit-neutral reserve fund to create jobs by investing in our nation’s infrastructure paid for increasing revenue through closing tax loopholes.

   The amendment was not agreed to by a roll call of 10 ayes and 12 noes.

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<thead>
<tr>
<th>Name &amp; State</th>
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<th>No</th>
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2. An amendment offered by Senators Grassley and Ayotte to establish a deficit-neutral reserve fund to reform, improve and enhance 529 college savings plans.

   The amendment was agreed to by a voice vote.

3. An amendment offered by Senators Sanders, Wyden, and Merkley to create a deficit-neutral reserve fund to promote a substantial increase in the minimum wage.

   The amendment was not agreed to by a roll call of 10 ayes and 12 noes.

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4. An amendment offered by Senators Crapo, Whitehouse, Toomey, and Ayotte to prevent dedicated collections to the Crime Victims Fund from being used for purposes unrelated to crime victims.

The amendment was agreed to by a voice vote.

5. An amendment offered by Senator Murray to build on the Bipartisan Budget Act of 2013 by restoring a below-sequester level cut of $9 billion to nondefense discretionary spending in 2017, replacing sequestration in 2016 and 2017, increasing defense and nondefense discretionary spending above sequester levels by equal amounts, and fully offsetting the cost by closing tax loopholes.

The amendment was not agreed to by a roll call of 10 ayes and 12 noes.

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The amendment was agreed to by a voice vote.

7. An amendment offered by Senators Whitehouse and King to acknowledge the magnitude of tax spending by adding tax expenditure levels to the budget resolution.

The amendment was agreed to by a roll call of 16 ayes and 6 noes.
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8. An amendment offered by Senator Portman to create a deficit-neutral fund to promote exports.

The amendment was agreed to by a voice vote.

9. An amendment offered by Senator Johnson to require clearer reporting of projected federal spending and deficits over a 30-year period.

The amendment was agreed to by a voice vote.

10. An amendment offered by Senators Warner, Johnson, Ayotte, and Baldwin to establish a deficit-neutral reserve fund to protect taxpayers from identity fraud.

The amendment was agreed to by a voice vote.

11. An amendment offered by Senator Wicker to provide estimates of the budgetary effects during the second decade of spending legislation if the gross change in outlays exceeds 0.25% of GDP in the first decade or tenth year of if requested by Chair or Ranking Member of the Budget Committee.

The amendment was agreed to by a voice vote.

12. An amendment offered by Senator Baldwin to require the Joint Committee on Taxation to include certain distributive effects of tax legislation.

The amendment was agreed to by a voice vote.

13. An amendment offered by Senators Corker and Johnson to require long-term scoring of increases in the discretionary spending caps and transfers to the Highway Trust Fund.

The amendment was agreed to by a voice vote.
14. An amendment offered by Senators Markley and Wyden to establish a deficit-neutral reserve fund for reducing the cost of attending an institution of higher education and ensuring that students who graduate can afford to pay back their student loans.

The amendment was not agreed to by a roll call vote 11 ayes and 11 noes.

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15. An amendment offered by Senators Perdue and Toomey to establish a spending-neutral reserve fund to subject the Consumer Financial Protection Bureau (CFPB) to the regular appropriations process.

The amendment was agreed to by a roll call vote of 12 ayes and 10 noes.

<table>
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16. An amendment offered by Senators Kaine, Pytman, and Baldwin to establish a deficit-neutral reserve fund relating to high-quality career and technical education programs.
The amendment was agreed to by a voice vote.

17. An amendment offered by Senator Wyden to establish a deficit-neutral reserve fund relating to protecting and conserving Federal land, enhancing access to Federal land for recreational opportunities, and making investments in counties and schools under the secure rural schools and community self-determination program and the payments in lieu of taxes program.

The amendment was agreed to by a roll call of 18 ayes and 4 noes.

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18. An amendment offered by Senator Enzi to insure that any extension of the Secure Rural Schools program is linked to expansion of timber harvests from federal lands in the United States.

The amendment was agreed to by a roll call vote of 12 ayes and 10 noes.

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19. An amendment offered by Senator Sessions to establish a deficit-neutral reserve fund related to welfare legislation to help struggling Americans on the road to personal and financial independence. The amendment was agreed to by a roll call vote of 16 ayes and 6 noes.

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20. An amendment offered by Senator Sanders to establish a deficit-neutral reserve fund related to welfare legislation that includes job opportunities, increased efficiency in social welfare programs, and protections from benefits cuts. The amendment was not agreed to by a roll call vote of 10 ayes and 12 noes.

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The amendment was agreed to by a roll call vote of 22 ayes.

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22. An amendment offered by Senator Stabenow to establish a deficit-neutral reserve fund to protect military readiness by strengthening the civilian workforce.

The amendment was not agreed to by a roll call vote of 10 ayes and 12 noes.

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23. An amendment offered by Senator Stabenow to create a point of order against legislation that would reduce Medicare outlays below the fiscal year 2014 level.
The amendment was withdrawn by the sponsor.

24. An amendment offered by Senator King to create a deficit neutral reserve fund for legislation to provide sequester relief to both defense and non-defense discretionary spending programs, to be offset with changes in mandatory programs and revenues.

The amendment was not agreed to by a roll call vote of 10 ayes and 12 noes.

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25. An amendment offered by Senator Sessions to establish a spending-neutral fund to prohibit illegal immigrants from qualifying for a refundable tax credit.

The amendment was agreed to by a roll call vote of 12 ayes and 10 noes.

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26. An amendment offered by Senators Sanders, Wyden, Whitehouse, and Merkley to establish a deficit-neutral reserve fund to protect the integrity of our elections, limit the corrosive influence of money in our democratic process, allow for a Constitutional amendment to overturn Citizens United, and increase transparency.

The amendment was not agreed to by a roll call vote of 10 ayes and 12 noes.

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| The amendment was agreed to by a voice vote.

27. An amendment offered by Senators Crapo, Warner, Merkley, and Corker to establish a scorekeeping rule to ensure that increases in guarantee fees of Fannie Mae and Freddie Mac shall not be used to offset provisions that increase the deficit.

The amendment was agreed to by a voice vote.

28. An amendment offered by Senators Murray, Wyden, and Baldwin to modify the deficit-neutral fund provided for in section 307 to cover legislation that relates to the eligibility for both military retirement pay and veterans’ disability compensation (concurrent receipt); the reduction or elimination of the offset between Survivor Benefit Plan annuities and Veterans’ Dependency and Indemnity Compensation; the improvement of disability benefits or the process of evaluating and adjudicating benefit claims for members of the Armed Forces or veterans; the infrastructure needs of the Department of Veterans Affairs; supporting the transition of service members to the civilian workforce; improving access to and reducing wait times for Department of Veterans Affairs health care; and providing or improving specialty services, including mental health care, homeless services, gender-specific health care, fertility treatment, and support for caregivers.

The amendment was agreed to by a voice vote.

29. An amendment offered by Senator Stabenow to require consideration of long-term deficits for any legislation relating to repealing or replacing the Patient Protection and Affordable Care Act and the health-care related provisions of the Health Care and Education Reconciliation Act of 2010.
The amendment was not agreed to by a roll call vote of 10 ayes and 12 noes.

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30. An amendment offered by Senator Johnson to establish a deficit-neutral reserve fund to prevent the use of federal funds for the bailout of improvident state and local governments.

The amendment was agreed to by a roll call vote of 15 ayes and 7 noes.

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31. An amendment offered by Senator Warner to establish a deficit-neutral reserve fund to enable greater collaboration between the Department of Veterans' Affairs and law school clinics serving veterans.

The amendment was agreed to by a voice vote.
32. An amendment offered by Senator Ayotte to establish a deficit-neutral reserve fund relating to energy efficiency, the Low Income Home Energy Assistance Program and the Land and Water Conservation Fund.

The amendment was agreed to by a voice vote.

33. An amendment offered by Senators Baldwin, Whitehouse, and Warner to preserve the point of order against reconciliation legislation that would increase the deficit or reduce a surplus.

The amendment was not agreed to by a roll call vote of 10 ayes and 12 noes.

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34. An amendment offered by Senators Portman and Kaine to create a deficit-neutral reserve fund for legislation to improve federal job training programs.

The amendment was agreed to by a voice vote.

35. An amendment offered by Senators Merkley and Wyden to establish a deficit-neutral reserve fund relating to expanding, enhancing, or otherwise improving science, technology, engineering, and mathematics.

The amendment was agreed to by a voice vote. Senator Sessions voiced a dissenting vote.

36. An amendment offered by Senators Kaine and King to establish a deficit-neutral reserve fund relating to resilience of Department of Defense infrastructure to climate change.

The amendment was agreed to by a roll call vote of 15 ayes and 7 noes.

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37. An amendment offered by Senators Graham and Ayotte to ensure adequate funding for our national security.

The amendment was agreed to by a roll call vote of 12 ayes and 10 noes.

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38. An amendment offered by Senator Toomey to ensure adequate funding for our national security.

The amendment was agreed to by a roll call vote of 12 ayes and 10 noes.

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39. An amendment offered by Senators Wyden, Stabenow, and Merkley to establish a deficit-neutral reserve fund to protect our nation’s largest safety net health care program, Medicaid.

The amendment was not agreed to by a roll call vote of 10 ayes and 12 noes.

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40. An amendment offered by Senators Crapo and Wicker to establish a deficit-neutral reserve fund to end Department of Justice Operation Choke Point and protect the Second Amendment.

The amendment was agreed to by a roll call vote of 13 ayes and 9 noes.

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41. An amendment offered by Senator Whitehouse to establish a deficit-neutral reserve fund relating to preparing FEMA to respond to natural disasters caused by climate change.

The amendment was agreed to by a voice vote. Senators Wicker and Perdue both voiced dissenting votes.

42. An amendment offered by Senator Johnson to require transparent reporting on the ongoing costs and savings to taxpayers of the Patient Protection and Affordable Care Act.

The amendment was agreed to by a voice vote.

43. An amendment offered by Senators Warner and Ayotte to eliminate or modify congressionally mandated reports.

The amendment was agreed to by a voice vote.

44. An amendment offered by Senators Ayotte, Sessions, Warner, Merkley, Toomey, Johnson, Baldwin, Kaine, and King to establish a deficit-neutral reserve fund to address heroin and prescription opioid abuse.

The amendment was agreed to by a voice vote.

45. An amendment offered by Senators King, Whitehouse, Warner, and Portman to require accurate and complete reporting on tax expenditures by the Congressional Budget Office.

The amendment was agreed to by a voice vote.

46. An amendment offered by Senator Sessions to ensure that Medicare savings are used to make Medicare more solvent.

The amendment was not agreed to by a roll call vote of 10 ayes and 12 noes.

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47. An amendment offered by Senator Stabenow to create a point of order against legislation that would reduce Medicare outlays.

The amendment was ruled out of order.


The amendment was agreed to by a voice vote.

49. An amendment offered by Senators Murray, Crapo, Graham, and Merkley to establish a deficit-neutral reserve fund for legislation to increase funding to the Department of Energy for the cleanup of nuclear waste.

The amendment was agreed to by a voice vote.

50. An amendment offered by Senator Baldwin to establish a deficit-neutral reserve fund relating to policies and programs that improve opportunities for new biomedical researchers.

The amendment was agreed to by a voice vote.

51. An amendment offered by Senator Baldwin to establish a deficit-neutral reserve fund relating to promoting manufacturing in the United States.

The amendment was agreed to by a voice vote.

52. An amendment offered by Senators Murray and Kaine to build on the Bipartisan Budget Act of 2013 by extending the replacement of sequestration in 2017, increasing defense and nondefense discretionary spending levels by equal amounts, and fully offset the impact on the deficit by updating the Chairman’s Mark with the latest projections of the Congressional Budget Office.

The amendment was not agreed to by a roll call vote of 10 ayes and 12 noes.
53. An amendment offered by Senators Stabenow, Merkley, and Baldwin to establish a deficit-neutral reserve fund to equalize contributions to the Oil Spill Liability Trust Fund for all oil sources, permanently extend the tax, and eliminate tax benefits applicable to settlements or judgments related to oil spills.

The amendment was not agreed to by a roll call vote of 11 ayes and 11 noes.

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54. Final Passage

The measure was agreed to by a roll call vote of 12 ayes and 10 noes.

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VIII. VIEWS AND ESTIMATES

The Views and Estimates for FY 2016 received from the various committees follow:

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February 27, 2015

The Honorable Michael Enzi
Chairman
Committee on the Budget
624 Dirksen Senate Building
Washington, DC 20510

The Honorable Bernard Sanders
Ranking Member
Committee on the Budget
624 Dirksen Senate Building
Washington, DC 20510

Dear Chairman Enzi and Ranking Member Sanders:

In response to your January 28, 2015 letter and pursuant to section 501(d) of the Congressional Budget Act and Section 411 of the 2010 budget resolution, we write to provide views and estimates of the U.S. Senate Committee on Agriculture, Nutrition and Forestry (Agriculture Committee) regarding the fiscal year 2016 budget resolution. We appreciate the opportunity to share these recommendations, views and estimates for the fiscal year 2016 budget process.

The Agriculture Committee’s jurisdiction includes a number of significant programs covering food, agriculture and forestry. Mandatory spending in our jurisdiction includes agricultural trade, commodity programs, conservation, crop insurance, energy, forestry, international food assistance, nutrition, research, and rural economic development. The Committee also authorizes a range of programs funded through annual appropriations.

The Agriculture Committee recognizes the difficult task that the Committee on the Budget faces on an annual basis. Since 2009, the Congressional Budget Office (CBO) states that Congress reduced annual deficits by two thirds. Nevertheless, there is still work to be done as CBO expects that ten years from now our budget deficits could add more than $3.5 trillion to our nation’s debt.

Fortunately, at the time of passage of the Agricultural Act of 2014 (2014 Farm Bill) along with sequestration under the Budget Control Act of 2013, CBO estimated approximately $23 billion of deficit reduction to the Agriculture Committee’s ten-year baseline. While the 2014 Farm Bill comprises roughly two percent of the total Federal budget, the Agriculture Committee is proud to have made a significant contribution to deficit reduction with bipartisan efforts.

Most importantly, CBO’s January 2015 baseline continues taxpayer savings.

Despite the difficult conditions that farmers and ranchers are experiencing in rural America, CBO’s January 2015 baseline projects that the Commodity Title of the 2014 Farm Bill is still on pace to save taxpayer money relative to expenditures under previous farm programs. Additionally, total program spending for Federal Crop Insurance is expected to decline.
Crop insurance is the primary risk management tool farmers use to financially recover from natural disasters and volatile market fluctuations, pay their bankers, fertilizer suppliers, equipment providers, and landlords; purchase their production inputs for the next season; and give them the confidence to make longer term investments that will increase their production efficiency. Without effective and affordable crop insurance, catastrophic production losses could sap the rural economy by setting in motion a series of harmful events: farm failures and consolidation, job losses, farm-related small business failures, financial stress on rural banks and reduced investment in U.S. agriculture.

During the writing of the 2014 Farm Bill, farmers all across the country stressed that crop insurance should be the cornerstone of any risk management tool. Unlike traditional commodity programs, farmers must first purchase crop insurance — putting “skin in the game” — before being protected, and shoulder a portion of the losses through deductibles. Recent calls for cuts to crop insurance do not take into account falling crop insurance costs even during a period of significant crop losses and the elimination of ad hoc disaster programs. In fact, over 40 emergency disaster bills in agriculture have cost taxpayers over $70 billion since 1989, according to the Congressional Research Service. Without crop insurance, Congress would face tremendous pressure to pass similar disaster programs with added costs to the taxpayer.

Regarding major nutrition programs under the Committee’s jurisdiction, specifically the Supplemental Nutrition Assistance Program (SNAP), The Emergency Food Assistance Program, the school meal programs, and the Special Supplemental Nutrition Program for Women, Infants, and Children, the Committee understands the vital role of these programs in providing temporary assistance to vulnerable populations and encouraging their efforts to live in a self-sustaining manner. SNAP is designed to provide a critical lifeline to children, seniors and families that experience economic disasters. CBO projects that SNAP will continue to decline over the ten-year budget window in both expenditures and participation resulting in a decrease of nearly 14 million participants by 2025.

Farmers and ranchers of all varieties and in all regions rely significantly on conservation programs with mandatory funds to increase their productivity while improving public resources such as air, water and wildlife. The 2014 Farm Bill also reduced this spending by $6 billion dollars, including sequestration effects. The Committee achieved much of this reduction by reducing conservation programs from 23 to 15.

Furthermore, the Committee intends to work in a bipartisan manner to complete a series of reauthorizations. With the authorizations of the Child Nutrition and Women, Infants, and Children programs set to expire at the conclusion this fiscal year, it is a priority of the Committee to draft legislation to renew and improve those programs in a number of ways. The Committee also intends to renew the Mandatory Price Reporting Act, the Commodity Exchange Act and the U.S. Grains Standards Act.

The Agriculture Committee understands it is essential for all programs within its jurisdiction to operate in an efficient manner. The Agriculture Committee will conduct robust oversight over all our programs to ensure that they are implemented efficiently, effectively, and make judicious use of taxpayer resources.
We respectfully request that the Committee on the Budget recognize the Agriculture Committee's bipartisan efforts to contribute to deficit reduction in the 2014 Farm Bill. Furthermore, if you find necessary to further reduce Federal spending, then we encourage the Committee on the Budget to look for other areas within the Federal budget that have not achieved similar bipartisan deficit reduction efforts.

Thank you for this opportunity to present the budget views and estimates of the Agriculture Committee.

Senator Pat Roberts  
Chairman

Senator Debbie Stabenow  
Ranking Member
February 27, 2015

The Honorable Mike Enzi
Chairman
The Honorable Bernard Sanders
Ranking Member
Committee on the Budget
United States Senate
Washington, DC 20510

Dear Senators Enzi and Sanders,

In response to your January 27, 2015, letter and pursuant to section 301(d) of the Congressional Budget Act of 1974, we write to provide views and estimates regarding the fiscal year 2016 budget resolution.

Consistent with the requirements of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, the Office of Management and Budget reduced the discretionary spending limits for fiscal year 2016 and set “post-sequester” caps on budget authority of $523.091 billion for the defense category and $493.491 billion for the non-defense category. As a percentage of the nation’s gross domestic product, these caps represent the lowest level of total base discretionary budget authority since 2001. As measured in constant 2016 dollars, they represent the lowest level of total base discretionary budget authority since fiscal year 2007. The nation’s population will have grown from 310.6 million in 2007 to a projected 324.0 million in 2016 according to the Census Bureau.

The Administration’s base budget request of $560.992 billion for the defense category and $529.993 billion for the non-defense category exceeds the reduced discretionary spending limits by a total of $74.403 billion. The funding levels established under existing law will not be sufficient to provide for many of the priorities included in the Administration’s fiscal year 2016 budget request, whether for defense or non-defense purposes. Neither will those levels be sufficient to fund many congressional priorities not included in the President’s request. This will make for a challenging environment in which to enact appropriations bills.
Given the difficult budgetary circumstances in this fiscal year, we strongly encourage the Budget Committee not to include limitations in the 2016 budget resolution that would further inhibit the ability of the Appropriations Committee to allocate the budget authority within its jurisdiction. First, we urge the Budget Committee to ensure that sufficient outlays are provided in the resolution to preserve the historical spending pattern of Appropriations bills. Second, we discourage the Committee from including any modifications to the existing point of order on changes in mandatory programs in appropriations bills or from altering established methods of estimating the deficit effect of discretionary credit programs. Third, we request that the Committee not include a ceiling on budget authority that can be designated for Overseas Contingency Operations, a function which is inherently unpredictable and vital to protecting our nation’s security interests. Fourth, in the event that Congress were to adopt, and the President were to sign, legislation increasing the statutory caps for fiscal year 2016, we encourage the Budget Committee to allow the allocations in the resolution to be adjusted accordingly.

In the FY 2015 omnibus appropriations bill alone, over 1,100 programs, projects or activities were reduced or eliminated, and 79 rescissions were enacted. The Appropriations Committee will continue to scrutinize funding for programs under its jurisdiction to eliminate waste, fraud and abuse and to reduce funding for lower priority programs. We appreciate the opportunity to express our views and look forward to working with you to provide for the nation’s security and non-security needs within the framework of a responsible budget.

Sincerely,

Barbara Mikulski
Vice Chairwoman

Thad Cochran
Chairman
February 27, 2015

The Honorable Michael Enzi
Chairman, Committee on the Budget
United States Senate
624 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable Bernie Sanders
Ranking Member, Committee on the Budget
United States Senate
624 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Senators Enzi and Sanders:

In accordance with your request, we write to you with our recommendations for national defense spending as you prepare the Fiscal Year 2016 budget resolution. We do so at a time of growing global crises and threats to our national security interests that are capturing the attention of the American people. As their elected representatives, we have no higher duty than to ensure that those who are sworn to protect our nation have the necessary means and support to do so.

In preparing our views and estimates, we have reviewed the effects of maintaining the spending caps mandated in the 2011 Budget Control Act (BCA). We have also begun to review the President's national defense budget request, which exceeds the BCA caps by $38 billion for FY 2016 and $182 billion from FY 2016-21. These are important considerations, to be sure, but we should not be bound by them. It is our constitutional responsibility, as an independent branch of government, to formulate our own views and estimates and provide for our national defense, regardless of current law or policy. Indeed, if we determine that existing laws and policies no longer serve our national security, it is our responsibility to propose new laws and policies.

We recognize that it is our equal responsibility to ensure that every dollar devoted to defense is spent wisely and efficiently. This is a top priority for the Committee on Armed Services. At the same time, with global crises and threats increasing, we believe that the limitations of the post-sequestration BCA—which require nearly $1 trillion of defense spending cuts over ten years—have become a national security crisis of the first order. Some insist that our nation cannot afford to spend more on defense at this time. We believe we cannot afford not to.

We know that defense is only one of the priorities that you must consider in drafting the budget resolution, just as it is for every Senator who will ultimately consider that resolution. Like the members of our Committee, we have our differences at times over these broader fiscal questions, especially the issue of non-defense discretionary spending. While there is widespread recognition that our national security depends on the funding of many federal agencies beyond the Department of Defense, the task you have assigned us is more limited: to offer our views and estimates solely on what our nation should spend on defense. We are therefore writing to provide our bipartisan views and estimates for national defense spending in FY 2016.
In short, we recommend that defense spending be restored to BCA levels prior to sequestration: $577 billion for national defense discretionary budget authority, in addition to the necessary funds for Overseas Contingency Operations (OCO).

**A Commitment to Greater Efficiency and Reform**

We recognize that, for the American people and their elected representatives to devote additional resources to national defense, they must be confident that the Department of Defense is making the best, most efficient use of our limited taxpayer dollars. That is why our Committee has made it a top priority to identify additional defense reforms, efficiencies, and modernization initiatives that can add value for the taxpayers and capability for our troops, including:

- A comprehensive approach to defense acquisition reform that is intended to foster enhanced competition, provide greater accountability, produce weapons systems on time and on budget, and improve our nation’s defense technological advantage;

- Continued scrutiny and oversight of the Department of Defense to ensure that it meets its requirement by law to be audit-ready by FY 2017;

- A thorough examination, led by our Personnel Subcommittee, of the recommendations of the congressionally-mandated Military Compensation and Retirement Modernization Commission with the goal of identifying reforms that modernize the military personnel system, improve its efficiency, and enhance the experience of our service-members;

- Committee-led investigations into significant cases of potential, waste, fraud, or abuse, including cost overruns on major defense acquisition programs, to determine what happened, why it happened, who was responsible, and who should be held accountable;

- And a wide-ranging oversight initiative to identify defense management reforms that could reduce or consolidate military headquarters, commands, and infrastructure; slow the rate of personnel-cost growth; enhance contract competition; and improve the training and effectiveness of the Department of Defense’s financial management workforce.

We are confident that efforts such as these can yield additional savings in the defense budget, and it is a priority for our Committee that these or other defense savings, including those that the Budget Committee could require through the reconciliation process, be reinvested in the Department of Defense to provide greater military capability for our warfighters. However, we recognize that much of the potential savings—including, for example, the annual $25 billion of savings cited by the Defense Business Board—will be realized after FY 2016. More importantly, we do not believe it is possible to provide for our national defense at this time simply through a more efficient use of the limited defense spending mandated by the post-sequestration BCA caps.

**The Global Threat Environment**

In formulating our views and estimates, we began by taking stock of worldwide threats and asking what strategic and budgetary decisions are necessary to meet these threats and defend our nation. To do so, the Committee on Armed Services has held 14 public hearings and closed
meetings in the six weeks that the Senate has been in session this year, in addition to a host of subcommittee hearings and briefings. The primary focus of this oversight by our full committee has been our present global challenges and U.S. national security strategy.

As part of this series of hearings, our Committee has received testimony from some of America’s most experienced statesmen and leading strategic thinkers, including former Secretaries of State Henry Kissinger, George Shultz, and Madeleine Albright; former National Security Advisors Brent Scowcroft and Zbigniew Brzezinski; retired Generals James Mattis and Jack Keane; and retired Admiral William Fallon; outside defense experts and former senior officials; and all four of the current military service chiefs. A clear, unified, and alarming assessment has emerged from these national leaders: As Dr. Kissinger testified on January 29, "As we look around the world, we encounter upheaval and conflict. The United States has not faced a more diverse and complex array of crises since the end of the Second World War."

We believe this assessment is justified simply by the events of the past year alone:

- In Ukraine, Russia has sought to redraw an international border and annex the territory of another sovereign country through the use of military force. It continues aggressively to destabilize Ukraine, with troubling implications for security in Europe.

- A terrorist army with tens of thousands of fighters, many holding Western passports, has taken over a swath of territory the size of Indiana and declared an Islamic State in the heart of the Middle East. Nearly 3,000 U.S. troops have returned to Iraq to combat this threat, with U.S. aircraft flying hundreds of strike missions a month over Iraq and Syria.

- Amid negotiations over its nuclear program, Iran continues to pursue its ambitions to challenge regional order in the Middle East by increasing its development of ballistic missiles, support for terrorism, training and arming of pro-Iranian militant groups, and other malign activities in places such as Iraq, Syria, Lebanon, Gaza, Bahrain, and Yemen.

- Yemen is on the verge of collapse, as a Shia insurgency with ties to the Iranian regime has toppled the U.S.-backed government in Sanaa. Al-Qaeda uses a growing part of the country to plan attacks against the West, and the U.S. Embassy has been evacuated.

- Libya has become a failed state, beset by civil war and a growing presence of transnational terrorist groups, such as al-Qaeda and ISIS, similar to Afghanistan in 2001.

- North Korea, while continuing to develop its nuclear arsenal and ever-more capable ballistic missiles, committed the most destructive cyberattack ever on U.S. territory.

- China is increasingly taking coercive actions to assert expansive territorial claims that unilaterally change the status quo in the South and East China Seas and raise tensions with U.S. allies and partners, all while continuing to expand and modernize its military in ways that challenge U.S. access and freedom of movement in the Western Pacific.
These other threats constitute a dramatically different and far more dangerous global environment than last year, let alone when Congress passed the BCA in 2011. Furthermore, as most of our expert witnesses have told our Committee, our present dangers cannot, and should not, be viewed in isolation. Taken together, they constitute a fundamental challenge to the rules-based international order that has kept our nation safe and enabled our success for the past seven decades, while leading to an unprecedented expansion of security, prosperity, and freedom worldwide. The indispensable factor in this success has been the strength of the United States—our diplomatic, economic, and moral influence, to be sure, but ultimately, the credibility and global reach of our military power. And yet, at a time of growing worldwide threats and demands on our armed forces, our nation has been slashing our resources to meet these requirements.

The Effects of Sequestration

It is difficult to overstate the destructive impact on our military that has been wrought by the BCA with sequestration, which requires nearly $1 trillion of defense spending cuts over ten years. While the Bipartisan Budget Act of 2013 provided welcome relief from some of the worst effects of sequestration for FY 2014 and 2015, that relief was partial, temporary, and ultimately did little to provide the kind of certainty that our defense and military leaders need to plan effectively for the future and make longer-term investments for our national security. The effects of these arbitrary spending cuts have been devastating to the capabilities, readiness, morale, and modernization of our armed forces—a judgment that was clearly rendered by all four of the military service chiefs in testimony to the Committee on Armed Services on January 28:

- **General Mark Welsh**, Chief of Staff of the Air Force, stated: "We are now the smallest Air Force we’ve ever been. When we deployed to Operation Desert Storm in 1990, the Air Force had 188 fighter squadrons. Today, we have 54, and we’re headed to 49 in the next couple of years. In 1990, there were 511,000 active duty airmen alone. Today, we have 200,000 fewer than that. We currently have 12 fleets of airplanes that qualify for Unique License Plates in the state of Virginia."

- **General Ray Odierno**, Chief of Staff of the Army, said: "In the last three years, the Army’s active component end strength has been reduced by 80,000; the reserve component by 18,000. We have 13 less active component brigade combat teams. We’ve eliminated three active aviation brigades. We have already slashed investments in modernization by 25 percent. The number one thing that keeps me up at night is that if we’re asked to respond to an unknown contingency, I will send soldiers to that contingency not properly trained and ready. We simply are not used to doing that."

- **Admiral Jonathan Greenert**, Chief of Naval Operations, stated: "Due to sequestration of 2013, our contingency response force, that’s what’s on call from the United States, is one-third of what it should be and what it needs to be."

- **General Joseph Dunford**, Commandant of the Marine Corps, testified: "We’re investing in modernization at an historically low level. We know that we must maintain at least 7 percent to 12 percent of our resources on modernization to field a ready force for tomorrow. To pay today’s bills, we’re currently investing 7 percent to 8 percent."
Most importantly, all four of the military service chiefs testified that Americans are being put at risk by the cuts to defense spending mandated in the BCA. At a time when real worldwide threats are growing, we are compounding those dangers with a national security crisis of our own making. We think retired General James Mattis summed up our current problem best when he told our Committee on January 27: "No foe in the field can wreak such havoc on our security that mindless sequestration is achieving." Continuing on our current path for defense spending would be reckless and dangerous. It is imperative that we change course.

**The President’s Budget Request**

In response to these increasing global demands on our military, the President’s FY 2016 budget requests $534.3 billion for the Department of Defense base budget, $191.1 billion for defense programs in the Department of Energy, and $76.6 billion for related defense programs in other agencies—a total level of defense spending that exceeds the BCA caps by $58 billion for FY 2016 and $182 billion from FY 2016-21. The President’s budget request also includes $50.9 billion of emergency designated funding for Overseas Contingency Operations (OCO).

While the Committee on Armed Services is still reviewing the President’s budget request for FY 2016, we think it responds to many critical priorities. In particular, the President’s budget proposes necessary investments to address some of our growing cyber and space control vulnerabilities; to begin addressing the near-term military readiness shortfall; to sustain and modernize our nuclear enterprise; to start developing a new "offset strategy" to use technological advances to counter our adversaries; and to commence procurement of the Air Force’s next generation bomber, new Army ground vehicles, hundreds of F-35 fighter jets, and the Ohio class replacement nuclear ballistic missile submarine, as well as various classes of Navy ships.

At the same time, the President’s budget reflects policy decisions that would reduce some critical military capabilities—either through the early retirement or cancellation of existing systems, deferred development or procurement of new systems, or withheld funding for proven requirements. Many of these decisions were made purely because of budgetary constraints. With additional resources for defense above the President’s request, our Committee could restore many of these urgent and legitimate military needs in the FY 2016 budget.

As for the ability of the President’s budget to meet our growing national security requirements, we would cite the judgment of the Chairman of the Joint Chiefs of Staff, General Martin Dempsey, who recently testified to the House Armed Services Committee that “the President’s budget request is at the lower ragged edge of our ability to execute the National Security Strategy, with moderate risk.” We believe that our nation can, and should, do better.

**The National Defense Panel**

Our views and estimates are guided by the recommendations of the National Defense Panel—a bipartisan group of defense experts, chosen jointly every four years by executive and legislative branch leaders, to provide a congressionally-mandated independent assessment of the Department of Defense’s Quadrennial Defense Review. The most recent National Defense Panel was co-chaired by former Secretary of Defense William Perry and retired General John Abizaid and comprised senior defense leaders from both sides of the aisle. On July 31, 2014, the Panel
released its unanimous findings and recommendations—the drafting of which was led by the bipartisan co-panelists Michele Flournoy and Eric Edelman.

The National Defense Panel charged that the defense spending cuts imposed by the BCA and sequestration "constitute a serious strategic misstep." If Congress and the President persist with the defense spending levels mandated in the BCA, the Panel warned that "the armed services will in the near future be at high risk of not being able to fully execute the national defense strategy." More ominously, the Panel concluded that "in the extreme, the United States could find itself in a position where it must either abandon an important national interest or enter a conflict for which it is not fully prepared." We strongly endorse these conclusions.

Based on its findings, the Panel recommended—again, unanimously—that Congress and the President immediately repeal the BCA and return, at a minimum, to the funding baseline in the FY 2012 defense budget that was prepared by former Secretary of Defense Robert Gates. That baseline, the Panel notes, "represents the last time the Department was permitted to engage in the standard process of analyzing threats, estimating needs and proposing a resource baseline that would permit it to carry out the national military strategy." That would mean $611 billion for defense in FY 2016. While this funding level would be $115 billion above the BCA caps for FY 2016, it would only represent 3.6 percent of GDP, which is consistent with historical averages.

It is important to note, as Flournoy and Edelman did in testimony to our Committee on February 10, that worldwide threats have grown considerably, as described above, since the FY 2012 budget was compiled. Indeed, many of the assumptions on which the FY 2012 budget was built—that major military operations in Iraq were over, for example, or that we could draw down U.S. forces in Europe because Russia did not pose a serious threat to regional security—have been overturned. This is why the National Defense Panel recommended that returning to the FY 2012 funding baseline should be a floor, not a ceiling, for defense spending.

The National Defense Panel’s recommendation would not simply halt the degradation of our military readiness and capabilities; it would enable our country to begin building the military we need to meet the growing global challenges we face. In particular, the National Defense Panel identified many priority requirements that justified this increased defense spending, including:

- Achieving full readiness levels as quickly as possible across all of the military services;
- Halting the budget-driven reduction to a 250-ship Navy and instead building up, at a minimum, to 325 ships, as identified in the FY 2012 Future Years Defense Plan;
- Preventing further planned end-strength reductions to the Army and Marine Corps below their pre-September 11, 2001 levels—490,000 active-duty soldiers in the Army and 182,000 active Marines—in addition to properly resourced Guard and reserve units;
- Investing in critical modernization initiatives—such as intelligence, surveillance, and reconnaissance (ISR) systems; long-range and precision strike capabilities; electronic and directed energy weapons; unmanned systems; and cyber and space control capabilities—that are essential to maintaining our military technological advantage in the world;
• And increasing the Air Force’s number of manned and unmanned aircraft capable of conducting both ISR missions and long-range strike operations in contested airspace.

While we support the National Defense Panel’s recommendations, we recognize that $611 billion in base budget authority for the Department of Defense is neither realistic in the current political environment, nor is it likely that the Department could responsibly execute this funding in FY 2016. Nonetheless, we believe we should work to restore defense spending as quickly as possible to FY 2012 levels at least, as the National Defense Panel proposed.

Our Recommendation: End Sequestration

Absent other considerations, we recommend that defense spending for FY 2016 be restored to the pre-sequestration BCA levels. We would therefore request that you allocate $577 billion for FY 2016 in national defense discretionary budget authority and the associated outlays, in addition to the necessary funding for OCO. This is the amount for defense that the BCA itself set for FY 2016, prior to the additional cuts imposed through sequestration.

In short, our recommendation would effectively end sequestration for defense.

It is worth recalling that sequestration was never supposed to happen. It was designed to be so destructive and unacceptable to our national security interests that it would force members of Congress and the President to make more prudent cuts to federal spending. The failure of this effort, and the resulting trigger of sequestration, was a collective failure. However, continuing to live with the unacceptable effects of sequestration is a choice. Sequestration is the law of the land, but Congress makes the laws. We can choose to end the debilitating effects of sequestration, and we must, because at the post-sequestration BCA levels, we believe that is impossible to meet our constitutional responsibility to provide for our national defense.

In testimony to our Committee on January 28, the senior military officers of the Army, Navy, Air Force, and Marines Corps stated that they could not execute the National Military Strategy with defense spending for FY 2016 at sequestration levels. As General Welsh, Chief of Staff of the Air Force, described the impact of returning to post-sequestration budget caps: "[T]he Air Force will no longer be able to meet the operational requirements of the Defense Strategic Guidance. We will not be able to simultaneously defeat an adversary, deny a second adversary, and defend the homeland." His fellow service chiefs said the same in their testimony.

With a FY 2016 defense budget at sequestration levels, we as a nation must decide what we do not want the U.S. military to do for us. Are we comfortable, for example, with fewer Navy ships to ensure freedom of commerce in the Pacific amid China’s military modernization? Or with less U.S. military presence in Europe amid renewed Russian aggression? Or with an Army and Marine Corps comprised of fewer troops with older equipment as more of the Middle East falls into the hands of ISIL, al-Qaeda affiliates, and Iranian-backed militants? We cannot pretend that we can avoid these choices. As growing global threats increase the demands on our military, we must either increase our resources to meet our strategic requirements, or we must reduce our strategic requirements to match our limited resources. We cannot have it both ways.
The inability to execute our National Military Strategy would be catastrophic, but funding defense at post-sequestration BCA levels would have an even worse effect: We risk breaking faith with the men and women of our all-volunteer force and further eroding their confidence in their political leaders. Unfortunately, that confidence has already been shaken, primarily due to sequestration, as we have often heard firsthand. The military service chiefs issued stark warnings on this front during their January 29 testimony to our Committee:

- General Odierno, the Chief of Staff of the Army, asked: "At what point do we, the institution and our nation, lose our soldiers' trust—the trust that we will provide them the right resources; the training and equipment to properly prepare them and lead them into harm's way; trust that we will appropriately take care of our soldiers and their families and our civilians who so selflessly sacrifice so much?"

- Speaking of the U.S. airmen he leads, General Welsh, the Chief of Staff of the Air Force, said: "They're proud of who they are. They're proud of who they stand beside. And they're proud of what they represent. And when they lose that pride, we'll lose them. And if we lose them, we lose everything."

- And General Dunford, the Commandant of the Marine Corps, stated: "Our soldiers, sailors and Marines and their families should never have to face doubts about whether they will be deployed without proper training and equipment. The foundation of our all-volunteer force, as General Odierno has said, is trust. Sequestration will erode the trust that our young men and women in uniform, civil servants and families have in their leadership. And the cost of losing that trust is incalculable."

If we continue on our current path, we risk undermining the central pillars of our all-volunteer force, and with it, the foundations of international peace and security of which the U.S. military has been the most reliable guarantor since the end of World War II. We cannot afford to believe that the relative peace and prosperity that our nation has enjoyed, and made possible for so many others across the world, is self-sustaining or self-enforcing. It has been painstakingly maintained through the deterrence of adversaries, the cooperation with allies and partners, the global leadership of the United States, and ultimately, the credibility and capability of the greatest military on earth. If we fail to play this role now, the consequences for our nation will grow more dangerous, and history will judge us derelict in our highest duty, appropriately so.

Sincerely,

Jack Reed
Ranking Member

John McCain
Chairman
February 27, 2015

Chairman Michael Enzi and Ranking Member Bernard Sanders
United States Senate
Committee on the Budget
Washington, DC 20510-6100

Dear Chairman Enzi and Ranking Member Sanders:

This letter sets forth the views and estimates of the Committee on Banking, Housing, and Urban Affairs on budgetary matters within our jurisdiction, pursuant to section 301(d) of the Congressional Budget Act.

For the seventh year in a row, the President’s Budget presents no serious plan for fiscal reform. The upward trajectory of government spending on mandatory programs, especially entitlements, continues to pose risks to a well-functioning and stable economy. The current path of the U.S. debt burden is unsustainable. Left unaddressed, interest payments on the debt will crowd out other spending, including on our nation’s defense, and hold back economic growth. Ultimately, we run the risk of a fiscal crisis where the government would be forced to pay exorbitant rates to borrow in financial markets.

In the short term, although it is only one step in the right direction of fiscal solvency, we ask that the Budget Committee adhere to the aggregate level for discretionary spending as set forth in the Budget Control Act.

Committee Agenda

This Congress, the Committee’s agenda will focus on fostering economic growth and job creation by stimulating capital formation, protecting taxpayers through responsible regulations, and enacting prudent reforms to reduce regulatory burdens on businesses and individuals. Our specific priorities include examining regulatory relief for smaller financial institutions, the overall effectiveness of the financial regulatory framework, ways to enhance oversight and accountability for the Federal Reserve System, measures to open up access to capital markets, and the expiring reauthorizations within our jurisdiction.

The success of those objectives in the larger economy goes hand in hand with responsible budgeting that shrinks the footprint of federal government and allows the private sector to thrive.

The Committee’s jurisdiction encompasses banking, insurance, financial markets, securities, housing, urban development and mass transit, international trade and finance, and economic policy. The budget baseline touches on these areas through multiple agencies and programs. Below are the Committee’s views on issues within our jurisdiction that we believe should be considered as part of the Congressional budgeting process.
Specific Budgetary Matters

U.S. Financial Regulation

The issue of reducing regulatory barriers for smaller financial institutions is a primary focus of the Committee this Congress. Community banks and credit unions carry a disproportionate burden of regulations that were designed for larger institutions.

Funding for the agencies that carry out these and the broader swath of financial regulations works in a variety of ways. Many regulatory entities, such as the Federal Reserve, the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency, and the Consumer Financial Protection Bureau (CFPB), receive funding independently from Congress.

Two primary financial regulators are subject to Congressional appropriations: the Securities and Exchange Commission and the Commodity Futures Trading Commission. The Committee believes that the existing funding structure for these agencies allows for necessary oversight and supervision by the legislative branch, and opposes any proposal that would take away Congressional control of these agencies' budgets. We also support flat funding for the agencies for Fiscal Year 2016. In general, the Committee favors efforts to bring greater transparency and accountability to so-called independent financial regulators, including the CFPB, which we believe should be subject to the Congressional appropriations process.

Housing Programs

The Committee realizes the importance of budgetary implications for governmental housing programs. The Government-Sponsored Entities (GSEs), Fannie Mae and Freddie Mac, have been in the conservatorship of the federal government since September of 2008. Both entities send any profit they accrue to the U.S. Treasury which has been responsible for any losses of the GSEs. Despite the clear nexus and existing arrangement between the government and the GSEs, the Administration continues to view the GSEs as off-budget entities for the purposes of budgeting, and records all transfers between the Treasury and the GSEs as “intergovernmental.” (This effectively neutralizes the budgetary impact.)

Because such treatment does not accurately reflect the actual risk to taxpayers, the Congressional Budget Office (CBO) takes a different approach by placing the GSEs on budget and accounting for their losses using a “fair value” estimate that reflects the subsidy costs of the loans on a net present value basis with an adjustment for the market risk associated with the loans. The Committee supports CBO’s approach because, in our view, it is the most accurate reflection of the risk and cost of conservatorship. We acknowledge that the current status of the GSEs, however, is untenable, and believe that any proposal to reform the GSEs should not simply re-create an explicit government guarantee of the housing market.

We also are very concerned about Federal Housing Finance Agency’s (FHFA) decision to fund affordable housing programs by siphoning off money from the GSEs instead of directing such funds to Treasury for deficit reduction. While the Committee recognizes ongoing affordable housing challenges, there is a statutory obligation that set-aside funding be suspended when it endangers the capital level of the GSEs. Given that the GSEs are in conservatorship and hold little to no capital, the Committee sees no credible argument that the GSEs currently have adequate capital standing to set capital aside for these trust funds.

In addition, we remain concerned with the undercapitalization of the Federal Housing Administration (FHA) capital reserve fund. We oppose the recent decision of the Department of Housing and Urban Development (HUD) to lower annual insurance premiums for most FHA loans at a time when the reserve
fund is well below its statutory-mandated level of 2 percent. We also acknowledge that the current budget treatment, required by law under the Federal Credit Reform Act (FCRA), underestimates the risk of the FHA program to taxpayers. Unlike CBO’s “fair value” treatment of Fannie Mae and Freddie Mac, the budget does not discount FHA loans for market risk. This results in illusory upfront budget “savings” from FHA receipts that, in reality, oftentimes do not materialize. As an example, CBO’s latest estimate reported that “FHA’s single-family mortgage guarantee program would provide budgetary savings of $63 billion under FCRA accounting but cost $39 billion on a fair-value basis.” In order to properly and more accurately account for the risk of FHA loans, we support applying fair value methodology.

Transportation Reauthorization
The Moving Ahead for Progress in the 21st Century Act (MAP-21) will expire on May 31, 2015. The Banking Committee recognizes the importance of reauthorizing our federal surface transportation programs and has begun its work on the Public Transportation title of the reauthorization proposal. To that end, the Committee requests the inclusion of a deficit-neutral reserve in the Congressional budget resolution to accommodate changes in the highway program related to the current timeline. In addition, the Committee requests the concomitant contract authority to support surface transportation programs.

Waste, Fraud and Abuse
Your letter requested that the Committee views address the issue of waste, fraud and abuse in program spending. We have reviewed the recommendations of the 2014 Government Accountability Office (GAO) annual report, which identifies areas of fragmentation, overlap, and duplication in federal programs and activities. The report mentions three recommendations related to the HUD: (1) improving the practices of disposal for real estate-owned properties, (2) better managing the process of data collection and analysis for foreclosure mitigation programs, and (3) better managing the process of data collection and analysis for housing choice voucher programs. The Committee agrees that these areas warrant improvement and will conduct regular oversight to ensure that the HUD has made progress. We believe that effective data collection and analysis is crucial to understanding the costs and benefits of these programs, and ultimately whether they merit the support of Congress and funding from taxpayers.

Complementary to such efforts, the Committee has asked the financial regulators to share information and commit to undertaking a meaningful review of “outdated, unnecessary, or unduly burdensome regulations,” as is required by the Economic Growth and Regulatory Paperwork Reduction Act of 1996 (EGRPRA). We believe this should be a serious, comprehensive review of the government’s regulatory framework, and will be relevant for this Committee’s legislative objectives and the budget implications of the programs we oversee.

Thank you for the opportunity to comment. If your staff has any questions related to these or other budgetary issues within the Committee’s jurisdiction, please contact Dana Wade at 224-7228.

Sincerely,

Richard Shelby
Chairman
Dear Chairman Enzi and Ranking Member Sanders:

This letter transmits the views and estimates of the Committee on Banking, Housing and Urban Affairs Minority regarding the funding of programs in our jurisdiction, as required by Section 301 of the Congressional Budget Act of 1974. As requested, this letter comments on funding levels relative to CBO’s FY 2016 baseline. We know that difficult choices will need to be made as Congress develops its FY 2016 Budget Resolution. However, we urge you to seek a balanced approach to deficit reduction that provides for investments in our people, communities, and a healthy economy and avoids the return of sequestration, which could cause dramatic reductions in many non-exempt discretionary programs under our jurisdiction if continued in FY 2016.

We understand we are operating within a constrained budget environment, and offer the following information on the needs and issues in our jurisdiction to inform your Committee in its work. We believe that a stable, well-regulated financial services industry is critical to restoring consumer confidence and continuing our economic recovery. We know that federal assistance plays a critical role in meeting the housing and economic development needs of families and communities – particularly those for whom the economic recovery has been incomplete. Federal housing credit programs support the economy and the middle class by ensuring broad access for creditworthy borrowers and countercyclical support for the housing market. Lastly, we recognize the vital role of public transportation for millions of Americans who need affordable and accessible options to travel to work, or to access healthcare and other services. It is with these concerns in mind that we put forward these recommendations.

Strengthening Financial Oversight and Protections for Consumers and Investors

The Committee continues to monitor the last stages of implementation of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Wall Street Reform Act). Specifically, with respect to the congressional budget and appropriations in fiscal year (FY) 2016, funding for the Securities and Exchange Commission (SEC) is vital to strengthening regulatory oversight of financial institutions and trading activity as well as continuing to work on initiatives that will improve the capital formation process. The FY 2015 CBO baseline level of $1.5 billion is below the funding necessary for the SEC to accomplish its mandates fully and approximates the amount
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the SEC projects that it will collect from fees on securities transactions and send to the Treasury. In addition to fulfilling its core mission to protect investors, maintain fair, orderly and efficient markets, and facilitate capital formation, the SEC continues to finalize measures required by the Wall Street Reform Act, such as rules governing the derivatives markets, and by the Jumpstart Our Business Startups Act. At the same time, the SEC has heightened its review of equity and fixed income market structure issues, implemented a revamped examination and oversight regime over investment advisers and continued to pursue a comprehensive enforcement and regulatory oversight program. A key part of the SEC's work relies on technology, and adequate funding will allow the SEC to continue modernization of its technological capabilities. Additionally, the SEC has additional responsibilities with respect to ensuring financial stability as a voting member of the Financial Stability Oversight Council.

The FY 2015 CDO baseline level of $250 million for the CFTC represents an increase over the FY 2014 level, but does not reflect the size and breadth of the markets overseen by the CFTC. The $400 trillion U.S. derivatives market regulated by the CFTC touches every aspect of the economy and has created many new responsibilities for the agency. Fully funding the President’s amount for FY 2016 of $322 million for the CFTC would help provide the resources critical to the CFTC’s existing and newly expanded regulatory work as well as surveillance and enforcement across the futures, options and swaps markets. The current baseline numbers are simply not enough to protect the integrity of our financial system and to provide oversight of the ever growing markets and participants within them. We strongly urge you to provide full funding for the SEC and CFTC.

Housing and Community Development Programs

While the national economy has made great strides since the recession that began in 2008, our families and our state and local governments continue to struggle to overcome its effects. State and local government budgets and services continue to face cuts. Lack of investment in aging – or nonexistent – infrastructure presents real challenges to urban, rural, and tribal communities. Foreclosures and resulting blight continue to confront many American families and communities and access to mortgage credit remains tight.

The need for affordable housing has grown dramatically in recent years. The market alone does not provide sufficient housing affordable to working families and those on fixed incomes. A person with a full-time job would need to earn an hourly wage of $18.92 in order to afford a modest, two-bedroom rental at HUD’s national average fair market rent. This is an amount far above the minimum wage or income available to persons with disabilities who rely upon Supplemental Security Income. For every 100 extremely-low-income renters (those with incomes at or below 30 percent of area median) in 2013, there were only 39 units of adequate, affordable housing available. Among very-low income renters (those with incomes at or below 50 percent of area median), only 65 affordable units were available for every 100 renters. Half of all renters paid more than 30 percent of their incomes towards housing in 2010. Between 2003 and 2013 the number of very low-income renters facing “worst case” housing needs,
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meaning that they were spending more than half of their incomes for housing or were living in substandard conditions, grew by 49 percent, reaching $1.7 million.

Families burdened by housing costs have less available to meet other essential needs like transportation to work, food, and medicine, and may even face homelessness. Department of Education data on homelessness, which includes doubled-up households, indicate that more than 1.2 million school-age children and their families were homeless at some point during the 2012-2013 school year. Despite this need, only one in four eligible renter households receives federal rental assistance. Given the need for affordable housing, it is vital that we both preserve the investments in affordable housing resources we currently have and seek to expand access to affordable housing where we can. To this point, we support the FHA’s decision to permit the affordable housing allocations as authorized by the Housing and Economic Recovery Act of 2008 to go forward.

These challenges make funding for the programs administered by the U.S. Department of Housing and Urban Development (HUD) and U.S. Department of Agriculture’s Rural Housing Service (RHS) and related agencies all the more important. We encourage you to provide at least the amount of funding requested by the President’s FY 2016 budget for housing and community development programs within the appropriated programs of HUD, RHS, and related agencies in the FY 2016 Budget Resolution. We also request that you support key funding initiatives as discussed below.

**Strengthening the Housing Market and Helping Responsible Homeowners**
The nation’s housing finance system, following its worst shocks since the Great Depression, is gaining strength but remains fragile. Slow recovery of the housing market continues to confront many families, communities, and the broader economy. In addition to negative effects on families and the economy, foreclosures have a deleterious effect on neighborhoods by reducing neighboring property values and opening opportunities for crime and blight. In order to help responsible homeowners secure sustainable mortgage products and options for saving their homes, Congress has funded housing counseling and foreclosure mitigation counseling through HUD and the Neighborhood Reinvestment Corporation (NeighborWorks America). I urge you to include strong funding for these activities in the FY 2016 Budget Resolution.

I encourage you to provide administrative funding necessary to support the Federal Housing Administration’s (FHA) role in the housing market and strengthen the FHA’s oversight and processing of its lending programs. The FHA has played an important countercyclical role in the American mortgage market, and it must have the tools to continue to do so responsibly. According to witness testimony, absent FHA lending, home values would have fallen by an additional 23 percent during the housing downturn, resulting in 3 million more job losses. The Banking Committee passed a bipartisan bill to strengthen FHA’s Mutual Mortgage Insurance Fund in 2014, and we will continue our oversight of these critical programs in the coming year. In addition, we would oppose any changes to Federal Credit Reform Act treatment of federal credit programs in our jurisdiction including FHA.
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In the 114th Congress, the Committee held extensive hearings on a wide range of housing finance topics, including: the continued affordability of 30-year, fixed-rate, prepayable mortgages; equal access for lenders to the secondary market; equal access for all borrowers and market segments, including rural areas, to the mainstream housing finance system; stable, liquid and efficient mortgage markets for single family and multifamily housing; and improved mortgage servicing procedures. In the Minority, we will continue to monitor these issues to ensure the ongoing safety and health of the housing market.

Project-Based Rental Assistance
HUD’s Section 8 Project-Based Rental Assistance program provides critical affordable housing to over 1.2 million households through contracts with private building owners. The President’s budget requests $10.8 billion to maintain current assistance levels in FY 2016. While the requested amount is a $1 billion increase over the FY 2015 enacted level and an $85 million increase over the CBO baseline estimate for FY 2016, this increase is attributable to the end of a one-time savings resulting from a contract timing shift in FY 2015 rather than an increase in the amount of assistance provided. Failure to fully fund contracts with private owners in FY 2016 may discourage private sector participation and investment, which could lead to less assistance for families, disinvestment, and higher costs in the future.

Tenant Based Rental Assistance
The Section 8 Tenant Based Rental Assistance (TBRA), or “voucher” program is a public-private partnership that has successfully allowed millions of families to live in stable, safe, and affordable housing on the private market. Nearly half of the over 2.2 million households receiving voucher assistance are families with children. Given the demand for affordable rental housing, the housing voucher program is so undersubscribed that waiting lists in most communities are months or years long, or closed completely. Sequestration exacerbated these trends in 2013, resulting in an estimated reduction of 67,000 vouchers nationwide.

The Administration has requested $21.1 billion for the voucher program in FY 2016, a $1.6 billion increase over the CBO baseline estimate. The requested amount will renew existing assistance for families and will provide more adequate funding of local agency administrative fees. Administrative fees enable local agencies to ensure housing quality and program integrity, and are therefore critical to the effective, efficient use of voucher funds. In addition, the request would restore 67,000 vouchers that had been lost to sequestration. Targeted purposes of these restored vouchers include: community need-based vouchers; vouchers for families, veterans, and Native Americans facing homelessness; family reunification vouchers for families and youth involved with the child welfare system; and vouchers for victims fleeing domestic violence. Please provide sufficient funding in the FY 2016 budget to fully renew and administer assistance to struggling families and restore sequestration-related voucher losses.

Public Housing
Federal investment is essential to operating and preserving public housing, which provides affordable homes to 1.1 million low-income American families, nearly two-thirds of which are headed by an elderly person or person with disabilities, and 40 percent of which include children.
The Public Housing Operating Fund supports the daily public housing operational activities - including maintenance, security, and utilities - necessary to provide safe, decent housing to these families. We ask you to provide full funding for housing agency operations in the FY 2016 Budget Resolution.

Despite the large historic federal investment in public housing, the federal government has not provided adequate funding to maintain this valuable affordable housing, threatening its long-term viability. The public housing inventory faces an estimated $26 billion backlog of capital repairs. Additional investments will help preserve these affordable units and also spur the economy. A recent report found that for every dollar the American Recovery and Reinvestment Act of 2009 invested in public housing capital repairs, it generated more than two more in indirect economic activity. We urge the Committee to continue to improve public housing and create jobs by providing adequate funding for the Public Housing Capital Fund in the FY 2016 Budget Resolution.

**Homeless Assistance**
Recent years have demonstrated that concerted federal investments in appropriate housing solutions make a difference in reducing homelessness. Since 2010, such investments have helped reduce chronic homelessness by 21 percent and veterans’ homelessness by 33 percent. Yet, more remains to be done. According to HUD’s 2014 Annual Homeless Assessment Report to Congress, approximately 78,000 people were homeless on a given night in January 2014. Over 216,000 of the homeless on this night were in families including at least one child. Homelessness has both direct, negative effects on the adults and children affected and broader costs to taxpayers when the disruptions of homelessness emerge at increased service demand and costs in other public systems such as child welfare, schools, hospitals, and justice systems.

To help combat homelessness, please provide full and robust funding for HUD’s homeless programs authorized by the Homeless Emergency Assistance and Rapid Transition to Housing Act of 2009 (HEARTH). The HEARTH Act streamlined and consolidated multiple competitive funding streams into one unified program. Full funding for HEARTH will continue the cost-effective progress we have made in reducing chronic homelessness through investments in permanent, supportive housing. In addition, HEARTH provided new opportunities and flexibility for communities to help families facing hard times avoid or quickly escape homelessness and to develop solutions to rural homelessness. Full funding for the Emergency Solutions Grants (ESG) component of HEARTH Act will help communities continue the successful homelessness prevention efforts begun under the temporary Homeless Prevention and Rapid Re-Housing program, which helped over 1.4 million Americans escape homelessness during the Great Recession. The President’s FY 2016 budget request includes $2.5 billion to renew existing HUD homeless assistance and to create additional housing opportunities to prevent or end homelessness for over 46,000 homeless individuals and families.

**Housing for Special Populations**
We urge you to provide full funding for housing programs serving our nation’s seniors, persons with disabilities, and persons with AIDS in the FY 2016 Budget Resolution. Much of this
housing centers with accessibility features or access to services that are difficult to find on the private market and help people with disabilities or the elderly live in integrated community settings rather than in more expensive institutions. The Section 202 program creates and maintains affordable housing for the elderly. There are 10 seniors waiting for every available housing unit. As the senior population grows, we must ensure that more seniors can find suitable living arrangements. Please provide full funding for these activities for FY 2016.

The Section 811 program creates critical affordable housing for persons with disabilities. Low income people with disabilities have great difficulty in finding and paying for suitable affordable housing with access to appropriate features and services. The national average rent is higher than the average SSI payment, so a person receiving SSI benefits is unable to afford housing without substantial additional income. Over 1.3 million very low-income, non-elderly persons with disabilities pay over half of their incomes for housing, and hundreds of thousands more are living in more restrictive, institutional environments than they would choose or are living with an aging caregiver. In 2010, Congress enacted bipartisan legislation modernizing the program with new tools for development and making Section 811 funds work more effectively with other funding sources. The President’s FY 2016 budget requests $177 million to renew 21,000 units of Section 811 assistance and create 700 new housing opportunities for persons with disabilities.

The Housing Assistance for Persons with AIDS (HOPWA) program provides critical housing support for citizens living with AIDS. Approximately half of the 1.2 million people living with HIV/AIDS need some form of housing assistance. A growing body of research suggests that stable housing provides affected persons with both better health outcomes and reductions in risky behaviors. I urge you to continue our national commitment to HOPWA for FY 2016.

Rural Housing Programs

The housing programs of USDA’s Rural Housing Service support homeownership, rental housing development, and affordable housing efforts in rural communities across the nation. The Section 502 and Section 538 loan programs provide access to affordable mortgage credit for creditworthy homeowners and rental housing in rural communities. RHS programs, including Section 515 rural rental loans, the Multi-Family Housing Revitalization Demonstration Program, and Section 521 Rental Assistance program are also critical to preserving affordable rental housing and protecting low-income tenants in rural areas. For example, the Section 521 rural Rental Assistance program ensures rental affordability for over 250,000 low-income families in rural communities. Please provide robust funding for RHS activities in the FY 2016 Budget Resolution.

Community Development

The FY 2016 budget must continue to assist our state, local and tribal government partners to make critical housing, community, and economic development investments in the coming year. We urge you to provide robust funding for NeighborWorks and HUD community development programs in your FY 2016 Budget Resolution. The Neighborhood Reinvestment Corporation (NeighborWorks America) provides financial and programmatic support for a network of 245 NeighborWorks organizations across the country to further their work in housing rehabilitation,
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housing counseling, and broader community-based development efforts. NeighborWorks estimates that its $182 million request for FY 2016 will enable the organization and its network to support a range of housing and community development activities, including supporting and maintaining over 31,000 jobs, operating 123,000 units of affordable rental housing, providing financial and housing counseling to 100,000 people, and providing training for community development organizations across the country.

The Community Development Block Grant (CDBG) program helps States, localities, and tribes to meet their urgent housing and community development needs through investments in infrastructure, job creation, blight elimination, housing, and addressing poverty. In the last decade, CDBG has rehabilitated more than 1.4 million homes for low- and moderate-income homeowners and renters. Since 2005, CDBG provided assistance to help create or retain over 353,237 jobs. Indian Community Development Block Grants are an important source of funding for critically needed housing and infrastructure development in Indian Country. These funds make long-term improvements in our cities and rural and tribal communities across the country while supporting families and saving and creating jobs. Please provide at least $3.1 billion to maintain current services in the CDBG program.

**HOME Investment Partnerships Program**
Since its inception, the HOME program has provided nearly 1.2 million units of affordable housing for low-income Americans. HOME leverages over $4 for every dollar appropriated, often providing critical funding that enable Low Income Housing Tax Credit and other affordable housing development developments to move forward. In recent years, Congress and HUD have taken steps to improve program administration and accountability. Given the importance of these funds to affordable housing production and their successful use in many communities, please continue to support the HOME program in the FY 2016 Budget Resolution.

**Native American Housing Assistance**
Native American communities face ongoing challenges stemming from high unemployment and poverty, unique difficulties in financing housing and community improvements, and economic development needs. Many of these communities suffer from a severe shortage of decent quality, affordable housing and homeownership opportunities. HUD offers both grants and loan guarantee programs to provide necessary capital and liquidity to create and improve housing in Indian Country. Funding for the Indian Housing Block Grant helps alleviate the lack of adequate housing in these communities and maintains existing housing resources. Please provide sufficient funding to fulfill our treaty and trust responsibilities to these communities in the FY 2016 Budget Resolution.

**Safe and Healthy Homes**
I also request your strong support for HUD’s Office of Healthy Homes and Lead Hazard Control programs, which combat lead poisoning and other unhealthy housing conditions. Approximately 240,000 children under the age of six have blood lead levels high enough to cause irreversible neurological damage and learning disabilities. In addition to reducing the human costs of lead exposure, expenditures to prevent lead poisoning are cost-effective. For every $1 spent to reduce
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home lead hazards, there is a benefit of at least $17. Please continue to support these important programs in FY 2016.

Choice Neighborhoods Initiative
The Choice Neighborhoods Initiative (CNI) seeks to build on the lessons learned thus far from HUD’s HOPE VI housing revitalization program by transforming neighborhoods of concentrated poverty through improvements in blighted public and HUD-assisted housing. CNI grantees develop comprehensive neighborhood plans addressing schools, economic development, public safety and other needs in addition to revitalization of federally-supported housing. These efforts will improve neighborhoods and provide greater opportunities to residents while creating jobs. According to HUD, grantees awarded funds in 2010 through 2013 leveraged $2.65 billion in funds from private investors, banks, cities, universities, foundations, and other local partners. For every $1 in Choice Neighborhoods implementation grants, an additional $7.50 is leveraged in the community.

Fair Housing
We urge you to fully fund fair housing activities at HUD. The National Fair Housing Alliance estimates that 4 million people are victims of discrimination on the basis of race, national origin, religion, familial status, or disability each year. It is critical that HUD and private fair housing organizations around the country have the resources they need to adequately educate and assist people and to enforce the Fair Housing Act.

Community Development Financial Institutions (CDFI) Fund
We ask you to support strong funding for CDFI Fund programs in the FY 2016 Budget Resolution. The President’s FY 2016 budget proposal requests $254 million for the CDFI Fund, consistent with the CBO baseline estimate for FY 2016. The CDFI Fund was established to serve the nation’s most economically distressed communities by providing capital, credit, and other financial services that are typically unavailable from mainstream financial institutions. Within the CDFI program, the Native American CDFI Assistance program has been instrumental in helping fund effective organizations that address the economic development needs of these underserved and distressed communities. The loans and investments made by CDFIs have leveraged billions of dollars from the private sector in development activities in financially underserved and low-wealth communities. Demand for CDFI funding has grown and far surpasses amounts available. We urge the Budget Committee to continue to support this important program.

Flood Insurance
We request that the FY 2016 Budget Resolution support the President’s requested discretionary funding levels for the National Flood Insurance Program. The requested funding is vital to fulfill recently-enacted Congressional mandates including improved floodplain mapping, community engagement, and establishment of a Flood Insurance Advocate and to provide appropriate administrative support and oversight for the National Flood Insurance Program.
Flooding presents a real threat to the lives and property of Americans. In addition, catastrophic flooding presents a challenge to all taxpayers, as the nation seeks to help victims recover and repair critical infrastructure. Adequately updated flood maps are critical to the ability of families and communities to accurately assess their flood risks and take steps to mitigate them to avoid future damages. In 2012, Congress directed the Federal Emergency Management Agency to undertake a comprehensive effort to improve the quality and accuracy of its flood maps and established an expert Technical Mapping Advisory Council to advise FEMA’s efforts. Congress also authorized up to $400 million per year to make such improvements. This increase in quality and funding is critical to the National Flood Insurance Program, local community planning and emergency management efforts, and millions of Americans who need to know if they are in harm’s way.

Public Transportation

Robust federal support for public transportation is an essential component of efforts to improve the nation’s infrastructure, enhance individual mobility for work and personal travel and reduce traffic congestion. Demand for public transportation has reached record levels. In 2013, Americans took 10.7 billion trips on public transit, the highest ridership level in 37 years, and the demand for transit service will grow further as the economy continues to recover. 60 percent of the trips taken on public transportation are for work commuters, and transit provides crucial access to jobs for low-income workers. Demand for public transportation will also increase as the nation’s senior population expands and more seniors utilize transit services for their daily travels and access to medical care.

The “Moving Ahead for Progress in the 21st Century Act” or “MAP-21” authorized federal surface transportation programs, including public transportation programs, for FY 2013 and FY 2014. The law has been extended until May 31, providing a partial authorization for FY 2015. The Banking Committee will soon begin drafting legislation to reauthorize Federal Transit Administration (FTA) programs, and we request that the FY16 Budget Resolution create a reserve fund to accommodate potential increases in transit investment under the Mass Transit Account of the Federal Highway Trust Fund in a reauthorization bill.

We hope the FY2016 Budget Resolution also supports increased funding for transit programs that receive annually appropriated discretionary funds. The Sec. 5309 “Fixed Guideway Capital Investment Grants” program, also known as the “New Starts and Small Starts” program, supports multi-year grant agreements for critical transit construction projects. The President’s FY2016 Budget Request proposes $2.746 billion for current grant agreements and to begin construction with new grant agreements for favorably rated projects. We also urge the Budget Committee to also support the authorized levels of funding for the Technical Assistance and Standards Development (Sec. 5314) program, the Human Resources and Training program (Sec. 5322) and the Transit Cooperative Research Program (Sec. 5313). These programs, which MAP-21 restructured, are modest in size but yield significant benefits that far exceed their cost by assisting grant recipients to improve the delivery of public transportation projects and services.
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We know that you will face difficult choices as you seek to put our nation on a fiscally
responsible path that permits ongoing investment in key initiatives that will promote economic
growth and the well-being of our citizens. We strongly believe that adequate funding for
financial regulation, housing and community development programs, and public transportation
will help strengthen our economic recovery and build a stronger, more prosperous future. Thank
you for your consideration of these views.

Sincerely,

[Signature]
Sherrod Brown
Ranking Member
February 27, 2015

The Honorable Michael B. Enzi, Chairman
The Honorable Bernard Sanders, Ranking Member
U.S. Senate Budget Committee
624 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairman Enzi and Ranking Member Sanders:

This letter provides the views of the Senate Committee on Commerce, Science, and Transportation regarding the fiscal year (FY) 2016 Budget Resolution. These views are provided in response to your January 27, 2015 letter. Thank you for this opportunity to provide these views and recommendations regarding the FY 2016 budget resolution process.

Where applicable, this letter seeks to contrast our views and estimates with President Obama’s FY 2016 Budget Request while noting certain Committee priorities. As you know, the Commerce Committee has a broad jurisdiction covering several departments and agencies. Indeed, there are four committees in the House of Representatives with whom we share jurisdiction over departments and agencies. Where possible, this letter reflects areas of agreement with our House counterparts by mirroring certain related views and estimates. Given the Commerce Committee’s reach, many, but not all, agencies within the Committee’s jurisdiction are reflected in this letter.

**Department of Transportation (DOT)**

The FY 2016 budget request for the DOT proposes a six-year, $478 billion, surface transportation reauthorization bill and the second iteration of the Administration’s GROW America Act proposal. As part of its GROW America proposal, the Administration would increase passenger rail funding by over $3.3 billion, including $1.3 billion in high-speed rail funding, and it would move all passenger rail accounts—totaling over a proposed $4.7 billion—to be funded by the newly designated Transportation Trust Fund. Given major issues with generating revenue to adequately fund existing programs under the Highway Trust Fund, the Committee has concerns with taking more than $4.7 billion from the Fund. In addition, given concerns with the DOT’s management of the high-speed rail grant process under the 2009 stimulus, the Committee has significant concerns with the proposal to substantially increase such funds.
Notwithstanding our differences with the President’s GROW America proposal, the Committee is committed to doing its part to enact a multiyear surface transportation reauthorization. To facilitate this effort, the Committee requests a deficit-neutral reserve fund for transportation in the upcoming budget resolution to ensure that current funding levels can be maintained.

The DOT FY 2016 budget request also proposes $4 million for the Office of the Secretary to create an Intergency Infrastructure Permitting Improvement Center, which would implement reforms for the permitting of major infrastructure projects, deploy technology tools to track project schedules and metrics, and improve the transparency and accountability of the permitting process. This proposed investment is promising. The World Bank has ranked the United States as 41st in the world for dealing with construction permits, one of the metrics in its “ease of doing business” Index. As identified in a recent Administration report, the accumulation of “legal and regulatory requirements over time has resulted in more than 35 distinct permitting and review responsibilities across more than 18 Federal agencies and bureaus, implemented by staff at headquarters and hundreds of regional and field offices.” The permitting process has insufficient coordination, transparency, and deadlines, resulting in project delays lasting years, which the creation of an Intergency Infrastructure Permitting Improvement Center will hopefully address.

While not directly budget related, the Committee will also be closely examining ongoing DOT activities with significant economic implications for the nation. Among other things, the Committee plans to monitor and encourage needed improvements to safety that avoid regulatory overreach. For example, the Committee encourages the DOT to take a thoughtful approach to improving the safety of crude oil transportation. DOT should promulgate the necessary and appropriate standards to increase the puncture resistance and thermal protection of legacy DOT-111 tank cars in crude oil service, but it must avoid regulatory overreach that introduces unintended consequences, such as degraded rail system fluidity or new safety risks. First, DOT must set an attainable retrofit schedule that does not cause a tank car shortage, disrupting our nation’s energy supply chain, creating new risks from additional truck transportation, and crowding out other necessary tank car safety and maintenance repairs. Second, DOT must carefully evaluate the extent to which a requirement for electronically-pneumatic brakes would slow down the retrofit effort and introduce new operational constraints, without producing necessary safety benefits relative to other advanced braking systems. Finally, DOT must appropriately scope the rulemaking based on risk, giving due consideration to differences in risk across both commodities and existing tank cars.

The Committee remains concerned with the development of a new Safety Fitness Determination rule. The budget proposal indicates that the Federal Motor Carrier Safety Administration (FMCSA) expects a 200 percent increase over the current number of motor carriers who are identified as unsatisfactory using data contained in the agency’s Safety Measurement System (SMS) database. Criticisms from both the Inspector General and the Government Accountability Office (GAO) highlight challenges with the data quality and use in the SMS system. The agency should carefully review the data quality and improve metrics before the information is used in a manner that could shut down companies.
Federal Aviation Administration (FAA)

The aviation industry is a vital part of the United States’ economy, contributing more than five percent, or roughly $1.5 trillion, to our nation’s gross domestic product and supporting 11.8 million jobs. Given this industry’s contribution, it is critical that we maintain and improve the nation’s aviation system to grow our economy and encourage private sector job creation in a cost-effective, streamlined, and efficient manner.

The Federal Aviation Administration (FAA) Modernization and Reform Act of 2012 (P.L. 112-92) extended the authorities of the agency and the Airport and Airway Trust Fund (Trust Fund) through the end of fiscal year (FY) 2015. This year, the Commerce Committee will conduct extensive oversight hearings on aviation related issues as it seeks to reauthorize the FAA and the supporting Trust Fund. Air travel has rebounded to 739 million passengers annually in the U.S. and is projected to exceed one billion in 2024. Given this projected growth in air travel, it is vital that air traffic control modernization efforts and improvements in aviation system capacity, security and safety are achieved in a timely and cost-efficient manner that is mindful of taxpayer dollars and the health of the Trust Fund.

The FY 2016 budget request for the FAA is $15.836 billion, a decrease of $1.5 million from the enacted FY 2015 level of $15.847 billion. The FAA budget is broken out into four accounts: $9.915 billion for Operations; $2.855 billion for Facilities & Equipment (F&E); $166 million for Research, Engineering and Development; and $2.9 billion for the Airport Improvement Program (AIP). While the total budget request for FY 2016 is somewhat lower than FY 2015 funding, the Committee is concerned that the FY 2016 budget request assumes cuts to AIP that rely on increases to Passenger Facility Charges (PFCs) that, though proposed in many previous budget submissions, have not been adopted by Congress. Given an assumption of even flat AIP funding, the proposal would actually reflect a roughly $16.2 billion, or a 2.5 percent, increase over FY 2015 levels. The biggest single proposed increase is in the F&E account, almost a 10 percent increase, where the FAA has had the most trouble delivering on the benefits of its Next Generation Air Transportation System (Next Gen).

NextGen is a multibillion-dollar transportation infrastructure project aimed at modernizing our nation’s aging air traffic system. NextGen’s goal is to expand national airspace system capacity to meet future demand. The President’s budget requests $2.86 billion to fund the FAA’s F&E account. Of this amount, $845 million is for NextGen capital-related investments, an increase of $53 million above FY 2015 enacted levels. The remaining $2 billion is designated for legacy areas to sustain current systems. The research, engineering and development request includes $61 million for NextGen, and the operations request includes $51 million for NextGen.

Since 2003, when legislation initiated NextGen, the DOT Office of Inspector General (OIG) has reported on “longstanding management challenges and barriers that have limited FAA’s progress in delivering NextGen capabilities, such as the Agency’s inability to set realistic plans, budgets, and expectations, and clearly identify benefits for stakeholders.” There is ongoing concern that the FAA will not be able to deliver the promised benefits of NextGen by 2025. The OIG continues to maintain significant involvement, examining funding sources and budgetary challenges. As part of the reauthorization process, the Committee will work to address the
FAA's insufficient progress on NextGen, which if not addressed, will lead to major delays and cost overruns.

The FY 2016 budget request notably does not include the previously proposed $100 Air Traffic Control (ATC) user fee that had been a controversial provision in the past several budgets. The Administration had previously requested ramping up user fees to offset the general fund contribution in the outyear budgets. The Committee is pleased to see this proposal, which had threatened General Aviation in the United States, dropped from this year's request. While the user fee provision has been omitted for FY 2016, the Administration continues to push its proposal to change and lengthen business aircraft depreciation schedules from five years to seven years, which could harm sales of aircraft, and the men and women who build them.

The Committee is pleased to see funding for FAA's program to develop, test and standardize an alternative unleaded replacement fuel for the majority of the General Aviation fleet by 2018 included in the budget request.

The Committee emphasizes that the primary purpose of the Trust Fund is to meet the capital needs of the aviation system. For FY 2016, the President's Budget Request seeks a $2.9 billion limitation for AIP, a decrease of $450 million from the FY 2015 enacted level. The proposed budget seeks to eliminate passenger and cargo entitlement funding for large hub airports and focus AIP grants on investment projects at smaller commercial and general aviation airports. In order to offset the proposed decrease in airport grant funding, the request seeks to replace AIP with locally generated revenue by increasing the limit for PFCs from $4.50 to $8.00 per enplanement. The Committee remains skeptical that it is appropriate to prejudge congressional action on the PFC as part of AIP funding levels. Since the budget proposal would drop overall AIP funding levels below $3.2 billion, formula funding for small and general aviation airports would be threatened.

Further, the FAA Modernization and Reform Act of 2012 instructed the FAA to develop a comprehensive plan to safely integrate Unmanned Aircraft Systems (UAS) operations into the NAS within approximately a year of enactment of the law. The FAA finally released a Notice of Proposed Rulemaking (NPRM), on February 13, 2015, for small UAS (under 55 pounds). As part of the Committee's consideration of FAA reauthorization, we will examine UAS integration issues, as well as set authorization levels for FAA programs over the next several years.

National Highway Traffic Safety Administration (NHTSA)

The President's budget proposes that NHTSA vehicle safety programs be funded out of a Transportation Trust Fund, rather than from general funds as they have traditionally been funded. This would place NHTSA safety programs in direct competition with highway trust fund projects.

The President's budget does not contain a clear vision for improving NHTSA's defect detection and investigation activities. Although the President's budget contemplates a significant increase of funding for the agency's Office of Defects Investigation, it does not provide a specific plan for improving the capabilities and efficiencies of the office. It also proposes a significant increase in staff, including for the Office of Defects Investigations, despite the agency not yet having
completed its ongoing workforce assessment, which was initially recommended by the DOT OIG more than 3 years ago.

The President’s budget also proposes to provide funding for highway safety grants under Section 405 at a higher level than Section 402, despite the preferred flexibility afforded to states in the latter.

**Surface Transportation Board’s (STB)**

The Committee is supportive of the STB’s FY 2016 budget request of $34.8 million. The service delays that were felt by many shippers throughout the country, but especially in the Midwest, last winter (2013-2014) reinforced the importance of a reliable freight rail network. The STB played an integral part in working with the freight railroads and shippers to highlight the problem, find solutions, and provide transparent information. However, even with the work the STB has done, there are improvements that can be made at the STB to ensure the Board is more efficient and its processes are more affordable to those seeking relief. The Committee plans to work on this issue, through a Surface Transportation Board Reauthorization, this year.

**Department of Homeland Security (DHS)**

**United States Coast Guard**

The FY 2016 budget proposal for the Coast Guard would continue the agency’s efforts to recapitalize its fleet of cutters, boats, and aircraft, as well as key systems and infrastructure. The request also supports each of the Coast Guard’s 11 statutory missions in support of DHS and other national priorities.

The Committee supports the $200 million proposed in the budget request that will fund the recapitalization, modernization, and sustainment of the Coast Guard’s fleet of aging aircraft. This includes the stand-up of the Coast Guard’s first operational C-27J air station, its logistics support, and development of associated training systems.

Unfortunately, the President’s FY 2016 budget request for the Coast Guard fails to dedicate funding for offshore patrol cutters. These vessels are necessary to replace the aging fleet of medium endurance cutters, which are the workhorses for migrant and drug interdiction missions and are strongly supported by the Committee.

**Transportation Security Administration (TSA)**

The President’s FY 16 budget request for TSA is $7.3 billion, a $73.5 million decrease from the FY14 enacted level. Of the request, $2.14 billion would be offset by collections for passenger security fees. As part of DHS, TSA has been operating on a continuing resolution of FY14 appropriation levels through February 27, 2015. TSA continues to focus on a multi-layered, risk-based security (RBS) approach to improve transportation security and enhance operational efficiency and effectiveness.

The majority of the President’s request supports 51,754 positions (47,367 FTE) and approximately $5.6 billion in gross discretionary appropriated funding for aviation security. This total includes a decrease of $119 million and 1,748 FTE as a result of workforce savings related
to RBS efficiencies. The Committee supports these efficiencies, but will continue to evaluate RBS expedited screening measures, which have not been specifically authorized by Congress and which include questioned elements of TSA Pre✓™ vetting and screening processes, the planned expansion of TSA Pre✓™ passenger enrollment via private companies, and “Managed Inclusion.” The Committee intends to give particular attention to the security effectiveness of Managed Inclusion, which TSA uses to boost the number of passengers who experience expected screening.

The President’s request includes $166.93 million for the Screening Partnership Program (SPP), an $8.7 million increase from the FY14 enacted level. SPP enables airport operators a local choice to privately contract for passenger screening operations. The Committee supports the expansion of private screening operations and increased funding for SPP, but remains concerned that TSA’s methods for calculating cost comparisons between TSA and private screeners make it difficult to attract and re-compete SPP vendor contracts.

The President’s request also supports approximately $711 million in the Aviation Security Capital Fund, EDS Procurement and Installation, Screening Technology Maintenance, and Checkpoint Support PPAs for the purchase, installation, and maintenance of passenger and baggage screening technologies, including new Advanced Imaging Technology (AIT) units to be purchased with carryover funding from previous budget years. While RBS initiatives have reduced AIT Full Operational Capability, the Committee is concerned about TSA’s delayed testing and deployment of next generation AIT-2 machines, and believes TSA should develop a better schedule to procure future generations of security technologies in closer partnership with security technology manufacturers and other stakeholders. The Committee will continue to conduct oversight of TSA’s acquisition policies and procedures as the agency implements the planning and transparency requirements in the Transportation Security Acquisition Reform Act, signed into law in December 2014.

Among the President’s TSA budget highlights, the Committee supports in particular increased funding to lift a multi-year hiring freeze at the Federal Air Marshal Service (FAMS), and remediation efforts to enhance cybersecurity and protect critical network infrastructure. The Committee is, however, deeply troubled about recent media reports of misconduct at FAMS among sworn and commissioned law enforcement officers, and the Committee will be scrutinizing the conduct and culture of the FAMS through its oversight activities.

Finally, separately from the FY 2016 President’s Budget, TSA plans to submit two fee proposals that would increase the Aviation Passenger Security Fee from $5.60 per one-way trip to $6.00 per one-way trip beginning in FY 2016, and would reestablish the Air Carrier Fee beginning in FY 2017. These additional fee collections would generate an estimated $194.6 million for the general fund for deficit reduction in FY 2016, and would begin to provide discretionary offsets for aviation security starting in FY 2017. The Committee does not presently support these further fee increases, which come on the heels of the increase mandated in the Bipartisan Budget Act of 2013 that diverted aviation security fee revenues to pay for deficit reduction.
Department of Commerce

National Institute of Standards and Technology (NIST)
The President’s FY16 budget request for NIST is $1.12 billion, an increase of $255.8 million (29.6%) from FY15 enacted levels. The request for NIST’s Scientific and Technical Research Services (STRS) account is $754.7 million, an increase of nearly $80 million (12%) over FY15. The Committee supports in particular the following selected STRS priority areas highlighted by the President: materials genome initiative; disaster resilient buildings and infrastructure; advanced communications; cryptographic capabilities; advanced sensing for manufacturing; cyber physical systems; bio-manufacturing/engineered biology; and technology transfer.

The President’s request for NIST’s Construction of Research Facilities (CRF) is $59 million, an increase of nearly $9 million (17%) from FY15 enacted levels to fund the next phase of planned multiyear renovations. The request for NIST’s Industrial Technology Services (ITS) is $306 million, an increase over $167 million (122%) from FY15 enacted levels. This increase is primarily due to a new $150 million line item for the Network for Manufacturing Innovation (NNMI), and includes $141 million for NIST’s Manufacturing Extension Partnership (MEP) program, an increase of $8 million (8%), and $15 million for the Advanced Manufacturing Technology (AMTech) program, an increase of over $6 million (85%). The Administration is also proposing to transition the NNMI from a discretionary account to a one-time $1.53 billion mandatory appropriation to be executed over FY 2017 to FY 2024 to complete a network of 45 Institutes for Manufacturing Innovation (IMIs).

The Committee disagrees with the Administration’s approach to implementing the NNMI because it ignores the direction of Congress in the Revitalize American Manufacturing and Innovation Act (RAMI), signed into law in December 2014. RAMI authorized NIST to use no more than $5 million annually for 10 years to administer the NNMI program, and authorized the transfer of $250 million over 10 years from DOE’s Energy Efficiency and Renewable Energy account to NIST to pay for the NNMI. Unlike the President’s request, this approach uses existing funding accounts, does not authorize new mandatory funding, and does not envision dozens of different IMIs.

Since Congress has not reauthorized NIST since the America COMPETES Act of 2010 expired in September 2013, the Committee recommends total agency funding levels in line with proportionate caps under the Bipartisan Budget Act. The Committee plans to develop legislation in 2015 to reauthorize and set funding levels for NIST.

National Telecommunications and Information Administration (NTIA)
Pursuant to the 2015 Consolidated and Further Continuing Appropriations Act, NTIA currently is operating under a budget of $38.2 million for the remainder of FY 2015. The Committee will consider the NTIA funding as part of the Committee’s continuing oversight of the NTIA. Notably, NTIA is currently in the midst of a process to determine whether the U.S. government can transfer oversight of the Internet Assigned Numbers Authority. The Consolidated and Further Continuing Appropriations Act contained a funds limitation that prevents NTIA from transferring this oversight role through the end of FY 2015.
Additionally, NTIA is responsible for administering spectrum allocated for government use. Following the passage of the Middle Class Tax Relief and Job Creation Act of 2012, NTIA was tasked with working to facilitate the plans for relocating government incumbents from the 1.7 GHz band to make the spectrum available for commercial auction. With strong bipartisan participation, NTIA successfully coordinated the many government interests. This effort culminated in a record-setting FCC auction, which raised more than $44 billion — enough to fully fund the national first responder network, FirstNet, and the other obligations of the Public Safety Trust Fund. The Committee will continue to examine the role of NTIA in spectrum management with a focus on producing continued results for both government users and the economy.

**National Oceanic and Atmospheric Administration (NOAA)**
The President’s FY 2016 Budget Request for NOAA proposes a discretionary budget of $5.9 billion, an increase of $34 million above NOAA’s FY 2015 enacted level.

Notably, the FY 2016 budget request includes $2.4 billion for the National Environmental Satellite, Data, and Information Service (NESDIS), which primarily funds the Joint Polar Satellite System (JPSS) and the Geostationary Operational Environmental Satellites (GOES) acquisition programs. The Committee has serious concerns that the budget for this satellite portfolio continues to increase unsustainably and will explore options for greater efficiencies.

The Committee does support the $6 million increase within the Office of Oceanic and Atmospheric Research for the Regional Integrated Sciences and Assessments program that will foster continued collaboration of NOAA’s regional information systems to include the National Integrated Drought Information System (NIDIS). NIDIS has a strong history of providing sound drought outlooks in a manner that facilitates cooperation among NOAA, the states, universities, and stakeholders, and its reauthorization was supported by the Committee in the National Integrated Drought Information System Reauthorization Act of 2014, which became law in March 2014.

**Independent Agencies**

**National Aeronautics and Space Administration (NASA)**
The National Aeronautics and Space Administration is our nation’s civilian space and aeronautics research and development agency. Within the top line budget, it is critical that NASA refocus its funding to align with the agency’s core mission priorities related to expanding human space exploration, aeronautics, and related research areas. The FY 2016 budget request for NASA is $18.53 billion, an increase of $319 million, or 2.9 percent, compared to $18.01 billion in FY 2015 appropriations. The Committee is concerned that the proposed 2.9 percent increase for NASA may not be realistic within caps on discretionary spending in current law.

Since the end of the Space Shuttle Program in 2011, the U.S. has relied on the Russians for transportation of American astronauts to and from the International Space Station (ISS). However, according to the NASA Inspector General, NASA is paying Russia over $2.1 billion to transport 36 NASA astronauts and international partners to and from the ISS between 2012 and 2017, a high cost with strategic implications.
The Committee notes the robust allocation of $1.24 billion for NASA’s Commercial Crew Program, an increase of $438 million. At the same time, however, the request proposes to fund the Space Launch System vehicle development at $1.39 billion, a decrease of $343 million, and reduce funding for the Orion crew capsule to $1.09 billion, a decrease of $97 million from FY2015 funding levels.

The FY 2016 overall budget request for Science is $5.28 billion, an increase of $43 million. However, the Committee is concerned that the Science budget appears to allocate significant funding increases for scientific research that may be redundant with the activities being undertaken at other agencies and may reduce the availability of funds for research related to the traditional sciences, aeronautics and space exploration.

National Science Foundation (NSF)

The President’s FY 2015 budget request for NSF is $7.724 billion, an increase of 5.2 percent or $379.34 million over the FY 2015 enacted level. The budget for NSF is divided into three major accounts: Research and Related Activities (RRA), Education and Human Resources (EHR), and Major Research Equipment and Facilities Construction (MREFC). It also includes funding requests for Agency Operations and Award Management, the National Science Board (NSB), and the Office of Inspector General (OIG).

The Committee supports in particular the following selected new and ongoing NSF priorities: investments as part of the Administration’s Brain Research through Advancing Innovation and Neurotechnologies (BRAIN) Initiative; improving the predictability, risk assessment, and resilience to extreme natural and manmade events; cyber-enabled materials, manufacturing, and smart systems; the Cyberinfrastructure Framework for 21st Century Science, Engineering, and Education program; the Innovation Corps program to commercialize research results; and the Secure and Trustworthy Cyberspace program.

The President’s request also highlights its plan to invest $200.3 million in major research equipment and facilities construction (MREFC), which includes ongoing funding for construction of the Inouye Solar Telescope, the Large Synoptic Survey Telescope, and the National Ecological Observatory Network (NEON). The Committee is concerned about NSF’s financial management of its large facility projects like these, many of which are funded through the MREFC account. According to information provided to the Committee by the NSF Inspector General, NSF approved proposed budgets for four major projects totaling more than $1.4 billion, although the agency lacked sufficient information to ensure that the budgets approved under the agreements represented the basis for a fair and reasonable cost billed to taxpayers.

To date, NSF has not properly accounted for facility budgets and costs, including comprehensive and accurate information pertaining to the construction and operation of facilities. The Committee believes that NSF must ensure that all such expenditures are fair and reasonable to protect funding for important core research grants and programs. As part of the Committee’s oversight function, Chairman Thune and Ranking Member Nelson sent a letter to the NSF and NSB in February 2015 requesting information related to the financial management of large facility cooperative agreements. Until the Committee is more confident NSF can accurately
account for large facilities' construction and operation costs, the Committee does not support the proposed MRSEC funding request.

The President's budget request for core mission research areas, such as those in the Mathematical and Physical Sciences, Engineering, Computer and Information Science and Engineering, and Biology Directorates, does not include increases that are proportionate to some of the other fields in the RRA account. The Committee believes the aforementioned research areas yield important technological innovations and economic benefits, and should not be funded with disproportionately lower increases as compared to the proposed funding for fields like the Social, Behavioral, and Economic Sciences Directorate.

Although Congress has not reauthorized NSF since the America COMPETES Act of 2010, which expired in September 2013, the Committee recommends total agency funding levels in line with proportionate caps under the Bipartisan Budget Act. The Committee plans to develop legislation in 2015 to reauthorize and set funding levels for NSF.

**Federal Communications Commission (FCC)**

Pursuant to the 2015 Consolidated and Further Continuing Appropriations Act, the FCC currently is operating under an annualized budget of approximately $4.56 billion, with $3.39 billion coming from regulatory fees and $1.12 billion coming from spectrum auction proceeds.

For FY 2016, the Commission is requesting an increase of approximately $60 million to its budget. The increase is comprised of $48 million in new budget authority, a $25 million transfer from the Universal Service Fund to support oversight activities, and $9 million for auction expenses to be recovered from auction proceeds. Additionally, the Commission has made a number of one-time budget requests, including $45 million for moving expenses related to the expiration of the Commission's office leases and nearly $12 million for IT expenditures.

The FCC has not been reauthorized since the early 1990s. As a result, the Commission's budget has grown over time without the benefit of legislative reform informed by the Committee's oversight of the FCC. In coordination with our counterparts in the House of Representatives, the Committee intends to examine the Commission's budget in detail over the next few months, including embarking on a reauthorization and a review of the Commission's expenditures.

**Universal Service Fund and Other Overlapping Subsidy Programs**

The Universal Service Fund (USF or Fund) is an FCC administered program that historically has subsidized telephone service. The USF is paid for with surcharges on subscribers' phone bills. The USF currently costs telephone subscribers approximately $9 billion per year and consists of four programs. The high-cost program, which subsidizes parts of the country that are expensive to serve, costs approximately $4.6 billion per year. The schools and libraries program, also known as E-Rate, costs subscribers approximately $2.3 billion per year. This program is expected to increase by $1.5 billion following recent FCC action. The low-income program, designed to subsidize poorer households, costs approximately $2 billion per year. The rural healthcare program subsidizes tele-health programs and costs approximately $120 million per year. Carriers pay into the fund to cover its quarterly costs and then pass the amounts they pay
on to their subscribers, currently in the amount of approximately 17 percent of subscribers’ interstate long-distance bills.

Legislation signed into law in 2005 exempted the USF programs from the application of the Anti-Deficiency Act (ADA) until December 31, 2006. Since then, Congress has continued to shield the universal service programs from the ADA with a series of short-term extensions of the exemption. The most recent extension, adopted as part of the Consolidated and Further Continuing Appropriations Act, lasts until December 31, 2016. As part of the Committee’s efforts to reauthorize the Commission, the Committee intends to review whether the ADA exemption should continue to be extended.

On February 26, 2015, the Commission voted to reclassify broadband Internet access services as telecommunications services, subject to utility-style regulation under Title II of the Communications Act of 1934. Because the text of the Commission’s proposed rules is not yet available, the impact of this decision on the USF is not clear. However, section 254 of the Communications Act, which governs universal service, requires every provider of interstate telecommunications services to contribute on an equitable and non-discriminatory basis to the fund. Previously, providers of broadband Internet access service were not required to contribute to the Fund or to state universal service funds. According to the Progressive Policy Institute, the Commission’s action could add as much as $11 billion to consumers’ bills in the form of federal and state universal service fees being assessed on broadband services for the first time ever, and due to other potential state and local taxes and fees.

Additionally, several programs overlap significantly with the USF. For example, the Rural Utilities Service administers several programs that offer similar coverage to the Fund. All such programs should be reviewed and reconciled to minimize such redundancies and inefficiencies.

Spectrum

In the Middle Class Tax Relief and Job Creation Act of 2012, Congress extended the FCC’s auction authority through 2022 and authorized the FCC to conduct voluntary incentive auctions so that broadcast stations and other spectrum licensees could relinquish their licenses in exchange for a portion of auction proceeds. The Congressional Budget Office (CBO) projected that those provisions would generate $12 billion after paying licensees that exit the market, compensating broadcasters that relocate in the process, and contributing $7 billion toward construction of a nationwide public safety broadband network.

In late 2014 and early 2015, the FCC conducted one of the traditional auctions (non-incentive) called for in the Middle Class Tax Relief and Job Creation Act. The auction contained licenses for 50 MHz of paired spectrum and an additional 15 MHz of unpaired spectrum. This auction alone surpassed CBO’s estimate for total auction revenues over the ten-year scoring window, producing gross bids of nearly $45 billion. Despite this success, CBO estimates that spectrum auctions will produce only an additional $18 billion in revenue during the remaining seven years of FCC auction authority. That figure includes projected revenue from the auctions of highly sought-after low band spectrum in the broadcast television incentive auction. In light of recent auction successes, the Committee will work to review practices across the Federal government to
accurately and consistently value spectrum and ensure that the benefit of its value is realized.

As in the past, the President’s Budget has proposed assessing a spectrum license user fee. We agree that spectrum, as a valuable and scarce resource, should produce a return on investment for American taxpayers. However, imposing new spectrum fees, including on already allocated and licensed spectrum, poses significant challenges, especially since spectrum license holders already are charged license application fees and yearly regulatory fees. If spectrum fees were put in place, prices for consumer services may increase as companies transfer the higher operating expenses onto their subscribers. The Committee therefore opposes this proposal.

Additionally, a February 28, 2012, Government Accountability Office (GAO) report on duplicative government activities (GAO-12-342SP) has concluded that spectrum management “is fragmented between the Department of Commerce’s National Telecommunications and Information Administration (NTIA) and the Federal Communications Commission (FCC)” in a way “that could impact the nation’s ability to meet the growing demand for spectrum.” Indeed, slow progress in repurposing spectrum inefficiently used by the Federal government that might be better allocated toward the growing demand for commercial mobile broadband services, as well as the increasing number of interference disputes arising between Federal and commercial users, may be due, in part, to the division between the NTIA’s management of Federal spectrum use and the FCC’s management of commercial, State, and local spectrum use. GAO pointed in particular “to a lack of transparency in their joint planning efforts”; a dearth of coordination in some circumstances; the NTIA’s reliance “heavily on Federal agencies to self-evaluate and determine their current and future spectrum needs, with limited oversight or emphasis on holistic spectrum management to ensure that spectrum is being used efficiently across the federal government”; and the fact that agencies do not pay for the spectrum they receive and do not have sufficient incentives to use spectrum more efficiently.

Consumer Product Safety Commission (CPSC)
The President’s budget proposes a $129 million budget for the CPSC, which includes $5 million for a Nanotechnology Research Center. The request identifies nanotechnology as an emerging technology and consumer safety issue, and proposes the creation of a CPSC Center for Consumer Product Applications and Safety Implications of Nanotechnology. Because this center would be modeled on an existing National Science Foundation and EPA interagency research center, the Committee questions whether this would result in duplication of effort. The proposal raises additional concerns about accountability and implementation, neither of which are discussed in the proposal.

The CPSC continues its work on reducing the cost of third party testing requirements as required by Public Law No. 112-28, enacted in 2011. The Committee has been frustrated with the three-year delay of this provision meant to assist small business. However, the CPSC Chairman recently directed staff to draft a notice of proposed rulemaking (NPR) in FY 2015 with a goal of potentially issuing a final rule in FY 2016. On a bipartisan basis, CPSC Chairman Kaye and Commissioner Mohorovic have also voiced a commitment to explore and pursue additional burden reduction projects. These include determinations on additional heavy elements consistent with the existing ASTM F963-11 toy standard, and recognition of compliance with internationally recognized toy standards to be equivalent, from a safety perspective, to the
ASTM F962-11 standard, if and when appropriate. These Commissioners also propose exploration of a de minimus third party testing exemption for materials in children’s products that do not exceed a certain threshold, provided that threshold would not cause any measureable adverse health effects for children. It is the view of the Committee that any appropriated funds for the CPSC take into consideration this statutorily required directive to pursue appropriate burden reduction opportunities, which would greatly benefit small businesses by allowing them to avoid unnecessary third party tests, while still assuring safety and compliance with applicable statutory and regulatory requirements.

Separately, the Committee is concerned that federal agencies are not adequately securing their own information systems and notes that the CPSC Inspector General has identified significant shortfalls in the Commission’s information security practices and compliance with the Federal Information Security Management Act. Any amount of funding to the CPSC for cybersecurity should be focused to address those identified issues.

**Federal Trade Commission (FTC)**

The President’s budget proposes a $309.2 million budget for the FTC, which includes a $14.2 million increase from the FY 2015 enacted level. As it has done in previous requests, the FY 2016 budget request would be offset by proposed increases to Hart-Scott-Rodino (HSR) filing fees for each merger size, and the creation of a new merger fee category for mergers valued over $1 billion. It also proposes indexing future increases to the annual percentage change in the Gross National Product. However, the proposed budget contains no explanation for the higher fees or proposed metrics. Absent additional justification, it is the Committee’s view that the proposed HSR fee increases would discourage economic growth and job creation without offsetting benefits.

The budget proposes an increase of $8 million to FTC information technology operations for the Commission’s information technology infrastructure. Improving cybersecurity across the federal government has been a focus of this Committee, and the GAO has identified weaknesses in the Commission’s information security practices. Any amount of funding for the FTC’s IT operations should address how the Commission will improve the cybersecurity of its own systems.

In closing, I appreciate the work you are doing to prepare the FY 2016 Budget Resolution, and stand ready to assist in your efforts.

Sincerely,

[Signature]

JOHN THUNE
Chairman
March 4, 2015

The Honorable Mike Enzi, Chairman  
The Honorable Bernie Sanders, Ranking Member  
Senate Budget Committee  
64 Dirksen Senate Office Building  
Washington, DC 20510

Dear Chairman Enzi and Ranking Member Sanders,

This letter provides my views and estimates to the Committee on Budget on matters within the jurisdiction of the Committee on Commerce, Science, and Transportation regarding the fiscal year 2016 (FY 2016) Budget Resolution.

**Department of Commerce**

**National Oceanic and Atmospheric Administration**

From precise navigational charts to accurate weather forecasts, commerce relies on a functional National Oceanic and Atmospheric Administration (NOAA). Continued underfunding of the agency with direct responsibility for weather prediction, climate observation, drought monitoring, federal fishery management, and mapping threatens dire consequences. It is critical that the FY 2016 budget provide the $6 billion recommended by the Administration for NOAA to fund programs that support national scientific, economic, and social needs.

This year will mark ten years since Hurricane Katrina struck the Gulf coast; five years since the Deepwater Horizon oilrig exploded in the Gulf of Mexico; and three years since Superstorm Sandy made historic landfall on the Atlantic coast. Millions of Americans are at risk from coastal hazards. The climate is changing and will continue to do so. Coastal communities must have the resources to plan and adapt for heightened risk. The National Ocean Service provides crucial information and resources to make our oceans and coasts more resilient. The National Environmental Satellite Data and Information Service provides the environmental intelligence to support climate and weather observations.
The National Weather Service translates complex data streams into usable forecasts and warnings. These missions save lives and property.

Supporting sustainable fisheries and American jobs requires a significant investment in fisheries science. The National Marine Fisheries Service data collection, survey, and stock assessment functions have been greatly underfunded. Increased investment in fisheries science is necessary.

NOAA needs both the capital assets and the workforce support to carry out national priorities. NOAA requires $380 million in FY 2016 to initiate the follow-on mission for polar-orbiting satellites, which provide up to 85 percent of the data inputs to our numerical weather models. Vessels are as important to NOAA’s oceanic mission as satellites are to its weather mission, yet without additional investment, the NOAA ship fleet will be cut in half by fiscal year 2028. Fleet recapitalization must be a top priority. In FY 2016, $147 million is required to construct an ocean survey vessel and to leverage currently available cost efficiencies. Finally, recruitment backlogs and retention challenges undermine the agency’s ability to fulfill its missions. The Administration has recommended an increase in funding to address these problems. As such, I recommend an increase in NOAA’s budget of approximately 10 percent over FY 2015 enacted levels, or a total of $6 billion.

National Institute of Standards and Technology

The enacted FY 2015 funding for the National Institute of Standards at Technology (NIST), which often works closely with the private sector to improve voluntary standards and to conduct applied research, totaled $863.9 million. For FY 2016, the President requested $1.1 billion, a nearly 30 percent increase. NIST’s primary laboratory account funds research and much-needed advances in a variety of fields. Increased funding would allow NIST to hire more cryptographers, which is a recommendation from a 2014 report by NIST’s Visiting Committee on Advanced Technology. Furthermore, funding increases for disaster resilient buildings and infrastructure would help mitigate damage from earthquakes, hurricanes, floods, fires, and other natural and man-made disasters. I support increased funding in both of these areas.

Much of NIST’s increased funding ($150 million) detailed in the President’s request would support NIST’s Industrial Technology Services, particularly the National Network for Manufacturing Innovation (NNMI). This funding increase would also support NIST’s re-competition of its Manufacturing Extension Program (MEP) centers. In every state, MEP centers help small and medium-sized manufacturers improve and compete globally. Re-competition will allow NIST to rebalance its MEP funding portfolio and to better serve smaller
manufacturers. I fully support the President’s requests for NNMI and MEP, both of which are important to U.S. manufacturing.

**Department of Homeland Security**

**U.S. Coast Guard**

I recommend a minimum of $10.5 billion in funding for the United States Coast Guard in FY 2016 in order to adequately cover the Service’s front-line operations, preserve maritime incident prevention and response capabilities, and recapitalize the Service’s timeworn fleet of ships, boats, and aircrafts, as well as its crumbling shore-side infrastructure. The Howard Coble Coast Guard and Maritime Transportation Act of 2014 (P.L. 113-281) made many refinements to the Coast Guard’s authorities in order to enhance its marine safety, maritime security, environmental stewardship capabilities, and quality of life for families.

The Coast Guard is a highly respected, highly adaptive, multi-mission branch of the Armed Forces that is routinely called upon to lead the Federal response to large-scale maritime and coastal disasters, but I continue to have serious concerns as to whether it is properly resourced to do all that the Nation asks of it. The Service is responsible for no less than 11 diverse statutory missions, namely: marine safety; search and rescue; maintaining aids to navigation throughout U.S. navigable waters; fisheries law enforcement; marine environmental protection; ice operations; ports, waterways, and coastal security; drug interdiction; migrant interdiction; defense readiness; and other law enforcement, including the protection of our maritime boundaries and natural resources from illegal operations by foreign vessels.

In 2014 alone the Coast Guard saved over 3,400 lives, seized over 140 metric tons of illegal drugs bound for our coasts, interdicted nearly 3,600 undocumented migrants attempting to illegally enter the U.S., inspected over 12,500 U.S. flagged commercial vessels for safety and security compliance, and conducted over 19,700 waterborne patrols of critical maritime infrastructure. Continued investment in the Coast Guard is essential in order to avoid grave operational gaps and meet mission demands. As it stands, the current investment in and replacement of aging Coast Guard assets cannot keep pace with the rate of ship decommissioning and aircraft retirements. We need to replace failing legacy assets with new capabilities such as the Offshore Patrol Cutter and the C-27. In short, I am concerned that the Service has been making risky operational tradeoffs in recent years in order to adapt to the current budget-constrained environment.
Transportation Security Administration

The Transportation Security Administration’s (TSA) budget represents our commitment to securing the transportation system from evolving terror threats. TSA fulfills the obligations established by Congress in the Implementing Recommendations of the 9/11 Commission Act of 2007 (P.L. 110-53) through risk-based security across transportation modes, protecting passengers, cargo, and the public. The $7.3 billion requested for FY 2016 will support mission-critical components, including enhanced training for the frontline screening officer workforce and improvements to the DHS Terrorist Watchlist Service. I believe that all necessary resources should be brought to bear in securing our transportation system, and that any security fees levied on transportation passengers should be dedicated to TSA programs.

Independent Agencies

National Aeronautics and Space Administration

The NASA Authorization Act of 2010 addressed competing priorities within the Administration and Congress, received overwhelming bipartisan support, and was endorsed by the President. The act authorized funding through FY 2013, and balanced the agency’s science and research portfolio with the need to overhaul NASA’s human exploration program. The act called for retiring the Space Shuttle, developing commercial crew transportation services for access to the International Space Station, and developing a heavy-lift launch system and vehicle for deep space exploration.

The agency is now at a critical point in the development of its human space flight programs, and I urge you to fund NASA at $19 billion for FY 2016. The President’s budget request of $18.5 billion is a three percent increase above the FY 2015 enacted level. However, since the 2010 Authorization Act, NASA has been appropriated significantly less than authorized, operating on a $5 billion shortfall for FY 2011 to FY 2013. In addition funding was relatively flat through FY 2015. These funding shortfalls delayed follow-on capabilities to the Space Shuttle and will result in paying an additional $2 billion to Russia for transportation of NASA’s astronauts to the International Space Station (ISS) through 2017. Additionally, compromises were made to NASA’s deep space exploration programs, which now face schedule slips and “challenging budget scenarios” in the words of NASA’s Inspector General.

NASA’s commercial crew transportation and deep space explorations are at a critical juncture in their development. Commercial crew is in the final phase of development and will begin launching astronauts on American rockets beginning
in late 2017. Any reduced funding below the request will require NASA to adjust contract milestones, which could increase costs and lead to delays, extending U.S. dependency on Russia. Furthermore, NASA needs additional funding to cover the budget challenges and risks of its heavy-lift launch system and vehicle for deep space exploration programs. If the U.S. is to lead the world in space, we must sufficiently fund the Space Launch System (SLS) and Orion vehicle that will take us into deep space and to Mars, while protecting NASA’s portfolio of science and aeronautics research priorities.

National Science Foundation

The National Science Foundation (NSF) is the nation’s only agency supporting basic research in all scientific and engineering fields, except the medical sciences. NSF also leads Federal efforts to improve undergraduate science, technology, engineering, and mathematics (STEM) education. NSF’s enacted FY 2015 funding totaled $7.3 billion. For FY 2016, the President requested a five percent increase, to $7.7 billion. I support this increase, as several academic and industry leaders recommend steady and sustained growth in Federal research and development funding. Increasing NSF’s budget would also support several important initiatives. NSF’s education portfolio, which directly funds graduate students and is critical to training the next-generation STEM workforce, would see an 11 percent increase. Additional funds would also help a cross-agency effort to increase the resilience of the nation’s infrastructure to both natural disasters and to man-made threats. Funding would also support NSF’s basic research efforts to improve cybersecurity and online privacy. This initiative offers scholarships to increase the nation’s much-needed cybersecurity workforce. NSF’s brain research efforts would also receive a sizable 35 percent increase. Improved understanding of the brain could lead to therapies that compensate for lost brain function, possibly even for veterans and the elderly.

Federal Trade Commission (FTC)

The FTC’s proposed budget recommends a funding level of $309.2 million for FY 2016, an increase of $16.2 million over the current funding level. I believe increased funding is essential to enable the FTC to continue to fulfill its vital consumer protection mission, particularly given the increasing threats to consumer privacy and data security. The Identity Theft Resource Center reported 783 data breaches in the U.S. in 2014, a 27.5 percent increase over the number of breaches reported in 2013, estimating that more than 675 million consumer records have been exposed in the past decade. At the beginning of 2015, Anthem Insurance announced a database breach that exposed the personal information of at least 80 million current and former customers and employees. For the 14th consecutive year, identity theft topped the FTC’s list of consumer complaints. Increased
funding will provide the FTC with additional FTEs to help combat not only unfair and deceptive privacy and security practices, but also a slew of anti-consumer practices, such as deception in the mobile marketplace, fraud that targets specific populations such as seniors and service members, and false advertising campaigns for products including health treatments. In order to bolster law enforcement activities to address Section 5 violations resulting from increased data security and privacy threats, as well as a proliferation of financial and marketing scams and to engage in related policy initiatives and consumer education campaigns, I strongly recommend increasing funding for this very important consumer protection agency.

Federal Communications Commission (FCC)

The FCC’s proposed budget would allow the FCC to collect and spend $388 million from fees, an increase of $48 million from FY 2015, which I support. This increased funding is essential for the operations of the FCC. Ninety percent of the proposed increase will go toward planning for an eventual move or restack of the FCC’s headquarters, a process that will eventually save $119 million over 15 years. Another portion of the increase will provide support for the FCC to modernize its IT infrastructure, another cost savings over the long term while making the FCC more efficient.

I also support the FCC’s request to increase the amount it can spend on auction administration from collected auction funds to $117 million (an increase of $11 million over last FY). The FCC is in the midst of planning for the voluntary broadcast television incentive auction as directed by Congress. This is a first-of-its kind auction with great complexity, and this additional support is vital to the work being done by the FCC to plan for that auction and other future spectrum auctions.

National Telecommunications and Information Administration (NTIA)

The President’s FY 2016 budget requests an increase of $8.8 million in funding for NTIA. This increase will help NTIA to continue to tackle a number of pressing issues, including cybersecurity and planning for the eventual evolution of the nation’s wirelines telephone networks to all-IP technology. This additional support also will further NTIA’s collaboration with the NIST in the Center for Advanced Communications, which will help both agencies address the Nation’s need for spectrum and other advanced communications technologies. I strongly support this increased funding, particularly at a time where our nation’s communications networks are ever more at risk from cyberattacks.
Corporation for Public Broadcasting (CPB)

CPB is funded on a two-year advanced appropriations cycle, and I support full funding for CPB for the 2018 fiscal year as proposed in the President's budget. In addition, the President has requested that an additional $40 million be given to CPB this year so that CPB can begin work on a new television interconnection system—a vital upgrade to the public television architecture of the Nation.

I have been a long-time supporter of public television, and I support this additional funding as well as full funding for this new interconnection system.

Department of Transportation

Aviation

In the 114th Congress, the Commerce Committee will undertake the reauthorization of the Federal Aviation Administration, including the fees and taxes that support infrastructure and critical agency functions through the Airport & Airway Trust Fund. The current authorization for the agency, which expires at the end of FY 2015, divides the FAA budget into four accounts: Operations; Airport Improvement Program (AIP); Facilities and Equipment (F&E); and Research, Engineering and Development (R,E&D). The Administration's budget request for FY 2016 budget supports the largest, safest, busiest aviation system in the world, while continuing important initiatives to lay the groundwork for tomorrow's aviation needs.

The President’s FY 2016 budget proposes increases in the FAA’s Operations, F&E and R,E&D accounts to fund priorities including the integration of unmanned aircraft systems (UAS) into the national airspace system (NAS), expanded commercial space launch and research activity, maintaining and sustaining air traffic control facilities and contract towers, and the “NextGen” initiative—the FAA’s multiyear effort to modernize the nation’s air traffic control system. A total of $956 million is requested for NextGen, nearly all of which will come from the total F&E request of slightly more than $2.8 billion. The Administration requests $2.9 billion for AIP, a reduction of $450 million from FY 2015 enacted levels, contingent on Congress raising the Passenger Facility Charge (PFC) from $4.50 to $8. Though the proposed PFC increase would more than offset the reduction in AIP, and enable the FAA to focus the $2.9 billion on smaller and medium-sized airports, we should not prejudge Congressional action on this issue. We cannot afford to risk allowing runways and safety-critical infrastructure to fall into disrepair, so unless Congress chooses to raise the PFC, it is unwise to assume any reduction in AIP funds. Consistent and stable funding is essential to ensure the aviation system preserves the highest level of safety, and for NextGen.
modernization effort to remain on track. I encourage you to support the Administration's objectives to sustain and improve our aviation system.

**Surface Transportation Reauthorization and the Transportation Trust Fund**

The establishment of a Transportation Trust Fund is encouraged for a comprehensive, multi-modal surface transportation investment program. The Moving Ahead for Progress in the 21st Century Act (MAP-21) authorized funding for highway, transit, and other surface transportation programs for FY 2013 and FY 2014. These programs are currently operating on a short-term extension of MAP-21 funding authorizations and policies that lasts through May 2015. As such, this year Congress will again consider the future of surface transportation programs and the financing mechanism that supports them.

Federal surface transportation programs have been funded in large part by the Highway Trust Fund. Historically, the Highway Trust Fund has been supported by gas, diesel, and other user-based taxes. I believe we should raise these taxes to adequately fund our surface transportation programs.

The Highway Trust Fund has faced decreasing revenues in recent years. Since 2008, Congress has transferred over $65 billion into the Highway Trust Fund – mostly from the General Fund of the U.S. Treasury – just to maintain funding for baseline authorization levels. If the Highway Trust Fund continues to be sustained by unrelated General Fund transfers, then it makes little sense to limit funding from the Fund to solely highway and transit programs. Capital investments in intercity passenger rail and freight infrastructure should receive serious consideration for eligibility under the Highway Trust Fund, either as an option for how states choose to use their funds, or as a percentage of total Highway Trust Fund allocations.

The President’s FY 2016 budget proposed establishing a “Transportation Trust Fund” that would support a diversified portfolio of surface transportation investments, including investments for intercity passenger rail and multi-modal freight. I support this structure.

**Grade Crossing Safety**

Highway-rail grade crossings collisions are the second leading cause of rail-related deaths and the top cause of all railroad accidents. While the number of collisions is lower today than it was 10 years ago, there was a 12 percent increase in collisions in fiscal year 2014.
I am concerned that as the economy continues to improve and both rail and road traffic increase, so too will the risk of grade crossing accidents. Already in 2015, there have been two high-profile accidents in both New York, which resulted in six fatalities, and in California, which sent 28 train passengers to the hospital. Grade crossing safety can be improved through educational outreach efforts to communities, improvements such as flashing lights and crossing arms, enhanced traffic enforcement, and vertical separation of the road and railway through a bridge or underpass. The President requested additional resources in the FY 2016 budget request for the Federal Railroad Administration to support these efforts, and I support this request.

National Highway Traffic Safety Administration (NHTSA)

NHTSA is currently funded at an annualized level of $830 million. The President’s FY 2016 Budget requests a proposed funding level of $908 million for NHTSA. Of this total, $577 million would fund the highway safety grants to states, $179 million would fund vehicle safety programs, and $152 million would fund highway safety research and development programs. This year’s proposal reflects a $78 million increase above FY 2015 enacted levels.

The safety of automobiles and our nation’s highways remains a top safety challenge facing the nation. While vehicles on our roadways are some of the safest in the world, over 32,000 Americans die, and more than 2.3 million are injured in vehicle accidents each year. Emerging safety issues, such as texting while driving, and increased investigations into deadly vehicle defects have created new burdens on the agency and demand more authorities and resources.

Through this year’s expected reauthorization, I believe an increase in funding is not only justified but imperative given the scope and scale of NHTSA’s mission and the complexities of emerging vehicle technologies in the marketplace. In particular, in light of recent revelations of deadly defects that date back over a decade, such as those related to General Motors and Takata, I strongly support the President’s proposed funding of $41 million for vehicle safety enforcement, which would increase NHTSA’s ability to quickly identify safety defects, promptly implement remedies, and provide vital information to the public. This funding would also enable NHSTA to undertake a consumer awareness campaign that would educate consumers about how to report vehicle defects, while also encouraging more consumers to do so.
In addition, I support the President’s proposal for $4 million to fund a new Vehicle Electronics and Emerging Technologies program and a new NHTSA research and test facility for electronics, batteries, and advanced fuels; $5 million to advance an anti-distracted driving campaign; $23 million to encourage states to enact laws that prevent distracted driving; and $13 million to encourage states to enact graduated driver licensing laws.

I further support the President’s budget in the following areas: $44 million for States for high-visibility enforcement campaigns; $44 million for promoting increased occupant protection; and $41 million for supporting NHTSA’s crash data collection activities.

Thank you for this opportunity to provide my views and recommendations regarding the FY 2016 budget resolution process.

Sincerely,

Bill Nelson
Ranking Member

cc: The Honorable John Thune, Chairman
February 27, 2015

The Honorable Mike Enzi, Chairman
The Honorable Bernie Sanders, Ranking Member
Committee on the Budget
United States Senate
Washington, D.C. 20510-6100

Dear Chairman Enzi and Senator Sanders:

This letter responds to the request you sent on January 27, 2015 for the views and estimates of the Committee on Energy and Natural Resources ("the Committee") on budget matters within the Committee’s jurisdiction.

Generally speaking, the Committee has jurisdiction over the programs of the Department of the Interior (other than the Fish and Wildlife Service and the Bureau of Indian Affairs), the Department of Energy (other than the National Nuclear Security administration), and the Federal Energy Regulatory Commission. The Committee also has jurisdiction over certain national forests. The programs under the Committee’s jurisdiction promote our national energy security and ensure the wise use and protection of the nation’s lands, water, and mineral resources.

Given the importance of these programs to the nation’s economy and the multiple use benefits that our public lands provide to our citizens, we recognize and appreciate that the budget must address those needs. We look forward to working with you and others in Congress to ensure that the spending levels ultimately enacted for programs under the Committee’s jurisdiction are as effective and efficient as possible.

There are a number of legislative proposals the Committee plans to act on that may have budgetary implications. For example, as in previous years, the Committee continues to support the Payment in Lieu of Taxes (PILT) program which provides payments to county governments to offset the impacts of federal land ownership within their boundaries. These counties are increasingly called upon to provide services, such as search and rescue, fire, law enforcement, and other health and safety services to visitors to our federal public lands. These counties also must maintain local roads to federal parks, wilderness and recreation areas, and wildlife refuges. The Committee urges the Budget Committee to sustain the fully authorized level of funding for PILT in FY2016 and requests a deficit-neutral reserve fund for this purpose.

The Committee may also consider legislation that would reform or reauthorize the Secure Rural Schools and Community Self Determination Act of 2000 (Public Law 106-393) along with
legislation that would require forest management to improve forest health and increase revenue generating activity on federal timber lands on which counties are dependent. The Committee requests a deficit-neutral reserve fund for this purpose.

We also remain concerned that the resources available for wildland fire-fighting for the Forest Service and the Department of the Interior in recent years have been inadequate. Fire suppression costs are rising significantly, both in actual dollar amounts and also as a portion of the total budget of the Forest Service. The ten-year average budget formula for suppression expenditures has translated into shortfalls in available suppression funds in many years. This problem is compounded as our forests grow increasingly susceptible to wildfire, fire seasons grow longer, and fires grow more destructive each year, with catastrophic fires becoming increasingly frequent. There are several proposals to address this complex and difficult issue. Although Senators on the Committee are less: to see that adequate resources are provided for wildland fire-fighting, they disagree about the best resolution of the matter. We request a deficit-neutral reserve fund for wildland fire management activities.

Authorization for the Land and Water Conservation Fund will expire September 30, 2015. Although Senators on the Committee have differing and competing ideas for changes to the fund, there appears to be an emerging consensus for reauthorizing the fund contingent upon reform. Accordingly, we request a deficit-neutral reserve fund to accommodate this issue.

It is also the Committee’s intention to advance energy-related legislation. As part of that initiative, we anticipate the possibility of reviewing and then extending, modifying, or eliminating authorizations for a number of programs within the Department of Energy or other agencies under the Committee’s oversight jurisdiction. We respectfully request that you establish a deficit-neutral reserve fund for activities related to energy legislation. We also look forward to working with you and your staff to ensure that the programs under the Committee’s jurisdiction are appropriately modernized to reflect our nation’s foremost energy and resource challenges.

In addition, the Committee is likely to consider separate measures intended to modernize the statutes governing the export of domestic crude oil and to expand energy development north of the Brooks Range in Alaska, on which Senators have strongly opposing views.

The Committee also intends to develop legislation to strengthen the mineral security of the United States. The U.S. Geological Survey has reported that the nation depends on foreign supply for at least 50 percent of 43 different mineral commodities, and that domestic “import reliance has increased significantly since 1978.” The nation’s significant vulnerability to supply shortages, price increases, and other disruptions threatens our manufacturing competitiveness and economic growth. The legislation we are preparing will seek to revitalize the mineral supply chain, from the permitting of new mines to recycling, and we request that you establish a deficit-neutral reserve fund for it.
The Committee requests that the budget recognize the opportunities and challenges that come with the United States’ responsibility as an Arctic nation as that region becomes more accessible and includes adequate resources for necessary Arctic infrastructure.

Also, we remain concerned that, because of a lack of suitable budget offsets, Congress has yet to enact legislation to implement the agreement between the United States and the Republic of Palau, a district of the former Trust Territory, which was signed in 2010. We believe enactment of this legislation is necessary to sustain the nation’s strategic relationship with Palau and to support our increased security focus on the Western Pacific region. We urge that the Budget Committee make adequate provision in the budget resolution for this purpose.

Finally, we must note that the United States remains liable to the nation’s nuclear utilities for breach of its contracts to dispose of the utilities’ nuclear waste. The Committee plans to consider legislation to restructure and revitalize the nuclear waste program along the lines of the recommendations of the Blue Ribbon Commission. We request that the budget resolution provide an appropriate reserve fund for this purpose.

We appreciate the opportunity to provide our views and estimates to your committee, and we look forward to working with you.

Sincerely,

Lisa Murkowski
Chairman

[Signature]

Maria Cantwell
Ranking Member
February 27, 2015

The Honorable Michael Enzi
Chairman
The Honorable Bernard Sanders
Ranking Member
Committee on the Budget
United States Senate
Washington, DC 20510

Dear Chairman Enzi and Ranking Member Sanders:

In response to your letter of January 27, 2015, I present the following views and estimates of the Minority for certain programs under the jurisdiction of the Committee on Environment and Public Works.

Climate Change

The Minority believes climate change poses a significant risk to our nation’s public health, economy and quality of life, and significantly reducing our nation’s carbon pollution is imperative. Numerous impacts of climate change are already being felt by Americans every day, including exacerbating dangerous levels of air pollution. And as the President’s Budget describes, “The Federal Government has broad exposure to the escalating costs and lost revenue as a direct or indirect result of a changing climate.” (Analytical Perspectives, Budget of the United States Government, Fiscal Year 2016, Chapter 24).

Safeguarding public health, protecting the environment, and growing the economy work together. Since the passage of the Clean Air Act four decades ago, air pollution emissions have dropped 72 percent while our economy has grown substantially. During the same period, the U.S. gross domestic product grew 219 percent and total private sector jobs increased by 101 percent.

The Minority believes the Clean Air Act provides clear authority to the EPA to limit carbon pollution and other greenhouse gases. The U.S. Supreme Court has ruled three times in support of EPA’s legal authority to control carbon pollution under the Act in the rulings Massachusetts v. EPA, American Electric Power v. Connecticut, and Utility Air Resources Group v. EPA.

Accordingly, the Minority supports the Administration’s EPA FY ‘16 budget of $239 million to support the agencies’ commonsense standards, guidelines and voluntary programs to cut carbon pollution and the proposal for the Clean Power State Incentive Fund.

The Minority further believes it is critical to adequately and fully fund the Environmental Protection Agency’s programs that address climate change such as the Vehicle and Fuels Standards Programs, Stationary Source Programs, and the Climate Protection Programs, including programs to implement the President’s Interagency Methane Strategy, actions to reduce HFC emissions, and continuing the highly successful Energy Star program.
The Minority supports the Administration's decision not to request new funding for continued licensing activities for the failed Yucca Mountain repository site in its FY 16 budget request given the myriad of technical, environmental, safety and other concerns associated with the proposed site, as well as the strong objections by the State of Nevada. For example, the Nuclear Regulatory Commission (NRC) recently published a report finding that the Department of Energy, the former license applicant for the Yucca Mountain repository, lacks both the water and land rights that would be required to construct it.

The August 2013 decision by the U.S. Court of Appeals for the DC Circuit directed NRC to spend the remainder of its already appropriated funds for Yucca Mountain licensing activities. The decision also cited City of Los Angeles v. Adams, 556 F.2d 40, 50 (D.C. Cir. 1977), recognizing that the NRC lacks the funds that would be needed to complete the licensing process and pointed out that in such situations, courts have stated that "the agency administering the statute is required to effectuate the original statutory scheme as much as possible, within the limits of the added constraint."

While the court noted that the NRC had about $11.1 million in appropriated funds for Yucca Mountain licensing activities (most of which the NRC has since proceeded to expend in accordance with the court's decision), it should also be noted that the costs of fully adjudicating the Yucca Mountain license would be expected to cost dramatically more than that. In fact, in December 2014 the former Chairman of the Commission testified to the Committee that merely resolving the hundreds of legal contentions associated with the license application would cost more than $300 million.

Chief Judge Merrick Garland thus stated, in his dissenting view on the August 2013 decision, that the decision was "a useless thing," saying "In short, given the limited funds that remain available, issuing a writ of mandamus amounts to little more than ordering the Commission to spend part of those funds unpacking its boxes, and the remainder packing them up again." The Minority agrees with this view and does not support any new appropriations for Yucca Mountain licensing activities.

I appreciate the opportunity to provide additional comment on the programs within the jurisdiction of the Committee on Environment and Public Works. I look forward to working with you as you prepare the Concurrent Resolution on the Budget for FY 2016.

Sincerely,

Barbara Boxer
Ranking Member
February 27, 2015

The Honorable Michael Enzi
Chairman
The Honorable Bernard Sanders
Ranking Member
Committee on the Budget
United States Senate
Washington, DC 20510

Dear Chairman Enzi and Ranking Member Sanders:

In response to your letter of January 27, 2015, we present the following views and estimates for certain programs under the jurisdiction of the Committee on Environment and Public Works.

Legislative Initiatives:

The Committee on Environment and Public Works intends to move forward with several legislative initiatives this year. With respect to the Committee’s legislative agenda, the Committee anticipates moving forward with comprehensive transportation legislation that will authorize Federal highway, transit and highway safety programs and includes direct spending.

The current surface transportation bill, Moving Ahead for Progress in the 21st Century Act (MAP-21) expires on May 31, 2015, and the Committee intends to begin work on legislation to reauthorize these programs this year. As such, the Committee requests the establishment of appropriate reserve funds to accommodate increases in the highway program above the current baseline and the continuation of mandatory contract authority to fund highway programs.

The Committee also anticipates advancing legislation to reauthorize the Toxic Substances Control Act (TSCA) which has not been significantly updated since its enactment in 1976. TSCA provides EPA with the authority to require record-keeping, testing, and reporting as well as the authority to regulate chemical substances and/or mixtures in commerce. The President’s FY 2016 budget lists chemical management as an EPA priority while reducing the budget of the Office of Pollution Prevention and Toxics (OPPT) by approximately $1.0 million from FY 2015 to a total of $70 million. Reauthorization language will be anticipated to increase the workload of OPPT through requiring a review of each chemical substance in commerce to
identify the highest priority chemical substances for safety assessments and determinations at the Administrator’s discretion.

The Committee may also begin work on water resources legislation to authorize important flood control, commercial navigation, and environmental restoration projects and programs across the country. Such legislation could include provisions related to fees or land transfers with very small direct spending impacts. As such, we request that a reserve fund for the Committee be flexible enough to address such issues.

1. Environmental Protection Agency

The Committee supports EPA efforts to protect public health and the environment, increase job opportunities and promote community revitalization by assessing, cleaning up and redeveloping brownfields. The Committee supports EPA’s emphasis on programs for maintaining and enhancing drinking water and wastewater infrastructure.

Water Infrastructure

The Committee supports programs for maintaining and enhancing drinking water and wastewater infrastructure and urges that the budget resolution support robust funding for these important and successful programs. The national need for investment in water and wastewater infrastructure through the Clean Water State Revolving Loan Funds (CWSRFs) and Drinking Water State Revolving Loan Funds (DWSRFs), which are managed by EPA, continues to far outpace the amount of funding that is available from all levels of government.

In May 2014, Congress revised the CWSRF program to provide additional subsidies to communities that would experience significant hardship from raising the revenue necessary to meet Clean Water Act obligations in fiscal years where the amount appropriated for capitalization grants exceeds $1 billion. For FY 2016, the President’s budget proposes $1.116 billion for the CWSRF, which is a $233 million reduction from FY 2015 and leaves limited funding for additional subsidies. For FY 2016, the President’s budget proposes $1.186 billion for the DWSRF, which is a $279 million increase from FY 2015. The Committee strongly supports robust funding for both these important and successful programs.

The President’s Budget includes $5 million in the Environmental Programs and Management account for EPA to establish the Water Infrastructure Finance and Innovation Authority Program, enacted in 2014, but provides no funding for assistance to local governments under this program. The Committee strongly encourages EPA to complete development of and implement this program in FY2016 and supports funding at the authorized level for FY2016: $5 million.

Other Water Program Funding

The Committee supports the proposed $5.66 million increase in funding for, and urges a strong federal commitment to, EPA’s nonpoint source reduction program (Section 319) in order to better address nonpoint sources of pollution that impair the nation’s waterways. The
Committee also supports the proposed $18.3 million increase for state water pollution control programs under Section 106 of the Clean Water Act.

Cleaning up Superfund Toxic Waste Sites

The President’s budget requests $1.154 billion for the Superfund program, of which $764 million would go toward cleanup activities. This is a $65 million increase from FY 2015 enacted levels, of which $53 million would go toward cleanup activities. The Committee is interested in which actions the Agency intends to take to increase the annual pace of cleanups with the requested funds. The Committee notes that in FY 2014 EPA completed construction of cleanups at 8 sites and is projected to complete construction of cleanups at 13 sites in each of FY 2015 and FY 2016. EPA also has launched a new measure, remedial action project completions, to measure progress at sites that have multiple operable units. EPA completed 62 remedial actions in FY 2014 and projects 55-65 completions in FY 2015 and 55-75 completions in FY 2016.

Cleaning up Brownfields

In 2002, Congress enacted the nation’s brownfields cleanup and redevelopment program, authorizing $200 million annually for site assessment and cleanup projects, of which $50 million annually is authorized for certain state programs. Brownfields are areas where contamination issues inhibit redevelopment efforts. The federal brownfields program is one of EPA’s most popular and successful programs. The President’s FY 2016 budget includes a $140 million request for the State and Tribal Assistance Grants account for brownfields projects, a $30 million increase over FY 2015 enacted levels, and $49.5 million for state categorical grants programs. In addition, the President’s budget seeks $20.6 million in FY 2016 for the Environmental Programs and Management account for brownfields, a $4 million increase over FY 2015 enacted levels. The Committee strongly supports the brownfields program.

Preventing and Cleaning Up Leaking Underground Storage Tanks

Leaking underground storage tanks (USTs) are a threat to our nation’s groundwater quality. End of year FY 2014 data show that, of the approximately 521,000 releases reported since the beginning of the UST program in 1988, approximately 447,000 (or 85.8 percent) have been cleaned up. This means approximately 74,000 releases remain that have not reached cleanup completion. Moreover, new releases are discovered each year. The President’s FY 2016 budget requests $95.3 million for this program. The Committee supports the underground storage tank program and notes that the balance in the leaking underground storage tank trust fund is projected to grow to $545 million by the end of FY 2016 under the President’s budget.

Global Warning

The Majority strongly opposes the new funding requests for climate change programs. These requests include $239 million to develop new greenhouse gas regulations that will further burden our economy while achieving little in environmental and public health protection and an undefined and unauthorized $4 billion fund that will transfer taxpayer dollars to states that embrace a climate agenda. With respect to this new fund, the Majority notes that it is not
included in EPA’s justification of appropriations for FY 2016. The Budget Appendix includes this proposal at $34 billion in mandatory budget authority for FY 2016, with outlays of $567 million in that year. In contrast, Table S-9 of the summary tables shows no funding in FY 2016, with $2.67 billion in mandatory spending occurring in 2017 and 2018 and $900 million a year in spending for each of 2019 through 2025. It is clear that this is not a well thought out proposal.

The Majority strongly believes the Clean Air Act should not be used to regulate greenhouse gases for the purpose of advancing a global warming agenda. Instead, EPA should eliminate these requests and refocus its spending on implementing the goals of the Clean Air Act: achieving healthier indoor air; healthier outdoor air; radiation issues; and enhancing science and research, in particular transparency and openness related to science and research.

The Minority has submitted additional views on this matter.

Science and Technology

The Committee supports EPA’s Science and Technology programs, however the programs as well as the associated laboratories should continue to be regularly reviewed and evaluated. The Committee believes that the federal government has a role to play in research and development efforts for a new generation of cost effective energy and environment technologies.

Air Quality

The President’s FY 2016 budget cuts the diesel emissions reduction grant program from $30 million to $10 million. Diesel engine retrofits are one of the most cost effective ways of obtaining reductions in air pollution and in reducing the risk of premature death from particulate matter. The Committee supports efforts to ensure that public health protections benefit from a strong retrofit program, especially in areas such as ports where public health is known to be threatened by existing levels of such pollution.

The Committee supports a strong federal commitment to state and local air quality grant programs as a mechanism for assisting state and local governments to implement and comply with federal environmental requirements.

2. Department of Transportation, Federal Highways Administration

The President’s FY 2016 budget request includes $50.1 billion in contract authority, subject to the obligation limitation, to fund the Nation’s highways and bridges, which is $9.8 billion more than the enacted FY 2015 level of $40.3 billion. The President’s budget request includes a 6-year transportation authorization proposal known as GROW AMERICA. This proposal would, among other things, create several new discretionary programs for highway infrastructure projects, allocate Federal passenger rail investment out of the Highway Trust Fund (HTF), and create a new freight transportation program. Approximately half of the 6-year proposal would be funded using existing revenue into the HTF and the other half would be funded through a mandatory 14 percent tax on existing, un-repatriated foreign holdings of domestic corporations. The GROW AMERICA proposal would be new policy, and as such,
should be implemented only subject to authorization in a comprehensive, multi-year reauthorization bill.

The Committee intends to complete work on a surface transportation reauthorization bill this year. The last authorization bill, MAP-21 (PL 112-141), expired at the end of FY 2014, but Congress extended the authorization through May 31, 2015, in the HTT Act of 2014 (PL 113-159). The vast transportation needs of our country demand a funding level sufficient to sustain and strengthen the Nation’s surface transportation network, which is the backbone of our economy. As such, the Committee requests the establishment of appropriate reserve funds to accommodate increases in the highway program above the current baseline and the continuation of mandatory contract authority to fund highway programs. Contract authority provides predictable long-term funding and gives states the ability to enter into commitments that would oblige the Federal government.

A strong Federal transportation program will improve America’s quality of life and will help meet the needs of our growing economy. Americans and businesses benefit every day from high-quality transportation infrastructure through shortened travel times, increased productivity, and improved safety. Infrastructure is critical to America’s quality of life. A safe, reliable, efficient transportation system enhances the productivity of business and individuals.

Failing to provide a safe, reliable, efficient transportation system creates disruptions that waste money, time, and fuel, and undermines the global competitiveness of the Nation’s businesses. According to the 2013 Urban Mobility Report issued by the Texas Transportation Institute, traffic congestion continues to worsen in American cities of all sizes, creating a $121 billion annual drain on the U.S. economy in the form of 5.5 billion lost hours and 2.9 billion gallons of wasted fuel. This represents an average financial burden of $818 per commuter, every year.

According to the U.S. Department of Transportation’s “2013 Status of the Nation’s Highways, Bridges, and Transit: Conditions and Performance” report, about 49 percent of highway miles traveled are on roads that are in less than “good” condition and 18 percent on roads in less than “fair” condition. In addition, there are 63,500 bridges nationwide that are structurally deficient and in need of repair or replacement.


The Committee supports more robust funding for the Corps of Engineers at a level consistent with the Corps capability. Investment in the civil works program of the Army Corps of Engineers offers many benefits. Congress recognized these benefits when it authorized construction of many important water resources projects in the Water Resources Reform and Development Act of 2014. The nation’s network of coastal ports and inland navigation systems is essential for the movement of raw and finished goods throughout the U.S. and overseas. Investing in these systems is necessary to ensure U.S. economic competitiveness in the global economy. The value of flood, hurricane and storm damage reduction measures and the cost of inadequately investing in this infrastructure has been demonstrated repeatedly by multiple natural disasters in recent years. Benefits also accrue from undertaking environmental
The President’s FY 2016 budget would cut funding from the Harbor Maintenance Trust Fund (HMTF) from $1.1 billion in FY2015 to $915 million in FY2016. This proposal fails to meet the FY 2016 target that Congress specified in the Water Resources Reform and Development Act (WRRDA) -- 69% of the Harbor Maintenance Taxes received in FY 2015. Further, the budget proposal does not comply with direction in WRRDA that spending from the fund increase each year, so that by FY 2025, 100 percent of the money being collected will go toward port dredging and maintenance. The Committee recommends that the budget resolution include, within the context of overall increases in funding for the civil works program, increased expenditures from the HMTF as specified in WRRDA.

4. Economic Development Administration

The President’s budget proposes $773 million in funding for the Economic Development Administration (EDA). This is an increase of $23 million from the FY 2015 enacted levels. The budget includes $85 million for the Public Works Program, which aids in the development of infrastructure such as water and sewage improvements, fiber optic cables, and expansion of ports and harbors, among others. The budget includes a request for $25 million for the Regional Innovation Strategies Program to promote economic development projects at the local level.

The Committee supports funding the EDA at an appropriate level to allow it to continue creating jobs and increasing economic vitality in local communities.

5. Department of the Interior

The budget proposes $3 billion for the United States Fish and Wildlife Service (FWS), which is an increase of $130.7 million compared to the FY 2015 levels.

FWS manages more than 150 million acres of land and water in the national wildlife refuge system. The budget proposes $368.2 million for refuge operations, an increase of $26.5 million. The budget also includes $108.2 million for grant programs. FWS oversees the Fisheries and Aquatic Resource Conservation and the budget requests a total of $147.5 million for this program, which is an increase of $49.9 million over the FY 2015 level. The Committee believes a robust level of funding is needed in the FY 2016 budget for these important activities.

The FY 2016 budget requests $23 million for listing activities, an increase of about $2.5 million from FY 2015. The Majority recommends a focus on reviewing recovery of species presently listed rather than focusing on adding to the list.

6. General Services Administration Public Building Services

The President’s FY 2016 budget request for the General Services Administration includes $253 million in new discretionary budget authority. The budget also requests an additional $13 million for pre-election activities. The FY 2016 budget request includes $10.37 billion in new
obligation authority, which includes utilizing existing Federal Buildings Fund balances, which requires $564 million in net budget authority in Net Budget Authority. This results in an overall GSA discretionary budget request for FY 2016 totaling $830 million. This request would fund a $2.5 billion capital investment program. According to GSA, the request for FY 2016 is necessary to address critical infrastructure investments that have languished.

The Committee continues to be concerned by GSA’s reliance on long-term leases. We note that GSA reduced the leased square footage by 4.1 million square feet from FY 2013 to FY 2016, saving more than $300 million and we encourage the FY 2016 budget to place emphasis on meeting needs through GSA ownership where appropriate.

7. Nuclear Regulatory Commission

The Majority believes nuclear energy makes a vital contribution to our nation’s energy mix. Given the economic challenges nuclear plants are facing, we are increasing our scrutiny of the Nuclear Regulatory Commission’s resources. In particular, the NRC has grown substantially over the last decade to accommodate projected development of new plants. This industry growth did not materialize and has, in fact, been replaced a five percent reduction in the size of our nuclear fleet as evidenced by the premature shutdown of 5 plants. As such, the Majority questions whether the NRC’s level of resources appropriately reflects this dynamic.

Under the Nuclear Waste Policy Act, the NRC has a mandate to review and issue a decision regarding the Department of Energy’s construction authorization application to build a repository at Yucca Mountain in Nevada. The mandate was upheld by U.S. Court of Appeals for the District of Columbia Circuit which issued a writ of mandamus compelling the NRC to resume its review. The Majority notes that NRC officials have repeatedly stated that the agency does not have adequate resources to complete its review and issue a decision, but has once again failed to request funding in its budget proposal. The Majority believes that the NRC should use its appropriations to meet its legal obligations.

The Minority has submitted additional views on this matter.

We appreciate the opportunity to comment on the programs within the jurisdiction of the Committee on Environment and Public Works. We look forward to working with you as you prepare the Concurrent Resolution on the Budget for FY 2016.

Sincerely,

James M. Inhofe
Chairman

Barbara Boxer
Ranking Member
The Honorable Michael Enzi  
Chairman  
Senate Committee on the Budget  
United States Senate  
Washington, D.C.  20510

The Honorable Bernard Sanders  
Ranking Member  
Senate Committee on the Budget  
United States Senate  
Washington, D.C.  20510

Dear Mike and Bernie:

Pursuant to section 301(d) of the Congressional Budget Act of 1974, we are submitting our views and estimates with respect to federal spending and revenues within the jurisdiction of the Senate Committee on Finance for the Fiscal Year 2016 Senate Concurrent Resolution on the Budget.

REVENUES

Tax Reform and Simplification

Tax reform is a high priority for the Finance Committee. The tax system has become a barrier to economic growth, is overly complex, and hinders voluntary compliance. Tax reform should focus on broad-based economic growth and job creation, fairness, simplification, and certainty. The Finance Committee will move forward on comprehensive tax reform for both individuals and business taxpayers.

Individual Tax Issues

The Finance Committee will work on reforming tax provisions related to education, children, work, child care, marriage, investments and savings as part of tax reform. It will also examine fringe benefits. The Finance Committee will also work on simplifying the individual tax system by addressing the Alternative Minimum Tax, the personal exemption phaseout and the limitation on itemized deductions.
Retirement Security

The Finance Committee continues to examine the current tax-preferred savings vehicles to determine whether the existing programs need improvement. The Finance Committee will examine proposals such as creating automatic individual retirement accounts (IRAs), providing more incentives to establish automatic enrollment in 401(k) plans, and creating multiple employer defined contribution arrangements, to determine whether there are opportunities for enhancing savings. The Finance Committee also is studying alternative ways to provide lifelong retirement income security, such as annuity contracts and other lifetime income products, and certain issues relating to multiemployer defined benefit pension plans.

Business Tax Issues

As part of tax reform, the Finance Committee will consider how to simplify tax compliance, especially for small businesses, as well as ensure that U.S. companies are competitive in the global marketplace while creating new jobs and driving more economic growth. The Finance Committee will consider how to reform the tax treatment of capital investment, different sources of income, and different types of business entities. The Finance Committee will also continue to look for tax compliance gaps related to domestic and offshore transactions involving both inbound and outbound investments. The Finance Committee also continues to explore and analyze tax issues related to alternative types of investment in the U.S. economy and related policy considerations.

Research and Development

The Finance Committee will continue to pursue legislation to make permanent an incentive for research and development as part of tax reform.

Incentives for Energy Production and Conservation

The Finance Committee remains committed to the goals of positively affecting our energy independence. In pursuit of that goal, the committee will examine incentives for energy efficiency, including the use of conventional and alternative energy sources, and conservation. The Finance Committee will consider these issues as part of tax reform.

Infrastructure

The Finance Committee is committed to finding cost-effective tools to improve our existing infrastructure and address future needs. The Finance Committee recognizes that current mechanisms for funding and financing transportation infrastructure are inadequate to address our infrastructure needs and will pursue legislation that achieves long-term sustainable infrastructure policy.

Tax Exemption and Charitable Giving
The Finance Committee understands the important work that is done by the charitable sector. As part of tax reform, the Finance Committee will consider various issues relating to tax-exempt entities, including commercial activity by charitable organizations and certain issues relating to private foundations.

**Expanding Tax Provisions**

The Tax Increase Prevention Act of 2014 (P.L. No. 113-295) retroactively extended numerous provisions known as “extenders” that expired at the end of 2013 through the end of 2014. The Finance Committee will consider the permanent extension and/or improvement of some of these provisions as part of tax reform.

**IRS Budget**

The Internal Revenue Service (IRS) requested $12.9 billion for their FY 2016 budget. This was an 18.1% increase from the FY 2015 enacted level. The FY 2016 request included an enforcement account increase of $340 million (11.1%) from the FY 2015 enacted level to implement enacted legislation, handle new information reporting requirements, and increase compliance by addressing domestic and offshore tax evasion. The FY 2016 request also included a Taxpayer Services account increase of over $252 million (11.7%) from the 2015 enacted level to improve taxpayer services and to continue major IT projects.

We support a balanced approach to tax administration, and we support a strong and sufficient enforcement budget, dedicated to that task, together with sufficient funding for taxpayer services and modernizing IRS information technology in an efficient and responsible manner. Helping taxpayers understand their tax responsibilities upfront promotes higher rates of voluntary tax compliance, reducing the need for subsequent enforcement action. Critical IRS computer systems were built in the 1960s and must be upgraded to keep pace with an increasingly complex and global tax regime, and to facilitate more efficient analysis of tax return data and detection of tax schemes.

We also recommend that the Budget Resolution allow for sufficient funds to support a balance of service, enforcement and technology that will maximize compliance by helping taxpayers understand their tax responsibilities, pursuing taxpayers who choose not to comply, and using technology to work efficiently.

**Maintaining Integrity in Our Tax System and Reducing the Tax Gap**

The tax gap is the difference between the taxes that are legally owed and the taxes that are timely paid. In 2012, the IRS estimated the 2006 net tax gap figure to be $385 billion annually. The Treasury Inspector General for Tax Administration (TIGTA) has reported that this figure does not include the entire amount of the international tax gap, and that the IRS does not have a reliable estimate of the size of the international tax gap. The Government Accountability Office (GAO) has called the tax gap a “high risk” problem. The National Taxpayer Advocate has previously identified the tax gap as a “most serious” problem. The
IRS Oversight Board has cited the tax gap as its "foremost concern". The Finance Committee will continue to explore options and develop legislation to enhance tax administration, improve tax compliance, and reduce the tax gap, both on domestic and international activities.

**Department of the Treasury**

The Department of Treasury requests $14.3 billion in annual discretionary appropriations for its operating accounts for FY 2016, an increase of $2.0 billion from $12.3 in FY 2015; in turn, FY 2015 appropriations enacted for those accounts saw a $340 million decline relative to the FY 2014 enacted appropriations. The Treasury Department oversees a wide range of activities, some of which overlap activities of other departments and agencies of the federal government. Increased oversight of and accountability for the Treasury Department’s activities are needed. Absent such accountability, it is difficult to gauge the efficiency with which taxpayer resources are being utilized. The Committee will continue work together to urge the Treasury Department to be responsive to inquiries, and continue to find avenues for greater efficiencies in the use of taxpayer resources by the Treasury Department.

**HEALTH**

**Medicare Part A**

In Fiscal Year (FY) 2016, CBO projects that the Medicare program will spend a total of $668 billion, a figure that is expected to grow each year through FY 2025. Almost one-third of that total is spent on Medicare Part A which provides acute care services (inpatient hospital stays) and post-acute care services (rehabilitation needed after an inpatient hospital stay). The Committee will review all Part A payment systems to ensure not only responsible financial stewardship of the Medicare Hospital Insurance (HI) trust fund, but also to compensate providers accurately and appropriately for treating Medicare patients. Consequently, the Committee will continue to assess various potential methods for improving the quality and the efficiency of these payment systems.

In addition, the Committee will pursue opportunities to increasingly align the provision of Medicare payments to the delivery of high quality care, and will continue to examine the effects of ongoing efforts to improve Medicare’s health care delivery system. This includes various programs to pay for performance, such as hospital readmissions, value based purchasing, and other models designed to shift payments away from the traditional fee for service program. The Center for Medicare and Medicaid Innovation (CMMI) has implemented, and will continue to pilot, new models of care delivery aimed at paying for quality outcomes that reduce overall costs. As programs such as Accountable Care Organizations (ACOs) and the Bundled Payments for Care Improvement (BPCI) Initiatives move forward, the Committee will continue to closely monitor their implementation and examine the results.

Finally, there are several Part A policies that expire April 1, 2015. These policies will likely need to be extended, and doing so will have a budgetary impact.
Medicare Part B

Medicare Part B covers physician services, as well as hospital outpatient care, durable medical equipment and other services. The Protecting Access to Medicare Act of 2014 averted a scheduled 24 percent payment cut to the Medicare physician fee schedule, replacing it with a 0.5 percent payment increase for all of 2014, and a 0.6 percent update for the first 3 months of 2015. However, without subsequent legislation, an estimated 21 percent reduction in the Medicare physician fee schedule conversion factor will take effect on April 1, 2015. These reductions are the result of the Sustainable Growth Rate (SGR) formula, which reduces physician payments if aggregate physician payments exceed a target. The SGR formula calls for continued reductions to physician payments for the foreseeable future. If reductions are not addressed, access to physicians for Medicare beneficiaries could be jeopardized.

The SGR system is broken and needs to be permanently reformed. However, modifying the current payment formula to mitigate these projected cuts— even for calendar year 2015 alone—will have a substantial budgetary impact. We will continue to work to develop viable long-term solutions to the policy and budgetary challenges created by the SGR.

There are also several other Part B policies that expire at the end of March 2015 and will likely need to be extended. Addressing these policies will have a budgetary impact.

Medicare Part C and Part D

Medicare Part C, also known as Medicare Advantage (MA), and Part D offer health and drug benefits through contracts with private insurance plans. High quality private plans should continue to participate in both Medicare Parts C and D. These plans should continue to offer a diverse set of options for beneficiaries across the country.

The Affordable Care Act (ACA) linked payment to MA plans with the five-star rating system. The Centers for Medicare & Medicaid Services should continue to evolve this rating system to measure health care outcomes of beneficiaries across the care continuum. Congress must act to extend Special Needs Plans (SNP) which will have a budgetary impact. This presents Congress with an opportunity to ensure these plans are effectively improving and coordinating the care of this frail population.

Medicaid and Children’s Health Insurance Program

Medicaid and the Children’s Health Insurance Program (CHIP) play a significant role in the U.S. health care system, providing coverage for low-income and vulnerable populations. The programs serve children, pregnant women, adults in families with dependent children, disabled and elderly individuals, and individuals who meet certain income eligibility and other criteria. According to the HHS budget, the estimated number of children enrolled in Medicaid in FY 2014 was 46.6 million. Medicaid was the source of health coverage for more than 5.4 million low-income seniors who are also enrolled in Medicare, 19.3 million non-disabled adults, and 10.2 million non-elderly individuals with disabilities.
According to the Congressional Budget Office (CBO), federal spending on Medicaid and CHIP was $313 billion in 2014, and CBO projects that the federal government will spend approximately $4.6 trillion on Medicaid and CHIP over the next 10 years.

The committee plans to address issues regarding the quality of services Medicaid programs provide; appropriate federal funding levels for those services; timeliness and quality of data on Medicaid spending, payments, and utilization; and general program integrity. To that end, the Committee hopes that there will be sufficient flexibility in the budget to accommodate Medicaid policies that protect the health care safety net for our most vulnerable populations and preserve Medicaid.

The committee will also work in a timely manner to extend funding for the CHIP.

Indian Health

American Indians and Alaska Natives (AI/AN) have access to care through the Indian Health Service (IHS) and some AI/AN also have coverage through programs administered by CMS including Medicare, Medicaid, and CHIP. The Committee believes that Congress should work to improve the coordination of services and payment between IHS and CMS in order to improve access to health care for all AI/AN.

Medicare, Medicaid and CHIP Program Integrity

Providing the Administration sufficient tools and funding for effective program integrity operations is a long-standing bipartisan goal. In order to ensure these efforts are able to continue, the budget should contain increased funding for preventing and detecting health care fraud. Funding the Health Care Fraud and Abuse Control (HCFAC) program has historically shown a well-established record of success in fighting fraud, waste, and abuse in Medicare and Medicaid, as well as a high return on investment (ROI). Over the past three years, the HCFAC’s ROI has been $8.10 to $1.00, and since its inception, has returned $25.9 billion to the Medicare Trust Funds. We support an increase in program integrity funding so that current program integrity activities can expand.

HUMAN SERVICES

Child Welfare

Last year, the Congress passed and the President signed into law bipartisan child welfare legislation aimed at reducing child sex trafficking, increasing adoptions and improving child support collections. Specifically, the Preventing Sex Trafficking and Strengthening Families Act (H.R. 4980) would encourage states to combat sex trafficking among youth in foster care; promote normalcy for foster youth; help move more children from foster care into adoptive homes or the homes of relatives; better prepare youth for the process of emancipating from foster care; and, increase the amount of child support provided to families in which one parent resides outside of the U.S. The legislation is fully paid for.
We intend to carefully monitor the implementation of H.R. 4980.

We were pleased to note that in his FY 2016 budget, President Obama included a robust proposal for targeted reforms in the child welfare system. We are particularly interested in three areas the President identified as in need of reform: the over-reliance on congregate care and need for family-based placements, the over-prescribing of psychotropic medications for children and youth in foster care and the need to provide support and services to the families of and children who are at-risk of entering the foster care system or who have been reunified after spending time in care.

We intend to work on a bipartisan basis to address the initiatives included in the President’s budget.

**Temporary Assistance for Needy Families (TANF)**

Unless Congress takes action, TANF, Child Care, and Marriage and Fatherhood, and related programs will expire on September 30, 2015. A timely extension of these programs is essential to ensure that the critical safety net provided by these programs is not compromised in these difficult economic times. As part of the TANF program, Congress created designated funding streams for welfare research within HHS and the Census Bureau and recently acted to continue funding these programs through the TANF Contingency Fund. The Committee will contemplate ways to continue these welfare and Census research programs.

**Unemployment Insurance**

There are several issues related to the unemployment insurance (UI) system that warrant Congressional attention this year, including: benefit policies; reemployment services and opportunities; trust fund solvency and improving UI financial integrity by reducing improper payments and employer tax evasion. The Committee will continue to explore options and to contemplate ways to further develop these policy matters.

**TRADE**

The Finance Committee may consider legislation to grant the President Trade Promotion Authority, which expired on July 1, 2007. The Committee also may consider legislation to reauthorize the commercial functions of the Bureau of Customs and Border Protection (CBP) and the Bureau of Immigration and Customs Enforcement (ICE) at the Department of Homeland Security (DHS), as well as legislation to reauthorize the Office of the U.S. Trade Representative and the U.S. International Trade Commission. In addition, the Committee may consider legislation to enhance the enforcement of U.S. trade agreements and U.S. trade laws; legislation to enhance the enforcement of intellectual property rights abroad; legislation to address exchange rate misalignments; legislation to authorize permanent normal trade relations with Tajikistan and Kazakhstan; legislation to suspend or reduce tariffs on miscellaneous imports; legislation to implement a possible multilateral trade agreement in the World Trade Organization (WTO); legislation to implement a possible Trans-Pacific Partnership free trade agreement; legislation to
implement a possible Trans-Atlantic Trade and Investment Partnership free trade agreement; legislation to implement a possible International Services Agreement; legislation to address trade and travel restrictions with Cuba; and legislation to address U.S. laws that are found to be inconsistent with our WTO obligations. Finally, the Committee may consider legislation to address the expiration of key trade legislation, including legislation to extend Trade Adjustment Assistance, which expired on December 31, 2014; legislation to extend the Generalized System of Preferences, which expired on July 31, 2017; legislation to extend the African Growth and Opportunity Act (AGOA) which expires on September 30, 2015.

The Finance Committee also will conduct oversight over a number of key trade issues, including the U.S.-China trade and economic relationship, enforcement of U.S. rights under trade agreements, the application of U.S. trade remedy laws, protection and enforcement of U.S. intellectual property rights abroad, the African Growth and Opportunity Act, and the President’s National Export Initiative. The Committee also will conduct oversight of ongoing international trade and investment negotiations and dialogues, including (1) discussions aimed at concluding new agreements in the WTO; (2) plurilateral negotiations to conclude the Trans-Pacific Partnership free trade agreement; (3) negotiations to conclude a Trans-Atlantic Trade and Investment Partnership free trade agreement; (4) negotiations to conclude a possible International Services Agreement; (5) discussion under the Asia-Pacific Economic Cooperation forum; (6) negotiations to conclude bilateral investment treaties with several countries, including China; (7) discussions under the U.S.-China Strategic and Economic Dialogue and the Joint Commission on Commerce and Trade; and (8) other ongoing international negotiations and dialogues. The Finance Committee also will monitor implementation of existing free trade agreements and other ongoing international trade commitments.

The Finance Committee also will continue its extensive oversight efforts of the Homeland Security Act of 2002, which transferred certain customs functions from the Department of the Treasury to DHS. The Committee also will monitor implementation of the Security and Accountability For Every (SAFE) Port Act of 2006, which authorized the restoration of trade resources and unification of trade personnel under a new Office of International Trade. The SAFE Port Act also authorized key programs such as the International Trade Data System and the Customs-Trade Partnership Against Terrorism. The Committee will continue to oversee the activities of DHS and the Department of the Treasury affecting trade in order to ensure that a careful balance is maintained between the need for strong border security and the need for strong economic security, which is based in part on an open and secure international trade system. In addition, the Committee will continue its oversight over other agencies with international trade functions, with particular emphasis upon Executive branch proposals to reorganize U.S. Government international trade agencies.

In the course of realizing its international trade priorities, the Finance Committee anticipates additional costs incurred by program expansion and extension as well as revenue losses through tariff reductions. To this end, we request that the Budget Committee include a budget neutral reserve fund for international trade priorities over a ten-year period, with which the Committee could pay for reauthorization of CBP and ICE trade functions; enactment of trade and intellectual property enforcement legislation; enactment of exchange rate misalignment legislation;
enactment of legislation to suspend or reduce tariffs on miscellaneous imports; implementation of trade agreements, and other trade matters.

SOCIAL SECURITY

Long-term Financing

Social Security’s long-run finances face challenges. The 2014 Annual Report of the Board of Trustees of the Old Age and Survivor Insurance (OASI) trust fund and the Disability Insurance (DI) trust fund indicates that: the OASI trust fund will be depleted in 2033, at which time payroll tax revenue will finance 75 percent of current-law benefits, falling to 70 percent in 2088; the DI trust fund will be depleted in 2016, at which time payroll tax revenue will finance 81 percent of current-law benefits, falling to 80 percent for 2088.

Payroll taxes into the DI trust fund were last adjusted by legislation enacted in 1994. In the early 1990’s, when performance of the DI trust fund deteriorated rapidly, policymakers felt they did not have enough information to make decisions about how the program should be improved. Instead, they provided 20 years of financing in order to gather data and explore options. Twenty years have passed and legislation is needed to address the financing of the DI trust fund. Options the committee could consider include: modifying the allocation of tax rates between the two trust funds; modifying program benefits; modifying program revenues; or a combination of these options.

Regarding Social Security’s long-term outlook, the 2014 Social Security Trustees’ report states:

“The Trustees recommend that lawmakers address the projected trust fund shortfalls in a timely way in order to phase in necessary changes gradually and give workers and beneficiaries time to adjust to them. Implementing changes soon would allow more generations to share in the needed revenue increases or reductions in scheduled benefits. Social Security will play a critical role in the lives of 59 million beneficiaries and 165 million covered workers and their families in 2014. With informed discussion, creative thinking, and timely legislative action, Social Security can continue to protect future generations.”

We believe that addressing Social Security’s financial challenges will require bipartisan legislation reported out by the Finance Committee. Although developing a financially responsible approach that protects and improves Social Security will be a complex task, we believe our efforts can succeed if we work together.

Service Delivery

For both FY2014 and FY2015, the administrative resources of the Social Security Administration increased, which allowed SSA to hire more staff to improve service to the public and perform more program integrity work. In September, SSA resumed mailings of the annual Social Security statements to select workers over age 25. Earlier this year, SSA announced that it would keep its nationwide network of 1,231 field offices open to the public for an additional
hour every weekday except Wednesday. Additionally, for the past two fiscal years, the program integrity “cap adjustment” mechanism was fully funded, increasing projected savings to the federal budget.

The President’s FY2016 budget request for SSA administrative expenses is $12.5 billion, which is a 6.0 percent increase relative to the FY2015 enacted amount. If that request is appropriated, SSA will have received increased funding for three fiscal years which would allow SSA to continue important program and service improvements, such as reducing the backlog of disability hearings. The $707 million additional funding over last year’s level would cover an $85 million increase in SSA’s fixed costs and allow continued investments in information technology and staff. In past Views and Estimates letters, there has been bipartisan agreement that the Budget Resolution should recommend no less than the President’s request for SSA’s administrative expenses. We recommend the FY2016 budget resolution include no less than the President’s request for SSA’s administrative budget, but emphasize that SSA must respond to Committee requests for information in a timely and comprehensive manner, and should be as transparent as possible when responding.

Program Integrity

Funding for program integrity can reduce improper payments and provide net budget savings. Funding for Continuing Disability Reviews (CDRs) and Supplemental Security Income redeterminations generate net projected savings to the federal budget. Current estimates indicate that CDRs conducted in FY2016 will yield average projected savings of about $9 in net Federal program savings per $1 budgeted for dedicated program integrity funding, including Old-Age, Survivors, and Disability Insurance (OASDI), SSI, Medicare and Medicaid program effects. Similarly, estimates indicate that non-medical redeterminations conducted in FY2016 will yield average projected savings of about $4 on average of net Federal program savings per $1 budgeted for dedicated program integrity funding, including SSI and Medicaid program effects.

The Budget Control Act of 2011 (BCA) allows increases above the Federal Government’s annual spending caps through FY2021 for program integrity purposes. If Congress appropriates funds for SSA program integrity work, the discretionary spending limit may increase by a corresponding amount up to a specified level. In FY2016, the BCA specifies a maximum “cap adjustment” of $1.166 billion for program integrity funding above a $273 billion base. The cap adjustment was fully funded for FY2014 and FY2015 and we recommend that the FY2016 Budget Resolution fully fund the cap adjustment as well. We note, however, that the BCA funding schedule may be leaving “money on the table” in terms of net projected savings to the federal budget. The Social Security Administration Inspector General (SSA IG) reported in August that an update to the BCA funding schedule would allow SSA to eliminate the CDR backlog by FY2018 and prevent its recurrence through FY2023. Under current law, the SSA IG projects a CDR backlog of 382,500 in FY2018. The SSA IG also recommended that SSA should prioritize resources to perform more CDRs, and SSA agreed with the recommendation. The SSA IG’s analysis and recommendations indicates that the Committees with influence over SSA’s budget and policies should work together to revise the BCA cap adjustment to achieve optimal savings for the federal budget.
For FY2015 SSA is limited in the amount of resources that can be devoted to program integrity work. The FY2015 appropriation law limits SSA to spending a total of $1.527 billion on CDIs and SSI redeterminations: the full BCA amount of $1.396 billion plus an additional $131 million from SSA’s administrative budget. Previously, appropriation laws did not limit how much SSA could spend from their administrative budget on these activities. Absent this limitation, SSA planned to spend approximately $350 million from their administrative budget on program integrity in FY2015. The law requires that this funding — approximately $229 million — that would have gone to additional program integrity work be “reprioritized to improve basic services to the public.” The limitation is an effort to improve transparency and balance in the spending decisions of SSA between program integrity and providing the level of service at field offices, disability determination services and hearings offices that workers and beneficiaries expect. We believe this effort to focus attention on transparency and balance in the use of resources is beneficial and hope that it continues.

Sincerely,

[Signatures]

Orrin Hatch
Chairman

Ron Wyden
Ranking Member
February, 27, 2015

Senator Mike Enzi
Chairman
Senate Budget Committee
624 Dirksen Senate Office Building
Washington, DC 20510

Senator Bernie Sanders
Ranking Member
Senate Budget Committee
624 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairman Enzi and Ranking Member Sanders:

I am writing to share my views on the baseline for the FY2016 International Affairs budget and programs under the jurisdiction of the Committee on Foreign Relations, as required by Section 301 (d) of the Congressional Budget Act of 1974.

Our world is becoming increasingly complex with crises including the rise of ISIL, renewed Russian aggression, and setbacks in democracy worldwide, hence U.S. leadership is required more than ever - both for our own security and for global stability and prosperity. Yet, resources for the International Affairs budget over the last 5 years have not even matched the enacted levels from FY2010. The percent of the challenges facing our country from the international affairs arena far exceed the modest 1.5 percent of funds allocated to address them. Congress has an obligation to enable U.S. global leadership and these modest investments in the International Affairs Budget will do just that.

Some of the critical concerns I want to ask you and the Committee to consider include:

Cuba: I have long been committed to the strongest budget allocation possible for U.S. democracy assistance funding to Cuba. Our support is critical to the Cuban people’s efforts to defend human rights and fundamental freedoms, promote democratic values, and strengthen independent civil society actors in their country. Through initiatives that provide training to human rights activists and independent trade unionists, facilitate the development of independent media platforms, advance internet freedom, and support political prisoners and their families, the U.S. is able to assist Cuba’s rising democratic leaders. It is imperative that this budget fund the President’s request for the historical level of $20 million for Cuba democracy programs.

Central America: I fully support a budget allocation that matches the President’s request for $1 billion for a long-term, comprehensive strategy to strengthen economic growth, security and democratic governance in Central America. This funding will be crucial to aid in the process of building a secure, stable and prosperous Central America, region that’s interests are inextricably linked with our own. By allocating $400 million to improve trade facilitation, transportation and border infrastructure, and energy efficiency, as well as enhance workforce development, we are ensuring that the region becomes more attractive for private investment which will bring forth sustainability. Likewise, a budget of $300 million
for security programs that build community security, promote police reform, and attack organized crime — will promote a safer environment in which citizens can thrive. Lastly, the nearly $250 million for governance programs will play a crucial role in building the capacity of government institutions, target corruption, increase the role of civil society, and strengthen the rule of law and independence of judicial institutions.

**National Endowment for Democracy:** I support $150 million for National Endowment for Democracy (NED) despite the Administration’s request. The NED’s work globally is essential today as it assists those who are working to build democratic institutions and spread democratic values. The NED’s efforts at fostering independent media, human rights and other democratic institutions and values are more critical than ever at this time when democratic transitions are stalling in country after country.

**Democracy Fund:** I support continuing the $150 million for global democracy promotion efforts at the State Department and USAID. The Democracy Fund supports credible and competitive elections, human rights, labor rights, and good governance — all of which contribute to a more stable, prosperous and peaceful world. As the global trend toward democratization appears to be waning, we need to ensure this is a primary foreign policy priority for the United States, particularly in the most impressive countries — Cuba, Russia, Iran, North Korea, South Sudan and Uzbekistan — where democracy and democratic advocates are threatened.

**Labor Rights:** I support $65 million for the Department of Labor, Bureau of International Labor Affairs which provides important assistance to address worker rights issues in 22 countries with which the United States has free trade agreements or trade preference programs and for programs to combat exploitative child labor internationally and $10 million for USAID to support economic reforms that promote safe working conditions and include working people in decisions that affect their jobs and their futures. These programs play a critical role in ensuring American foreign policy and programs advance internationally recognized labor and human rights and improved living standards across the globe. Bangladesh, for example, requires robust funding for labor rights.

**International Broadcasting:** A comprehensive approach to advancing our national interests must include a robust budget allocation for U.S. Government’s international broadcasting and media services. Our ability to objectively inform international audiences about the United States and events in their own countries counters foreign propaganda and strengthens support for democratic values, human rights, uncensored Internet access, and the work of independent media outlets — essential building blocks for free and open societies. It is imperative that we prioritize full funding for critical areas where journalists and press freedoms are under threat, including Cuba, China, Ukraine, and countries in the Balkans. It is imperative that our efforts also include a focus on strengthening the institutional capacity of the Broadcasting Board of Governors by initiating a reform process that best improves the effectiveness of U.S. international broadcasting.

**Countering Russian Pressure in Eastern Europe:** The bipartisan Ukraine Freedom Support Act authorized $350 million in defensive military assistance to Ukraine which requires the Congress’s full support in order to raise the costs to Russia for its aggression. In addition, strengthening the government through instituting government reforms, improving energy security, improving the role of law, fighting corruption, supporting civil society and independent media and other efforts will require sustained U.S. government support and engagement. I fully support inclusion of resources for defensive military assistance in addition to the President’s request for $435 million in funding for Ukraine, $32 million for Moldova, and $51 million for Georgia.

**Voluntary Contributions to IAEA to support Iran Oversight:** The IAEA plays a critical role in deterring the proliferation of nuclear weapons. It does this by monitoring and verifying the international
obligations states have agreed to and by detecting early any misuse of nuclear material or technology, thereby altering the world to potential proliferation. If there is a nuclear agreement with Iran which places limitations on its nuclear weapons ambitions, the IAEA will play a central role in monitoring this new agreement. The IAEA has asked for additional voluntary contributions to ensure it has the funding its needs for the increased workload it will face if an agreement is reached. I urge you to ensure the IAEA voluntary contribution is fully funded in the State Department’s foreign operations budget.

**Global Health and PEPFAR:** The administration has requested $8.181 billion for Global Health programs including $5.756 billion for PEPFAR to enable the Office of U.S. Global AIDS Coordinator to pursue its plans to create an AIDS-free generation. It also contains funding for a $235 million contribution to GAVI, the Vaccine Alliance, which will put us in line to meet the commitment the U.S. made earlier this year to provide $1 billion over the next four years to support the organization. With this and other contributions from the international community, GAVI plans to immunize 300 million children and save an estimated 6 million lives by 2020.

**Global Health Security:** I strongly support the Administration’s request for $50 million to support the Global Health Security Agenda. The Ebola outbreak exposed the how weaknesses in country-level abilities to prevent, detect and respond to infectious diseases and biological threats could directly threaten the health and welfare of the United States. Poor and developing countries especially need help in establishing the procedures, regulations, protocols and capacity to do engage in these activities. However, actions which defend against infectious biological threats are not enough to mitigate the devastating effects of another wide-scale outbreak of a deadly disease such as the Ebola epidemic in West Africa. While surveillance and reporting capabilities do need to be enhanced, the organizations, institutions and systems whose primary purpose is to improve overall health, including hospitals, clinics, educational institutions, medical suppliers, government ministries, and laboratories must also be established. If such systems had been in place in West Africa, last year’s epidemic would have been significantly curtailed, saving thousands of lives. The Administration’s request does not include a separate line item for health systems strengthening, and a modest investment now could prevent the need for another multi-billion supplemental and the deployment of U.S. troops.

**Diplomatic Security:** The Department of State has taken great strides to emerge from the lingering shadow of the deaths of four brave Americans during the attack on the Benghazi consulate. The Department is faced with a daunting task to reconcile the need for United States diplomatic facilities to be open, welcoming, and physically represent the best of America and enabling U.S. foreign affairs personnel to have the freedom and flexibility to do their jobs properly, while nevertheless ensuring that they have the best possible protection from the myriad and constantly-evolving threats against them. We may not be able to prevent every single terrorist attack in the future, but we can — and we must — make sure that our embassies and employees, starting with high-risk, high-threat posts, are capable of withstanding such an attack. Such investments are not an extravagance, nor are they not simply another budget item. We must address both the construction of new embassies that meet security needs and we need to do what we can to secure existing high risk posts where we need our people to represent our interests and where new construction is not an option.

The Department has fully embraced and has implemented almost all recommendations of the post-Benghazi Administrative Review Board’s recommendations. It is also moving forward to construct a Foreign Affairs Security Training Center in Ft. Pickett, Virginia to consolidate in a nearby facility all of the security training needs of diplomatic security and foreign affairs personnel, an effort that I fully support and that I encourage you to do likewise. However, we in Congress also have an obligation to do our part to comply with the Administrative Review Board’s recommendations to fully support the State Department’s needs. In this regard, the Congress must support and fully fund the administration’s

Afghanistan: The U.S. must continue to remain engaged in Afghanistan’s transformation to protect the gains made and the vital interests of our country. The Administration’s $1,225 million request will support the new Afghan President in his bold efforts to improve governance, create economic opportunity, fight corruption and build civil society. As the U.S. support to Afghanistan shifts from stabilization to long-term sustainable development, we must hold the course to meet our policy and security objectives.

Africa Initiatives: The Administration has requested $6.9 billion for Africa, a significant portion of which is allocated for Global Health initiatives. Contained in that request is $312 million for Governing Justly and Democratically, which I believe is critical in building stable democratic institutions, and in addressing some of the causes of instability across sub-Saharan Africa. I also support the President’s request of $76.7 million for the Power Africa Initiative, which is crucial to increasing access to reliable and sustainable electricity in sub-Saharan Africa and expanding American investment opportunities in a rapidly growing region. Encouraging private sector investment in the energy sector via the Power Africa initiative helps African governments overcome a significant barrier to fully harness the growth potential of their respective countries.

Export and Investment Assistance Agencies: I believe that robust funding for the economic programs under the Function 150 account is crucial for strengthening our economic recovery and creating jobs here in the United States. The export and investment assistance agencies -- the Export-Import Bank (Ex-Im), the Overseas Private Investment Corporation (OPIC), and the U.S. Trade & Development Agency (USTDA) – are critical tools for identifying and financing business opportunities abroad. Both Ex-Im and OPIC are self-funding and returned nearly $900 million to the Treasury in FY14, while USTDA generated over $76 in exports for each dollar of programming. The multilateral development banks help to generate economic prosperity in developing countries and open markets to American business. The Administration is seeking funds for the first general capital increase of the North American Development Bank, which vitally focuses on projects to preserve and enhance environmental conditions and the quality of life of people living along the U.S.-Mexico border. The International Monetary Fund, which is still awaiting Congressional approval of the U.S.-initiated 2010 reform package, serves to safeguard global financial stability and remains the sole international institution which monitors currency manipulation among major U.S. trading partners. I therefore fully support funding for these agencies at the levels of the President’s FY16 budget request.

Complex Crisis Funds: Complex Crisis Fund (CCF) managed by USAID allows for a rapid, flexible response to emerging or unforeseen crises to address stabilization or security needs. When conflicts escalate or erupt into violence it is imperative that flexible funding be available to civilian actors to undertake prevention, reconstruction, and crisis response activities. In FY15 the administration request was $30m and $30m was appropriated. I support at least a straight-line appropriation for FY16. Even with $50m in FY15, the fund was depleted before the Ebola crisis hit and CCF could only support one small program in Guinea, to airm violence related to Ebola.

International Disaster Assistance and Food for Peace: There is an almost unprecedented level of humanitarian crises and internal displacement at the moment, including Syria and ISIL, South Sudan, Ukraine, Central African Republic, among others. I support the Administration’s request to provide a greater percentage of IDA and FFP resources from the enduring accounts, but Congress should support straight-line the top line levels from FY14 at $1335 million for IDA and $1446 million for FFP (Title II). The humanitarian needs whether from conflict or natural disaster have in no way diminished over the last year.
Refugee Assistance: For the first time in many years, the number of refugees around the world has begun to dramatically increase due, in part, to the crises in Iraq, Syria, South Sudan, and elsewhere. The demands for support, protection and permanent solutions for refugees, including some of the most vulnerable populations, require Congressional support. The proposal to increase the percentage of funding drawn from the enduring account is a move in the right direction. The overall funding levels however should be maintained at last year’s level $3.059 million for MRA and $50 million for the ERMA account.

Climate Change: I support continued robust funding for the Global Climate Change Initiative. This program not only promotes clean energy projects, assists developing countries prepare for the effects of climate change, and promotes stability consistent with our national security interests, but it is also essential to our leadership role in convincing developing nations like China lower their climate emissions as well. In particular, I want to voice my support for the President’s proposed $500 million contribution to the new Green Climate Fund (GCF).

I appreciate your consideration of these views, and I look forward to working with you on the budget resolution.

Sincerely,

Robert Menendez
Ranking Member
Senate Foreign Relations Committee
Dear Chairman Enzi and Ranking Member Sanders:

I am writing to share the views and estimates of the Committee on Foreign Relations regarding the International Affairs budget for FY 2016, as required by section 301(d) of the Congressional Budget Act.

Investing in diplomacy and development is critical to the security and economic interests of the United States. However, our massive national debt is one of the biggest threats to our national security and a serious impediment to our economic growth. We need to get back into the habit of balancing the budget, which means we must make some difficult choices. Until we can make desperately needed reforms to entitlements, we will need to reign in discretionary spending.

The President’s $54.8 billion request for international affairs in FY 2016 represents eight percent growth over FY 2015. Not only does the request violate the spending caps put in place in 2011, it also completely ignores our current fiscal reality.

I support the Budget Control Act caps established in 2011 and believe that all discretionary programs, including international affairs, should be able to make the tradeoffs required to live within them. The caps allow for an essentially flat budget in FY 2016 and modest growth after that. This seems reasonable to me after over a decade of steeply rising international affairs spending. The Administration argues that the FY 2016 international affairs budget must compensate for a steep decline over the past few years. But while it is true that international affairs funding has dropped by 3% since 2012, it has risen by 128% since 2000.

The FY 2016 President’s request for international affairs includes over $7 billion for overseas contingency operations (OCO). This special pot of money, which does not count towards the spending caps, was supposed to be focused on urgent needs, principally the conflicts in Iraq and Afghanistan. Instead, OCO is now used to pay for expansive spending requests in order to circumvent current budget limitations. OCO has served as a mechanism for avoiding difficult decisions for too long. It is time to start budgeting for essential missions in the enduring budget and re-prioritizing resources when unforeseen requirements occur.

I believe that the budget for FY 2016 should adhere to the Budget Control Act caps and that the Senate should authorize and appropriate within those limits. One of my top priorities for this year is to complete a State Department authorization that makes the Department more efficient and effective within a sustainable budget. I am confident we can achieve this by taking a hard look at issues such as the following:
• Organizations within the Department that are bloated or duplicative, such as the Counterterrorism Bureau (which lacks a unique mission) and the Conflict Stabilization Operations Bureau (which is still struggling to find a mission);
• Poor evaluation of foreign aid’s effectiveness and the lack of transparency in how it is reported;
• Special pay policies for foreign service officers, the “wage gap” for locally employed staff, and Government-wide pension reform that would also bring down the cost of foreign service pensions;
• The glut of senior leaders and special envoys, and the failure of State to conduct a serious review of its top-heavy nature;
• Untapped potential for fee collection on some services provided through the American Spaces program abroad; and
• The Department-wide lack of performance indicators.

I would also like the Budget to facilitate the long-overdue reorganization of the U.S. international food assistance program, Food for Peace. While I appreciate the history of the program that aligned the abundance of the U.S. agriculture sector with our foreign assistance goals, Food for Peace is undermined by efforts to promote domestic food security and U.S. military sealift capacity through a program primarily meant to alleviate hunger around the world. While Food for Peace accounts for a paltry 1.41% of net farm income and 0.86% of agricultural exports, the inefficiencies caused by these additional objectives leave up to 12 million desperate people out of our reach. The Budget should make room for this program to operate with maximum flexibility to better promote stability around the world by delivering lifesaving food to those in need more quickly and at a lower cost.

Thank you for considering the Committee’s views as you shape the FY 2016 budget.

Sincerely,

Bob Corker
Chairman
The Honorable Michael Enzi  
Chairman  
Senate Budget Committee  
624 Dirksen Senate Building  
Washington, D.C. 20510

The Honorable Bernard Sanders  
Ranking Member  
Senate Budget Committee  
624 Dirksen Senate Building  
Washington, D.C. 20510

Dear Chairman Enzi and Ranking Member Sanders,

I believe strongly that budgets are much more than numbers on a page. Budgets are statements of our country’s values and priorities. They offer a critical opportunity to plan for our country’s future, because the investments we choose to make—or not make—shape not only where we will be in the next ten years, but for decades to come.

My response to your request for the views and estimates of the Senate Health, Education, Labor, and Pensions Committee reflects this belief, and therefore focuses first and foremost on ways to create jobs and economic growth built from the middle out, not the top down. This means raising wages and ensuring workers have more economic security on the job, with policies that ensure equal pay for equal work, protect workers’ rights, and allow workers to earn paid sick leave.

Growth from the middle out also requires investing in education from cradle to career, through early education, high-quality public schools for all students, and expanded access to higher education and job training. And a strong middle class is one in which hardworking seniors can retire with dignity—so this letter discusses ways we can help more seniors have the secure retirement they’ve earned from a lifetime of work.

To strengthen and expand the middle class, we also need to continue working to build a health care system that puts patients and families first. The Affordable Care Act was a critical step toward this goal, but the work didn’t end when it passed. And so, when it comes to health care, this letter lays out ways we can move toward more coverage, not less, more affordability, not less, and higher quality, not less—principles that Republicans and Democrats should be able to agree on. It also identifies key investments in research and development, especially in the biomedical sector, which will promote innovation for patients and maintain our country’s leading role in advancing medical science. And critically, this letter outlines ways we can and must continue to defend a woman’s constitutionally guaranteed right to make her own choices about her own body.

Each of these priorities would help expand opportunity and growth, but there are many more investments we need to make to truly build an economy that works for everyone, not just for those at the top. That is why, in addition to laying out these priorities, the Democratic views and estimates letter for the Health, Education, Labor, and Pensions Committee calls for a budget approach that continues to tackle our long-term budget challenges responsibly while investing in jobs and growth in the near term.
Replacing sequestration in a fair and responsible way is a critical part of this approach. The budget deal I reached with Chairman Ryan showed that both sides agree sequestration isn’t sustainable. But as our agreement runs out, Democrats are ready to come together again to restore investments in education, infrastructure, research, defense jobs, and more. Instead of returning to the days of brinkmanship and dysfunction on the budget, I hope Republicans will reconsider the approach we’ve seen so far and join us at the table to work together on a responsible budget that helps create jobs, strengthens our economy, and shows our constituents that we can work across the aisle to deliver results.

I appreciate the opportunity to share these views and estimates, and look forward to working with you to create jobs and expand opportunity for the families and communities we serve.

Focus on Jobs and Economic Growth Built From the Middle Out, Not the Top Down

Although the economy is now moving in the right direction after pulling back from the brink just a few years ago, we still have a lot of work to do to build a truly strong economy that benefits everyone, not just the privileged few. More workers are getting back on the job, more businesses are expanding—but too many working families remain left behind, and we can’t afford to simply sit back and watch.

In recent decades, the benefits of a growing economy have flowed overwhelmingly to those already at the top of the income ladder. Wages for American workers stopped growing, even as productivity and profits continued to soar. Inequality in both income and wealth began to rise, and the middle class began to shrink.

One response to these trends was to cut taxes for the richest among us, hoping that big businesses and wealthy individuals could spark a more vibrant, shared prosperity. We know now, conclusively, that approach does not work. Instead, we must focus our attention on the real drivers of American growth: the middle class. Trickle-down economics has failed; let’s give middle-out economics a real shot.

Boosting Wages and Protecting Workers’ Rights

Any Senate budget should recognize the need for working families to have access to basic labor protections. That is why we must prioritize raising the minimum wage, providing access to paid sick leave and protecting the rights of workers to organize.

Giving workers across the country a raise

No one in America who works hard in a full-time job should have to live in poverty. But today’s minimum wage at $7.25 an hour leaves millions of families struggling to make ends meet, even as they work longer hours for lower wages. A rock-bottom minimum wage hurts families, as three-quarters of these earnings are adults and nearly two-thirds are women, according to the Bureau of Labor Statistics. We must raise the minimum wage to make sure our economy works for all families, not just those at the top.

Raising the minimum wage will afford workers the opportunity to fully participate in the economy, finally make ends meet, and get ahead. It would also boost wages for many who already earn more than $7.25 an hour. And this boost in compensation will jumpstart economic activity for businesses and create additional jobs, so this isn’t just good for families – it’s good for our economy and for our budget.

Providing paid sick days so workers aren’t punished for taking care of themselves and their loved ones

Another basic labor protection that more than 41 million workers in the private sector lack is access to paid sick days. That forces many Americans to make the difficult choice of losing a day’s pay – and in
some cases losing their job - or showing up to work sick and potentially spreading an illness to others.
Even when workers have personal sick days, those might not cover the times when a child is ill and needs to stay home from school. That forces many parents to make the impossible choice of caring for their family or risking their livelihood.

That is why I am championing “The Healthy Families Act” that would allow workers to earn up to seven paid sick days a year to care for a family member and to address personal medical needs. This legislation will help workers and increase economic security, while taking an important step toward making sure our economy works for all families, not just the wealthiest few.

Making sure workers can have a seat at the table
To build a strong middle class, workers need to have a seat at the table. It's not a coincidence that when more workers can stand up for their rights, wages increase, workplaces are safer, and access to health care goes up. That is why I will remain vigilant in overseeing the effective and efficient operation of the National Labor Relations Board and promoting and strengthening workers' rights against unwarranted and highly politicized attacks. The free exercise of those rights helped build America's middle class.

Investing in education and opportunity from cradle to career
Investments in education, from early childhood programs through college and career training, are some of the smallest and most important the federal government can make. Economists have long studied the returns to education and generally agree that both the student and society as a whole reap enormous benefits. Failing to invest in schools, student aid, and worker training increases the skills gap, furthers income inequality, and fails to fully tap the potential of our greatest resource—the American people. This is a bad outcome for our students, workers, and businesses and it would be devastating for our economy over the long term. Any Senate budget should acknowledge that investments in education and training are critical to our nation's long-term prosperity and competitiveness and ought to be protected and enhanced.

Helping every child get a strong start
To remain competitive in a global economy, our nation must provide all students with a world-class education that puts them on a successful path to college and career. Research shows that a child's early years are a critical development stage, and early childhood education offers benefits that extend through the first years of school and beyond in terms of both cognitive and non-cognitive skills. The Senate budget should recognize that high-quality investments in early childhood investments result in better health, learning, and economic outcomes for children later in life.

Preschool
As a former early childhood educator, I know how important it is for all children to have access to quality preschool. That is why I strongly believe that we must make new investments to make voluntary, high-quality preschool programs available to as many families as possible. This expansion of high-quality preschool will help allow more children to arrive at kindergartens ready to succeed. I plan to reintroduce the Strong Start for America's Children Act, a landmark piece of legislation that would make historic investments to ensure that low- and middle-income children have access to early childhood education. In addition, the Senate budget should include strong support for Head Start and Early Head Start. These core commitments currently serve almost one million low-income children nationwide, enhancing their cognitive, social, and emotional development.

Home visiting
Parents are their child’s first and most influential teacher. That’s why I support extension and expansion of the Maternal, Infant, and Early Childhood Home Visiting (MIECHV) Program, which was enacted in the Affordable Care Act. This program improves maternal and child health and increases school readiness in vulnerable populations by delivering voluntary parent education and family support services directly to parents with young children. The home visiting program funds effective, research-based, and cost-efficient early learning opportunities, and should be extended and expanded.

Child Care

Research has shown that parents receiving child care subsidies are more likely to be employed, work more hours, sustain employment, and earn higher wages than their peers. And perhaps even more importantly, child care costs create a significant burden for many low and moderate income families. The Senate budget should make room for significant new investments in child care support to help alleviate this burden. This includes investing in the Child Care and Development Block Grant (CCDBG), which provides vital support for working families and assists in closing the achievement gap between low-income children and their more affluent peers. In 2014, the President signed a CCDBG reauthorization into law. This important new statute will help ensure that children across the country receive safe, high-quality child care. To ensure that the new provisions enacted by Congress are implemented successfully by states, funding for CCDBG should increase to absorb the increased cost of the new requirements without reducing services to low-income families. Finally, although it is outside of the direct jurisdiction of the Senate Health, Education, Labor and Pension Committee, I want to urge the Senate to make room for a significant expansion of the Child and Dependent Care Tax Credit.

Ensuring a high-quality primary and secondary education for all students

The nation’s economic future is dependent on a strong, educated workforce. Today, however, many schools are struggling to prepare our young people for success. Roughly 20 percent of students do not graduate on time, if at all. The achievement gap between white students and students of color and between students with disabilities and their peers continue to be a pervasive problem that deserve federal attention and increased resources.

The failure to fully tap the potential of all young Americans has direct and damaging economic consequences. Students who do not complete high school earn about $260,000 less over their lifetimes than their peers who graduate, according to a study from Princeton University. Those with a high school diploma or less are more likely to be unemployed, and to be among the long-term unemployed. A study from Columbia University found that, if the country’s 3 million high school dropouts had instead gone on to graduate, the country would garner more than $45 billion annually in increased federal and state income taxes. And as we struggle to prepare our students, other countries gain a significant and lasting advantage. U.S. students today lag behind many of their international peers in literacy, math and science.

The Senate budget must reflect the need to invest in our nation’s young people and ensure a safe and quality learning environment for all students. It should strongly support elementary and secondary education funding to states and districts, including for programs like Title I, to improve the education of low-income children, and the Individuals with Disabilities Education Act, which provides early intervention and special education services to children with disabilities. Additionally, continued investments in literacy, STEM, and career and technical education programs will help ensure that students are on a path to college and career readiness by high school graduation.

Expanding access to higher education and job training
Continuing education and job training after high school remain the best paths to the American Dream. Few dispute that there is a growing need for post-secondary degrees and credentials to confer skills that employers demand, today and in the future. Unfortunately, far from providing a ladder of opportunity, our current higher education system is a barrier to mobility for far too many. Today, a student from the top income quartile is 8.5 times more likely to acquire a bachelor's degree by age 24 than a student from the bottom income quartile, according to the Pell Institute. A budget that values the middle class and economic mobility will prioritize investments in college affordability and expanding job training opportunities.

College Affordability

The average cost of college has risen from $8,818 in 1974 to $20,234 in 2012-13, adjusted for inflation, according to the National Center for Education Statistics. The Institute for College Access and Success reports that 7 in 10 college seniors who graduated from public and private nonprofit college in 2013 had student loan debt, with an average of $28,400 per borrower, and cumulative student loan debt is now more than $1.2 trillion. The Senate budget must help make college dramatically more affordable for students and their families and must address the crushing burden of student loan debt.

The cause of the affordability crisis has many roots. Funding public higher education is a shared responsibility between the states, federal government, and students. Unfortunately, the vast majority of states significantly cut support for higher education and shifted enormous burdens onto students and their families in response to fiscal crisis in the Great Recession. In 2012, per-student spending by states reached its lowest level in 25 years, according to the State Higher Education Executive Officers Association, and has only marginally increased since then. Between 2008 and 2012, the vast majority of state governments decreased direct support of public colleges, institutions responded by raising tuition, relying on students and their families to pick up the slack. This cannot continue, but we must also ask states and colleges to be part of the solution. To that end, the Senate budget should incorporate proposals to reduce college costs while expanding postsecondary access and improving completion. Colleges should be accountable for high-quality outcomes that don't leave students with debt they cannot repay.

As someone who depends on federal grants myself, I know that Pell Grants and student loans are two other important ingredients to making college attainable and affordable for more students. Unfortunately, the purchasing power of the Pell Grant is at a record-low; the maximum award now covers just 27 percent of college costs. At a minimum, Pell Grant mandatory funding should be maintained so that the value does not erode further, the maximum award should continue to rise with inflation, and current student eligibility should be protected and expanded. The Pell Grant should also be made available to allow students to attend school year-round.

While we expand investments in grant aid, we must also ensure that students have access to educational loans that are equitable and affordable, and have a variety of repayment options and consumer protections. More than 10 million undergraduates per year borrow from the federal government precisely because it helps them pay for college and comes with reasonable repayment options and consumer protections not currently offered by private lenders. Over a quarter of these loans are subsidized for low- and middle-income students. The Senate budget should keep student loans affordable by retaining subsidized loans and income-driven repayment programs that allow students to pay down their debt as an affordable percentage of their income. Furthermore, it would be a mistake to change accounting methods on student loan programs from the current system—which accurately measures actual fiscal impacts—to one that inaccurately includes non-budgetary costs and would oversize both the amount of spending and size of the annual deficit.

Job Training
If our workers do not have the skills they need to fill the jobs of today and tomorrow, our economy and businesses pay the price. Fortunately, last year Democrats and Republicans came together to reauthorize the Workforce Investment and Opportunity Act, which was an important step in the right direction. Unfortunately, U.S. investment in employment and training programs still lags far below that of other countries. According to the Organisation for Economic Co-Operation and Development, in 2011, we invested just 0.14 percent of our GDP on active labor market programs (training, counseling, job matching, etc.), while South Korea invested 0.33 percent of its GDP, Germany invested 0.79 percent of its GDP, and Denmark invested 2.26 percent of GDP, just to name a few. Funding for the three major grant programs under Title I of the Workforce Investment Act fell more than 25 percent between 2009 and 2014. The Senate budget should help us move toward reversing these troubling trends.

**Helping workers build a secure, dignified retirement**

After a lifetime of hard work, everyone deserves the opportunity to live out their golden years with dignity and financial independence. But for most of the middle class, the dream of a secure retirement is slipping out of reach. Half of Americans have less than $10,000 in savings. For some, traditional, defined benefit pension plans continue to do an excellent job providing families with a secure retirement, but millions of working people simply do not have access to a quality retirement plan at the workplace.

Women often find it particularly difficult to prepare for retirement. On average, women earn just 77 cents for every dollar a man earns, which equates to a $400,000 difference over a lifetime. That could make the difference between retiring with dignity and struggling just to keep the heat on. Women’s caregiving responsibilities also take a toll on their financial security. This year, I intend to move forward with legislation to improve retirement security for women by expanding access to the system, expanding consumer protections, and improving financial literacy.

I am also very supportive of the President’s budget proposal to give long-term, part time workers access to their employers’ retirement plans. Women are twice as likely as men to work in part time positions, so the President’s proposal would have a profound impact on millions of working women. I also commend the President for his plan to support pilot projects to implement different approaches to increasing retirement plan coverage in the states, and I urge the Budget Committee to produce a plan that accommodates these efforts.

Finally, Social Security is a core component of creating a secure future for American families. Our Social Security system provides most of the income to more than 2 out of 3 seniors, preventing 22.2 million Americans from falling into poverty. And the disability program provides earned benefits to nearly 9 million Americans with disabilities, including 4.4 million children. We owe it to the millions of hardworking Americans who have paid into this system to protect it, and ensure that all families can live in dignity when a disability strikes, an early death occurs, and after retirement. The Senate budget must make clear that we will maintain this foundational commitment to Social Security Retirement and Disability benefits.

**Continue to build a health care system that puts patients and families first**

To strengthen and expand the middle class, we need to continue building a health care system that puts patients and families first. There are some simple, but important, principles that should guide our efforts and on which both Republicans and Democrats should be able to agree. First, we should pursue more accessibility to health insurance and health care. Policies that result in fewer people being insured must be discarded. Second, we should pursue greater affordability. The Senate budget should not include policies that would increase costs for workers and families. Finally, we should pursue higher health care quality...
for all. We should work to identify key investments in research and development, especially in the biomedical sector, which will spur advances for patients and uphold our country’s tradition of leadership in innovation. This also means we must continue defend a woman’s constitutionally guaranteed right to make her own choices about her own body.

More access, more affordability, and higher quality health care

For the first time in decades, we have made significant progress toward ensuring that all workers and families have access to comprehensive, affordable health insurance, thanks to the Affordable Care Act. In 2014 alone, over 11 million people gained health insurance coverage on the new Marketplaces and millions more through Medicaid. These advances in health care access have been made possible by a myriad of critical supports such as risk adjustment, risk corridors, reinsurance and of course, subsidies for low and moderate income families. Undermining these supports would result in fewer families having access to health insurance, and move our country backwards when it comes to expanding coverage.

Instead, the Senate budget must build on the progress we’ve made and provide for the necessary state and local resources to help families sign up for coverage, support programs that help stabilize the market and bring down premiums, and invest in improving quality of care for families and communities across the country.

Strengthening public health and preparedness

Prioritizing disease prevention and public health not only keeps American families healthy and safe, it also reduces health care costs. In fact, investments in evidence-based community prevention programs, such as those that prevent obesity and combat tobacco use, could save the country $5.66 for every $1 spent, according to Trust for America’s Health. Building and maintaining state and local public health infrastructure, which will allow us to respond more effectively to public health threats of all kinds, must be a priority. Likewise, maintaining the Affordable Care Act’s Prevention and Public Health Fund, and ensuring that it is investing in lifesaving public health programs, is an essential part of realizing the full potential of prevention.

Community Health Centers

The Federally Qualified Health Centers program provides high quality, low-cost primary care to more than 22 million patients in over 9,000 locations across the country, almost half of them rural. These vital health care providers face a funding cliff in October of this year, reducing their operational funding by as much as 60 to 70 percent. It will be difficult to find the discretionary appropriations to fill this gap.

Therefore, I urge you to provide the resources to continue funding this program beyond 2016 as mandatory to ensure that we can continue helping workers and families across the country get the care they need when and where they need it.

Mental Health

Access to mental health care is as critical to overall health as access to physical health care. Mental illness often begins in childhood and adolescence, yet only one in five children with a diagnosable mental health condition is receiving appropriate treatment. As we explore ways to improve prevention, early intervention, and treatment of mental illness, it will be critical to maintain our investments in programs funded through the Substance Abuse and Mental Health Services Administration.

Health Care Workforce Training
As more Americans get covered, and as an aging population requires more care, we need to invest in a health care workforce that is prepared to meet increased demand. To ensure we have the workforce to meet our future needs, we must continue investing in critical health care training programs such as the Title VII and VIII programs, as well as the children’s hospitals graduate medical education and teaching health center graduate medical education programs. The National Health Service Corps (NHSC) also faces a funding cliff in October of this year. The current mandatory funding, which expires at the end of this fiscal year, represents 100 percent of the NHSC’s operational funding. Mandatory funding for the NHSC should be included in the Senate budget. We must also maintain our investments in teaching health centers and children’s hospitals graduate medical education programs and other important training programs.

Advancing medical innovation for patients and families

Maintaining a world-class health care system, and prioritizing the health and wellbeing of all Americans will require a serious commitment to investing in research and technology. We cannot hope to make medical breakthroughs, combat new health threats, or protect families from unnecessary harm if we do not invest in these areas.

Biomedical Research

The United States must remain at the global forefront of biomedical research. Our National Institutes of Health is the largest source of such medical funding in the world, funding thousands of scientists in research institutions in every state and creating jobs and helping businesses across the country. The lifesaving research supported by NIH ensures continued medical discoveries that lead to invaluable treatments and cures and keep families healthier. The Senate budget should include enhanced resources for such critical research efforts.

Food and Drug Administration

Families and communities across the country rely on the Food and Drug Administration to help ensure the food they eat and the medicines they take are safe. Full implementation of important measures to protect consumer and patient health, including the Drug Quality and Security Act (DQSA), enacted in November 2013; the Food and Drug Administration Safety and Improvement Act (FDASIA), enacted in July 2012; and the Food Safety and Modernization Act (FSMA), enacted in January 2011; and the Family Smoking Prevention and Tobacco Control Act, enacted in June 2009, will require robust funding. It is vital that we continue to support FDA’s efforts to fully implement FSMA, a law central to protecting our food supply to keep families safe from foodborne illness. And we must also ensure that the FDA has adequate resources to fully implement the DQSA, which we passed to help ensure that compounded drugs are safe for all families, and to avoid tragic deaths like those associated with drugs compounded by a New England pharmacy in 2012. I urge you to support increased investment in the FDA to help the agency fulfill its mission and protect consumer and patient safety.

Health Information Technology

The Office of the National Coordinator for Health Information Technology (HIT) is continuing to work towards the interoperability of HIT by setting policy, standards, and programs that help providers and patients get the information they need, when they need it. We must provide the Office of the National Coordinator for HIT with sufficient funding to identify and harmonize standards, expand its certification program, and develop a governance approach that promotes collaboration across industry and government.
Protecting a woman’s right to make her own choices about her own body

Too often, health issues that disproportionately or exclusively affect women are either ignored or actively pushed aside. Over the past several years, as Democrats have fought to protect a woman’s right to make her own choices about her own body and worked to expand access to critical women’s health care services, many politicians and pundits have dismissed or relegated to the background the growing health concerns of women across the country. I urge the Budget Committee to reverse this disturbing trend and make women’s health a priority.

Family planning services

Title X clinics play a critical role in women’s access to family planning services. These clinics provide services regardless of one’s ability to pay, making them a safety net provider for families across the U.S. Furthermore, because these clinics usually specialize in providing family planning services, other health centers often refer their most challenging patients to Title X clinics. As a result, Title X clinics care for patients with both high needs and low resources. It is not surprising, then that Title X clinics often face severe financial challenges.

This financial strain is amplified by the fact that providers of Title X services are still subject to the same requirements as their peers. Investing in our Title X clinics must be a priority to protect the safety net of care for working families. The program has had no funding increase for the past two years, a pattern that should end this year.

Family violence prevention and services

The Budget should also strongly support emergency shelters and related assistance to victims of domestic violence and their children. Federal support is critical to keeping the lights on in domestic violence shelters across the country. In addition to shelter, federal funds provide supportive services for legal advocacy, counseling and safety planning. Robust funding also helps build the capacity of the National Domestic Violence Hotline, to ensure timely responses and counseling.

Building on the Bipartisan Budget Act

Over the past several years, one of the obstacles to restoring robust growth and strengthening the middle class was the near-constant stream of manufactured budget crises. These dangerous moments of political brinkmanship created unnecessary uncertainty and damaged economic optimism. I am proud that the House Budget Chairman Paul Ryan and I were able to work out a bipartisan compromise budget deal that should hopefully put those days behind us. This year’s Senate budget should reflect the principles and the spirit of that bipartisan agreement.

First and foremost, we must again cancel and restore the cuts to discretionary funding levels from sequestration for 2016. One of the key accomplishments of the Bipartisan Budget Act was to raise the statutory caps on discretionary spending and avoid the full brunt of sequestration. Both Republicans and Democrats agreed that those “sequestration” caps damaged key investments in jobs and growth and needed to be lifted. The same is true going into fiscal year 2016. If we do not adjust these mindless and unnecessary limits, critical priorities such as biomedical research and investments in education, among many others, will suffer. The Senate budget should include more reasonable levels that avoid the harm of sequestration, as we did in the Bipartisan Budget Act. The Senate budget should also look to the Bipartisan Budget Act as a roadmap for how to address sequestration, with relief provided equally to defense and non-defense, offset by a mix of new revenue and reductions in inefficient programs.
The damage of sequestration came on top of the damage done by repeated showdowns over the debt limit. These showdowns served little purpose other than to rattle the financial markets and call into question the full faith and credit of the United States of America. This is a mistake that we cannot afford to make again. The Senate budget should be another step toward making clear that future debt limit increases will not be marred by more dangerous brinkmanship.

It is also important to recognize that the priorities and investments discussed above are not the only ones that are needed to address our national challenges. One of these challenges is the long-term sustainability of the federal budget. The Bipartisan Budget Act was a much-needed solution to a more immediate problem, but the principle of a balanced approach is one that should be emulated when tackling the longer-term fiscal challenges. There is simply no way to responsibly invest in our workers, our families and our economy, meet many other national needs, and reduce our long-term budget gap without asking the wealthiest Americans and biggest corporations to pay their fair share.

Finally, I want to urge the Senate Budget Committee to refrain from including reconciliation instructions in the Senate Budget Resolution that would direct committees to make unnecessary and damaging cuts to jobs, economic growth, and critical national and middle class priorities. Though there are certainly times when reconciliation can be appropriate, using that process to speed through unpopular, needless and partisan programmatic cuts without proper scrutiny or debate would be a mistake. Instead, I hope that the Budget Committee uses the Bipartisan Budget Act as an example and searches for common ground and fair compromises.

Conclusion

This letter describes just a few of the many priorities for the Health, Education, Labor and Pensions committee. As Ranking Member, there are many other priorities I plan to focus on as well, but the topics covered are representative of the approach I would urge you to take. In the coming weeks, Congress will have the opportunity to work together to lay out a budget that reflects the values and priorities our constituents care about most—beginning with expanding economic opportunity through good jobs and higher wages for all. While I know there are clear differences between Republicans and Democrats when it comes to the budget, we’ve shown before that we can break through the gridlock and dysfunction to deliver results for our constituents, and I look forward to working with all my colleagues to do so again.

Sincerely,

Patty Murray
Ranking Member
Committee on Health, Education, Labor, and Pensions
The Honorable Mike Enzi  
Chairman  
Senate Budget Committee  
624 Dirksen Senate Building  
Washington, D.C. 20510

Dear Chairman Enzi:

Pursuant to Section 301(d) of the Congressional Budget Act, I am responding to your letter dated January 27, 2015, requesting a views and estimates letter for FY2016 programs and activities that fall under the jurisdiction of the Senate Committee on Health, Education, Labor and Pensions (HELP).

It is time to start balancing the budget and living within our means. Since President Obama took office, our national debt has increased by $7.5 trillion. Total federal debt now exceeds $18 trillion with no clear sign of slowing. According to the Congressional Budget Office (CBO), discretionary spending—which pays for national defense, national labs, national parks, education, and infrastructure—is being crowded out by mandatory spending and interest on the debt. Discretionary spending made up 54 percent of the federal budget last year, but by 2025 will only make up 23 percent of the federal budget—the rest will go to mandatory programs and interest on the debt.

In August 2011, the Budget Control Act reduced spending for every dollar Congress raised the debt ceiling. This was a welcome change in behavior I was glad to support. If Congress did this kind of dollar-for-dollar reduction in spending every time a president asked Congress to raise the debt ceiling, we would balance the budget in 10 years. Balancing the budget is exactly what our goal should be, and families in America do it every day.

These spending reductions were an important step, but they are just one step—and no one should underestimate how difficult the next steps will be. According to the Congressional Budget Office, two-thirds of all federal spending goes toward entitlement programs like Medicare, Medicaid and Social Security, as well as interest on the debt. In addition it is projected that by 2030 Medicare, Medicaid, Social Security and interest on the federal debt will equal all federal tax revenues. The Medicare trustees have said that within 15 years, the Medicare program will not have enough money to pay all of its hospital bills. Authorizing committees must focus on reforming entitlements, and prioritize discretionary spending to reflect the lower spending caps that will be in place through fiscal year 2021.

If we can meet the goal of getting our entitlement spending under control, we will stop crowding out other priorities and have more funding for research, education, job training, national parks, and ensuring our competitiveness as a nation.
As Chairman of the HELP committee, my focus will be on securing freedom—freedom for states and for local governments; freedom for individuals; freedom for businesses. In our health care system, in our public schools and our colleges and universities, in our workforce and our economy—Washington is in the way. I’d like to get Washington out of the way.

Washington’s rules and regulations are often in the way of innovation. Our colleges and universities face a stack of regulations that stands higher than I am. Medical device manufacturers—whose innovations are the reason that some people walk or sick people are cured—are today laying workers off in my state of Tennessee and in other states because Washington unaccountably decided to tax the manufacturers’ revenues to pay for the President’s health care law.

The federal government’s mandates too often go too far and cause great economic harm—whether it’s the stunning number of mandates on businesses, from minimum wage to menu-labeling, and now the health care law’s penalties on top, all of which are leading employers to cut jobs and the hours that workers can work. Or Medicaid maintenance-of-effort requirements forcing states to reduce the amount they spend on higher education, causing tuition prices at public universities to skyrocket. Insurance premiums are rising, colleges are cutting professors’ hours, students are picketing on campuses—all because of Washington mandates.

Health

Health Care Reform

With our new majority in Congress, we must govern responsibly and repair the damage that the health care law has done and prevent future damage. As responsibly and rapidly as we can, we want to move in a different direction and put in place proposals that provide more freedom, more choices, and lower costs. We also must be prepared for the U.S. Supreme Court’s decision in King v. Burwell, which will determine whether or not health insurance subsidies granted through the federally-facilitated exchange are legal or not.

The health care law’s supporters insisted the legislation would lower health care premiums. The President, in fact, promised his health care plan would lower individual premiums—not reduce the rate of growth, but actually lower them—by $2,500 per family by the end of his first term. Instead, premiums in the individual market continue to rise, driven by the law’s mandates and convoluted rules, many of which fall in the HELP Committee’s jurisdiction. A 2014 study by the Manhattan Institute compared the five most affordable insurance plans in each county in 2013 with the five most affordable plans available on the exchanges and found an average rate hike of 49 percent. CBO projected that premiums would continue to increase by six percent a year from 2016 to 2024. When health insurance premiums go up, American families have less money to buy groceries, pay for gas, or put money aside for college.

The law requires individuals and employers to buy a federally mandated level of coverage and benefits—regardless of whether these benefits are needed or affordable. For many, the cost of
simply complying with this mandate has led to higher premiums. The federal government not only decides what the benefits are, it also decides whether employers are offering “affordable coverage” and, if not, they have to pay a hefty fine.

While the subsidies help some individuals and families pay for coverage, the subsidies do nothing to bring down the cost of that coverage in the first place. When the law drives up the cost of coverage, the federal subsidies also increase to protect individuals enrolled in the new exchanges from paying more. In the most recent reports from the U.S. Department of Health and Human Services (HHS), up to 87% of enrollees received a premium assistance tax credit, which the CBO estimates will cost federal taxpayers nearly $1.2 trillion between 2015-2024.

The law raised costs on younger and healthier people – the very people needed to make the insurance risk pools work. In seeking to lower costs for older individuals with higher health care costs, the health care law requires younger and healthier people to purchase a more expensive insurance plan than they otherwise would do so and to subsidize premiums for those who are older and less healthy. Experience from the states shows that forcing younger people to subsidize premiums for older individuals ends up driving up costs for everybody, including the very people it was designed to help.

Additionally, provisions in the health care law set up a bailout of the insurance industry. Through its risk corridor mechanisms, the law left the American taxpayer on the hook when insurance companies priced their plans inappropriately. The Consolidated and Further Appropriations Act of 2014 restructured this program to protect taxpayers while providing necessary guarantees to insurance companies covering many vulnerable Americans, but only for the short term. We should put these protections in place for every year the risk corridor program exists.

The law also increases insurance costs through a new tax on health insurance premiums. Starting in 2014, health insurance companies were forced to pay an $87 billion “excise” tax. As predicted, this tax is passed on to consumers in the form of higher premiums. According to rate review data from the Department of Health and Human Services (HHS), fees and taxes from the health care law increased premiums in Tennessee by as much as one percentage point. Those estimates don’t include the cost increases expected from the law’s new taxes on pharmaceuticals and medical devices.

The National Federation of Independent Business says: “This new tax will be almost entirely passed from insurers to small businesses and their employees, raising health care costs and increasing economic uncertainty....” At a time of rising unemployment and lackluster growth, small businesses are warning that the health care law will lead to higher costs and more uncertainty.

Businesses are suffering already because of the new health care law, and it has yet to be implemented fully. Soon after the health care law passed, I met with a number of representatives from chain restaurants, which are among the largest employers in America. Many of those companies offer some health insurance to their employees. The former chief executive of Ruby
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Senator Bernie Sanders  
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Tuesday, headquartered in Tennessee, told me the cost of the health care law to his company would equal the profit of the company that year.

Another chain restaurant executive told his company had decreased its goal for “employees per restaurant” from 90 to 70 employees in order to comply with the cost of the health care law. This not only raises the cost of business, but it reduces employment in the United States.

Millions of Americans, because of the health care law, are going to lose their employer-sponsored insurance, and millions of Americans will not have jobs because of the costs imposed on businesses such as these restaurants. Beyond the loss of employer-sponsored insurance, many workers will see reduced paychecks as their employers respond to the healthcare law’s skewed incentives. The arbitrary definition of full-time as 30 hours is forcing employers and employees alike to make difficult choices. The CBO estimated that as a consequence of the health care law, labor participation will decrease by 2.5 million full-time-equivalent workers by 2024.

The excise taxes on revenues for medical devices, drugs, and insurance also will raise premiums for patients and destroy jobs. In the fast-growing and life-saving medical device industry, one study has estimated that as many as 43,000 jobs could be lost due to this tax – including as many as 1,600 jobs in Tennessee alone.

Throwing trillions of dollars in taxpayer money at a medical system that is already the costliest in the world will not make health care more affordable. We already have seen wasteful spending in programs such as the Patient-Centered Outcomes Research Institute (PCORI), federal funds propping up experimental co-op health insurance plans, and a failed rollout of healthcare.gov. Adding new federal mandates and new federal taxes will only drive up the cost of coverage. Washington micromanaging health care benefits for 300 million people is no way to bring down costs.

As we look toward a decision in the King v. Burwell case before the U.S. Supreme Court, we should use the coming months to convey to Americans the kinds of step-by-step relief that Republicans will provide if the court were to strike down subsidies in the federally-run exchanges.

**Food and Drug Administration (FDA)**

One of my top priorities this year will be to develop and pass bipartisan legislation to modernize the FDA with the goal of ensuring patients in the U.S. have timely access to safe and effective medical products and that the FDA is equipped with the tools necessary keep pace with scientific and technological advances. FDA must be appropriately funded to hire the best scientists to review these products, but FDA must also remain focused on its core mission of ensuring medical products and food are safe. The HELP Committee also will look at FDA’s regulation of medical products to ensure that the compilation of various reauthorizations and laws over the last 20 years still work for innovators, patients, and the FDA.
We will not focus on the time the final application at FDA takes to review, but rather try to find out what requirements, red tape, administrative burden, and unnecessary testing is causing ever increasing times and costs to get new medical products to patients. It will take a flexible and innovative FDA to understand innovative testing and statistical methods, and feel comfortable applying them to new drugs or devices that then are available for the whole U.S. population. We want to make sure FDA has the tools, staff, regulatory pathways, scientific understanding, and incentives in place to attract the best and brightest to help U.S. patients, and ensure that those discoveries have a clear path to make it to the patients that need the innovation most.

We need to make sure that FDA is stretching every dollar as far as it can go, and in terms of its medical products authorities, focusing on how to better help the many patients that exist with no cure or treatment. According to Dr. Francis Collins of the NIH wrote in 2013, “Drugs exist for only about 250 of the more than 4,400 conditions with defined molecular causes. And it takes far too long and far too much money to get a new drug into our medicine cabinets. This is an old problem that cries out for new and creative solutions.” And since then, the number of conditions with defined molecular causes has increased to 5,427, yet the number of new drugs approved has not kept pace with these discoveries.

The FDA, in charge of regulating over 20 cents of every dollar consumers spend, receives a little over $1.6 billion from Congress. The rest of the around $4 billion budget comes from industry user fees, and the majority of those dollars are attached to specific metrics negotiated every five years in the medical product user fee agreements (Prescription Drug User Fee Agreement, Generic Drug User Fee Agreement, Medical Device User Fee Agreement, and Biologic User Fee Agreement). We need to ensure that FDA has enough resources to focus on Congressional priorities that may differ from those agreements. For example, the agreements largely focus on FDA reviewing applications within a specific amount of time, and have been very successful in getting review times to some of the shortest in the world.

We need to make sure FDA is appropriately implementing new laws. In the 113th Congress, we enacted the Drug Quality and Security Act (DQSA), which will increase demand on FDA resources and staff. However, DQSA includes increased industry user fees to assist with the increase in demand. We should ensure FDA can implement this legislation to help prevent another tragic outbreak such as the fungal meningitis one.

Finally, FDA published a final rule on December 1, 2014, on Food Labeling and Nutrition Labeling of Standard Menu Items in Restaurants and Similar Retail Food Establishments which intends to implement the nutrition labeling provisions in the Patient Protection and Affordable Care Act. The HELP Committee will review the FDA’s implementation of the labeling requirements to ensure they are flexible, not overly burdensome, and do not increase costs for taxpayers.
Food and Tobacco Regulation

FDA published a final rule on December 1, 2014, on Food Labeling and Nutrition Labeling of Standard Menu Items in Restaurants and Similar Retail Food Establishments which intends to implement the nutrition labeling provisions in the Patient Protection and Affordable Care Act. Congress plans to review the FDA’s implementation of the labeling requirements to ensure they are flexible, not overly burdensome, and do not increase costs for taxpayers.

The Food Safety Modernization Act (FSMA) was signed into law in 2011 and established comprehensive food safety policies and expanded FDA’s existing authorities to better prevent foodborne illness and foodborne outbreaks. FSMA was designed to be risk-based, flexible, and built on sound science for our nation’s diverse food industry. Congress will continue to review FDA’s implementation of this law and the agency’s regulatory approach with many of the regulations impacting industry.

FDA published a proposed regulation on the deeming of tobacco products in April 2014. This regulation would significantly impact small businesses, consumer choice, and public health by limiting the types of products available on the market. The proposed rule would impose additional burdens on cigar manufacturers, many of which are small businesses. Additionally, this proposed regulation will likely add significantly to FDA’s existing regulatory backlog as it will require manufacturers to submit pre-market tobacco applications, potentially resulting in nearly a decade’s worth of new product applications being submitted to the agency and delaying or preventing new, potentially less harmful alternative products to traditional cigarettes.

The proposed rule may significantly delay cigars and novel products from entering the market, hurting small businesses, and limiting options that may be healthier for consumers. The Committee plans to review the progress of this regulation and ensure that it is in the best interest of the public health.

National Institutes of Health (NIH)

As part of our efforts to modernize FDA and to improve innovation, we will also examine the work of NIH. As the agency that funds and enables much of the research that leads to medical breakthroughs, we need to ensure that NIH is operating efficiently, coordinating appropriately, and that it has the tools it needs to invest in the basic research that could become the next treatment, cure, or device for the many diseases and conditions without one. We will make policy changes as necessary to ensure the agency is able to accomplish its biomedical research mission in the most efficient and effective manner possible.

The NIH receives over $30 billion in appropriated dollars, and I support appropriate funding levels to continue NIH’s critical research mission and to maintain the global leadership of the United States in biomedical research. Since the doubling of NIH’s budget was completed in
2003, NIH funding has hovered around $30 billion, with modest increases and decreases. At the same time, other countries around the globe are increasing their investments in biomedical research. NIH’s budget has not even kept pace with the rate of biomedical inflation. I support increases to keep NIH appropriately funded, ensure that we do not lose the worthwhile investments we have made, and to keep the United States competitive.

Electronic Health Records

Electronic health records promise to help increase the quality of health care in the United States through better provider coordination, and decrease the cost of health care across the country by reducing duplicative care and medical errors. If coupled with strong privacy protections for patients, electronic health records will improve health care experiences for all Americans.

Unfortunately, the implementation of electronic health records by the HHS has fallen short. HHS continues to spend from the Medicare trust fund the $35 billion provided by President’s Obama’s failed stimulus for electronic health records and will begin collecting penalties this year, yet funding recipients are not meeting the law’s goal of interoperable, data-rich records. The financial incentives and penalties meant to achieve a true national network for electronic health records have proven to be a poor approach.

HHS has not been able to meet the expectations for the electronic health records program to coordinate care and lower cost. We should not be penalizing providers for failing to adopt expensive and inefficient government approved electronic health records, especially when the government-approved products are not able to realize the real promise of electronic health records across the country.

Older Americans Act (OAA)

The last reauthorization for the OAA was in 2006. The legislation expired at the start of fiscal year 2012. The FY2016 budget request proposed that the Senior Community Service Employment Program be transferred from the Department of Labor to the Department of Health and Human Services. Moving the administration of this program would be a significant change and was not considered as part of the ongoing reauthorization process. In addition, the Administration should utilize the latest performance metrics for job training programs included in the Workforce Innovation and Opportunity Act, which was signed into law in July 2014, in evaluating the Senior Community Service Employment Program.

Public Health Preparedness

The Ebola virus outbreak in West Africa and cases of the deadly virus identified in the United States highlight the importance of maintaining and improving our nation’s medical and public health preparedness and response capabilities. The Assistant Secretary for Preparedness and Response, the Centers for Disease Control and Prevention, the National Institutes of Health, and the Biomedical Advanced Research and Development Authority each play a crucial role in our nation’s ability to prepare for and respond to all-hazards, whether it be Ebola, anthrax, or a
natural disaster. Activities authorized by the Pandemic and All-Hazards Preparedness Reauthorization Act (P.L. 113-5) should receive sufficient funding to enhance our nation’s ability to prepare for and respond to public health emergencies, including by supporting a robust pipeline medical countermeasures.

Global Health Security

The Ebola virus outbreak in West Africa and the emergence of Middle East Respiratory Syndrome in the Arabian Peninsula highlight the critical need to improve global health security around the world. With both of these viruses, cases of the diseases presented in the United States from travelers returning from affected countries. Ensuring nations around the globe are able to prevent outbreaks, detect them when they occur, and rapidly and effectively respond to outbreaks will go a long way toward keeping American citizens safe.

Fighting AIDS Domestically and Abroad

American investments continue to have tremendous impact in providing millions of men, women, and children with life-saving antiretroviral treatment, particularly in countries in sub-Saharan Africa, through the President’s Emergency Plan for AIDS Relief (PEPFAR). As of September 30, 2014, PEPFAR was supporting treatment for more than 7.7 million people. It’s important to continue these efforts with an appropriate level of investment to solidify our commitment to the global fight against HIV/AIDS.

Further, the Ryan White HIV/AIDS Program provides federal funds to assist states and metropolitan areas with the costs of healthcare and support services for people affected by HIV. Specifically, the AIDS Drug Assistance Program provides access to lifesaving HIV/AIDS medications. I support appropriate funding levels for this program while the HELP committee assesses the program’s interaction with the health care law.

Mental Health and Substance Use Disorders

The importance of mental health and substance use disorder prevention and treatment has become increasingly apparent over the past year. Reports that 9.6 million people age 18 and over had a serious mental illness in 2012 demonstrate the need for continued need for research, prevention, and services. Further, the National Institute of Mental Health conducted a study of more than 16,000 teens ages 13 to 18 and found a fifth of them reported they suffered from a mental disorder with symptoms that impaired day to day life and 11 percent reported being severely impaired by a mood disorder. Several agencies within the Department of Health and Human Services provide assistance to states and other organizations for prevention and treatment services. The Substance Abuse and Mental Health Services Administration helps by providing funds to states for these services in the block grants it administers, as well as other grants and agreements. I support appropriate funding levels at SAMHSA and for other applicable programs within the Department.
World Trade Center Health Program

The James Zadroga 9/11 Health and Compensation Act of 2010 authorized the World Trade Center Health Program with mandatory funding to provide medical treatment for emergency responders, recovery and cleanup workers, and volunteers assisting after the September 11, 2001, terrorist attacks. The program requires authorization to receive funding beyond FY2016.

Education and Workforce

Fixing No Child Left Behind

Despite repeated efforts of this committee to pass a reauthorization of the Elementary and Secondary Education Act, Congress hasn’t done its job to fix the law. Meanwhile, 42 states and the District of Columbia are operating under waivers from the law in return for those states meeting new federal mandates and conditions that have not been authorized by Congress. As Chairman, I am determined to fix No Child Left Behind and reauthorize the Elementary and Secondary Education Act this year, which would return to states the ability to make decisions about whether students and teachers are succeeding or failing.

No Child Left Behind inserted too many federal rules and regulations into matters that should have been left to communities, parents, and classroom teachers. Washington may be able to create a better environment for school improvement, but Washington cannot make local schools better; only teachers, principals, parents, and communities can.

This committee will focus on fixing No Child Left Behind in a way that will return most decisions about academic standards and tests, accountability systems, and how to improve schools, principals, and teachers back to states, local communities, and parents. The federal government can set broad goals, but the Secretary of Education should not continue to function as a national school board chairman instructing 100,000 public schools how to achieve those goals or deciding whether each of those schools and its teachers are succeeding or failing. We should continue to require the annual reporting of student progress so that parents, teachers, and communities can know whether their students are succeeding. We must also make it easier for states and local school districts to expand the number of charter schools and school choice. Finally, we must cut through the bureaucratic thicket of federal education assistance by consolidating programs and making it easier for the states to use limited federal resources to meet their unique identified needs.

Early Education and Child Care

Last year, the Child Care and Development Block Grant (CCDBG) Act of 2014 was passed and signed into law to reauthorize the CCDBG program, which provides grants to states to help low-income working families pay for child care, mainly through vouchers that let them choose the best facility for their children, while the parent works or attends school. This law updates the CCDBG program to enable states to expand access and improve the quality of child care provided to more than 1.5 million children from low-income families. For working mothers
especially, child care can be the most difficult obstacle to organize very busy lives. This law puts vouchers in the hands of many working mothers so they can make their own decisions about what child care best suits their needs.

The President is calling on Congress to expand access to high-quality early education through a new federal-state partnership to provide all low- and moderate-income four-year-old children with preschool, while also expanding these programs to reach additional children from middle-class families and incentivizing full-day kindergarten policies. However, the federal investment in early education and child care is already significant—amounting to approximately $22 billion—and, according to the General Accountability Office, already supports a fragmented system of 45 different programs, many of which overlap in pursuing the same goals and serving the same populations. Instead of raising false hopes for new money and new programs that we can’t afford, the committee’s efforts should be focused on finding ways to streamline and consolidate existing early education and child care programs, while also improving efficiency and enabling states to expand access for low-income children and families with the resources we have.

**Individuals with Disabilities Education Act**

The Individuals with Disabilities Education Act requires schools to provide special education services to meet the needs of all students, as well as requires the federal government to provide 40 percent of the national average per-pupil expenditure to assist states with the costs. Congress has never fulfilled this promise. We need to stop diverting our limited resources to new or unused programs and instead fulfill our commitment to fully fund the needs of students with disabilities under the law.

**Higher Education Act**

The Higher Education Act is set to expire at the end of 2015 and the committee will focus on a reauthorization measure shortly after completing the Elementary and Secondary Education Act. America still has almost all of the world’s best universities, but their future greatness is threatened by tuition rates increasing each year at a higher rate than inflation, too many students dropping out, and a growing number of graduates being left with debt they cannot repay because they can’t find work.

I believe that more federal regulations and mandates on higher education are the wrong approach to addressing these problems because they would undermine the autonomy and competition that drive the success of our colleges and universities. According to a recent report from a bipartisan Task Force on Government Regulation of Higher Education, America’s 6,000 colleges and universities live in a “jungle of red tape” that is expensive, confusing, and unnecessary. For example, Vanderbilt University hired the Boston Consulting Group to determine how much it costs the university to comply with federal rules and regulations. They found that Vanderbilt spent approximately $150 million or 11 percent of the university’s total non-hospital expenditures last year just on compliance. Vanderbilt Chancellor Nick Zeppos says that this adds about $1,000 in additional tuition per year for each of the university’s 12,737 students.
Federal policies deserve most of the blame for why tuition rates are going up. By imposing unnecessarily duplicative and burdensome regulations, reporting requirements, and unfunded Medicaid mandates on institutions and states, colleges are being forced to pass along their higher costs to students by raising tuition rates. When Congress last reauthorized the Higher Education Act in 2008, we made the problem worse by doubling the amount of rules and regulation. Today, the Higher Education Act totals nearly 1,000 pages; there are over 1,000 pages in the official Code of Federal Regulations devoted to higher education; and on average every workday the Department of Education issues one new sub-regulatory guidance directive or clarification. The result of this piling up of regulations is that one of the greatest obstacles to innovation and cost consciousness in higher education has become—us, the federal government.

As the committee seeks to address the problems of college access, affordability, and outcomes, it should seek to minimize the costs imposed both directly and indirectly on higher education and ensure that these savings are passed along to students. The federal government must stop manipulating the federal budget rules to have federal student loans to help pay for the healthcare law and stop imposing new Medicaid mandates on the states that drive up tuition. The committee should focus on getting rid of regulations that are driving up college costs and limiting the autonomy that is the hallmark of our system of higher education. At the same time, states and universities must play their part in looking for ways to save money and cut costs by focusing more on efficiency and results, rather than how they can fill more seats and squeeze more money out of their students.

**Student Loans**

In 2010, the federal government took over sole responsibility of the student loan program from more than 2,000 private banks and handed it over to the U.S. Department of Education to act as the sole banker. At the time, the administration estimated that taxpayers would save $87 billion by this takeover. In March 2010, the Congressional Budget Office estimated the savings to be $58 billion over 10 years. Ultimately, $36 billion was spent on Pell grants, $10.3 billion on debt reduction, $8.7 billion was spent on the president’s health care law, and $3 billion went to support minority serving institutions. I raised many concerns about this government takeover and made it clear that the savings were not as advertised.

In particular, I argued that we would have to borrow over $100 million a year just to support the bureaucracy, but I was assured that no additional administrative costs would be needed. However, the President’s budget request includes a $185 million, or 13 percent, increase for salaries and expenses in Student Aid administration from last year. Over 10 years, this would cost at least an additional $1.85 billion. We were assured that the government-run student loan program that we were assured would have no added costs. The committee will need to fully investigate this matter to determine how those estimates and assurances went so widely off the mark.

I have significant concerns about the ability and capacity of the Department of Education to effectively manage a nearly $1 trillion student-loan portfolio. Investigations conducted by the
House Committee on Education and the Workforce last year uncovered widespread complaints from federal student loan borrowers about poor customer service, breaches in personal security, and an ineffective loan rehabilitation process that puts borrowers’ credit in jeopardy.

**Pell Grants**

The Pell Grant program is on an unsustainable path and is at risk of being unable to fulfill its commitment to help low-income students gain access to college. Since 2007, discretionary costs in the program have increased 67% while costs in the entire program have increased 113%, largely due to congressional mandates increases in the maximum allowable award. Rather than making necessary structural reforms, Congress has resorted to short-term funding patches in annual appropriations bills. With the opportunity to rewrite the Higher Education Act before us this year, I hope to address this issue while providing flexibility in the program that will afford needy students with the opportunity for success. While the most recent estimates by the Congressional Budget Office showed an unexpected surplus in the program, these estimates do not lessen the need for a long-term plan that will sustain the program in the future. According to the most recent CBO estimates, starting in FY 2017, the Pell Grant Program will begin running a discretionary shortfall that will amount to approximately $40 billion at the end of 15 years.

We must make necessary decisions to sustain the Pell Grant program, including the examination of required future increases in the maximum grant award, modifying eligibility standards to better focus aid on students with the greatest need, and finding additional savings through changes to the federal direct loan programs, such as eliminating Stafford interest rate subsidies that are expensive, poorly targeted, and do not relate significantly to college access. These approaches were recommended by the President’s Commission on Fiscal Responsibility and Reform and could generate significant savings that would be better used to help low-income students through the Pell Grant program. Legislation that I have introduced, the FAST Act, starts to address some of these issues. Every year, 20 million students waste millions of hours and countless dollars on a 100-question application form that only needs to be the size of a postcard. The FAST Act would cut more than 100 questions down to two, and help families get aid information sooner, while protecting taxpayers from lending more money to students than they’re able to repay. This is a start, but more will be accomplished during the broader reauthorization effort.

**Job Training**

A January 2011 Government Accountability Report found that 44 of the 47 job training programs administered by the federal government “overlap with at least one other program, in that they provide at least one similar service to a similar population.” Many of these programs operate under separate administrative structures, resulting in unnecessary overhead costs and inefficiencies and limited data exists to demonstrate that these training programs are actually effective in improving the chance that a worker will find and keep a job.

In 2014, the Workforce Innovation and Opportunity Act was passed and signed into law which dramatically reduced the number of job training programs and provided needed flexibility to
states and local training programs. The law consolidated duplicative programs, improving accountability and transparency through common performance measures across all programs, requiring independent evaluations of all programs on a regular basis, providing greater flexibility to states and governors to allocate resources and structure their workforce systems in ways that best meet their economic needs, and eliminating bureaucratic and regulatory burdens that produce unnecessary and costly inefficiencies.

Labor

Employment Growth

This committee's primary labor focus is on the laws and regulations relating to employment, but we also examine the effect of new rules and regulations on the job market, particularly given the failure of this Administration to encourage job creation. As the official unemployment rate slowly improves, the more accurate unemployment measure that includes discouraged workers who want to work and those working part time because they cannot find full time work remains unacceptably high at 14.2 percent. This committee must take action to encourage job growth by studying successful strategies and reporting out bills that remove barriers to job creation and get rid of regulations that throw a big wet blanket on the private sector.

Davis-Bacon and other Federal Construction Issues

One way to encourage job growth would be to end wasteful and discriminatory government spending under the Davis-Bacon Act. Davis-Bacon requires federal contractors and subcontractors to pay employees a prevailing wage determined by the Department of Labor from a voluntary local area wage survey. The law has already been extended to more than 60 federal statutes that provide construction funding, despite numerous government watchdog reports that uncovered errors in Davis-Bacon wage survey data and questioned the statistical integrity and methodology of the wage determination process. Moreover, there is a growing body of evidence and an increasing public awareness that Davis-Bacon artificially inflates the costs of federal and federally assisted construction projects, and creates barriers to participation for small and minority-owned businesses. These costs result in American taxpayers receiving far less than they would in a true, market-based system. This waste of federal dollars means fewer projects, and in turn, fewer workers employed than would have been otherwise. At a minimum, the methodology for determining prevailing rates should be changed to a system that ensures statistical and mathematical integrity and accuracy. The committee will also work to cease further expansion of Davis-Bacon mandates.

I am equally concerned about the Administration's policy of requiring private contractors to bind themselves to pre-hire union contracts, or so-called "project labor agreements." Like Davis-Bacon, this policy discriminates against small, local and minority contractors and needlessly drives up the costs of federal construction for taxpayers.
Limiting Unfunded Mandates on Employers

Any proposals that increase the cost of employing workers will only worsen the current employment environment. The President has already issued an executive order requiring a 39 percent increase in the minimum wage for federal contract workers, and we have seen legislative proposals to establish a similar mandate for employers across the board. Such a dramatic increase at this time would reduce the labor force by between 500,000 and 1 million jobs, and would price teens and those who lack skills and work experience out of the job market. There is nothing more critical to an individual’s future productivity than the skills learned from a first or entry level-job. Furthermore, some proposals to raise the minimum wage aim to index it to inflation, but the unpredictability of future wage increases will create yet another uncontrollable cost for small employers already whipsawed by growing health insurance premiums, increasing energy prices, and other costs. This committee will focus on opening the door of opportunity for more and more Americans, not on closing it.

The committee will also look for ways to cut red tape and improve conditions for job creation by identifying policies and proposals that discourage businesses from hiring, including: increased employment-related litigation; liability exposure for such litigation; prohibitions on dispute resolution procedures as a method for resolving workplace disputes; implementing broad definitions of “employees” that target legitimate business models, such as the franchise model, subcontracting, and the use of independent contractors; limiting exemptions under wage and hour laws that stifle incentive pay; increasing taxes, or increasing penalties under current employment statutes. As any of these various proposals come before the committee or are brought to the Floor, Congress must be sure it understands the full and final cost to our workforce. I recognize the important role the Budget Committee and the Congressional Budget Office play in providing such transparency.

Preserving Individual Employee Rights

The right of workers to choose whether or not they wish to be represented by a labor organization through a government-supervised private ballot election has been a cornerstone of federal labor policy for nearly seven decades. Equally immutable has been the right of states to choose whether to allow workers the freedom to join a union or not. In fact, the popularity of “Right to Work” policies are at an all-time high among the states, and the concept’s momentum is expected to continue in the years to come. Unfortunately, these hallmarks of American workplace democracy are being attacked by the Administration’s strategy of legislating through administrative decisions and regulations drafted in the spirit of “card check” that would unnecessarily rush union representation elections, invade employees’ privacy, and limit an employer’s ability to tell its side of the story. This committee will defend individual employee rights from any such attacks. Congress must continue to protect these and other safeguards for all American workers, particularly in light of actions by the National Labor Relations Board and Department of Labor to manipulate our labor laws to favor and even impose unionization.
Retirement Security

The Pension Benefit Guaranty Corporation (PBGC) insures the pension benefits of 41 million American workers and retirees. The PBGC deficit remains a significant concern. Last year, the PBGC’s deficit was $62 billion—more than $40 billion higher than it was five years ago. The PBGC is a government corporation, but it is not backed by the full faith and credit of the United States government. A taxpayer bailout of the PBGC is not an option. Last year, the president signed into law a bipartisan multiemployer pension reform agreement, providing multiemployer plans the flexibility and tools necessary to get back on the path to fiscal solvency.

The need for additional retirement savings is a growing concern in this country. Social Security and the current number of private savings plans will not be enough to provide adequate retirement for many Americans. However, I am concerned about talk of putting any new mandates on businesses. Small businesses are already struggling with the cost of complying with the health care law and cannot tolerate any new mandates to provide automatic savings accounts. Instead, we should explore a simple plan for voluntary savings that employers would be more likely to adopt.

Thank you for your consideration of these issues. If you have questions and are unable to reach me, please have your staff contact David Cleary, Majority Staff Director, at 202-224-9021.

Sincerely,

Lamar Alexander
March 17, 2015

Honorable Mike Enzi,
Chairman
Senate Budget Committee
624 Dirksen Senate Office Building
Washington, DC 20510

Honorable Bernie Sanders,
Ranking Member
Senate Budget Committee
624 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairman Enzi and Ranking Member Sanders,

Thank you for the opportunity to provide views and estimates regarding the President’s Fiscal Year 2016 budget as it affects matters within the purview of the Homeland Security and Governmental Affairs Committee (HSGAC). This letter addresses matters related to the Department of Homeland Security (DHS) and agencies that fall under the Committee’s Governmental Affairs jurisdiction.

Let me first congratulate the committee for returning to the regular budget process. A budget framework is essential to establishing federal priorities and maintaining fiscal controls that have been desperately needed.

Unfortunately, the budget proposal submitted by the President does not achieve a balanced budget. In fact, it adds over $5.6 trillion to our existing $18 trillion national debt over the next decade. The President’s budget increases discretionary spending by $74 billion relative to current law, but does not offer offsets to pay for the increases.

We must ensure sufficient funding for our national priorities, including defense and homeland security, but we must do so responsibly. This requires scrutinizing every component and mission of the federal government to find savings that can be achieved through improved efficiency.

There is no shortage of areas where real savings can be realized through better oversight and management. This task would be made easier if the White House Office of Management and Budget improved the reporting of government expenditures listed in the USAspending.gov website, which was created by a law (P.L. 109-282) of which the President was the prime co-
sponsor during his time in the Senate. Improved transparency including a listing of every federal program, the purpose and cost to run each, and metrics to demonstrate the outcomes of each, is also essential for Congress and Department heads to set budget priorities and make federal spending more transparent and accountable. This could be achieved with the passage of S. 282, the Taxpayers Right-To-Know Act, which has been referred to the Senate Homeland Security and Governmental Affairs. This bill will soon be marked up and, it is my hope, approved by the Senate.

This letter provides a number of suggestions to reduce wasteful and unnecessary spending by more than $500 billion over the next decade that would make the federal government more efficient while providing resources to advance our national priorities, which must include paying down the debt and improving security along our borders. Also included are recommendations for priorities within DHS along with areas to de-emphasize to help keep the focus of the Department on its primary responsibilities.

Homeland Security

The President’s Fiscal Year (FY) 2016 Budget for the Department of Homeland Security (DHS) requests $64.8 billion in total budget authority. This represents a $4.4 billion (7.4 percent) increase over FY14 enacted levels. According to the request, the Department has “nearly a quarter million” employees.

Areas for DHS to Prioritize

When I became Chairman of the Homeland Security and Governmental Affairs Committee, I developed a mission statement for the Committee, which is “to enhance the economic and national security of America.” To accomplish this mission, I laid out five priorities for the HSGAC’s homeland security work. It is my recommendation that Congress prioritize budgetary resources within the Department to reflect the following priorities:

Priority #1: Border Security and Enforcement

The congressional budget resolution should prioritize common-sense border security and immigration enforcement measures that reduce illegal immigration and keep our communities secure.

DHS Secretary Jeh Johnson recently highlighted a number of assets deployed on the southwest border, including close to 700 miles of fencing, 70 miles of border lighting, 11,863 border sensors to detect illicit migration, 107 border patrol aircraft, 8 unmanned aerial vehicles, 84 vessels patrolling waterways on the southwest border, and other new surveillance technologies. These assets are important tools towards securing our borders, but more assets are

The Honorable Mike Enzi
The Honorable Bernie Sanders
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needed. The Budget should prioritize these needed assets, going sector-by-sector, so that Congress can understand where more resources are needed and where current resources are sufficient.

There are 21,370 full-time equivalent border patrol agents in U.S. Customs and Border Protection (CBP), an agency within DHS. Previously, when Congress sought to increase the number of border patrol agents, limited interest in the open positions required CBP to lower its standards, reducing the quality of the hires and resulting in some corruption among CBP agents. A first step in improving the effectiveness of CBP and our border security might be to change the culture and morale of the U.S. Border Patrol rather than simply increasing funding and hiring new agents. Additionally, a more efficient use of agents, such as redistribution of agents to critical sectors or areas of high traffic, and more operational agents in the field versus agents supporting those in the field.

Border Patrol agents, for their part, can only make apprehensions; it is up to the Administration, through policies implemented by Immigration and Customs Enforcement (ICE) and the Department of Justice (DOJ) to determine whether those apprehended will be deported out of the U.S. or released into the country. According to experts and our most recent data, the probability of removal within the interior was only 1.4 percent in 2009, suggesting that the average unauthorized immigrant faces a low likelihood of deportation. Moreover, it is estimated that at least 40 percent of those here unlawfully entered the country lawfully but overstayed their visas. DHS has improved its capacity to identify those visa overstays but has failed to report any of these data to Congress, despite stating it would do so. Inadequate enforcement of our laws also reduces the deterrence to breaking those laws. Recent actions by the Administration to reward those who have broken our laws should be reversed, and at the very least, those who are here illegally should not be rewarded in favor of those who are attempting to enter the United States legally. The budget resolution should reflect a genuine need to enforce our immigration laws.

Priority #2: Cybersecurity

As the lead civilian agency on cybersecurity, DHS plays an integral role in securing civilian federal networks, and assisting critical infrastructure owners and operators in securing their networks. Recent computer network intrusions into the federal government and private companies have shown our nation’s exposure to cyber-attacks. In particular, the budget for DHS cybersecurity should reflect the National Cybersecurity & Communications Integration Center’s (NCCIC) central role in sharing cyber-threat indicators between the public and private sectors.

The budget should also reflect, however, the realities of our federal cybersecurity posture and DHS’s inability, to date, to oversee federal cybersecurity effectively.

Although DHS has been responsible for federal cybersecurity for four years, and the federal government has spent some $65 billion per year on cybersecurity, federal agencies' information security still faces significant challenges.\(^1\) DHS's National Cybersecurity Protection System (NCPS), for example, is an intrusion detection and prevention system designed to detect and prevent cyber-attacks in civilian federal networks. Yet NCPS has severe limitations—it only protects against repeat attacks using the same tactics, techniques, and procedures as previous attacks, and NCPS cannot peer into encrypted traffic from compromised government systems.\(^2\) A 2014 Inspector General report also revealed mismanagement in implementation of the latest iteration of NCPS, noting it lacked adequate performance measures, milestones and schedules, and privacy protections.\(^3\)

Continuous Diagnostics and Mitigation (CDM), the DHS-administered program to enable continuous monitoring of cyber hygiene in federal networks, also raises concerns. CDM exists only to fill a gap in basic cyber hygiene in the federal government—creating awareness of vulnerabilities like unpatched systems and incentivizing remedying those vulnerabilities. We should already be doing these things. Furthermore, CDM alone will not be enough to secure our networks. As recent articles have observed, hackers have persistent access to internal State Department networks, networks supposedly protected by iPost, the original proof of concept on which CDM is based.\(^4\)

These programs—the National Cybersecurity Protection System and Continuous Diagnostics and Mitigation—reflect best practices in cybersecurity that the federal government should have had in place long ago. Indeed, continuous monitoring, and intrusion detection and prevention systems are already in place at most large corporations across the United States. They are not and will not be a panacea to stop cyber-attacks against federal agencies, but the absence of automated federal-government-wide intrusion detection and prevention and continuous monitoring is telling of the current state of cybersecurity in the federal government. These programs should receive sufficient funding to ensure their implementation, but better oversight is necessary—from DHS, the Administration, and Congress—to get these programs on time, on budget, and on target.

Priority #3: Critical Infrastructure Protection

DHS's budgetary priorities on critical infrastructure protection should reflect that (1) there are serious threats today to our nation's most critical resources that must be addressed.

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1 Congression Research Service, Memorandum to HSGAC Minority Staff: FISMA Spending & Historical Trends, June 6, 2013.
1 Danny Yavron, Three Months Later, State Department Hasn't Routed Out Hackers, Wall St. J. (Feb. 19, 2015)
without ignoring the threats of tomorrow and (2) the private sector, rather than the government, houses the best expertise for dealing with such threats.

In its 2013 National Infrastructure Protection Plan (NIPP), DHS emphasized that "effective partnerships with critical infrastructure owners and operators . . . are imperative to strengthen the security and resilience of the Nation’s critical infrastructure." DHS has repeatedly touted this "public-private partnership" as a priority, but in practice, this relationship is far less robust. Private sector companies cite a lack of information sharing by DHS (despite obtaining security clearances for senior company leaders), burdensome regulations that duplicate existing laws, and an unwillingness to explore private sector best practices, as continuing impediments to this relationship. DHS should shift current resources toward improving this partnership. Too often, DHS takes the attitude that "government does it best."

I encourage prioritizing research of long and short-term threats, including the solar storm and electromagnetic pulse threat, partnering with industry to develop ground-breaking security technologies, and streamlining regulations. Government undoubtedly has a role to play in encouraging a more secure critical infrastructure ecosystem but taxpayer dollars should not be used simply to build bureaucracies.

Priority #4: Countering Violent Extremism

Countering violent extremism remains an essential mission for DHS and should be funded accordingly. Recent events continue to demonstrate the need for increased vigilance, both at home and abroad, for specific, credible, and imminent threats to the homeland. The terrorist threat against the homeland continues to evolve from the post 9/11 threat environment. It is growing increasingly complex and decentralized, which makes it more difficult to detect, prevent, and combat. Changes in how terrorists become radicalized and how they communicate—following recent successful federal investigations and the damaging Snowden leaks—particularly exacerbate efforts to detect and prevent terrorism in the United States. We also face challenges tracking the increasing numbers of returning foreign fighters, who could return radicalized, trained, and ready to conduct terrorist attacks in the United States. DHS should be funded to detect, investigate, analyze, and evaluate domestic radicalization and returning foreign fighters.

Priority #5: Assist DHS in Succeeding in Achieving Its Important Missions

The Department of Homeland Security should make it a priority to resolve significant management and morale issues that have increased the burden on taxpayers and jeopardized our nation’s security. This should build on Secretary Johnson’s “Unity of Effort” initiative, started in 2014. Secretary Johnson was correct in his assessment that “the strategic decisions of the

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*NIPP 2013: Partnering for Critical Infrastructure Security and Resilience.*
Department’s senior leadership are only as good as the processes that support and give effect to those decisions.  

Congress can also play a role in helping DHS resolve these issues. Too often, the biggest challenge facing the Department of Homeland Security is Congress itself. Current oversight over the Department is a bureaucratic web of over 90 committees and subcommittees with jurisdiction over DHS (according to one report, this is “nearly three times the number that oversee the Department of Defense,” whose budget is an order of magnitude larger than DHS’s).  

Congress should further invest resources in the Office of Inspector General (OIG) to drill down on waste, fraud, and abuse. While the President did propose increased funding for the OIG in FY 2016, the office remains under-resourced, limiting its ability to perform its vital functions.

DHS Programs to Eliminate or De-Prioritize

1) DHS Programs that Duplicate Other Government Programs. DHS should deprioritize programs that perform roles similar to that of other federal government agencies. Too often, DHS has entered into issues that are inappropriate for a Department charged with protecting the nation’s security. For example, DHS is spending money in its FY2016 budget request on climate change. Without commenting on the merits of this spending, DHS is not the right agency to engage in this effort. DHS should perform a top-to-bottom review for this type of duplication. For example, DHS’s Immigration & Customs Enforcement agency maintains a dedicated Cyber Crimes Center, which may exceed the agency’s mission and unnecessarily duplicate the Federal Bureau of Investigation’s cybercrime investigation programs.

2) Excessive declaration of federal disasters. Congress should reform FEMA’s disaster relief programs to re-prioritize providing emergency assistance and relief when states and local communities have truly been overwhelmed and when American citizens’ lives are at risk. Further, it should reform its flood insurance program to discourage, rather than encourage, people from building or rebuilding homes or properties where they are likely to be in harm’s way.

3) Implementation of the President’s unlawful executive action. Unfortunately, the President’s budget furthers the harmful unintended consequences of federal government policies that fuel illegal immigration and frustrate prosecution and deportation efforts that follow apprehension. On February 16, 2015 a Federal District Court issued an injunction against Obama’s executive

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actions on immigration. The Obama Administration should respect the decision of the Court to issue an injunction against these executive actions and Congress’s budget should reflect that decision, prohibiting funding the President’s actions within its fiscal year budget.

4) Research and development at the Department of Homeland Security without a peer review process. Research and development at the DHS Science and Technology Directorate is not clearly prioritized. The Directorate does not have a good process for judging the long-term impact of its projects. Since there are challenges to establishing such metrics, the National Academy of Public Administration has previously called for the Directorate to institute a peer-review process to compensate for the risk of funding a low-impact program. There is still no such peer review in choosing the Directorate’s projects (however, there is an annual, high-level performance assessment). The budget should insist on such a peer review process for projects funded.

Governmental Affairs

Improve IGs Ability to Investigate and Recover Fraudulent Payments

Savings: Undetermined

The Computer Matching and Privacy Protection Act of 1988 prevents inspectors general (IGs) from using computer matching programs to compare Federal records against other Federal and non-Federal records, hampering IGs’ ability to investigate fraud. Congress should amend the Inspector General Act to exempt inspectors general (and any agency that contracts with them) from the applicable Computer Matching and Privacy Protection Act of 1988 restrictions to allow for more detection and recovery of fraudulent payments.

There are numerous examples of how this proposal could result in significant savings. For example, in 2013, the Social Security Administration (SSA) IG matched DHS travel data against SSA data to determine Supplemental Security Income (SSI) recipients who were ineligible for benefits because they left the country for more than 30 consecutive days. This analysis found about 25,000 individuals, totaling overpayments of $1.52 million in just a few years. SSA IG could not give this data to SSA to recover or terminate benefits because they did not have a matching agreement, which would have taken over a year to receive from the agency.13

The Paperwork Reduction Act also prevents IGs from collecting information for an investigation without a lengthy and burdensome approval process through the agency. The Inspector General Act should be amended to exempt inspectors general from this process to allow for more detection and recovery of fraudulent payments.

Provide Pension Benefits to Federal Employees Rather than Workers Compensation after Reaching the Age of Retirement

Savings: $400 million over 10 years

Currently, federal employees injured on the job can continue receiving benefit payments until well after the age of retirement under the Federal Employees Compensation Act (FECA). As such, rather than receiving a retirement pension, these individuals receive benefits as if they would otherwise have continued working. The law should be reformed along the lines proposed in S. 1486, the “Postal Reform Act of 2013.”

Expedite the Sale of Excess and Underutilized Federal Property

Savings: $15 billion over 10 years

The federal government now manages more than 63,000 unneeded real estate holdings and other federal properties. This number continues to increase. American taxpayers foot the bill for the operational costs of these buildings, such as utilities and maintenance. The Administration supports a proposal called the Civilian Property Realignment Act, which would use an approach similar to the Base Realignment and Consolidation process used by the Department of Defense. This process is the most efficient way to rapidly remove properties that are no longer needed from the federal inventory. This will reduce maintenance costs and generate revenue in sales.

End Double Payment to Retired Federal Employees Who Have Been Rehired

Savings: $611 million over 10 years

Federal agencies are currently allowed to request a waiver from the Office of Personnel Management to rehire a federal annuitant and allow the individual to receive full pay at the same time as a full pension. Ending the ability of employees to “double dip” would save approximately $611 million over ten years.

Calculate Federal Employee Pensions Based on Highest Five Years of Salary

Savings: $5 billion saved over 10 years ($6 billion between 2015 and 2023 according to CBO)\(^{16}\)

The annuity paid to federal employees under the Federal Employees Retirement System basic benefit program and the Civil Service Retirement System defined benefit model is calculated on years of federal service and an employee’s highest three years of salary. Most state and local governments and private sector employers that offer comparable annuities calculate the benefit based on a five-year, not three-year, period. A longer time frame deters “spiking,” in which employees take positions to artificially inflate pension benefits. Defined benefit pensions (PERS and CSRS) should be calculated on highest five years of service to eliminate this practice.

Close Unnecessary and Duplicative Data Centers

Savings: $10 billion over 10 years

As part of a comprehensive overhaul of the way the federal government buys and manages information technology (IT), substantial savings could be achieved by reducing the number of data centers operated by the government. Since the 1990s, the number of federal data centers has grown from several hundred to more than six thousand. Many federal data centers are redundant, as evidenced by server utilization rates that are a fraction of those in the private sector. In 2010, the Office of Management and Budget (OMB) set a goal of closing 40 percent of federal data centers, but progress has been slow and inconsistent. GAO estimates that following through on OMB’s data center consolidation initiative could yield savings of over $10 billion.

Reduce Unnecessary Government Printing

Savings: $4.9 billion over 10 years

Many government documents are printed regardless of whether or not a published version of the document has been requested. Better controls to ensure more deliberate policies to determine when printing is and is not appropriate would result in significant savings.

Consolidate and Streamline Government Printing Agencies

Savings: Unknown

The Government Printing Office (GPO) recently changed its name to the Government Publishing Office. This change reflects, at least in title, that the agency’s role as the printer of all government documents is becoming outdated. In function, however, GPO’s obsolete mission remains the same. As GPO moves to a digital platform and away from the hardcopy printing of government information, it also increasingly duplicates the efforts of other federal agencies. GPO’s function assisting the legislative branch should be consolidated with the Library of Congress, and their function assisting the executive branch should be consolidated with the National Archives.

Eliminate Duplicative Compliance Rules for Infrastructure Projects

Savings: $50 billion over 10 years

Transportation projects must go through a compliance process to determine whether they meet federal, state and local rules. When state and local rules meet or exceed the standards of federal requirements, performing the federal compliance process delays projects and increases costs. By implementing the 437-day plan proposed by Congressman John Mica to streamline this management process, the federal government could improve project quality, maintain safety, and save billions of dollars.

Eliminate Early Retirement Benefits Adjustments Paid Under the Civil Service Retirement System

Savings: $17 billion over 10 years

Early retirees (age 55-62) under the Civil Service Retirement System receive an annual cost of living adjustment that incentivizes early retirement and is unavailable to the federal workforce under the new Federal Employees Retirement System. Adjustments should be offered to CSRS annuitants only after they reach federal retirement age of 62.

End “Cashing Out” of Unused Sick Leave.

Savings: Undetermined

In recent years, Congress changed longstanding policy to begin compensating federal employees for unused sick leave at the end of their careers, similar to unused vacation time. Rather than rewarding healthy individuals for not getting sick, Congress should reverse this policy and treat sick leave as a safety net for employees who fall ill. This would mean ending the policy to compensate federal employees for unused sick leave.
Change to Electronic Invoicing System

Savings: $4.5 billion over 10 years

The U.S. government has failed to transition to a government-wide invoicing system, a proven method in the private sector to reduce costs and expedite invoice processing. Until recently, the Executive Branch has failed to make major strides in its outdated processes for invoicing. In a welcome change, the Treasury Department recently adopted this technology by shifting all its bureaus to the Internet Payment Platform (IPP) by the end of fiscal 2012 and requiring its commercial vendors to submit all invoices through the same system. Not only does this electronic invoicing make financial sense, it increases government efficiency by expediting processing time for accounts receivable and payable. Treasury recently estimated that implementation of IPP government-wide would “reduce the cost of entering invoices and responding to invoice inquiries by as much as 50% or $450 million annually.”

Use Strategic Sourcing to Get the Best Price for Goods and Services

Savings: $50 billion over 10 years

Strategic sourcing allows the government to leverage its size and purchasing power by purchasing goods and services as a single customer rather than through numerous smaller contracts. GAO has found the use of strategic sourcing initiatives remains unjustifiably low. Agencies with the highest procurement spending, the Departments of Defense, Homeland Security, Energy, and Veterans Affairs, used strategic sourcing for only 5 percent of their purchases in 2011. GAO notes “strategic sourcing... allowed companies to achieve savings of 10 to 20 percent. A similar savings rate applied to the federal procurement budget would equal more than $50 billion.”

Consolidate Offices Addressing Federal Workforce Discrimination and Ethics

Savings: $2.7 billion over 10 years

Mission and tasks related to the federal workforce are divided and duplicated among the Office of Special Counsel, the Merit Systems Protection Board, the Office of Government Ethics, and the Equal Employment Opportunity Commission (EEOC) further duplicates some such functions when it deals with federal agencies. The first four agencies and their functions should be consolidated along with federal employee cases now handled by the EEOC under the Office of Personnel Management.

Conduct 2020 Census Online

Savings: $2 billion over 10 years

The U.S. Census Bureau canceled efforts to use technology in its 2010 decennial survey even though 100 million income tax returns are currently filed online. Conducting the 2020 survey primarily online will save data capture and paper handling costs and will permit a much smaller temporary workforce.

Require Government Contractors to Compete for Projects

Savings: $2 billion over 10 years

Sole-source contracts have jumped by $100 billion between fiscal years 2000 and 2008. These contracts, which do not allow competition, repeatedly produce subpar or even malfunctioning products. The use of such contracts should end. Requiring competition for government contracts improves outcomes while reducing costs.

Consolidate Economic Statistics—Collecting Agencies

Savings: $1.9 billion over 10 years

The Census Bureau collects and analyzes data on the economy. So does the Bureau of Labor Statistics, the Bureau of Economic Analysis and smaller agencies. These should be combined into a single operation to eliminate duplication of work, workforce and administrative costs.

Make the American Community Survey Voluntary and Online

Savings: $500 million over 10 years

The survey produces useful economic and marketing data, but some of its questions are considered intrusive and the survey is costly to run. Going online and making participation voluntary will save an estimated 20 percent on management costs.

Do Not Provide Funding Requested by GSA to Build a Cyber Campus

Savings: At least $400 million
The General Services Administration (GSA) has requested funding to build a "cyber campus." Neither GSA nor the agency stakeholders have sufficiently justified the need for the cyber campus, which unnecessarily duplicates existing cybersecurity location-sharing efforts.

Substantially Reduce “Official Time” Paid to Federal Employees to Conduct Union Activities

Savings: Unknown

Federal employees who are members of unions are eligible to be paid by the taxpayer to conduct union activity. Some federal employees charge 100 percent of their hours on "official time," indicating their only job responsibility in the federal government is to conduct union activity. Public sector union bosses should be compensated out of union dues, not by the taxpayer. Official time should remain available for limited circumstances, such as for representation in disciplinary hearings.

Reduce federal workforce by 10% through attrition

Savings: $60 billion from 2016 through 2025.

The federal workforce continues to grow. In 2012, the federal government employed about 2.2 million civilian employees, excluding Postal Service employees. If certain agencies within the federal government hired one worker for every three it loses to attrition, it could reduce the workforce by about 70,000 employees. According to the Congressional Budget Office, federal agencies can make do with fewer employees if they worked efficiently and eliminated services that are not cost-effective.

Regulatory Reform

Savings: Undetermined

Federal regulations touch the lives of every American every day. Private enterprise is governed by regulation at every stage of its life cycle: from entry of new firms, to operations of existing ones, and even exit of failing firms. The sum of regulations, when properly structured, must carefully balance issues of safety and public interest with the ability of businesses and individuals to achieve their own ends. Unfortunately, a balancing principle in regulation is not self-executing and requires Congress to continually monitor and seek improvements in the regulatory process.
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The scope of the issue is staggering. Federal regulations are estimated to cost Americans $1.863 trillion annually, 18 with a 36 percent higher per-employee cost for small businesses. 19 Last year alone the government added 79,000 pages of new federal regulations, amounting to $181.5 billion in additional regulatory costs. 20 These regulations range from so-called “transfer rules” with almost zero net cost, to complex new requirements with estimated costs of over $1 billion.

While no aggregate measure of regulatory cost is perfect, the significant impact of regulations has been acknowledged by officials across the political spectrum. For example, President Obama has recognized regulations “play an indispensable role in protecting public health, welfare, safety, and our environment, but they can also impose significant burdens and costs.” 21

The Committee on Homeland Security and Governmental Affairs will engage in a long-term effort to explore and implement reforms to the regulatory process. The primary law governing rulemaking, the Administrative Procedure Act, is itself nearly 70 years old, so the Committee’s opportunities for improvement are substantial. In particular the Committee will conduct hearings and pursue legislative solutions to address:

- Delays and uncertainty in the federal permit application process for major infrastructure projects;
- The lack of an effective retrospective review process for ineffective, obsolete, and duplicative rules;
- The role and potential weaknesses in regulatory impact analysis, especially for economically significant proposed rules; and
- Any tensions or gaps that exist between agency decision-making and the countervailing balance of Congressional and judicial review.

The budget resolution ought to reflect the fact that the net burden of regulations poses a real cost to taxpayers in the same way direct spending and taxes do. By including a “regulatory budget”—an acknowledgment of the real pecuniary impact of the regulatory state—Congress and the public will have a more accurate and realistic sense of the true scope and size of the Federal government.

18 Clyde Wayne Crews, “Ten Thousand Commandments: An Annual Snapshot of the Federal Regulatory State,” Competitive Enterprise Institute, April 2014, p. 6, Table 1.
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I appreciate this opportunity to comment on issues of concern to the Committee on Homeland Security and Governmental Affairs.

Sincerely,

[Signature]

[Name]

[Title]

cc: The Honorable Thomas R. Carper  
Ranking Member
March 3, 2015

The Honorable Mike Enzi  
Chairman  
U.S. Senate Budget Committee  
624 Dirksen Senate Office Building  
Washington, DC 20510

The Honorable Bernie Sanders  
Ranking Member  
U.S. Senate Budget Committee  
624 Dirksen Senate Office Building  
Washington, DC 20510

Dear Chairman Enzi and Ranking Member Sanders:

Thank you for the opportunity to provide my views and estimates regarding the Fiscal Year (FY) 2016 budget as it affects matters within the purview of the Homeland Security and Governmental Affairs Committee (HSGAC). I trust that my recommendations and comments will assist you in preparing the budget resolution for FY 2016.

Getting our nation's deficit and debt under control is critical for the well-being of our nation and economy. I continue to favor an approach along the lines of that suggested by a majority of the Bowles-Simpson Deficit Commission. I still believe the kind of "grand bargain" approach the Commission came to consensus around represents our best chance to bring Republicans and Democrats together because it puts everything on the table: discretionary spending, defense spending, entitlement programs, and revenues. We need to take this kind of broad approach if we want to succeed in reducing the deficit without resorting to the indiscriminate cuts that were made under sequestration, and which hurt even the highest-performing and most efficient programs.

When I was named Ranking Member of the Senate Committee on Homeland Security and Government Affairs earlier this year, I reiterated that my top two priorities would be to keep our homeland secure and to find ways to get better results for less money, both at the Department of Homeland Security (the Department or DHS) and throughout our federal government. Our Committee is uniquely positioned in the Senate to review and eliminate waste, fraud and abuse in program spending across the government. In finding ways to achieve this goal, we pay particular attention to issues raised by the Government Accountability Office (GAO) High-Risk series reports and in fact, just held a hearing last month on some of the top risks in government program as documented by the GAO. I have included recommendations for improved governmental performance in my views and estimates.
In the absence of a Simpson-Bowles-like plan on the deficit and debt, the work that HSGAC has done under my two years as Chairman and now as its Ranking Member is even more important. We have made progress in passing vital government-wide efficiency and effectiveness legislation that will yield direct savings, reduce spending, and improve efficiency. For example, last Congress we passed the Border Patrol Agent Pay Reform Act of 2013, which is estimated to save the taxpayers roughly $100 million a year. We passed the Federal Information Security Modernization Act of 2014, which will move agencies away from costly paperwork exercises to more efficient automated security practices. In addition, we passed the Federal Information Technology Acquisition Reform Act to better manage the $80 billion per year that the federal government spends on information technology, and we passed the DATA Act to provide better transparency into government spending, which will lead to better results. Finally, through our oversight role, we advanced a number of important management initiatives, such as curbing improper payments, reducing the federal real estate footprint, and producing savings in federal contracting through the use of strategic sourcing to achieve substantial savings for commonly purchased items across the government.

The recommendations in this letter reflect my goal of finding savings in the programs and initiatives under the Committee's jurisdiction either in the near-term or over time. In some areas, I make recommendations intended to achieve immediate savings. In others, I have recommended strategic investments that have the potential to improve program effectiveness and achieve savings in the long run. In still others, I warn against making shortsighted cuts that might achieve savings today but could lead to waste, inefficiency, and higher costs in the future.

I am very concerned that discretionary funding levels will be subject to sequestration again in fiscal years 2016 through 2023. In 2013, Congressman Ryan and Senator Murray, then Chairs of the House and Senate Budget Committees respectively, reached an agreement to replace sequestration for fiscal years 2014 and 2015. I encourage you to work on a bipartisan basis to again achieve a sensible, balanced replacement for sequestration for this and future years.

For FY 2016, I am particularly concerned about the total funds available under the statutory spending caps, and particularly the split between defense and non-defense funding authority. There are many vocal backers of lifting spending caps for the Defense Department, which would have a direct impact on the funding available for the Department of Homeland Security, among other key departments and agencies. Only a small portion of the DHS budget is categorized as defense spending and the department has operated for multiple years with either declining or flat funding. This trend cannot continue if we expect to keep our nation safe and secure. In addition, leaving sequestration in place for other non-defense discretionary spending as well would impede initiatives at many other agencies in the jurisdiction of the Homeland Security and Governmental Affairs Committee that will result in significant savings over time. For example, investments in Inspectors General across the government result in significant benefit to the taxpayers. In FY 2013 Inspectors General conducted audits, inspections, evaluations and investigations resulting in approximately $14.8 billion in recoveries and receivables. In comparison, the aggregate FY 2013 budget of the 72 federal Inspectors General was
approximately $2.5 billion, meaning that potential savings represent about a $21 return on every
dollar invested in Inspectors General. Replacing sequestration for defense funding only would
ignore these and many other benefits of non-defense discretionary funding.

Please note that my recommendations for funding increases and decreases relative to the
projections from the Congressional Budget Office are included as Appendix A.

I. DEPARTMENT OF HOMELAND SECURITY (DHS)

The demands on the Department of Homeland Security to keep the American people safe are
great, and the ever-changing threats we face as a nation continue to pose new and increasingly
complex challenges. Short-sighted funding cuts at the Department now can lead to potentially
big costs later if a lack of resources contributes to a major terrorism incident or a natural disaster.
Sufficiently resourcing the Department, then, is critical even in the very difficult budget
environment we currently face. I believe that the Department should be funded in Fiscal Year
(FY) 2016, at a minimum, at the President’s FY 2016 budget request of $65 billion in total
budget authority, including at a minimum $4 billion in fees and $7.37 billion for the Disaster
Relief Fund. The President’s request includes $41.2 billion in net discretionary funding for
DHS. This request is $3 billion over what the President asked for last year and nearly $1.5
billion over the $39.67 billion in discretionary funding in the FY 2015 DHS funding bill still
pending before Congress.

Overall, I support the President’s FY 2016 budget request for DHS, and am pleased that he has
requested a reasonable increase in discretionary funding. The requested increase is necessary to
support a number of critical existing and emerging national security priorities at the Department,
including maintaining historic levels of personnel, equipment, and technology for border
security, enhancing cybersecurity across the country, and protecting the United States from
terrorist attacks. This funding is also vital to sustaining key intelligence and management
initiatives within the Department, and making DHS a more efficient and effective organization.

As we embrace these priorities, we must continue to find efficiencies and cost savings
throughout the Department. The exceptional leadership team at the Department should be
commended for their efforts in this regard. For example, to create additional flexibility to fund
essential DHS operations, the FY 2016 budget request reflects a number of efficiencies identified
through streamlining programs and overhead savings. In fact, since 2009, the Department has
identified over $4 billion in cost avoidances and reductions, allowing the Department to redeploy
funds to mission-critical initiatives. These efforts must be continued where possible, and require
strong and sustained congressional support. I intend to continue to use my position as the lead
Democrat on HSGAC to ensure that they are. Working with our Chairman, Senator Ron
Johnson, and each of our other members, our committee will continue finding efficiencies and
savings in the Department’s agencies.

As we do that and as you formulate the FY 2016 budget, I urge you to work diligently to ensure
that we do not ignore necessary investments in the Department’s personnel and facilities. As you
know, the Department continues to struggle with very low morale, so it is critical that we
continue to build a strong DHS workforce and maintain the facilities and infrastructure the
Department will require to successfully and cost-effectively achieve its challenging and important missions.

Finally, as a general matter, I also wish to call attention to the many problems that the severe funding cuts required by sequestration would cause if such cuts were applied to the Department’s FY 2016 budget. If sequestration is applied to DHS, the cuts would negatively impact the ability of the Department to effectively perform its security missions and the progress we have made in improving our nation’s preparedness for disasters. Sequestration - if fully implemented - would demand that the Department furlough frontline law enforcement personnel, hamper the progress that has been made in recent years in improving border security and disaster response, increase wait times at airports and other vital ports of entry, and delay the development and implementation of vitally important cybersecurity measures. We must find a better way than this to rein in our budget problems, and I have shared my views above as to what I believe that better way would include.

Because of the critical importance of a few items that will be covered in the President’s FY 2016 budget, let me discuss a few areas in more detail below.

**DHS Management**

Strong department-level management is needed at DHS to ensure that its components operate cohesively and also to control the components’ costs through disciplined oversight of acquisitions, information technology, human capital, and financial management. Earlier this month, GAO issued a report noting the considerable progress the Department has made in transforming its agencies into a single, more cohesive department. Indeed, Secretary Johnson and Deputy Secretary Alejandro Mayorkas have made considerable progress making the Department stronger with their “Unity of Effort” initiative.

The President’s budget proposal for management at DHS is $960 million, which is an increase of 28 percent, or $212 million over the FY 2015 request. The request prioritizes $43 million in funding for modernizing the Department’s financial management systems, which will help sustain the clean financial audit DHS received the last two years. The request for DHS management also includes substantial funding – $215 million – for the ongoing headquarters consolidation on the St. Elizabeths campus. Separately, the General Services Administration (GSA) budget request seeks another $380 million for St. Elizabeths. I strongly support fully funding both DHS and GSA for this vital project.

My staff issued a report last fall that found that finishing the consolidated DHS headquarters would improve our nation’s homeland security and save the federal government almost $1 billion over the next 30 years. Currently, much of DHS’s space in the region is paid for through increasingly expensive commercial leases, meaning fewer dollars can be spent on mission operations. This trend is unacceptable, especially in the budget climate we currently face. GSA reports that completion of St. Elizabeths would eliminate 31 commercial leases. The GSA prospectus on the St. Elizabeths project, submitted as part of the President’s FY 2015 budget request, projected that leasing equivalent space would cost $700 million more over the next 30 years than constructing St. Elizabeths. Moreover, GSA and DHS have just completed a revised
plan that will save even more money by moving more employees to St. Elizabeths than originally planned and reducing the construction footprint on the campus. These revisions will bring total lease savings to well over $1 billion, as previously mentioned. Given these substantial savings and the benefits to our nation’s security, we should continue to support this vital project.

Office of the Inspector General

The DHS Office of Inspector General also plays a critical role in helping to improve management and operations of the Department especially with respect to weeding out waste, fraud, and abuse. The President’s budget requests $166 million for this office, an increase of $21 million over last year’s request. I support this increase in funding, which I believe will help improve management across the department.

Customs and Border Protection

The President’s FY 2016 budget request for Customs and Border Protection (CBP) is $13.5 billion. This represents an increase of 6.3 percent, or $800 million, over last year’s request. The requested level of funding would maintain the current record level of 23,166 Border Patrol agents and modestly increases customs and immigration user fees to pay for an additional 100 CBP officers at U.S. ports of entry (for a total of 21,381). While I support providing the resources necessary to fully staff this vital agency, I also believe that smart investments in force-multiplying technology and equipment are critical if we are to better secure our border with Mexico. In fact, on a recent CODEL to the Río Grande Valley in south Texas, we heard repeatedly from local ranchers and others that “technology is the key to securing the border.”

*Between the Ports of Entry.* With the help of Congress, CBP has made substantial investments in border security technology or “force multipliers” over the past several years. However, during our trip to south Texas earlier this year, I was disappointed to learn that CBP faces many challenges in utilizing its Unmanned Aircraft Systems to its fullest potential, in part due to a lack of resources for operation and maintenance. These limitations were recently highlighted in a DHS Office of the Inspector General report. While we will not be able to address some obstacles highlighted by the Inspector General, such as weather-related challenges, there are others that we can address, and we must.

The President’s budget request includes funding for additional crews to operate CBP’s drone fleet. The President also seeks additional resources to invest in less expensive air assets, including fixed wing aircraft, Tethered Aerostat Radar Systems, and other Department of Defense assets that can be repurposed to help secure our borders. In addition, he is proposing to increase flight hours for existing CBP air assets by providing an increase in funding for fuel, maintenance, and spare parts. Moreover, during our Texas trip, I learned about the need for a number of other assets that can serve as effective “force multipliers,” including surveillance towers, airborne radars such as the VaDER (vehicle and dismount exploitation radar technology), shallow-water boats for use along the Río Grande River, and mounted horse patrols. I support these initiatives and recommend that you do so as well.

*At the Ports of Entry.* The number of CBP officers at ports of entry has grown little despite long wait times for travelers and trade at the border, as well as numerous challenges at
our ports of entry. Businesses and local officials along the border often complain that long wait times at the border are adversely affecting trade and commerce, which was valued at $2.4 trillion dollars in 2014. I fully support the President’s request to adjust user fees to increase the number of officers working at our ports of entry. This modification would support the President’s initiatives on travel and trade and create new jobs by facilitating commerce. I also support the President’s requests for new non-intrusive inspection equipment at our ports of entry to be used to screen incoming cargo. This inspection equipment will speed screening of imports without sacrificing security while reducing the cost of imported goods to consumers that results from delays in movement of cargo to consumer markets.

I applaud the President’s efforts to undertake facility modernization initiatives at our hundreds of ports of entry. Doing so will improve our ability to facilitate the legitimate movement of passengers and cargo across our borders. For example, I support the funding requests for both DHS and GSA to modernize ports of entry across the country. I have also welcomed the opportunity to work with the Administration to foster public-private partnerships along the border that allow CBP to enter into reimbursable agreements with private sector entities to provide expanded operations and infrastructure improvements at certain ports of entry. During my visits to our border, however, I heard that these programs are cumbersome to navigate and take too long to demonstrate results. These concerns, however, should not deter our efforts. Rather, it should prompt us to redouble our efforts to ensure these programs continue with the resources they need to maximize their savings for the taxpayer and benefits to our officers and communities.

Unaccompanied Alien Children: Last summer, we witnessed a humanitarian crisis on our southern border. Tens of thousands of unaccompanied minors and families with small children streamed into south Texas seeking refuge from violence and poverty in their home countries of Guatemala, Honduras and El Salvador. These migrants overwhelmed small border patrol stations as CBP agents struggled to find appropriate shelter for them or process their return home. During our recent trip to Texas, I learned that the situation is much improved. Winter weather and aggressive efforts by our government and the governments of Mexico and Central America have combined to significantly stem the tide. But the desperate conditions that caused so many to flee last summer have changed very little, and our border officials are braced for more arrivals this spring and summer – the typical peak months for such migrants. The President’s budget request for CBP includes $29 million for the apprehension and care of unaccompanied children, including costs such as personal hygiene items for parents and unaccompanied children held temporarily at CBP facilities. I strongly recommend that the Budget Committee support this requested funding for CBP.

Immigration and Customs Enforcement

Another key aspect of our efforts to secure our borders is Immigration and Customs Enforcement’s (ICE) ability to investigate and ultimately dismantle the criminal organizations that thrive by taking advantage of the vulnerabilities that exist in parts of Latin America. To this end, it is vitally important that we maintain support for ICE at the President’s requested FY 2016 level. The President’s FY 2016 budget request for ICE is $5.28 billion, which is an increase of 17 percent, or nearly $923 million over the FY 2015 President’s request. Approximately $100
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million of this funding would be used to increase domestic investigative capacity by hiring approximately 250 Special Agents and investigative personnel. The other main drivers of this increase are proposals to fund detention beds for an average daily population of 34,040 detainees (31,280 adult and 2,760 individuals housed in family units).

Detention beds are very expensive; however, they are not always necessary to achieve enforcement goals. For this reason, I recommend that you support – where appropriate – the Alternatives to Detention program. The Alternatives to Detention program not only ensures humane treatment of non-criminal aliens who pose little flight risk or threat to public safety, but it also saves taxpayers tens of millions of dollars by reducing the need to house individuals at ICE detention centers. I was pleased to see that the President is seeking an increase in funding of $31 million for this program, for a total of $124 million. This funding would support a total of 53,000 average daily participants in alternatives to detention using such methods as GPS-enabled ankle bracelets or other forms of monitoring. It is also worth examining whether further expanding this program will allow ICE to reduce the number of more-costly detention beds it must maintain given that the average cost of alternatives to detention can be dramatically lower. For example, adult detention beds typically cost at least $120 per day, and family detention beds are even more expensive. By contrast, alternatives to detention can cost less than $10 per day. For the population that is truly lower risk, I would encourage you to support flexibility for using the lowest cost option to control the non-criminal alien population.

Cybersecurity

The threats to our nation’s computer networks continue to grow at a rapid pace and are increasingly becoming more disruptive and even destructive. This is illustrated by the recent attacks on Anthem, Sony, Target, JP Morgan, the White House, the U.S. Postal Service, and the Office of Personnel Management, to name only a few. Last year, Congress made strides in bolstering our nation’s cybersecurity by passing four cybersecurity bills that strengthen our national security and help modernize our nation’s cybersecurity and cyber workforce. But more must be done. One of our top priorities this Congress must be to promote the sharing of cyber threat data among the private sector and the federal government to defend against cyber-attacks and encourage better coordination. In mid-February, I introduced legislation that would allow companies and the government to share more information about cyber threats and to do so more efficiently and effectively. The Administration has also taken several steps to bolster our cyber defenses.

The President’s FY 2016 budget request for the National Protection and Programs Directorate includes $818 million for cybersecurity activities, which is an increase of $72 million over last year’s request. This funding includes $611 million to support the deployment of the EINSTEIN intrusion detection and prevention system and continuous diagnostics and mitigation across the federal government networks. These are incredibly important programs that will help federal agencies detect and respond to cyber intrusions and vulnerabilities in near real time. I strongly support the President’s request for cybersecurity activities at the Department and encourage you to ensure the Directorate receives the funds necessary to meet the growing threats we face in cyberspace.
U.S. Secret Service

The United States Secret Service (USSS) has a long history of carrying out two important missions: protecting the President, Vice President, former Presidents, their families, and visiting heads of state, and investigating financial and cybercrimes that threaten the integrity of the U.S. economy. Recent incidents, however, have raised questions about the agency’s ability to fulfill its protective mission, and led Secretary Jeh Johnson to convene a Protective Mission Panel to assess the agency’s performance. In December 2014, the panel completed its work, and found that the Secret Service needed to improve its emphasis on the protective mission and seek strong, new leadership that could drive change within the agency. The President recently appointed Joe Clancy as the Director of the Secret Service, who many believe had shown in his time as Acting Director that he was prepared to carry out necessary changes at the agency. Now it is time for the Congress to support him and the agency with the personnel and resources they need to implement the Protective Mission Panel’s recommendations to ensure the Secret Service has the necessary manpower, training, and technology to protect the White House and senior government leaders.

The President’s FY 2016 budget request for the Secret Service is $2.2 billion, an increase of $300 million over the President’s request for FY 2015. While a substantial portion of the requested increase is expected and related to the agency’s preparations for the 2016 Presidential Campaign and to begin assembling and training a detail for protecting President Obama once his term ends, the increase also includes additional funding to implement the Protective Mission Panel’s recommendations. This includes funding for an additional 75 positions to augment protective capabilities, and $87 million for security enhancements at the White House Complex. I recommend that you fully fund the Secret Service, and continue to work with the Administration to ensure the agency has the support and resources it needs to implement the panel’s recommendations.

Transportation Security Administration

Over the last decade, we have seen a number of attempts by terrorist groups to use our transportation systems to carry out a terrorist attack. Most recently, the Islamic State of Iraq and the Levant has openly encouraged attacks against our citizens and transportation systems. In each of these cases and in others, the Transportation Security Administration (TSA), with the help of Congress, has worked quickly and effectively to counter the evolving threat and keep our domestic and international travel and trade systems operating. The President’s FY 2016 budget request for TSA is $7.3 billion. Notably, the request reflects significant efficiencies gained by TSA as a result of its trusted traveler program and risk-based screening initiatives. The more-efficient screening operations in place today will save the agency an estimated $130 million in FY 2016, an achievement that should be applauded.

In addition to aviation security, it is equally important that we adequately invest in the protection of our rail and transit networks. The attacks we have seen over the years in Madrid, London, and Mumbai make it all too clear that terrorists see rail and transit systems as convenient and inviting targets. It is imperative that DHS — and TSA in particular — have the resources necessary to work with Amtrak and local rail and transit providers to ensure the safety and security of their
passengers. The President’s budget request, however, includes a $3 million cut to the Visible Intermodal Prevention and Response or “VIPR” teams which help protect rail and transit systems. This modest investment should be restored so that we can better protect our rail and transit networks given the threats our country faces in this area.

CBP and TSA Fee Modernization

The President’s FY 2016 budget request asks Congress to modernize and modestly increase four key homeland security fees assessed by CBP and TSA (two by each agency). For CBP, this includes one fee for customs services and another for immigration services. The TSA fees include the passenger security fee and the air carrier security fee. Unlike previous requests, however, this budget wouldn’t require Congress to authorize these fee increases to pay for key agency activities. Rather, the President’s FY 2016 budget request asks Congress to pass authorization legislation to modernize and increase the fees, but fully funds the agencies without the fee increases. If the fee increases are approved by Congress, the additional revenue could be applied to other homeland security priorities, including but not limited to force multipliers for border security or ships for the Coast Guard. Thus, we have the opportunity to reduce DHS’s overall need for appropriated funds and thereby contribute to deficit reduction.

The 2010 budget resolution, in Section 411, requires Congress and Committees to make recommendations to you to eliminate waste, fraud and abuse. To that end, I recommend that funding the TSA and CBP fee-funded programs with scarce discretionary funding when fees can be collected that also reduce the deficit, is unwise and unnecessary and should be avoided. I would like to work with you, our colleagues on the appropriate authorizing Committees, and House and Senate leadership to find a way to ensure that those who use the services provided by CBP and TSA pay a fair and appropriate share of the costs of securing trade and travel into and out of the United States. I strongly recommend that you support the President’s fee proposals.

United States Coast Guard

The men and women of the United States Coast Guard (USCG) have made a habit out of doing more with less for years. They should be commended for their efforts. However, far too many of the agency’s operational assets - its ships, helicopters and planes - are being operated long beyond their anticipated lifespan. Maintaining these aged assets gets more expensive each year. Over the last decade, the Administration and Congress have worked together to begin recapitalizing the USCG’s fleet. It is important that we remain committed to this effort.

Therefore, I would urge the Committee to ensure that the Coast Guard receives adequate funding to enable the agency to continue to fulfill its critical environmental, safety, and homeland security missions.

Federal Emergency Management Agency

A number of programs within the Federal Emergency Management Agency (FEMA) see no growth in the President’s FY 2016 budget request. Most notably, the President’s budget once again proposes to slightly reduce grant funding in FY 2016. These grants include, for example, the State Homeland Security Grant Program, the Urban Areas Security Initiative, the Staffing for Adequate Fire & Emergency Response (SAFER) and Assistance to Firefighters Grants,
Emergency Management Performance Grants and Operation Stonegarden grants for border communities. While FEMA must do a better job of improving accountability and drawing down unexpended balances, these grants have still been successful in helping to build our national emergency response capabilities, while strengthening our nation's preparedness. We need to look no further than the response in Boston to the 2013 Boston Marathon bombing to see the vital nature of the grants in preparing for and responding to a terrorist incident. With that in mind, I urge you to support these grants at an amount necessary to maintain the level of preparedness we have built over the last decade.

As a Delaware resident, I have seen firsthand the importance of pre-disaster mitigation work, such as shoreline dune restoration projects. Indeed, a 2007 Congressional Budget Office study (CBO) found that future losses are reduced by $3 for each $1 spent on mitigation efforts. In his FY 2015 budget request, the President did not seek new funding for the Pre-disaster Mitigation Program, which was a concern for me and many of our colleagues. Fortunately, in FY 2016, the President seeks $200 million for this program. I strongly encourage you to ensure pre-disaster mitigation funding remain a priority.

U.S. Strategy for Engagement in Central America

Last Congress, in an effort to better understand the border security challenges facing our country, I traveled not only to our southern and northern borders but also to Mexico, Colombia, Guatemala, Honduras and El Salvador. I traveled to these countries to see first-hand what was driving the unprecedented surges in migration from Guatemala, Honduras and El Salvador that we all witnessed. I also met with a number of U.S. and Central American officials. As the former Chairman of the Homeland Security and Governmental Affairs Committee, I held several hearings on the root causes that are driving so many people to leave their home countries in Central America. Based on everything that I saw and heard, I came to the conclusion that these Central American children and families were largely not trying to evade capture when they arrived at our border with Mexico. Rather, most of them were turning themselves in to our Border Patrol because they were trying to escape lives of misery that many of them faced, and still do. These young children and mothers with babies, who are desperate enough to embark on the dangerous and often deadly journey through Mexico, are truly “the least of these”. As we continue to fortify our borders with more technology, infrastructure, and personnel, it is vitally important that we also address the root causes of hopelessness, violence, and lack of economic opportunity in the Northern Triangle that compel so many desperate families and children to make the dangerous 1,500 mile journey to the United States in the first place.

The President's FY 2016 budget request for the Department of State requests $1 billion in funding to address the root causes of migration from Central America to the United States. This funding would support the newly-announced U.S. Strategy for Engagement in Central America. The strategy is a comprehensive whole-of-government approach for Central America to address the underlying causes of illegal migration - including the migration of unaccompanied children -, by helping to restore the rule of law, improving governance and advancing prosperity. The proposal includes $508 million for development assistance to the three Northern Triangle countries — Guatemala, Honduras, and El Salvador. Another $423 million would be provided in
regional funding for Central America, with $286 million targeted to support the Central America Regional Security Initiative (CARI) for narcotics control and law enforcement. Roughly $120 million would be used for programs to promote prosperity and strengthen governance.

I strongly urge the Committee to support this $1 billion funding request. In order to prevent future surges in migration, we need to help these Northern Triangle countries and their leaders overcome the circumstances that are pushing so many of their young people and families to flee. Compared to the nearly quarter-of-a trillion dollars the U.S. has spent over the past decade to fortify our border with Mexico, the relatively modest investments now sought by the Obama Administration in the future of these Central American countries will pay huge dividends to the security of our nation down the road and ultimately enable us to reduce spending on symptoms of the problem.

II. GOVERNMENTAL AFFAIRS PROGRAMS AND AGENCIES

Given the need I noted above to achieve better results for less money across the federal government, enabling more effective agency management should be a priority as we develop the FY 2016 budget resolution. Rooting out waste, fraud, and abuse is an important element of more effective management, and so is wiser and better-informed decision making. With the work of the Government Accountability Office, the Office of Management and Budget and agency Inspectors General as our guide, we must look in a strategic way across the government to ensure that agency leaders are doing the best job they can to make effective and efficient use of the resources taxpayers entrust to them. With those principles in mind, I offer the following thoughts on general governmental affairs programs and agencies for FY 2016.

U.S. Postal Service

The Postal Service has continued to suffer unsustainable losses that threaten both its short-term and long-term viability. In February 2012, the Postal Service introduced its Five-Year Business Plan, which contained a number of proposals to close the significant budget gap. The plan was designed to return the Postal Service to financial stability and generate savings or new revenue totaling $20 billion annually. The spending reductions proposed by the Postal Service in that plan and in subsequent announcements depend on a combination of measures, some of which can and have been undertaken by the Postal Service on its own, while others require legislation. We should accommodate the reforms required to achieve the Postal Service’s goals in the FY 2016 budget.

- **Medicare Integration**: The Postal Service pays more into Medicare than any other employer in the country, but does not receive the full benefit of doing so. I believe the integration of the Postal Service healthcare system with Medicare needs to be an integral part of any effort to ensure the future viability of the Postal Service. That is why Senator Tom Coburn and I included a provision in last year’s Postal Reform Act (S.1486) that would have created a new Postal Service Health Benefits Program within the Federal Employees Health Benefits Program in which all postal employees and annuitants would participate. Medicare-eligible postal annuitants would be required to enroll in Medicare
parts A, B and D as a condition of their enrollment in the new program and would receive prescription drugs through a Medicare Part D Employee Group Waiver Plan (EGWP). This proposal is fair and corrects a glaring inequity by allowing the Postal Service to do the same thing that so many other American businesses already do—that is, require Medicare-eligible postal retirees to sign up for Medicare as a condition of receiving retiree health care coverage. It would also dramatically reduce the Postal Service’s long-term retiree health care liabilities, approximately $50 billion of which are currently unfunded. Driving down this obligation would allow Congress to reduce the large retiree health care pre-funding payments required under current law, thus freeing resources at the Postal Service to modernize hundreds of mail processing plants and thousands of post offices, while replacing its aged fleet of over 140,000 vehicles over 20 years old with energy-efficient, low-emission, reliable vehicles that are right-sized for the growing number of packages and parcels that the Postal Service delivers today.

- **Rates**: The Postal Service saw a revenue increase of $569 million in FY 2014, due in large part to the temporary 4.3 exigent rate increase that was approved by the Postal Regulatory Commission in 2013 and put into place in January 2014. Worth noting, however, is that even with the benefit of the exigent rate increase, the Postal Service still ended the Fiscal Year with $5.5 billion in losses. Allowing rates to return to pre-exigency levels, as is currently set to occur later this year, will only further erode the Postal Service’s ability to fund operations, address its urgent capital needs, and pay down its unfunded legacy costs. With the statutorily-required rate structure review by the Postal Regulatory Commission on the horizon in 2017, we should avoid further confusion for both the Postal Service and its customers and ensure that the rates do not go down until that review, and until Congress finally acts on much-needed reform legislation.

- **Postal Service Financial Relief (and Other Legislation) Reserve Fund**: I also recommend that a reserve fund be included in the budget resolution to accommodate the budgetary impact of possible legislation to adjust the financial requirements of the Postal Service (as discussed above) and any other legislation under consideration by HSGAC that might affect the terms and funding of certain employment benefits of Federal civilian personnel.

### Census Bureau

As you may recall, the 2010 Decennial Census was the most expensive in U.S. history, costing taxpayers approximately $13 billion. Among the many problems the Census Bureau faced while planning for and conducting the 2010 Decennial was a lack of funding during the middle of the last decade that prevented the Bureau from completing critical research and testing that could have saved money during decennial operations. The Bureau has begun the testing and research phase for the 2020 Decennial. This work includes studying and testing the increased use of technology and providing for an Internet response option.

The President’s FY 2016 budget proposal for the Census Bureau is $1.5 billion, a necessary increase over last year’s request of $1.2 billion, and the $1.1 billion appropriated by Congress in the latest omnibus appropriations bill. The Census Bureau’s deadline for making its major design
decision for the 2020 Census is September 2015. The additional funding proposed by the
President for FY 2016 is vital to support implementation of that design while also maintaining
sufficient funding for other important statistical activities not related to the decennial census. If
the work is not funded, the Census Bureau will be forced to scale back planned innovations,
driving up overall costs and placing the census at risk. The Census Bureau estimates that design
changes could save $5 billion in conducting the 2020 Census compared to the cost of repeating
the design and methods used in the decennial census.

General Services Administration

The President has requested $253 million for the General Services Administration, a small
increase over the $240 million enacted for FY 2015. The requested funding will enable GSA to
fulfill its government-wide roles, which include reducing the federal real estate footprint, right-
sizing the federal fleet, training the acquisition workforce, encouraging strategic sourcing,
 improving customer service, and providing better public access to government data. The modest
increase to the GSA budget will provide $13 million for preparing for the Presidential transition.
This funding is very important to ensure that transition preparation starts well before the election.
I strongly support the President’s funding request for GSA, including the additional funding
proposed for Presidential transition activities.

Office of Personnel Management

The President has requested $272 million for the Office of Personnel Management (OPM), a
modest increase over the $240 million enacted for FY 2015. This funding will help ensure OPM
can meet its mission to recruit, retain and serve a world-class federal workforce. The majority of
the additional funding requested this year would be used to make needed investments in OPM’s
IT infrastructure that will allow OPM to continue to modernize its systems and ensure the
security of the personally identifiable information of our federal personnel. I support the
President’s requested funding for OPM.

The National Archives and Records Administration

The President has requested $389 million for the National Archives and Records Administration
(NARA), compared to $381.7 million enacted for FY 2015. Decades of technological advances
have transformed agency operations while creating new challenges and opportunities with
respect to the effective management of agency records. The Administration, through a
Presidential Memorandum and a Directive from OMB, has taken key steps to modernize and
improve how the government manages its records. NARA has been given significant
responsibilities to assist federal agencies in meeting these goals. I therefore support the
President’s budget request for NARA.

The Office of Management and Budget

The President has requested $97.4 million for the Office of Management and Budget (OMB), a
modest increase from the $91.7 million enacted for FY 2015. OMB’s government-wide
management responsibilities include performance management, financial management,
regulatory analysis, procurement policies, and E-Government initiatives. In FY 2016 OMB will play a pivotal role in implementing the Federal Information Technology Acquisition Reform Act (FITARA), which was reported by HSGAC last year and signed into law as part of the National Defense Authorization Act for FY 2015. FITARA will strengthen the role of Chief Information Officers across the government and provide stronger oversight of the roughly $80 billion spent by the federal government each year on information technology. I support the President’s overall budget request for the agency and its management missions, which in turn help drive efficiency across the federal government.

**Federal Workforce**

As we challenge agencies to achieve more with less, we must strive to ensure that strategic human capital management is part of the solution, and does not fall victim to short-sighted measures. We must keep in mind that nothing a federal agency undertakes can be accomplished without a capable and motivated workforce. Unfortunately, many federal workers today feel demeaned, under siege, and unappreciated. In addition, as GAO warned in its recent High Risk update report, the current budget and long-term fiscal pressures, together with the coming wave of retirements across the government, may produce additional gaps in leadership and critical knowledge and skills. These gaps threaten the government’s ability to address national priorities. This Administration, individual agencies, and Congress have taken important steps to manage the workforce more strategically and effectively, but we must do much more to enhance the government’s ability to recruit and retain the critical personnel needed to meet agencies’ missions. In addition, as we continue to institute cost-saving measures that I believe are essential to our nation’s fiscal future, we must do so in a way that does not unfairly target federal employees and does not undermine agencies’ ability to attract and retain a workforce with the mix of skills, experience, and seniority that will be needed to achieve quality results over the long run.

I support the President’s proposal for a 1.3 percent cost of living adjustment for both military and civilian federal employees for FY 2016. A small pay adjustment is especially reasonable given that, in recent years, federal employees have given much in the way of deficit reduction with a three-year pay freeze, increased contributions to the Federal Employees’ Retirement System (FERS), a 16 day government shutdown, hiring freezes at some agencies, and cuts in training and other programs to support the workforce.

**Federal Property**

In January 2003, GAO placed real property management on its list of High Risk government activities, citing long-standing problems, which include excess and underutilized property, deteriorating and aging facilities, along with a heavy reliance on costly leasing instead of ownership. The President’s budget proposal would help address these longstanding problems.

- **Overall Request for Construction, Repairs and Alterations.** I support the President’s request to authorize GSA to spend $1.2 billion from the Federal Buildings Fund on construction, and an additional $1.2 billion on repairs and alterations. In addition to the Department of Homeland Security’s campus at St. Elizabeths, this funding would help
fund construction for ports of entry, courthouses, and other federal facilities. In addition, many federal agencies have substantial maintenance and repair backlogs. Delaying or deferring repairs often results in higher long-term costs as the value of the asset gradually diminishes over time. I therefore urge the Committee to accommodate the President’s request for construction, repairs and alterations.

- **Department of Homeland Security Headquarters Consolidation at St. Elizabeths**: As I noted above in discussion of the DHS budget request for St. Elizabeths, the President proposes nearly $380 million for construction at the St. Elizabeths campus from the Federal Buildings Fund. Separately, the DHS budget includes $215 million for St. Elizabeths. For FY 2015, the President requested $250 million for St. Elizabeths in the GSA budget and $73 million in the DHS budget. Congress provided $144 million through GSA in the FY 2015 omnibus appropriations bill, and the DHS FY 2015 appropriations bill still under consideration would provide $48.6 million to DHS. The request for FY 2016 seeks to make up for the Fiscal Year 2015 funding shortfall, and to undertake the next phase of construction. As discussed in much greater detail above, the headquarters at St. Elizabeths is critical to the integration of the Department and, over the long run, will cost an estimated $1.2 billion less than housing DHS employees in over 50 leased commercial spaces across the region over 30 years, as is currently done. I strongly support funding both DHS and GSA for this vital project.

- **Disposal**: The President proposes utilizing $200 million in annual rental payments collected from agencies to help them execute additional office space consolidations. Given that retention of unneeded buildings across the government costs the taxpayers billions of dollars each year in operations and maintenance costs, I support the President’s request to help agencies reduce their real estate footprint.

**Funding and Budget Rules on Enhancing Program Integrity**

I was pleased to see the President’s budget request utilizing program integrity as a key tool for producing budget savings. I strongly support the President’s initiatives to provide additional resources and legislative authorities to strengthen these efforts. The Office of Management and Budget reported that, in FY 2014, federal agencies made an estimated $125 billion in improper payments, representing an increase of $20 billion over the estimate for FY 2013. This increase in overall improper payments shows that the federal government still has much work ahead of it when it comes to reducing avoidable improper payments. The President’s budget takes numerous steps to more fully engage program integrity efforts across government and also consider cost savings from these efforts in the long run. For example, the President’s budget proposes reclassifying discretionary spending for program integrity at the Social Security Administration as mandatory spending. This reclassification has a projected overall savings of $22 billion over ten years. These reclassifications in the Budget request would emphasize the President and Congress’ commitment to program integrity. Further, incorporating program
integrity spending into the actual spending on the programs as part of the mandatory budget means that efforts to audit and oversee the programs are fully funded. Considering the cost savings achievable with long term investments in program integrity, I support the President’s request.

Also, current scoring rules applied by the Congressional Budget Office (CBO) often actually function as an impediment. While administrative costs for establishing proven techniques and procedures are often scored by the CBO as a “cost,” savings are often not counted. Language should be included in the budget resolution modifying the scoring rules to allow for identifiable savings for legislation that curbs waste and fraud in federal programs.

Implementation of the Digital Accountability and Transparency Act (DATA Act)

The Digital Accountability and Transparency Act (DATA Act) was enacted last May with the goal of increasing the availability, accuracy, and usefulness of federal spending information. Successful implementation of this bill will enhance government transparency, improve accountability, reduce wasteful government spending, and significantly improve the ability of policymakers and the public to analyze how federal tax dollars are being spent. The President has requested money at several agencies across the federal government to implement the DATA Act, including the Treasury Department, the Health and Human Services Department, and the Office of Management and Budget. I believe that the investments needed to improve the transparency of federal spending will save taxpayers money in the long run, and I recommend that the Committee to provide the requested funding for implementation of the DATA Act.

Government Performance and Grants

The President’s FY 2016 budget request reflects the Administration’s push for evidence-based policy initiatives. Specifically, the budget builds upon existing outcome-focused grant designs and programs that focus federal dollars on initiatives that work and spending less on what has proven ineffective. Simply put, find out what works and do more of that, and find out what doesn’t work and do less of that. For example, the FY 2016 request contains $50 million for the Social Security Administration to partner with other federal agencies to test and evaluate innovative strategies to help people with disabilities remain in the workforce. Early intervention measures have the potential to achieve long-term gains in the employment and the quality of life of people with disabilities. I believe that $35 million was provided for this purpose in FY 2015 and increased funds will build on strategies showing success in achieving long-term gains in the employment and quality of life of people with disabilities. I believe many important lessons from these evidence-based reviews could be applied to programs across the government, and I encourage you to use the FY 2016 budget as an opportunity to support these types of initiatives.

Demonstration to Reduce Over-Prescribing of Psychotropic Drugs to Foster Children

For several years, I have partnered with GAO to conduct oversight of the problem of over-medication of foster children. The President’s FY 2016 budget includes a proposal that would provide $750 million over five years for a new demonstration project to encourage states to improve mental and behavioral health care for children in foster care. The demonstration would
be jointly administered by the Administration for Children and Families and the Centers for Medicare and Medicaid Services. Of this amount, $250 million would fund state infrastructure and build capacity in states to screen and assess children’s mental health while providing evidence-based treatments to foster children, including behavioral and trauma-focused therapies. The remaining $500 million would be awarded as incentive payments to states that demonstrate improvement. This initiative represents a medically sound approach which will reduce harm to children and promises long term cost savings through a reduction in Medicaid payments for expensive prescriptions. As someone who has long been concerned with the over-prescribing of psychotropic drugs to foster children - some not even a year old - I strongly support the President’s budget request to address this issue. It is the right thing to do, and in the end, it will prove to be the cost-effective thing to do, as well.

In closing, I want to thank you, your colleagues on the Budget Committee and the members of your staffs for your consideration of my views and estimates on the Fiscal Year 2016 budget as it pertains to matters within the purview of the Homeland Security and Governmental Affairs Committee.

With best personal regards, I am

Sincerely yours,

Thomas R. Carper
Ranking Member

Enclosure: Appendix A
APPENDIX A:

Homeland Security and Governmental Affairs Committee 2016 Views and Estimates Letter

Recommended Decreases to the CBO Baseline Projection:

1. **Department of Homeland Security Analysis and Operations:** I recommend funding Analysis and Operations at the FY 2016 President’s request of $269 million, which includes a $37 million decrease for Analysis and Operations (Function 751) from the CBO baseline projection of $306 million for FY 2016.

2. **Department of Homeland Security Federal Emergency Management Agency:** Consistent with the FY 2016 President’s request for no funding, I recommend decreasing the funding in FEMA Disaster Assistance Direct Loan Program (Function 453) to reflect the President’s request of $0. This includes a decrease of $93 million from the CBO baseline projection of $93 million.

3. **Department of Homeland Security Science and Technology Directorate:** I recommend funding Science and Technology Research, Development, Acquisitions and Operations (Function 750) at the FY 2016 President’s request of $779 million, which includes a $251 million decrease from the CBO baseline projection of $1.030 billion for FY 2016.

Recommended Increases to the CBO Baseline Projection

1. **Department of Homeland Security Management:** I recommend funding the Office of the Chief Information Officer (CIO) at the FY 2016 President’s request of $320.6 million, which includes a $17.6 million increase for the Office of the Chief Information Officer (Function 751) as an increase above the CBO baseline projection for the CIO of $303 million for FY 2016.

2. **Department of Homeland Security Office of the Inspector General:** I recommend funding the Office of the Inspector General at the FY 2016 President’s request of $166 million, which includes a $22 million increase for the Office of the Inspector General (Function 751) above the CBO baseline projection of $144 million for FY 2016.

3. **Department of Homeland Security Customs and Border Protection (CBP):** I recommend funding CBP Border Security Fencing, Infrastructure and Technology at the FY 2016 President’s request of $373.4 million, which includes a $93.4 million increase for CBP (Function 750) above the CBO baseline projection of $280 million for FY 2016. I also recommend funding CBP Electronic System for Travel Authorization (ESTA) (Function 750) fee at the FY 2016 President’s request of $57.3 million, which includes a $7.3 million increase above the CBO baseline projection of $50 million for FY 2016.

4. **Department of Homeland Security National Protection and Programs Directorate (NPPD):** I recommend funding Information Security and Infrastructure Protection at the FY 2016 President’s request of $1.311 billion, which includes a $178 million increase for NPPD (Function 054) above the CBO baseline projection for NPPD Information Security and Infrastructure Protection of $1.133 billion for FY 2016.
The Honorable Mike Enzi
The Honorable Bernie Sanders
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5. Department of Homeland Security United States Secret Service (USSS): I recommend funding the Secret Service at the President’s request of $2.2 billion, which includes a $292 million increase for USSS (Function 751) in Operating Expenses and $71.6 million in Acquisition funding for the Service as an increase above the CBO baseline projection of $1.575 billion in Operating Expenses and CBO’s baseline of $0 for acquisition funding for FY 2016.

6. Department of Homeland Security Federal Law Enforcement Training Center (FLETC): I recommend funding FLETC at the President’s request of $266.7 million, which includes a $4.1 million increase for FLETC (Function 751) in Operating Expenses and $27.6 million in Acquisition funding above the CBO baseline projections of $235 million in Operating Expenses and baseline projection of $0 for acquisition funding for FY 2016.

7. Department of Homeland Security Federal Emergency Management Agency: I recommend funding FEMA Flood Hazard Mapping and Risk Analysis Program at the President’s request of $278.6 million, which includes an increase for FEMA (Function 453) of $145.6 million above the CBO baseline projection of $133 million for FY 2016.

8. Census Bureau: I recommend funding the Census Bureau at the FY 2016 President’s request of $1.5 billion, which includes an increase for the Census Bureau (Function 376) of $297 million above the CBO baseline projection of $1.203 billion for FY 2016.

9. The National Archives and Records Administration (NARA): I recommend funding NARA at the FY 2016 President’s request of $389 million, which includes an increase for NARA (Function 804) of $39 million above the CBO baseline projection of $350 million for FY 2016.

10. The Office of Management and Budget: I recommend funding OMB at the FY 2016 President’s request of $97.4 million, which includes an increase for OMB (Function 802) of $3.4 million above the CBO baseline projection of $94 million for FY 2016.

11. Disaster Relief Fund: I recommend funding the FEMA Disaster Relief Fund at the President’s request of $7.1 billion, which includes an increase for FEMA (Function 453) of $2.1 billion above the CBO baseline projection of $5.017 billion.
March 2, 2015

The Honorable Mike Enzi  The Honorable Bernie Sanders
Chairman Ranking Member
Committee on the Budget Committee on the Budget
United States Senate United States Senate
Washington, D.C. 20510 Washington, D.C. 20510

Dear Chairman Enzi and Ranking Member Sanders:

This letter is in response to the Budget Committee's request for the views and estimates of the Committee on Indian Affairs (Committee). The Committee has reviewed the President's FY 2016 Budget Request and prepared a views and estimates letter for the Budget Committee to consider when preparing the FY 2016 Budget Resolution. We appreciate the opportunity for the Committee to express its views.

INTRODUCTION AND BACKGROUND

The Committee understands the budgetary concerns of the Federal deficit and limited budgets that are facing our Nation, and more specifically in Indian country. The Committee continues to exercise its oversight and legislative duties to ensure that the agencies and applicable programs are achieving the greatest possible efficiencies and investments when utilizing Federal resources.

As the Budget Committee moves forward with its FY 2016 Budget Resolution, it is important that the Committee highlight the significance of the United States duty to carry out its trust, treaty, and other responsibilities to the 566 Federally recognized tribes through various Federal departments and agencies. These unique obligations are rooted in American history and based on the Constitution, treaties, Federal laws, and Supreme Court decisions.

Indeed, the U.S. Constitution recognizes the government-to-government relationship between the United States and Indian tribes. Acting in a government-to-government capacity, the Federal government is able to fund tribal programs and
services, similar to how the United States interacts with and funds a state or local government.

In addition to the government-to-government relationship, the United States and tribal governments have a special relationship, described by many as a trust relationship between the trustee and the beneficiary. This special relationship stems from tribes ceding hundreds of millions of acres of their homelands to the United States in exchange for promises to maintain public safety, protect tribal sovereignty, and provide a variety of programs and services to Indian people.

The Snyder Act of 1921, the Indian Reorganization Act of 1934, the Indian Self-Determination and Education Assistance Act of 1975, the Indian Education Amendments Act of 1978, the No Child Left Behind Act of 2001 (which includes the Native American Education Improvement Act of 2001), and the Tribal Law and Order Act of 2010, are just a few of the Federal laws that have defined the obligations for the United States to provide various programs and services to Indian country.

Tribal governments have continued their efforts to grow and prosper, yet many of their communities face significant disparities. Tribal communities experience various socio-economic ills, where they rank well below the national average in measures for health care, education, income, housing, and public safety. Services such as basic infrastructure, access to clean drinking water, and telecommunications and broadband capabilities, are severely lacking in Indian country.

This letter sets forth recommendations for addressing some of the disparities experienced in Indian country by helping them move closer to self-governance and self-determination.

ACHIEVING SELF-DETERMINATION

For more than forty years, the Federal government has empowered tribes through self-determination. The Indian Self-Determination and Education Assistance Act of 1975 (ISDEAA) empowered tribes, through contracts or self-governance compacts, to assume the operation of critical Federal programs that are intended for the benefit of Indian tribes and their members.

Every one of the 566 tribes in the Nation is a party to at least one ISDEAA contract or self-governance compact with the Indian Health Service (IHS) in the Department of Health and Human Services and/or the Bureau of Indian Affairs (BIA) in the Department of the Interior. Through these contracts and self-governance compacts, tribes are able to operate programs for health care, social services, schools,
public safety, and irrigation, to name a few. The tribal communities are better able to operate these programs because they know the specific needs and understand what their members want for these programs.

A critical component of the self-determination policy is the Federal government's obligation to provide the full amount of funding to a tribe that the United States would have if it were to continue to operate the program, including the administrative costs associated with operating a Federal program. The administrative costs are also known as "contract support costs," and includes auditing, accounting, and insurance. Three Supreme Court decisions have confirmed the Federal government's obligation to fully fund contract support costs.

Based on estimates from the Administration, fully funding contract support costs for FY 2016 will require approximately $718 million for the IHS and $277 million for the BIA. Since there is no basis in the law for treating tribal contractors any differently from other government contractors, the Committee believes the budget should fully accommodate the payment of contract support costs.

The Budget Request proposes to reclassify contract support costs as mandatory funding for a period of three years beginning in FY 2017 to address the ever-growing amount of claims against the Federal government for failing to fully fund the costs. The President would propose that these mandatory costs be offset by reducing the IHS discretionary funding for contract support costs. However, any reductions to any IHS discretionary funding should not result in any reductions to or otherwise affect any services or programs for Indian tribes and people served directly by the IHS.

**ECONOMIC DEVELOPMENT**

Tribal economic development has provided a foundation for tribal communities to create a strong and growing economy for its members. While tribal communities continue to experience high levels of unemployment, creating jobs and building a strong workforce has motivated tribes to start businesses such as financial services firms, construction companies, and other businesses. Tribes have invested their resources from economic development into their land and people to overcome the obstacles of living in poverty. Some of the Indian reservations are among the poorest counties in the United States.

The Committee supports the continuance of funding programs like the Indian Loan Guarantee Program within the BIA, the Workforce Innovation and Opportunity Act Indian and Native American Program within the Department of
Labor, and the Indian Incentive Program within the Department of Defense. These programs provide opportunities for American Indian and Alaska Natives to learn a new craft, work and earn an income, and in some cases create tribal economic development on their reservations.

In addition to the various programs available to tribal communities, energy development on Indian lands offers significant opportunities to enhance and grow tribal economies. The Committee recognizes the importance of developing affordable, reliable energy in Indian Country to improve tribal economies and the standard of living.

The Department of Energy aims to promote Indian tribal energy development; enhance and strengthen Indian tribal energy and economic infrastructure relating to natural resource development and electrification; reduce or stabilize energy costs; and bring electrical power and service to Indian country. The funding request for FY 2016 for all combined DOE Indian energy programs amounts to $31 million, which the Committee supports. Furthermore, the Committee supports the request for the Tribal Energy Loan Guarantee Program, which was enacted as part of the Energy Policy Act of 2005. The Committee supports helping tribes gain loans to build energy projects on Indian lands but has questions about how this program will be implemented and who could qualify for these limited funds.

TRIBAL PUBLIC SAFETY AND JUSTICE PROGRAMS

The Department of Justice (DOJ) provides training, coordination, and action on public safety in Indian country. The DOJ requests $417.4 million in total resources for public safety initiatives for tribes to combat the high rates of serious crimes within many tribal communities that rival the rates of major metropolitan cities. It has been reported that 39% of Native women are victims of domestic violence.

The BIA provides programs that cover the range of Federal, state, and local government services, including law enforcement, detention services, and administration of tribal courts, for the 566 Federally recognized tribes. The BIA’s request for public safety in Indian country is $364,423,000.

While funding is not the only issue for public safety in Indian country, low levels of staffing are a significant contributing factor to the high rates of crime. The Federal Bureau of Investigation has federal law enforcement responsibility on nearly 200 Indian reservations. These may only be one or two officers patrolling land areas sometimes as large as, if not larger than some states, such as Connecticut. The
Committee supports sufficient funding in both the Department of Justice and the BIA that will enhance public safety programs in Indian country.

EDUCATION

The Bureau of Indian Education (BIE), a division of the Department of the Interior (DOI), under the Assistant Secretary for Indian Affairs, is responsible for educating approximately 48,000 Indian children at 183 elementary and secondary schools on 64 reservations in twenty-three states.

The FY 2016 Budget Request for the BIE activities is $904.4 million—this includes an increase of $87.1 million. In addition to educational programs and service activities, the BIE is requesting an increase of $58.7 million for education construction which brings the construction request to $133.2 million. The deteriorating and dangerous conditions of some of these schools have been the subject of more than one Government Accountability Office study.

In June 2014, the DOI issued Secretarial Order 3334 that began the major restructuring of the BIE. The budget should continue to reflect and assist tribes that need technical support, when transferring the administration of a BIE-operated school to tribal control. The Committee supports also funding the BIA Replacement School & Facility Construction at a level that is sufficient to address the school construction needs in Indian Country.

HEALTH CARE SERVICES

The Indian Health Service (IHS) is responsible for providing health care services to 2.2 million American Indian and Alaska Natives through a network of over 650 hospitals, clinics, and health stations on or near Indian reservations in 35 states. Facilities are predominantly located in rural primary care settings and are managed by the IHS, tribal, or urban Indian health programs.

The FY 2016 Budget Request seeks an increase of $460.6 million for current services (inflation, population growth, pay costs), contract support costs, facilities (both construction and staffing), and certain program expansions. These program expansions include hospital and clinic management, services for alcohol and substance abuse, mental health care, and assistance with the costs of purchased/referred care (previously named contract health services).

Most notably, the Budget Request seeks an additional $100 million to complete construction or significant phases of construction for four facilities (three in Arizona...
and one in South Dakota. The Budget Request also seeks an additional $55 million for contract support costs which are costs (e.g., for personnel and financial management) to support tribal administration of programs.

In addition, the Budget Request seeks an increase of $10 million to improve third party collections and an additional $22 million to fund 200 Indian health care programs to hire behavioral health providers focused on youth services. Both of these requests are intended to address in small measure the gaps in services due to vacancies. Vacancies remain an issue with the IHS, in part, due to the lack of competitive salaries and the rural nature of the Indian health system.

American Indian and Alaska Natives continue to face devastating health disparities, like chronic liver disease and cirrhosis, diabetes mellitus, assault and homicide, intentional self-harm and suicide, and chronic lower respiratory diseases. American Indian and Alaska Native people have long experienced lower health ranks when compared to other Americans, such as a life expectancy that is 4.2 years less than the U.S. all race population. One of the more disturbing statistics in Indian country is that suicide is the second leading cause of death among American Indian and Alaska Natives.

Studies have suggested that there may be three critical factors that can impact an Indian person’s health status. The first is the lack of access to health care. The second is the lack of continuity of care from a qualified medical professional. The third factor is the lack of disease prevention and early diagnosis for many conditions and diseases.

The Committee supports efforts to address these issues as well as medical inflation, population growth, pay costs, maintenance and construction. In addition, the Committee supports the reauthorization for the Special Diabetes Program for Indians (SDPI), which is set to expire on September 30, 2015. The SDPI is a successful diabetes prevention and treatment program for American Indian and Alaska Natives.

TREATY PROTECTED NATURAL RESOURCES

Access to land and its natural resources is the foundation of all tribal communities. This right is guaranteed to tribes through numerous treaties and Federal laws. The protection and enhancement of these natural resources are crucial to the future of tribes, but they are also an obligation of the United States to protect.
Access to stable and secure water rights and supplies has long been acknowledged as a basic component of maintaining a tribe’s reservation homelands. The Budget Request proposes $46 million to strengthen the BIA’s capacity to meet its trust responsibilities and more effectively partner with tribes on water issues. This request includes $14 million to increase support for settlement negotiations and sustainable water management, and provides $32 million for implementation of enacted settlements and meeting enforcement dates. By resolving tribal water rights throughout the west, the tribal communities can utilize water for economic development endeavors.

Many tribal communities are living in areas with outdated irrigation systems, where tribes lose water that has been protected for them. There is estimated to be a minimum $600 million in deferred maintenance costs for Indian reservations in ten states.

These costs will continue to grow as long as the deferred maintenance is not completed. The failure to properly maintain this critical Federally-owned infrastructure negatively impacts these communities that rely so heavily on agriculture. The Committee supports efforts to address these important components of tribal economies.

HOUSING AND INFRASTRUCTURE

This Congress, the Committee plans to consider a reauthorization of the Native American Housing and Self-Determination Assistance Act (NAHASDA). There is a clear need for new housing and renovations throughout Indian country as many homes lack infrastructure, including complete plumbing facilities and telecommunications. Moreover, many tribal off-reservation homes are considered to be inadequate when compared to the nationwide average. The Committee supports efforts to increase in the Indian Housing Block Grant Program and the increase for much needed teacher housing.

The programs within the NAHASDA reauthorization are intended to improve management and efficiency in the delivery of housing services to American Indian and Alaska Natives. Consequently, the Committee supports the reauthorization of the NAHASDA. In addition, the Committee supports the funding within the Department of Agriculture for continued rural housing development.
CONCLUSION

We appreciate the Budget Committee's consideration of the Committee's views on these important matters and your efforts to ensure the Federal government is fulfilling its trust and treaty responsibilities to tribal governments and its members across the Nation.

Sincerely,

John Barrasso, M.D., Chairman
Jon Tester, Vice-Chairman
United States Senate
SELECT COMMITTEE ON INTELLIGENCE
WASHINGTON, D.C. 20510

February 27, 2015

The Honorable Michael Enzi
Chairman
The Honorable Bernard Sanders
Ranking Member
Committee on the Budget
United States Senate
Washington, D.C. 20510

Dear Chairman Enzi and Ranking Member Sanders:

We are writing in response to your letter dated January 27, 2015, requesting a "views and estimates" report on proposed fiscal year 2016 spending for programs and activities that fall within the jurisdiction of the Senate Select Committee on Intelligence.

As required by Section 364 of the Intelligence Authorization Act for Fiscal Year 2010, the Director of National Intelligence (DNI) annually discloses to the public the aggregate amount of appropriations requested for the National Intelligence Program (NIP). On February 2, 2015, the DNI disclosed an aggregate amount of $53.9 billion.

The budget requests for individual intelligence agencies and programs remain classified and are contained within other specified accounts, including those for the Departments of Defense, State, Treasury, Energy, Justice and Homeland Security. Submitting a "views and estimates" report that comments on component agencies and programs could potentially lead to violations of laws and regulations concerning the handling of national security information. Therefore,
consistent with past practice, we respectfully decline to submit a separate "views and estimates" report for intelligence spending for fiscal year 2016.

Should you or your staff have any questions, please contact the Hayden Milberg or Jon Rosenwasser at (202) 224-1700.

Sincerely,

Richard Burr
Chairman

Dianne Feinstein
Vice Chairman
February 27, 2015

The Honorable Michael Enzi
Chairman
Committee on the Budget
United States Senate
Washington, D.C. 20510

The Honorable Bernard Sanders
Ranking Member
Committee on the Budget
United States Senate
Washington, D.C. 20510

Dear Chairman Enzi and Ranking Member Sanders:

Thank you for the opportunity to provide my views pursuant to section 301(d) of the Congressional Budget Act concerning Fiscal Year (FY) 2016 funding for programs within the Judiciary Committee’s authorizing jurisdiction.

My priorities, as outlined below, show my commitment to ensure adequate resources for essential programs. I urge that these requests be given careful consideration, understanding the need to make difficult choices to reduce the deficit.

Violence Against Women Act (VAWA)

In the 113th Congress both Houses voted by an overwhelming majority to reauthorize the Violence Against Women Act which continues to provide important lifesaving programs to end sexual and domestic violence. The cost of intimate partner violence exceeds $5.8 billion each year, $4.1 of which is for direct medical and mental health care services.

Funding for VAWA’s programs and services is essential in preventing violence and repairing the lives of victims. In response to fiscal realities, the Violence Against Women Reauthorization Act of 2013 (P.L. 113-4) lowered authorizations and streamlined VAWA programs. I ask that you fully fund grant programs under VAWA at these authorization levels, including Services, Training, Officers, Prosecutors (STOP) grants, Rural Domestic Violence and Child Victimization Enforcement Grants,
and Transitional Housing Assistance Grants, among others. Adequate funding for these programs makes a substantial difference in the lives of many abuse victims.

**Fraud Enforcement**

It is vital that those who commit fraud against the American people be held accountable. Aggressive fraud enforcement will ensure that those responsible for defrauding American taxpayers pay back the federal government, and their prosecution and punishment will serve as a deterrent to others. In the last few years, the Judiciary Committee has worked together to pass the Fraud Enforcement and Recovery Act and other key provisions to strengthen tools for investigators and prosecutors to detect, prosecute, and prevent financial fraud, securities fraud, mortgage fraud, health care fraud, and contracting fraud. The investigators and prosecutors who pursue these cases must have adequate resources to effectively use these important new tools.

Not only is effective fraud enforcement important to our economy and justice system, it is also a wise investment of resources. Studies have found returns of up to 25 for every dollar spent on fraud investigations, prosecutions, and civil litigation. I ask that adequate funds be allocated to the FBI, Secret Service, Postal Inspection Service, and relevant Offices of Inspector General for investigation of fraud, as well as the Department of Justice Criminal and Civil Divisions and the United States Attorneys' Office for fraud enforcement.

**Edward Byrne Justice Assistance Grants**

As part of the Violence Against Women and Department of Justice Reauthorization Act of 2005 (P.L. 109-162), Congress streamlined Justice Assistance Grants (JAG) and the Local Law Enforcement Block Grants (LLEBG) programs into one program authorized at $1.095 billion. The Byrne/JAG program provides critical funding necessary to support a range of program areas including law enforcement, prosecution and courts, crime prevention and education, corrections, drug treatment, technology improvements and other law enforcement initiatives. I ask that the Byrne/JAG program be funded at the highest possible levels.

**Bulletproof Vest Partnership (BVP)**

Since its enactment in 1998 The Bulletproof Vest Partnership Grant Act has provided over $300 million to assist State and local law enforcement agencies with the procurement of over one million bullet-resistant body armor vests. A report released by the Government Accountability Office (GAO) in February 2013 states that available data shows that since 1987, body armor has saved the lives of more than 3,000 law enforcement officers nationwide. I request that this program be funded at the level of $30 million to ensure this program continues to play an essential role in distributing life-saving bulletproof vests to law enforcement officers serving on the front lines nationwide.
Regional Information Sharing System (RISS)

The RISS serves as an invaluable tool to Federal, State and local law enforcement agencies by providing much-needed criminal intelligence and investigative support services. It is one of the most effective and efficient means to combat multi-jurisdictional criminal activity, such as narcotics trafficking and gang activity. Without RISS, most law enforcement officers would not have access to newly developed crime-fighting technologies and would be hindered in their intelligence-gathering efforts.

We must ensure that RISS can continue current services, meet increased membership support needs for terrorism investigations and prosecutions, increase intelligence analysis capabilities and add staff to support the increasing number of RISS members. The RISS operates six intelligence centers that support nearly 9,000 local, State, Federal, and tribal law enforcement agencies, and its membership continues to grow each year. I ask that RISS be funded at a level consistent with past appropriations.

Community Oriented Policing Services (COPS)

The COPS Program, which enables local communities to substantially increase the number of law enforcement officers interacting with the community and working with schools to improve school safety, and encourages innovative crime prevention programs and new law enforcement technologies is an important resource for law enforcement agencies across the country. Since its creation in 1994, the COPS program has put more than 125,000 officers in over 13,000 communities in all 50 States, five Territories and the District of Columbia.

In recent years funding for COPS programs has been cut significantly. In FY10 COPS programs received nearly $791 million but were cut almost 40 percent to just $495 million in FY11 and has been further reduced to $214 million in FY15. During the economic downturn states and municipalities were forced to slash their budgets, including critical funding for police. Effective state and local law enforcement is vital to our efforts to combat crime and keep our schools and communities safe, and the need for support from the federal government is more urgent than ever. I ask that you fund the Community Oriented Policing Services Program at adequate levels, and avoid further cuts to the program.

Juvenile Justice

Difficult economic times lead to fewer job opportunities, more hardship, and fewer programs for young people, all of which can lead to an increase in juvenile crime. Accordingly, prevention and treatment programs for juveniles are essential. I ask that the Title II formula grants and juvenile justice block grants as well as other juvenile justice programs receive funding consistent with recent appropriations to ensure that state, local and private dollars continue to be leveraged effectively to
promote public safety, prevent delinquency and protect some of our most vulnerable children and youth.

Mentally Ill Offender Treatment and Crime Reduction Act (MIOTCRA)

This initiative was signed into law in 2004 after receiving unanimous bipartisan support in Congress to address the significant problem of people with mental illness in the criminal justice system. The law has been instrumental in helping States and local governments to develop initiatives to reduce costs, improve public safety, and allow the alarmingly high number of mentally ill offenders to receive the treatment they need to return to productive lives. The MIOTCRA program is also important to our Nation’s efforts to decrease crime and recidivism among mentally ill offenders. I request that this program be funded at a level consistent with recent appropriations.

Crime Victims Fund

Since its enactment more than 20 years ago, the Victims of Crime Act (VOCA) has been the principal means by which the Federal Government has supported essential services for crime victims. Under the law, fines, forfeitures, and assessments paid by Federal criminal offenders—not taxpayers—generate the revenues used for grants to state crime victim compensation programs, direct victim assistance services and services to victims of Federal crimes. Congress intended that these funds be held in trust to carry out these important purposes.

In FY 2000, Congress began limiting the amount of Crime Victims Fund deposits that could be obligated each year. This was in response to fluctuations in the Fund deposits and to ensure that a stable level of funding would remain available for these programs in future years. That same year, Congress amended the law to enforce that all receipts remain in the Fund for obligation in future fiscal years. These steps created a balance in the Fund for use in years when the deposits fell below the annual cap. We request that the Committee oppose temporary reclassifications to the Crime Victims Fund. In light of the more than $10 billion currently in the Crime Victims Fund, we request that the Committee raise the cap in a responsible way, while ensuring that an adequate amount of funds is retained to support victims in future years. We oppose efforts to use the Crime Victims Fund to cover expenses other than those authorized for the Fund.

Second Chance Act

The Second Chance Act is a common sense, evidence-based approach to improving public safety by helping prisoners who have served their time turn their lives around. Most individuals face numerous challenges when returning to the community from prison and research indicates that more than half return to prison within three years of their release. By providing resources needed to coordinate
reentry services and policies at the State and local levels, the Second Chance Act ensures that the tax dollars spent on corrections do not simply fuel a revolving door in and out of prison. The Second Chance Act programs address a wide array of issues that research has shown to improve reintegration and reduce recidivism, including education and job training, employment and housing services, substance abuse and mental health treatment, and mentoring programs. I request that the Second Chance Act programs be provided adequate funding to ensure it can meet its goals to improve reintegration and reduce recidivism.

Trafficking Victims Protection Act

The Trafficking Victims Protection Act (TVPA) passed in 2000 and has twice been reauthorized with widespread bipartisan support, most recently as part of the Violence Against Women Reauthorization Act of 2013 (P.L. 113-4). It seeks to combat human trafficking, a modern-day form of slavery in which victims are forced into labor or sexual exploitation. Thanks to the tools provided by the TVPA, the United States has made progress in combating this major human rights abuse, but trafficking remains a major problem worldwide and even here in the United States. The programs created by the TVPA help prevent trafficking, prosecute those who engage in this abhorrent offense, and provide victims the services they need to rebuild their lives. In response to economic and fiscal realities, the TVPA reauthorization greatly reduces authorization levels. We ask that programs under TVPA be fully funded at levels consistent with past appropriations.

Executive Office of Immigration Review (EOIR)

The immigration court system is comprised of 58 immigration courts and 260 immigration judges under EOIR. In recent years, the number of immigration prosecutions has increased significantly without providing EOIR with adequate resources to deal with these increasing caseloads. While the number of cases commenced in the immigration courts grew by nearly 64%, from 262,795 in FY 2010 to 429,878 in FY 2015, the number of immigration judges has only grown by 12.5%, with 231 immigration judges in 2010 compared to 260 immigration judges today. Consequently, the average number of days that immigration cases are pending has increased from 447 days in FY 2010 to 583 days in FY 2015. Immigration courts continue to be underfunded, understaffed and overwhelmed, factors which have led EOIR to face insurmountable challenges in providing fair and efficient immigration adjudications. I request adequate funding for the Executive Office of Immigration Review.

Legal Orientation Program

In addition to the increase in immigration prosecutions, the number of detained adults in immigration removal proceedings has increased by over 111% between FY 2001 and 2013, growing from an annual population of 209,000 in FY 2001 to 441,000 in FY 2013, further exacerbating the burgeoning
caseloads for immigration judges. Because detained cases are heard on an expedited docket, a growth in detained cases before EOIR means that immigration judges are fast-tracking more and more cases. With nearly 60% of detained immigrants appearing before the courts in FY 2013 without legal representation, immigration judges are increasingly burdened by presiding over cases presented by individuals who are ill-informed and unprepared to make educated decisions about their cases. While not a substitute for legal representation, the adult LOP educates detained immigrants in removal proceedings about immigration law and process so that they can understand their legal options and responsibilities. According to the Vera Institute of Justice (Vera), which contracts with EOIR to manage adult LOP, the program results in significant cost savings to the government by improving the efficiency of the immigration court process and providing benefits to the immigration detention system. Vera has found that where LOP programs operate, there is an average reduction of 13 days in detention for immigrants in removal proceedings. Starting in FY 2010, LOP also began providing services to custodians of unaccompanied immigrant children released from federal custody pursuant to the William Wilberforce Trafficking Victims Protections and Reauthorization Act of 2008 (TVTPRA). This program seeks to educate adults about protecting children from exploitation, mistreatment and trafficking and to ensure their appearance at court hearings. I request adequate funding for the Legal Orientation Program.

**Justice For All Act**

The Justice For All Act (JFAA) (P.L. 108-405) reflects years of hard work and is an important piece of legislation that has made significant strides to improve the quality of justice for all Americans by harnessing the power of DNA evidence. The Act was carefully drafted and negotiated by Congress with an eye toward creating a bipartisan scheme that addresses the rights of victims, improves forensic testing, reduces the risk of error in capital cases, and strengthens our Nation’s criminal justice system. I request funding for the Debbie Smith DNA Backlog Grant Program, as authorized in Section 202 and reauthorized by the Debbie Smith Reauthorization Act of 2014 (P.L. 113-182), as well as for the Kirk Bloodsworth Post-Correction DNA Testing Grant Program, as authorized in Section 412, and the Paul Coverdell Forensic Sciences Improvement Grants Program, as expanded by Section 311 of the JFAA, at levels consistent with past appropriations. I also request sufficient funding for the victim’s programs authorized in Section 103, the other DNA programs authorized in Sections 303-308, and the Capital Representation and Capital Prosecution Improvement Grants, as authorized in Section 426.

The JFAA represents a strong bipartisan achievement and was an important step forward to improve our criminal justice system; I will seek to reauthorize it at appropriate levels. I also recommend funding for needed basic research in the forensic sciences, an important priority that the Judiciary Committee will consider.
Federal Bureau of Investigation (FBI)

The Judiciary Committee will also pursue oversight of budget-related matters at the FBI. I request that the FBI be funded at a level consistent with past appropriations to continue their important efforts to investigate fraud, cyber-attacks and many other matters of national security.

United States Marshals Service

The United States Marshals Service carries out a broad range of important duties in support of the Federal Judiciary and justice system. The Marshals Service provides protection to Federal judges, transports prisoners, protects witnesses, and apprehends fugitives, among other substantial responsibilities. Given the important role the Marshals Service plays in support of the Federal criminal justice system, I request funding consistent with past appropriations.

Cybersecurity and Cybercrime

Cybersecurity and cybercrime investigations conducted by the Secret Service and the Federal Bureau of Investigations, and other federal agencies are essential to protecting our Nation's financial and telecommunications infrastructure as well as our national security. Funding is needed to support the operations of the Secret Service's Electronic Crimes Task Force (ECTF) initiative - an initiative that has attracted broad, bipartisan support from Congress since passage of the USA PATRIOT Act of 2001. Financial fraud and identity crimes committed both domestically and abroad, continue to plague our Nation's critical financial infrastructure. One of the most effective means of combating organized criminal elements and the criminal abuses of technology, both in the U.S. and abroad, is through the use of the Secret Service's ECTFs. The ECTFs are a proven, rewarding success, creating groundbreaking partnerships between Federal law enforcement, their local police and prosecutorial partners, and the private sector and academia. I recommend funding for this highly successful program to continue an effective law enforcement program and training of special agents.

Funding should also be directed at electronic investigative operations. Technological advances offer domestic and transnational criminals new avenues to exploit our financial infrastructure vulnerabilities. Identity crime, credit card fraud and bank fraud are now being routinely committed on the Internet. Through its investigations, federal law enforcement identifies systemic weaknesses in the financial, telecommunications, and other critical infrastructures. The information gathered will provide private industry and the public the ability to identify vulnerabilities and prevent or minimize future attacks.

Funding should also be directed at electronic investigative operations involving data breaches and the theft of sensitive personal data contained on government and private sector computers. Identity theft, one of the most common forms of cybercrime, is also major concern among State and local law
enforcement agencies. I recommend allocating funding to initiatives aimed at fighting cybercrime and improving cybersecurity, including those by the electronic crimes task forces of the United States Secret Service.

U.S. Patent and Trademark Office

I urge the Committee to fully allocate fee-based funding for the United States Patent and Trademark Office (PTO). Congress recently enacted the Leahy-Smith America Invents Act, P.L. 112-29, which creates a Patent and Trademark Fee Reserve Fund, into which are deposited any fees collected in excess of the appropriated amount. PTO’s access to all of its collected user fees is essential to its continued, effective implementation of P.L. 112-29, progress toward reduced backlog and pending of patent applications, high-quality patent examination and continuing provision of expert advice on domestic and international intellectual property matters. I urge full access to the PTO of the fees it collects, including those deposited in the Reserve Fund.

Intellectual Property Enforcement Funding

Industries based on intellectual property (IP) account for more than $5 trillion of the U.S. gross domestic product, drive more than half of U.S. exports, and employ over 18 million Americans. I support strong funding for initiatives aimed at fighting intellectual property theft, particularly those undertaken by the Department of Justice for intellectual property rights enforcement. Public Law 110-403 authorized additional funding for grants to eligible state or local law enforcement entities to combat intellectual property theft and infringement crimes; authorized funding to hire ten additional agents at the FBI designated to support Computer Crime and Intellectual Property Section; ensure all Computer Hacking and Intellectual Property Crime Units are supported by at least one FBI agent; ensure all Computer Hacking and Intellectual Property Crime Units are assigned at least two Assistant United States Attorneys and provide appropriate training; and authorized additional funding for the FBI and the Criminal Division to hire and train law enforcement officers and to procure advanced tools for investigating high tech crimes. I urge the Committee to take into account these authorizations and priorities for these enforcement programs that will benefit our economy.

Public Law 110-403 also elevated the intergovernmental coordination of intellectual property enforcement efforts within the administration from the Department of Commerce to the White House with the creation of the Intellectual Property Enforcement Coordinator. The Coordinator chairs a council of representatives from every Department and agency that actively participates in the enforcement of intellectual property. The Coordinator needs a budget and staff to be effective.

The Federal Judiciary

The Federal Judiciary plays an essential role in our Federal system. The Federal courts exercise no control over the number of cases filed, and must meet changing law enforcement and economic
demands. I request that the Committee keep in mind the evolving and increasing demands on the Federal courts when considering the Federal Judiciary’s requested appropriation.

In addition to general funding for the operation of the Federal Judiciary, I also emphasize the need for strong security for our courthouses, judges, and court personnel. In 2008, the Court Security Improvement Act (P.L. 110-177) was enacted into law. This law demonstrates Congress’s strong support for the safety and security of the Nation’s court personnel. I support funding for Court Security Improvements consistent with past appropriations.

Thank you again for soliciting these views and estimates for FY 2016. I look forward to working closely with you on this and other issues.

Sincerely,

PATRICK LEAHY
Ranking Member
February 27, 2015

The Honorable Michael Enzi
Chairman
Committee on the Budget
United States Senate
Washington, D.C. 20510

The Honorable Bernard Sanders
Ranking Member
Committee on the Budget
United States Senate
Washington, D.C. 20510

Dear Chairman Enzi and Ranking Member Sanders:

Thank you for the opportunity to provide my views pursuant to section 301(d) of the Congressional Budget Act concerning Fiscal Year (FY) 2016 funding for programs within the Judiciary Committee’s authorizing jurisdiction.

My priorities, as outlined below, show my commitment to ensure adequate resources for essential programs, while recognizing the situation the Federal Government faces. I urge that these requests be given careful consideration, understanding the need to make difficult choices to reduce the deficit and implement the budget sequester as required by the Budget Control Act of 2011.

State and Federal Law Enforcement Programs and Initiatives

**Fraud Enforcement**—It is vital that those who commit fraud against the American people be held accountable. Aggressive fraud enforcement will ensure that those responsible for defrauding American taxpayers receive serious consequences, and will serve as a deterrent to others. In the last few years, we have worked together to pass the Fraud Enforcement and Recovery Act and other key provisions to strengthen tools for investigators and prosecutors to detect, prosecute, and prevent financial fraud, securities fraud, mortgage fraud, health care fraud, and contracting fraud. The investigators and prosecutors who pursue these cases must have adequate resources to effectively use these important new tools.

Not only is effective fraud enforcement important to our economy and justice system, it is also a wise investment of resources. Studies have found returns of up to $20 for every dollar spent on fraud investigations, prosecutions, and civil litigation. I ask that adequate funds be allocated to the FBI, Secret Service, Postal Inspection Services, and relevant Offices of Inspectors General.
for investigation of fraud, as well as the Department of Justice Criminal and Civil Divisions and
the United States Attorneys' Office for fraud enforcement.

**Edward Byrne Justice Assistance Grants** – As part of the Violence Against Women and
Department of Justice Reauthorization Act of 2005 (P.L.109-162) Congress streamlined JAG
and the Local Law Enforcement Block Grants (LLEBG) programs into one program authorized
at $1.055 billion for fiscal years 2006 through 2012. The Byrne/JAG program provides critical
funding necessary to support a range of program areas including law enforcement, prosecution
and courts, crime prevention and education, corrections, drug treatment, technology
improvements and other law enforcement initiatives. I ask that the Byrne/JAG program be
adequately funded to provide necessary support to states, tribes, and local law enforcement.

**Juvenile Justice** – Difficult economic times lead to fewer job opportunities, more hardship, and
fewer programs for young people, all of which can lead to an increase in juvenile crime.
Accordingly, prevention and treatment programs for juveniles are essential. I ask that the Title II
formula grants and juvenile justice block grants as well as other juvenile justice programs receive
funding similar to previous appropriations.

**Violence Against Women Act** – In 2013, the Congress passed the Violence Against Women
Reauthorization Act of 2013 (P.L.113-4), which continues to provide important lifesaving
programs to reduce sexual and domestic violence. Funding for VAWA's programs and services
is essential in preventing violence and requiring the lives of victims. I ask that you take the
authorization levels in P.L.113-4 into consideration and fund grants programs under VAWA,
including Services, Training, Officers, Prosecutors (STOP) grants, Rural Domestic Violence and
Child Victimization Enforcement Grants, and Transitional Housing Assistance Grants, among
others. Adequate funding for these programs can make a substantial difference in the lives of
many abuse victims.

**Bulletproof Vest Partnership (BVP)** – Since its enactment in 1998, the Bulletproof Vest
Partnership Act has provided funding to assist State and local law enforcement agencies with the
procurement of more than one million bullet resistant body armor vests. Recently, the
Judiciary Committee learned that the General Accountability Office found that the program was
in need of financial reform. With respect to funding, the program had $27 million in undisbursed
funds. Some grant recipients were attempting to fulfill their 50% matching requirement that
made the program a partnership by using other federal grant funds. The Committee worked to
have the Department of Justice deobligate $31 million and to devise a process whereby the
process of undisbursed funds will not reemerge, and reported legislation that would codify these
reforms as well as reduce the authorization levels. Recognizing the importance of the program, I
request adequate funding for the program, which plays an important role in distributing
lifesaving bulletproof vests to law enforcement officers serving on the front lines nationwide.

**Regional Information Sharing System (RISS)** – The RISS serves as an invaluable tool to
Federal, State and local law enforcement agencies by providing much-needed criminal
intelligence and investigative support services. It has built a reputation as one of the most
effective and efficient means to combat multi-jurisdictional criminal activity, such as narcotics
trafficking and gang activity. Without RISS, most law enforcement officers would not have
access to newly developed crime-fighting technologies and would be hindered in their intelligence-gathering efforts.

We must ensure that RISS can continue current services, meet increased membership support needs for terrorism investigations and prosecutions, increase intelligence analysis capabilities and add staff to support the increasing number of RISS members. The RISS operates six intelligence centers that support over 1,000 local, State, Federal, and tribal law enforcement agencies, and its membership continues to grow each year. We ask that RISS be funded at a level consistent with past appropriations.

Crime Victims Fund – Since its enactment more than 25 years ago, the Victims of Crime Act (VOCA) has been the principal means by which the Federal Government has supported essential services for crime victims. Under the law, fines, forfeitures, and assessments paid by Federal criminal offenders—not taxpayers—generate the revenues used for grants to state crime victim compensation programs, direct victim assistance services, and services to victims of Federal crimes. Congress intended that these funds be held in trust to carry out these important purposes.

In FY2000, Congress began limiting the amount of Crime Victims Fund deposits that could be obligated each year. This was in response to fluctuations in the Fund deposits and to ensure that a stable level of funding would remain available for these programs in future years. That same year, Congress amended the law to enforce that all receipts remain the Fund for obligation in future fiscal years. These steps created a balance in the Fund for use in years when the deposits fell below the annual cap. I request that the Committee oppose temporary rescissions to the Crime Victims Fund. In light of the more than $10 billion currently in the Crime Victims Fund, I request that the Committee raise the cap in a responsible way, while ensuring that an adequate amount of funds is retained to support victims in future years. I oppose efforts to use the Crime Victims Fund to cover expenses other than those authorized for the Fund.

Mentally Ill Offender and Crime Reduction Act (MIOTCRA) — This initiative was signed into law in 2004 after receiving unanimous bipartisan support in Congress to address the significant problem of people with mental illness in the criminal justice system. The law has been instrumental in helping State and local governments to develop initiatives to reduce costs, improve public safety, and allow the alarming number of mentally ill offenders to receive the treatment they need to return to productive lives. The MIOTCRA program is also important to our Nation’s efforts to decrease crime and recidivism among mentally ill offenders. In the 110th Congress, MIOTCRA was reauthorized at $50 million for fiscal years 2009-2014. I request that this program be adequately funded for FY16.

Trafficking Victims Protection Act – The Trafficking Victims Protection Act (TVPA) passed in 2000 and has been reauthorized multiple times since then with widespread bipartisan support. It seeks to combat human trafficking, a modern-day form of slavery in which victims are forced into labor or sexual exploitation. Thanks to the tools provided by the TVPA, the United States has made progress in combating this major human rights abuse, but trafficking remains a major problem worldwide and even here in the United States. The programs created by the TVPA help prevent trafficking and help prosecute those who engage in this atrocious offense, and provide
victims the services they need to rebuild their lives. I ask that the programs authorized under the TVPA be adequately funded.

Justice for All Act - The Justice for All Act (JFAA) (P.L. 108-405) reflects years of hard work and is an important piece of legislation that has made significant strides to improve the quality of justice for all Americans by harnessing the power of DNA evidence. The Act was carefully drafted and negotiated by Congress with an eye toward creating a bipartisan scheme that addresses the rights of victims, improves forensic testing, reduces the risk of error in capital cases, and strengthens our Nation’s criminal justice system.

I request funding for the Debbie Smith DNA Buckley Grant Program, as authorized in section 202 and reauthorized by the Debbie Smith Reauthorization Act of 2014 (P.L. 113-182), as well as for the Kirk Bloodsworth Post-Conviction DNA Testing Grant Program, as authorized in section 412, and the Paul Coverdell Forensic Sciences Improvement Grant Program, as expanded by Section 311 of the JFAA, at levels consistent with past appropriations. I also request sufficient funding for the victims’ programs authorized in section 105; the other DNA programs authorized in sections 303-308, and the Capital Representation and Capital Prosecution Improvement Grants, as authorized in section 426. The JFAA represents a strong bipartisan achievement and was an important step forward to improve our criminal justice system. It deserves all necessary funding. I also recommend funding for needed basic research in the forensic sciences, an important priority that the Judiciary Committee will consider.

Department of Justice (DOJ)

The DOJ budget for FY2015 was $27.4 billion for programs and operations. These expenditures cover salaries and expenses for the various entities at DOJ including funding for attorneys, policy staff, and support staff. Despite the fact that DOJ has a separate Office of Legal Policy (OLP) which is focused on developing policy positions for DOJ, other offices have hired significant numbers of policy staff in recent years—namely, the Criminal Division, National Security Division, among others. This duplication of policy staff raises questions about the need and whether other areas, such as line attorneys, could benefit from a reduction in this duplication. Accordingly, we request that funding for these offices include a review of the number of staff working on policy issues to determine if overlap and duplication is hindering the adequate staffing of line attorneys.

Another area of concern regarding DOJ expenditures relates to their administration of grants. In 2012, the Government Accountability Office (GAO) issued its annual report on duplication and overlap of federal spending programs. GAO determined that DOJ could improve methods for targeting federal spending to ensure that the nearly 11,000 grants awarded annually do not duplicate federal spending or overlap with other federal programs. Given DOJ annually awards nearly $3.9 billion, duplication and overlap could have a significant impact on the success of these programs. For example, GAO found instances where grantees used the same or similar language to justify grants from various entities, and some were awarded funds from multiple funding streams despite using similar language. GAO also found that DOJ’s Office of Audit, Assessment, and Management (OAAM), which oversees grantees’ compliance, could identify improvement in the grant process; however, they lacked resources to conduct more assessments.
Accordingly, I ask that you adequately fund OAAM to ensure that they can conduct the necessary assessments to reduce duplication and overlap among grant awards.

Federal Bureau of Investigation (FBI)

The Judiciary Committee will also pursue oversight of budget-related matters at the FBI. For example, we will continue to examine whether the FBI has been successful in developing, training, and retaining its growing workforce of intelligence analysts. I request that the FBI be funded with an emphasis on their important efforts to investigate fraud, cyber-attacks, and many other matters of national security, while working to reduce unnecessary travel, conferences, and use of government vehicles simply for travel to and from work locations.

Additionally, we are concerned that the FBI and other entities at the Department of Justice are wasting public funds in the manner in which employees are put on paid administrative leave. From FY2011 to FY2013, the Justice Department placed 1,849 employees on administrative leave for a month or longer, whereby they perform no public functions but are nonetheless paid. Some of the individuals have been on this status for more than one year, while 22 others were on administrative leave for more than six months. Many individuals are placed on this status for suspicion of wrongdoing, while others are whistleblowers who may put on administrative leave in retaliation for their reporting of misconduct. If the Department has evidence that would warrant suspension of employees, it should suspend, and if not, it should safeguard public funds by having the employee perform their job duties, rather than leaving employees in limbo for extensive time periods. For FY2011-2013, the Department has paid employees on administrative leave $219 million. Over the same period, the Federal Government overall has paid employees on administrative leave for one month or more about $700 million.

United States Marshals Service

The United States Marshals Service carries out a broad range of important duties in support of the Federal Judiciary and justice system. The Marshals Service provides protection to Federal judges, transports prisoners, protects witnesses, and apprehends fugitives, among other substantial responsibilities. Recent violence against Deputy Marshals highlights the significant risks associated with the Marshals Service mission. Given the important role the Marshals Service plays in support of the Federal criminal justice system, I request funding consistent with past appropriations.

Freedom of Information Act

A key reform in the Open Government Act of 2007 (P.L. 110-175) is the creation of the Office of Government Information Services (OGIS) in the National Archives and Records Administration. Among other activities, OGIS mediates disputes between government agencies and FOIA requesters, and reviews agency compliance with FOIA. OGIS is also helping Federal agencies to better utilize technology, such as the online FOIA portal, to improve the FOIA process and access to government information. Congress provided initial funding in the 2009 Omnibus Appropriations Act to establish this critical office. I request funding to ensure OGIS meets its obligations under the OPEN Government Act.
Cybersecurity and Cybercrime

Cybersecurity and cybercrime investigations conducted by the Secret Service and the Federal Bureau of Investigation, and other federal agencies are essential to protecting our Nation's financial and telecommunications infrastructure. Funding is needed to support the operations of the Secret Service's Electronic Crimes Task Force (ECTF) initiative—an initiative that has attracted broad, bipartisan support from Congress since passage of the USA PATRIOT Act of 2001. Financial fraud and identity crimes committed both domestically and abroad, continue to plague our Nation's critical financial infrastructure. One of the most effective means of combating organized criminal elements and the criminal abuses of technology, both in the U.S. and abroad, is through use of the Secret Service's ECTFs. The ECTFs are a proven, resounding success, creating groundbreaking partnerships between Federal law enforcement, their local police and prosecutorial partners, and the private sector and academia. I recommend funding for this initiative to continue an effective law enforcement program and training of special agents.

Funding should also be directed toward electronic investigative operations. Technological advances offer domestic and transnational criminals new avenues to exploit our financial infrastructure vulnerabilities. Identity crime, credit card fraud and bank fraud are now being routinely committed on the Internet. Through its investigations, federal law enforcement identifies systemic weaknesses in the financial, telecommunications, and other critical infrastructures. The information gathered will provide private industry and the public the ability to identify vulnerabilities and prevent or minimize future attacks. Funding and staffing resources should also be directed toward electronic investigative operations involving data breaches and the theft of sensitive personal data contained on government and private sector computers.

U.S. Patent and Trademark Office

I urge the Committee to fully allocate fee-based funding for the United States Patent and Trademark Office (PTO). Congress recently enacted the Leahy-Smith America Invents Act, P.L. 112-29, which creates a Patent and Trademark Fee Reserve Fund, into which are deposited any fees collected in excess of the appropriated amount. Full funding for the PTO, including access to these fees, are essential to the PTO's effective implementation of P.L.112-29 and continuing to work through the overwhelming backlog of patent applications. I urge full access to the PTO of the fees it collects, including those deposited in the Reserve Fund.

Copyright Royalty Board (CRB) and the Copyright Royalty Judges

The Copyright Board (CRB) adjudicates the royalty rates for compulsory licenses under the Copyright Act, conducting proceedings that, for example, set rates to be paid by entities ranging from cable companies to webcasters for their use of copyrighted content as they deliver video and music programming. The CRB is also involved in adjudicating disputes about how these payments are distributed to copyright holders.

Because the benefits of compulsory licensing flow almost exclusively to the licensees and the public, the cost of administering the licenses should not be paid exclusively by the copyright holders. The law creating the CRB made clear that funding was to be made out of public funds
and not out of the Copyright Office account (17 U.S.C. 803(e)(1)(B)). Thus, to implement that provision, I recommend that the CRB receive adequate funding.

**Intellectual Property Enforcement Funding**

Industries based on intellectual property (IP) account for more than $5 trillion of the U.S. gross domestic product, drive more than half of U.S. exports, and employ over 18 million Americans. I support strong funding for initiatives aimed at fighting intellectual property theft, particularly those undertaken by the Department of Justice for intellectual property rights enforcement. P.L. 110-403 authorized additional funding for grants to eligible State or local law enforcement entities to combat intellectual property theft and infringement crimes; authorized funding to hire ten additional agents at the FBI designated to support the Computer Crime and Intellectual Property Section, ensure all Computer Hacking and Intellectual Property Crime Units are assigned at least two Assistant United States Attorneys and provide appropriate training; and authorized additional funding for the FBI and the Criminal Division to hire and train law enforcement officers and to procure advanced tools for investigating high tech crimes. I recommend the Committee take into account the authorizations for these enforcement programs that will benefit our economy.

P.L. 110-403 also elevated the intergovernmental coordination of intellectual property enforcement efforts within the administration from the Department of Commerce to the White House with the creation of the Intellectual Property Enforcement Coordinator. The Coordinator chairs a council of representatives from every Department and agency that actively participates in the enforcement of intellectual property. The Coordinator needs a budget and a staff to be effective.

**The Federal Judiciary**

I emphasize the essential role of the Federal Judiciary in our Federal system. The Federal courts exercise no control over the number of cases filed, and must meet changing law enforcement and economic demands, such as increased bankruptcy filings and enhanced immigration enforcement. I would request that the Committee keep in mind the evolving and increasing demands on the Federal courts when considering the Federal Judiciary's requested appropriation.

**Court Security Improvement Act** – In addition to general funding for the operation of the Federal Judiciary, I also emphasize the need for strong security for our courthouses, judges, and court personnel. In 2008, the Court Security Improvement Act (P.L. 110-177) was enacted into law. This law demonstrates Congress's strong support for the safety and security of the Nation's court personnel. I support funding for Court Security Improvements consistent with past appropriations.
Thank you again for soliciting these views and estimates for FY 2016. I look forward to working closely with you on these and other issues.

Sincerely,

Chuck Grassley
Charles E. Grassley
Chairman
February 27, 2015

The Honorable Mike Enzi, Chairman
The Honorable Bernie Sanders, Ranking Member
Committee on the Budget
United States Senate
Washington, DC 20510

Dear Senators Enzi and Sanders,

This letter provides the views and estimates of the Committee on Rules and Administration.

Consistent with Section 301(d) of the Congressional Budget Act, the Committee has reviewed the President’s budget for FY2016 and finds that it adequately funds the legislative and administrative agencies that fall within our jurisdiction, including the Federal Election Commission, Government Publishing Office, Library of Congress and Office of Compliance.

The Committee has reviewed programs under our jurisdiction. Consistent with the requirements of Section 411 of the 2010 budget resolution, the President’s budget funds the operations of the Election Assistance Commission, without recommending additional funds for election reform grant payments. The President’s budget has not included funding for these grants since FY2010. As distribution of these federal grants was a primary purpose of the Election Assistance Commission at its creation, the absence of these grants calls into the question the continued need for the Commission itself.

The Committee intends to review the operations of the Election Assistance Commission and may generate some savings by eliminating or restructuring this agency. The Committee will continue to examine potential waste, fraud and abuse in this and other agencies that fall within our jurisdiction.

Sincerely,

Roy Blunt
Chairman
The Honorable Mike Enzi, Chairman
The Honorable Bernard Sanders, Ranking Member
Committee on the Budget
United States Senate
Washington DC 20510

Dear Chairman Enzi and Ranking Member Sanders,

This responds to your letter dated January 27, 2015, regarding the views and estimates report for fiscal year 2016 of programs under the jurisdiction of the Committee on Rules and Administration. Consistent with Section 411 of the 2010 budget resolution, the Committee reviewed its jurisdictional programs, including its Legislative Branch accounts, and determined that, to its knowledge, there are no expenditures which appear to rise to the level of "waste, fraud, and abuse" in program spending. The President's Budget for FY2016 for the Rules Committee's Legislative Branch accounts was also reviewed. No significant changes for the purposes of the budget resolution are anticipated. I welcome the opportunity to comment on the President's budget proposal for programs under the Rules Committee's jurisdiction. In particular, I would like to highlight some of the vital functions of the Election Assistance Commission and the Federal Election Commission.

Election Assistance Commission

As you know, the Help America Vote Act (HAVA) created new mandatory minimum standards for states to follow in several key areas of election administration, with the goal of reforming the nation's voting processes and improving voting systems and voter access. Local election officials must meet these new standards, but many face severe resource constraints. HAVA established the EAC specifically to assist states with compliance, replacement of voting systems, and improvement of election administration. The EAC's efforts to aid in the improvement of voting systems and voter access include –

- Setting Voting System Standards and Certifying Voting Systems. After the passage of 2002 Help America Vote Act, most jurisdictions purchased new voting systems, upgrading from paper, lever or punch card systems to optical scan or direct recording
electronic (DRE) machines. By the end of this decade, however, a large share of the nation’s voting machines will reach the end of their natural life and require replacement. Many states are required by state law to only use voting systems certified by the EAC. Without a quorum since 2010, the EAC has been unable to update standards and certify new machines. However, three new Commissioners are now in place and are just beginning the critical task of updating voting system standards and certifying voting systems.

- **Administering the Election Administration and Voting Survey.** The EAC’s Election Administration and Voting Survey (EAVS) is the nation’s foremost data collection effort on how Americans cast their ballots. The EAC is preparing to administer the survey in FY2016. The survey generates data for use in two federally mandated reports – the impact of the National Voter Registration Act and the Uniformed and Overseas Citizens Absentee Voting Act. The survey provides a range of information about voting, including voter registration, military voting, provisional ballots, and absentee voting. This unique and important collection of election statistics has steadily improved and is now relied upon by state election officials, government policy makers, news media, and experts alike as the best and only comprehensive collection and review of voting data in the United States.

The EAC has received positive, bipartisan feedback from voting organizations and election officials across the country for its work. Funding at the full amount of the President’s budget proposal would permit the EAC to continue to deliver critical, statutorily-mandated services and assistance to State and local governments.

**Federal Election Commission**

As you know, the FEC is responsible for administering and enforcing the Federal Election Campaign Act (FECA) – the foundation of federal campaign finance regulation. The FEC plays a critical role in ensuring that voters are fully informed about the sources of financial support for federal candidates, political party committees, and other political committees. The FEC’s efforts to facilitate transparency regarding campaign finance activity and ensure compliance with FECA include –

- **Providing Access to Campaign Finance Information.** The Commission provides the public with access to campaign finance information and provides candidates, committees and the public with advice and support so they can fully understand and comply with the Act. Funding at the full amount of the President’s budget proposal would permit the FEC to continue to deliver critical services and assistance to the public and candidates. Over the past decade, the FEC has seen a steady increase in the number of reports filed and
transactions disclosed. During FY 2016, this trend is expected to be amplified due to the upcoming Presidential race. The Commission plans to implement tools to further automate the Report Analysis Division’s (RAD) processes in ways that will help to ensure that the FEC can continue to provide timely, individualized support to filers and make comprehensive and accurate campaign finance information more quickly and easily available to the public.

- **Updating and improving Information Technology Systems.** For the past several fiscal years, the Commission has prioritized the enhancement of the public’s access to the FEC’s campaign finance data and the development of efficiencies in the disclosure of that data. Completion is expected on a suite of technology that increases the level of service the FEC is able to provide to the public in FY2015. Funding at the full amount of the President’s FY2016 budget proposal will allow the FEC to expand these projects to ensure that the FEC’s IT systems continue to grow with emerging technologies. For example, the Commission plans to initiate a study to explore the requirements and build a plan to launch FEC data into a cloud environment. The also includes funds to ensure that the agency is able to maintain and improve upon current efforts to redesign www.fec.gov. In the rapidly changing world of information technology, agencies must proactively improve their systems in order to maintain them. Funding at the level set out in the President’s budget proposal will ensure that the FEC preserves, protects and builds upon its IT investments.

Funding at the full amount of the President’s budget proposal would permit the FEC to provide the oversight and guidance necessary to ensure that federal campaigns maintain financial transparency and comply with election law.

The roles of the EAC and the FEC in the administration and accountability of federal elections is critical. Maintaining the full amounts set forth in the President’s budget proposal would permit these two agencies to deliver services critical to the oversight and administration of our federal elections and help ensure that the results of federal elections are accurate, reliable, secure, and transparent.

Thank you for your assistance in this matter. If you require additional information, please contact my Rules Committee Chief Counsel, Stacy J. Ettinger, at 202-224-6282.

Sincerely,

Charles E. Schumer
February 27, 2015

The Honorable Mike Enzi
Chairman
Committee on the Budget
United States Senate
Washington, DC 20510

Dear Chairman Enzi and Ranking Member Sanders:

As Chair of the Senate Committee on Small Business and Entrepreneurship, I submit the following views and estimates on funding allowances for the U.S. Small Business Administration (SBA), and other matters under the Committee’s jurisdiction, as directed by §301(d) of the Congressional Budget Act of 1974.

The President’s proposed FY16 Budget adds $8.5 trillion to the national debt and increases federal spending by $259 billion in the next year alone. It is the same unsustainable plan for spending and tax increases we have seen in past years from this Administration with no long-term initiatives for managing our country’s debt. The American public will hold 74 percent of the federal debt by the end of this year, which is more than double what it held in 2007. CBO projects that if we continue the status quo, the already astronomically high deficit will grow to $1.1 trillion in the next ten years. The only encouraging thing about the President’s plan is that there is a zero percent chance it will become law. We need a budget plan that decreases taxes for families, pays down our debt for future generations, and encourages small businesses to grow and create jobs.

I applaud you for developing a budget resolution that will address our ballooning deficit and create an economic environment that encourages small business growth. We need to take a hard look at every federal agency, including the SBA, and identify duplicative, obsolete, or excessive areas where responsible cuts can be made.

The budget request for the SBA in FY16 is $860.13 million, a three percent reduction from FY15. The majority of the decrease is the result of the SBA eliminating subsidies for the 7(a) and 504 loan programs. While it is a victory that these programs no longer rely on subsidies, I believe the SBA should continue to evaluate additional opportunities to rein in their spending. I have serious concerns that some of the SBA’s spending is dedicated to duplicative programs which often have not been authorized by Congress. It is the responsibility of the SBA to reduce or eliminate funding to overlapping, duplicative, or inefficient programs.

Although the SBA has taken some steps to address excessive spending, according to a GAO report from February of this year, they often do not collect the detailed information...
necessary to track the entrepreneurs served through their programs. This kind of data is necessary to properly evaluate the effectiveness and performance of SBA financial assistance programs. Beyond responsible data collection, the SBA Inspector General’s Fall 2014 Semi-Annual report suggests that there are other opportunities for increased oversight within SBA programs. The report identified significant opportunities to mitigate fraud in the 7(a) loan and contracting programs and included suggestions to improve disaster assistance. In order to avoid excessive budget requests, I encourage the SBA to re-evaluate their programs and address all available opportunities to eliminate unnecessary spending and to ensure that taxpayer dollars are spent wisely on effective programs.

Additionally, I want to commend the SBA’s efforts to train emerging entrepreneurs and ensure new business owners have the resources and knowledge necessary to start and grow new businesses. One such program of note is the SBA’s Boots to Business Program that has assisted over 15,000 transitioning service members so far. The Boots to Business Program has proven to assist returning veterans in transferring their skills to civilian life and to afford them the necessary knowledge and resources to become successful entrepreneurs. Our veterans are an underutilized source for entrepreneurship, and with effective instruction and guidance, they are poised to become key leaders in advancing the nation’s economy.

As you work through the FY16 budget appropriations, I ask that you consider alternative funding amounts than those outlined in the SBA’s budget request for two programs. First, the SBA has requested $2 million for the Federal and State Technology (FAST) Partnership Program. This program facilitates cutting edge research and development in science and technology by providing funding to science and technology-driven small businesses with a particular focus on assisting socially and economically disadvantaged businesses compete in the SBA’s Small Business Innovation Research and Small Business Technology Transfer programs. In order to effectively accomplish the vital goals of the program, additional funds are necessary. Accordingly, I request that you appropriate $5 million to the SBA’s FAST Partnership Program.

Secondly, the SBA’s Small Business Development Centers (SBDCs) are vital resources that are an irreplaceable component of small business growth. SBDCs provide extensive, long-term professional business advising, training, and other specialized services to emerging and established small businesses. It is through successful and highly effective programs like SBDCs that we see increases in job creation and new business starts. Consequently, SBDC resources are expanding to meet the demand and require additional funding from previous years. I urge you to increase SBDC funding over FY15 levels. Thank you for your consideration as we work towards a responsible budget.

Sincerely,

David Vitter
Chairman
Senate Small Business and Entrepreneurship Committee

Page 2 of 2
Dear Chairman Enzi and Ranking Member Sanders:

As Ranking Member of the Senate Committee on Small Business and Entrepreneurship, I submit the following views and estimates for the fiscal year 2016 (FY16) Budget Resolution as it addresses the Small Business Administration ("SBA" or "the Agency") and other matters under the Committee’s jurisdiction, in compliance with section 301(d) of the Congressional Budget Act of 1974. I thank the Budget Committee for its past support of America’s small businesses and the SBA, as well as for considering the Committee on Small Business and Entrepreneurship’s views as it prepares the FY16 Budget Resolution.

There are 28 million small businesses in America today, and they are responsible for producing two out of every three net new jobs. The SBA helps these small businesses by partnering with the private sector to provide long-term loans to small businesses, which keeps their monthly payments affordable and strengthens their cash flow; partnering with private investment firms to deploy patient capital to high-growth businesses that might be overlooked by traditional investors who gravitate towards larger deals; making direct, low-interest loans to disaster victims to help them get back on their feet after their business or home is destroyed or damaged; facilitating access to more than $80 billion in federal contracts; ensuring parity across federal agencies in the awarding of contracts; and facilitating the training and teaching of business development skills to the smallest entrepreneurs.

With a budget authority in recent years of less than one-tenth of one percent of the discretionary federal budget, the value of SBA’s contribution adds up to a tremendously smart financial investment for the federal government. In FY14 the SBA supported nearly $29 billion in lending through its core loan programs, with the Agency’s flagship 7(a) loan program recording its second highest volume ever loaned. The SBA accomplished this without receiving a credit subsidy appropriation for the 7(a) program, relying instead on fees and a small amount of carryover to cover the cost of backing these loans. The 7(a) and 504 loans supported nearly 600,000 jobs and assisted more than 50,000 small businesses. Also in FY14, the Small Business Investment Company Debenture program recorded another record year of growth - also without a subsidy – by leveraging nearly $5.5 billion to small businesses, a 60% increase over FY13.

Counseling, both from the SBA and from its resource partners, assists entrepreneurs who want to create or expand a business, as well as pursue opportunities in federal contracting. Hundreds of counseling resource partners, including Small Business Development Centers (SBDCs), Women’s Business Centers (WBCs), and SCORE, helped more than one million small business owners and
entrepreneurs in FY14. No less critical are the technical assistance and training programs the SBA provides on contracting. During FY13, the most recent data available, federal agencies for the first time in eight years reached their small business contracting goals by awarding 23.39% in contracts to small businesses for a total $83 billion. The contracting assistance the SBA provides to small businesses is crucial to ensuring that small businesses and entrepreneurs can successfully compete for federal contracts.

SBA plays a key role in setting and implementing federal export assistance programs. In FY14, the SBA approved $1.3 billion in export loans to small businesses, trained business counselors and banks on exporting services, promoted exporting opportunities and collaborated with other federal agencies and the National Export Initiative to meet the goal of supporting 50,000 new small business exporters by FY17. SBA’s Office of Advocacy works to reduce regulatory barriers to entrepreneurship and job growth by representing the needs and interests of small businesses when other federal agencies are crafting new regulations.

The SBA also provides crucial assistance to veterans, service-disabled veterans, Reserve and National Guard members, discharging active duty members and their families through multiple Veterans Business Outreach Centers and partnerships with the Departments of Defense and Labor and universities throughout the United States.

Because SBA investments are critical to the economic growth of the United States, it is vital to increase its lending authorization to meet the growing demand for SBA capital and fully fund the loan counseling services provided by the Small Business Development Centers, SCORE partners, Women’s Business Centers and Veterans Business Outreach Centers. Partnering with local experts across the United States is one of the smartest investments SBA can make.

The SBA was cut 27% under the previous Administration (see the attached document), the most of any federal agency, and it has taken years to rebuild the Agency. To keep the loan programs from shutting down or rationing credit, SBA’s lending partners and borrowers pay higher fees to keep the programs at zero subsidy and back enough lending to meet the needs not filled by conventional lenders. The SBA’s counseling services are below or in some cases modestly more than the authorization levels enacted in FY2006, nearly a decade ago. For example, the SBDCs in FY06 were authorized for $135 million, and they were appropriated $115 million for FY15. The SCORE program in FY06 was authorized for $7 million, and it was appropriated $7.5 million for FY15. The recommended levels for FY16 are fiscally responsible and should not be cut.

SBA has a tremendous success story to tell. The Administration’s FY16 budget request of $860 million is 3% less than the FY15 appropriations because the SBA is facilitating smart loans to stable entrepreneurs whose collateral values have started to recover as the economy has improved so that the fees paid by borrowers and lenders are more than covering the cost of any losses. So with less money, SBA can continue to waive fees on small-dollar loans, increase lending to minority-owned businesses, meet its small business contracting goals, provide counseling services to entrepreneurs, increase SBIC fund investments, provide capital to promising small firms and expand to train more service members at military installations worldwide.

Please support a robust budget for the SBA. The SBA operates on a lean budget while providing small businesses in America with extensive resources. I would recommend a budget of at least $960 million, which would accommodate areas not included in the FY16 budget request but are currently funded in FY15, such as the STEP program, the FAST program and the PRIME program. These initiatives are
designed to increase small-business exports, expand commercialization and put to good use idle but promising research and help the most under-served of entrepreneurs who have an expertise but need intense counseling to manage a business that gives them financial stability and builds wealth to expand the middle class.

**Contracting: 7(j) Technical Assistance:**
The federal government purchases more than $660 billion in goods and services each year. Unfortunately, the path to doing business with the federal government is often fraught with obstacles requiring specific knowledge that few small business owners possess. These obstacles are particularly difficult for minorities, women, and veterans to successfully overcome, even under the best of economic conditions. Further compounding this problem, many small business owners and entrepreneurs belonging to these segments of the small business community tend to be first-generation entrepreneurs with limited start-up capital and business expertise. The combination of these two factors creates an environment in which it is extremely difficult for many of these firms to successfully compete for and win federal contracts. With a federal statutory goal of awarding small businesses at least 23% of the total value of all federal contracts, it is imperative that the SBA's technical assistance programs for contracting be adequately funded. The 7(j) Technical Assistance program provides essential training and business counseling to small disadvantaged businesses, helping to level the playing field and enabling them to more successfully compete for federal contracting opportunities. I support no less than the FY15 appropriated level of $2.8 million for the 7(j) Technical Assistance program in FY16.

**Procurement Center Representatives (PCRs) and Commercial Marketing Representatives (CMRs):**
In addition to helping small businesses compete for federal contracting opportunities through technical assistance and set-aside programs, it is critical that we ensure that small businesses are actually being awarded federal contracts. The SBA is currently the primary federal agency responsible for reviewing federal contracts awarded to small businesses, an enormous undertaking given the $660 billion in federal contracts awarded annually throughout the United States. One way the SBA addresses this challenge is through the efforts of a small number of procurement center representatives (PCRs) and commercial marketing representatives (CMRs) assigned to procurement centers throughout the country. PCRs and CMRs are responsible for ensuring that small businesses are aware of federal prime contracting and sub-contracting opportunities, as well as for reviewing and flagging potentially bundled federal contracts. Unfortunately, anecdotally we know that both programs are understaffed and under-resourced to meet the needs and demands of existing and potential contracting opportunities. This adversely affects the ability of PCRs and CMRs to effectively advocate on behalf of small businesses and ensure that they are winning their fair share of federal prime and sub-contracting awards. Therefore, I support robust funding of these important programs.

**7(a) Loan Guaranty Program:**
The SBA's primary lending program, the 7(a) loan program, provides eligible small businesses with a versatile financing tool that can be used to support a wide range of business development activities, including the establishment or acquisition of a business, business expansion, and the purchase of equipment, machinery, or supplies, as well as for short-term and long-term working capital. This program is one of the largest sources of long-term capital for small businesses in this country and has proven to be an important lifeline for entrepreneurs and small business owners who, through no fault of their own, have been shut out of conventional credit markets. The Administration requested a program level of $21 billion and no subsidy for the 7(a) program in FY16, but I believe that a ceiling of $21 billion for FY16 could be insufficient. Recent data shows that demand for 7(a) loans is running
27% ahead of last year's lending, and industry experts predict that volume will reach $20.5 billion by the end of FY15. Further, the industry is planning to increase lending by at least 12 percent in FY16.

In order to allow the program to meet projected demand and prevent SBA from rationing credit or asking Congress mid-year for an emergency increase, a program level of $23.5 billion for FY16 would be appropriate for the 7(a) Loan Guaranty program. Because the 7(a) Loan Guaranty program is funded entirely through fees paid by borrowers and SBA lenders, increasing the authorization level to $23.5 billion will have no cost. While a higher program level does not require a subsidy, it does require the SBA to have sufficient staff and other resources to manage the programs efficiently and in a fiscally sound way. The demand for this type of credit, and SBA’s other loan and investment programs that are zero subsidy, are successful if the SBA overall has robust funding.

504 Loan Guaranty Program:
The SBA’s 504 loan guaranty program provides long-term, fixed-rate loans to help small businesses finance the acquisition of major fixed assets or to facilitate the expansion and modernization of a business. Due to the strong economy which has increased the value of the collateral that backs the loans, the fees charged to 504 borrowers and lenders will fully cover the cost of this program in FY16. Therefore the 504 loan program requires no subsidy for FY16 — which is a tremendous success story for the SBA — to allow the private sector to leverage up to $7.5 billion in these loans for fixed assets for small businesses. Therefore I believe a program level of no less than the Administration’s FY16 request of $7.5 billion would be an appropriate level for the 504 Loan Guaranty program.

504 Loan Guaranty Refinance Program:
The Administration has requested authority to reinstate the 504 Loan Guaranty Refinance program which was authorized by the Small Business Jobs Act of 2010 and which expired in 2012. This program helped 2,300 small businesses refinance more than $5 billion in capital, allowing business owners to save monies previously spent on high-interest rates. Small businesses who participated in the refi program were required to reinvest the savings in their businesses, creating jobs and opportunity for them and in the wider community. The cost of this program was covered entirely through fees paid by the borrowers and lenders and the loans are performing better than budget analysts estimated. The budget projects a negative reestimate for the 504 Loan Guaranty Refinance program of $101 million in FY15. Historically, the Small Business and Entrepreneurship Committee has taken bipartisan action to support reinstatement of the 504 Loan Guaranty Refinance Program, and I support the Administration’s FY16 request to reinstate this important access to capital program.

Microloan Program:
SBA’s Microloan program is the only SBA lending program with a direct mandate to assist minority entrepreneurs and other business owners who are underserved by conventional lenders. Since its implementation in 1992, the program has proven effective at reaching and serving the needs of minority, women, and rural small business owners, while incurring minimal loss to the taxpayer. The program provides funds to qualified nonprofit intermediary lenders, which in turn make “microloans” of up to $50,000 to small businesses and nonprofit childcare centers for working capital, supplies and equipment. The program also provides critical marketing, management, and technical assistance to borrowers — services which are in increased demand despite improvements in the economy. I strongly support this vital program and the Administration’s FY16 request of no less than $3.3 million in loan subsidy which will facilitate the leveraging of $35 million in new loans to intermediary lenders and $25 million in technical assistance grants to support new and existing small business borrowers.
Program for Investment in Microentrepreneurs:
Consistent with the action taken in FY15 to provide appropriations for the Program for Investment in Microentrepreneurs (PRIME) program, I recommend level funding of S$ 5 million for FY16. The PRIME program provides unique, intensive, one-on-one business counseling that is mainly targeted toward low-income individuals.

Disaster Loans:
In addition to providing assistance to small businesses during times of economic growth and economic retraction, the SBA also provides recovery assistance to homeowners, renters, businesses, and nonprofits in the aftermath of disasters. Following Hurricane Katrina and Rita in 2005, the SBA was criticized for a general lack of preparedness before the storms and a lack of responsiveness after the disasters. Since then, and with increased Congressional oversight and careful executive actions, the SBA has made significant progress in improving its disaster planning and response capabilities. The Administration’s FY16 request of S$158.8 million for the administration of the SBA’s disaster funds seems reasonable given carryover for a program level of S$1.1 billion in loans, based on the average of ten-year look at disaster loan disbursements. The budget should at least provide for this amount, recognizing that additional resources may be needed in the case of a large-scale emergency.

Veterans Programs:
Based on recent census data, veterans owned 2.4 million businesses (accounting for 9% of all businesses nationwide), generated S$1.2 trillion in receipts and employed nearly 5.8 million people. Businesses with veteran majority owners or half owners numbered 3.7 million, which represents 13.5% of all businesses nationwide and accounts for more than S$1.6 trillion in receipts. The SBA’s Office of Veterans Business Development (OVBID) supports veterans through programs such as the Veterans Business Outreach Centers, which counseled over 38,000 veterans and trained over 39,000 veterans in FY14 and the Boots to Business program, which provided entrepreneurship education at military installations at home and overseas to over 14,000 service members transitioning out of service. I strongly support the Administration’s request for funding of no less than S$11.4 million for veterans programs in FY16.

Small Business Development Centers:
The Small Business Development Center (SBDC) program creates jobs, increases economic activity, and does so in a cost-effective manner. According to independent analyses of the program, businesses receiving counseling and technical assistance services from SBDCs experience job growth rates 17 times higher, as well as sales growth rates that are four times higher, than businesses that do not receive assistance from SBDCs. According to the Association of Small Business Development Centers, between 2002 and 2013, SBDCs have helped small businesses create more than 750,000 jobs and saved over S$70,000 jobs. In that same time frame, SBDCs have helped small businesses obtain over S$38 billion in financing, and the economic activity supported by SBDCs has helped to generate over S$2.38 billion in federal revenue and S$5 billion in state revenues, and has been accomplished with total appropriations of less than S$860 million. For FY14 SBDCs had 13,415 new business starts which works out to 36.75 new business starts a day. Total counseling hours for 2014 were 1,257,101. Congress appropriated S$115 million for the SBDCS in FY15, and I support robust funding of no less than S$115 million as requested by the Administration for SBDCs in FY16.

SCORE:
SCORE, originally known as the Service Corps of Retired Executives, is a non-profit association, authorized under the Small Business Act of 1953 (P.L. 95-510), that provides one-on-one small business counseling, technical assistance, and mentorship services to small businesses and
entrepreneurs throughout the country. Made up of a network of more than 11,000 volunteers representing more than 350 chapters, SCORE is dedicated to educating and assisting entrepreneurs and small business owners in the formation, growth, and expansion of their small businesses. According to the SCORE Foundation, in the last fiscal year, the program helped clients return more than $61 in new tax revenue at the federal level for every dollar appropriated to SCORE.

Despite receiving a limited amount of federal funding while experiencing a significant increase in demand for its services in recent years, SCORE has continually expanded its work, a direct result of the organization's modernization and improvement of its technological and online infrastructure. However, SCORE's current resources have been stretched to the limit, and the organization is in need of additional funding. Accordingly, to enable SCORE to fulfill its mission of providing critical business counseling and mentoring services, recruit more volunteers, and continue its expansion and modernization efforts, I support the Administration's request of at least $8 million for SCORE in FY16.

**Women's Business Centers:**
The National Women's Business Center reports that there are more than 7.8 million women-owned firms that employ more than 7.6 million people and generate $1.2 trillion in total receipts. Between 1997 and 2013, the number of women-owned businesses in the United States increased by 39%, compared to 41% for all new businesses in the United States, a rate of almost 1.5 times more than the average. Women-owned companies now make up 30 percent of all U.S. companies. Over the past six years, based on data from the National Association of Women Business Owners, the only businesses that have provided a net increase in employment are large, public corporations and privately held majority women-owned firms.

The Women's Business Center (WBC) program provides grants to more than 100 non-profit organizations across the country that provide mentorship, training, technical assistance and other entrepreneurship support services to women and individuals in economically and socially disadvantaged communities. This past fiscal year, the program served more than 136,000 clients and assisted in more than 790 entrepreneurs to start their own business. Additionally, it is the only program within the SBA statutorily purpose to provide this type of assistance within these communities. I support the Administration's request of at least $16 million for WBC in FY16.

**Federal & State Technology (FAST) Program:**
In order to help high growth entrepreneurial companies flourish and create jobs, one of the recommendations from the President's Council on Jobs and Competitiveness was to reauthorize the Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs, the federal government's largest programs for small, high-technology firms. To help meet those goals, I recommend providing funding for the Federal and State Technology (FAST) program. This program is designed to strengthen the technological competitiveness of small businesses in all 50 states and to improve the geographic disbursement of SBIR and STTR awards. Under the leadership of former Senator Kit Bond, when he was Chairman of the Committee on Small Business and Entrepreneurship, Congress authorized the FAST program with a program level of $10 million. In recent years it has been appropriated at $2 million and it seems reasonable to increase the FAST program's funding to $5 million for FY16.
State Trade and Export Promotion Program (STEP):

Authorized by the Small Business Jobs Act of 2010 (P.L. 111-240), the STEP program provides matching federal funds to states and territories to carry out export promotion efforts for small businesses. Grant recipients use their funds for trade missions, international marketing efforts, business counseling, export trade show exhibits, and other promotional activities. The STEP program has played a crucial role in helping small and medium-sized businesses export goods and services. In the two years the STEP program received full funding, fiscal years 2011 and 2012, the program supported $900 million in actual and projected state-reported export sales, representing a return on federal investment of more than 15:1. Therefore I would recommend funding the STEP program at the previously authorized level of $30 million in FY16.

In closing, I acknowledge that you have difficult decisions to make as you develop the budget resolution, and I appreciate your consideration of my views and recommendations for the SBA to budget at least $900 million for the SBA for FY16. The programs I have mentioned above are just a sample of the important work the SBA does to meet the needs of our small businesses when given adequate resources. Thank you for your support of small businesses and entrepreneurs.

Sincerely,

[Signature]

Ben Cardin

Benjamin L. Cardin
Ranking Member
Table 3-3. Discretionary Funding by Major Agency (Not budget authority; dollar amounts in billions)

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Dollar</td>
<td>Percent</td>
<td>Average</td>
<td>Quartiles</td>
</tr>
<tr>
<td>Agriculture</td>
<td>10.3</td>
<td>21.8</td>
<td>20.8</td>
<td>-1.1</td>
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<tr>
<td>Commerce</td>
<td>5.1</td>
<td>6.9</td>
<td>8.2</td>
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<tr>
<td>Defense</td>
<td>206.2</td>
<td>479.9</td>
<td>515.4</td>
<td>+25.5</td>
</tr>
<tr>
<td>Education</td>
<td>45.1</td>
<td>57.2</td>
<td>59.2</td>
<td>+2.0</td>
</tr>
<tr>
<td>Energy</td>
<td>20.0</td>
<td>23.0</td>
<td>25.0</td>
<td>+1.1</td>
</tr>
<tr>
<td>Health and Human Services</td>
<td>54.0</td>
<td>71.9</td>
<td>78.4</td>
<td>-1.8</td>
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<tr>
<td>Homeland Security</td>
<td>14.0</td>
<td>34.6</td>
<td>37.6</td>
<td>-3.7</td>
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<tr>
<td>Housing and Urban Development</td>
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<td>37.5</td>
<td>38.9</td>
<td>+1.1</td>
</tr>
<tr>
<td>Interior</td>
<td>10.3</td>
<td>11.0</td>
<td>10.8</td>
<td>-0.4</td>
</tr>
<tr>
<td>Justice</td>
<td>19.4</td>
<td>22.7</td>
<td>23.3</td>
<td>-0.4</td>
</tr>
<tr>
<td>Labor</td>
<td>19.9</td>
<td>11.4</td>
<td>10.3</td>
<td>-0.9</td>
</tr>
<tr>
<td>State and Other International Programs</td>
<td>21.7</td>
<td>32.8</td>
<td>36.3</td>
<td>+5.6</td>
</tr>
<tr>
<td>Transportation</td>
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<td>15.6</td>
<td>15.8</td>
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</tr>
<tr>
<td>Treasury</td>
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<td>12.5</td>
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<tr>
<td>Veterans Affairs</td>
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<td>39.4</td>
<td>44.6</td>
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<tr>
<td>Corps of Engineers</td>
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<td>9.6</td>
<td>11.0</td>
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</tr>
<tr>
<td>Environmental Protection Agency</td>
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<td>7.5</td>
<td>7.1</td>
<td>-0.3</td>
</tr>
<tr>
<td>Executive Office of the President</td>
<td>0.3</td>
<td>0.2</td>
<td>0.4</td>
<td>+0.2</td>
</tr>
<tr>
<td>Judicial Branch</td>
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<td>5.3</td>
<td>8.3</td>
<td>+3.5</td>
</tr>
<tr>
<td>Legislative Branch</td>
<td>2.9</td>
<td>4.0</td>
<td>4.7</td>
<td>+1.7</td>
</tr>
<tr>
<td>National Aeronautics and Space Agency</td>
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<td>17.1</td>
<td>17.6</td>
<td>+0.5</td>
</tr>
<tr>
<td>National Science Foundation</td>
<td>4.4</td>
<td>6.0</td>
<td>5.9</td>
<td>+0.1</td>
</tr>
<tr>
<td>Small Business Administration</td>
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<td>0.8</td>
<td>0.7</td>
<td>+0.1</td>
</tr>
<tr>
<td>Social Security Administration</td>
<td>6.0</td>
<td>9.6</td>
<td>8.4</td>
<td>+0.4</td>
</tr>
<tr>
<td>Other Agencies</td>
<td>5.8</td>
<td>6.0</td>
<td>7.2</td>
<td>-0.7</td>
</tr>
<tr>
<td><strong>Total, Discretionary Funding</strong></td>
<td><strong>$435.8</strong></td>
<td><strong>513.1</strong></td>
<td><strong>587.6</strong></td>
<td><strong>+62.2</strong></td>
</tr>
</tbody>
</table>

Note: Discretionary and emergency funding, both enacted and requested, is included.
The Honorable Michael Enzi, Chairman
The Honorable Bernard Sanders, Ranking Member
Committee on the Budget
624 Dirksen Senate Office Building
United States Senate
Washington, DC 20510

Dear Chairman Enzi and Ranking Member Sanders:

Pursuant to Section 301(d) of the Congressional Budget Act of 1974, I write to provide my views and estimates to the Committee on the Budget on matters within the jurisdictions of the Committee on Veterans’ Affairs. In preparing these views and estimates, I have carefully reviewed the Administration’s proposed Fiscal Year (FY) 2016 budget and 2017 advance appropriations request for veterans’ programs. I have also carefully reviewed the testimony of Secretary McDonald and other witnesses at the Committee’s February 26, 2015, hearing on the proposed budget. Finally, I have given careful consideration to the “Independent Budget for the Department of Veterans Affairs for Fiscal Year 2016” prepared by four veterans service organizations — AMVETS, The Disabled American Veterans, the Paralyzed Veterans of America, and the Veterans of Foreign Wars. This comprehensive budget and policy document created by veterans and for veterans is also supported by 51 other organizations that care deeply about veterans and their families.

General Comments

Earlier this week, the Senate Veterans’ Affairs Committee (Committee) began a series of joint hearings at which the veterans service organizations shared information about the challenges facing the veteran community as well as their organization’s priorities for the legislative session. Listening to the testimony of these groups is always a stark reminder budgets for veteran programs are about much more than more dollars and cents. They are about how our nation honors the service and sacrifice of the men and women — as well as their families — who have worn the uniform and answered the call to serve.

Today, veterans and their families continue to face challenges. Too many men and women — many fighting to cope with post-traumatic stress — are taking their own lives. Veterans across this country continue to wait too long to receive health care where and when they need it. Women veterans, the largest growing segment of the veteran population, continue to be confronted with inadequate gender-specific care.

These are just a few of the challenges, but they readily demonstrate that the commitments we have made as a nation to our veterans and their families are long-lasting. They span multiple
generations and, historically, the peak demand for benefits and services occurs well after conflict has ended. Now is the time to make smart but necessary investments to ensure that as a nation, we are able to honor the commitments we have made to our veterans for years to come.

As a whole, I believe the President’s budget request demonstrates a continued commitment to ensuring veterans have access to the care and benefits they deserve. However, more work remains to be done. Over the past several weeks, the Committee has been reviewing the fiscal year 2016 budget and 2017 advance appropriations requests for the Department of Veterans Affairs. Just yesterday, the Committee conducted a hearing on this request. We heard from Secretary McDonald and his leadership team as well as a number of veterans service organizations including groups that make up the Independent Budget.

I am aware that the Chairmen of the Committee will be providing you with his views and estimates, and I share many of the concerns that the Chairman’s letter will express. For example, similar to the Chairman I agree that VA’s implementation of the Choice Program requires greater scrutiny and at this early stage of implementation it is difficult to clearly understand what impacts the Choice Program and other emergency funding provided during the last Congress might have on VA’s budget. Additionally, I share the Chairman’s views on VA’s ongoing challenges with its construction programs, including the unacceptable delays and cost overruns related to major construction projects, most visibly being the Denver VA Medical Center. I also remain deeply concerned about the claims backlog and VA’s efforts to transform its compensation claims system.

Although I share the Chairman’s perspective on many issues, I write separately to provide additional views I believe are relevant as you work to craft a budget resolution. Further, I would offer recommendations on a number of other programs within the Committee’s jurisdiction that I believe warrant attention by the Budget Committee. I hope you find this information and my recommendations helpful as you work to craft a budget resolution and address the many challenges confronting our nation’s veterans and their families.

Discretionary Account Spending

A. Office of Inspector General. Over the course of the past year, the VA Office of Inspector General (OIG) has opened investigations in response to allegations of wait time manipulations at nearly 100 sites of care. Approximately a third of these investigations have been completed and referred to VA’s Office of Accountability Review. These investigations are in addition to the numerous audits, evaluations, and oversight work conducted by the OIG on an annual basis.

I find the President’s FY 2016 budget request of $126.8 million, which represents an increase of only 3 percent from last year’s enacted level of funding, inadequate to the task at hand. At a time of growing VA budgets and significant challenges, this level of funding would reduce the OIG’s staffing level by 10 FTE. Now is not the time for stagnant funding. OIG must have the necessary resources to continue to thoroughly investigate and close ongoing investigations related to wait list manipulation. It needs adequate funding to appropriately address the exponential growth—a 45 percent increase—in hotline contacts and the resulting investigations. Finally, it must have the resources necessary to support the operations of the Office of Investigations; Office of Healthcare Inspections, and Office of Audits and Evaluations, each of which provide meaningful oversight and

2
have been responsive to past requests of the Secretary and Congress. There is no shortage of areas that would benefit from the work of VAOIG; however, I would urge continued oversight in relation to VA's mental health care programs, efforts to adequately meet the health care needs of the growing population of women veterans, as well as collaborative efforts between VA and the Department of Defense (DoD), such as the Integrated Electronic Health Record that have the potential to improve the delivery of benefits and services to our nation's veterans.

VAOIG serves an invaluable role in holding VA accountable, and I expect VA to redouble its efforts to act decisively and immediately to address constructive criticism, including VAOIG recommendations. For this reason, I recommend the budget resolution provide $141.8 million, an increase of $15 million above the President's request, to fund the VAOIG.

B. Medical Services

Veterans Choice Program and Access to Care – Last year's revelation of unacceptable wait times and widespread wrongdoing within VA led to congressional action in the form of P.L. 113-146, the Veterans Access, Choice, and Accountability Act (Access Act). The funding from this law will help alleviate some of the pressures facing the Veterans Health Administration (VHA), but cannot be the only method used for improving access to care for veterans. The President's budget request represents an ongoing commitment to addressing the staffing and facility needs of VHA, which must continue to be monitored and implemented to ensure staffing occurs where it is most necessary. VA anticipated a cost shift of $452 million in FY 2016 due to care utilization outside of VA through the Choice Program. However, during the first months of the Choice Program, utilization of the program has been strikingly lower than expected. The reasons veterans are declining to use the Choice Program at anywhere near the rate expected are unknown at this point, but clearly the continuing shortage of VA care, as indicated by over 359,000 veterans waiting in excess of 30 days for an appointment, must be alleviated through expanded use of the Choice Program.

VA's recent efforts to expand interpretations of some of the limitations placed on the program by Congress, such as determining when veterans who face geographical challenges have been unsuccessful. This is evidenced by the fact that only 44 veterans, to date, are eligible for the Choice Program under that criterion. I believe the eligibility criteria at this point, do not allow enough veterans to access care through this program. Specifically, I would draw attention to VA's ability to reinterpret its implementation of the 40 mile rule. Although the Joint Explanatory Statement for the Access Act directed VA to equate veteran's location based on "geodetic distance, or the shortest distance between two points," the Congressional intent was to end unacceptable wait times and other barriers to appropriate health services. However, the VA may pursue the Statement language, the broader intent of Congress – and the expectation of veterans – is to make veteran's health care more accessible and veteran centered. This broad intent was articulated emphatically on the floor, without reference to technical distance calculations. The Statement disclaimed any intention to "preclude veterans who reside closer than 40-miles from a VA facility from accessing care through non-VA providers," and many veterans have expressed disbelief that they would not qualify for care through the Choice Program even though the typical driving distance from their home to a VA facility is greater than 40 miles. Applying the 40 mile rule to include "driving distance" reflects the actual difficulty of access, and simple technologies available through GPS. I would urge VA to support this interpretation, and legislative changes necessary to adopt it.
Such a change may well have budgetary implications, and I have requested that VA provide the Committee with estimates on the impact.

Furthermore, the program itself must be implemented appropriately to include adequate training for frontline employees to make sure that veterans and providers have appropriate information. While the Choice Program is not directly included in the President’s budget request, the utilization of the new Choice Program will result in some level of cost shift. As a result, budget projections for the next few years must recognize the potential for huge variations in utilization of the Choice Program and the resulting impact on VA’s medical care accounts, including the possibility that how utilization rates of the Choice Program will mean a higher than anticipated continued rates of use of VHA care by veterans. I expect VA will continue to work with the Committee on understanding the budgetary impacts and work towards utilizing the available funding to implement this law and expand access to care for veterans.

Like my colleagues’, I would oppose suggestions to reprogram some of the $19 billion in funds made available under the Access Act. At this time, certainly such suggestions are premature and distracting, especially given that VA’s own estimates for spending over the three-year life of the Choice Program range from $3.8 billion to $12.9 billion. Focus should be on making the Access Act work well, not diverting funds from it. While there are a number of pressing priorities for VA, Congress fully intended for the Access Act funds to be used to reduce the wait times at VHA facilities. VA should not even propose reprogramming any of these funds until the shortcomings identified at those facilities have been corrected.

With the addition of this new program to the existing non-VA care programs, confusion from providers as well as veterans is expected. It is essential VA get accurate information to both providers and veterans about how the Choice Program intersects with programs like Patient-Centered Community Care, Project ARCH, and other prior approved care. While the Access Act requires consolidation of claims processing operations for non-VA medical care, it is unclear whether appropriate resources and attention have been directed at ensuring all programs are well-integrated and easy to use. Since it appears that such coordination of programs has not specifically been included as a part of the budget request, I recommend that specific funding be set aside within the medical care accounts to coordinate VA and non-VA care options.

Over the past year, it has become abundantly clear the health needs of our veterans have been inadequately addressed due to failures within the VA system. I am committed to helping end these failures. Throughout the coming years, VHA must continue the increased focus on access to health care for veterans. Proper internal reviews and authority to implement necessary improvements to internal systems must be a part of this focus on access to care. In order to meet these goals, the Chief Business Officer, with increased responsibilities related to the Access Act and all non-VA care, must be adequately funded.

Mental Health - The President has requested $7.4 billion for mental health care, which is a slight increase from FY 2015. While I am pleased to see increased commitments to this essential area of care, I am concerned this level of investment may still be inadequate to meet the needs of our veterans—both those recently returned from combat and those facing ongoing mental health needs throughout their lives. For instance, funding for the National Center for Post-Traumatic Stress
Disorder remains level despite the Center's work being a key component for both research and care for post-traumatic stress (PTS).

Mental health services encompass everything from outpatient models that should be integrated into primary care settings to acute, inpatient treatment to immediately and appropriately serve someone in a crisis situation. Suicide prevention must continue to be a top priority for VA, but it must also continue to push for appropriate ways to balance substance abuse issues and the opioid abuse epidemic with pain management needs for veterans. Sufficient funding allocated across care settings is necessary for meeting the mental health needs of veterans.

I am concerned that veterans transitioning out of military service increasingly report an inability to access the pharmacologicals that have been proven successful in treating their PTS or other mental health issues while in the military. More collaboration is needed between the Department of Defense (DoD) and VA on ensuring that their formularies and processes for purchasing off-formulary medications, allow continued access to medications that stabilize their mental health conditions. I support VA's preference for purchasing generic drugs as a method of containing costs, but because of the need for continuity of access to effective drugs used to treat mental health conditions, additional flexibility is necessary for VA providers treating patients transitioning from active duty and for aligning the two formularies. I request sufficient funding be allocated to allow for additional off-formulary purchases where needed and to more closely align the DoD and VA formularies related to drugs used to treat PTS in order to better serve veterans.

**Long-Term Services and Supports -** Long-Term Services and Supports (LTSS) can be required by veterans regardless of cohort. However, as excellent continue to age, appropriate utilization of LTSS through home and community-based services will help ensure that veterans are able to access care in the most appropriate manner, continue to live in their communities for as long as possible, and avoid higher levels of care that would result in unnecessary spending. Because of limitations of Medicare coverage of LTSS, declines in utilization of VA care that typically occur as the population ages into Medicare coverage are not expected to occur when it comes to LTSS.

As demonstrated by the increase of $51.1 million for FY 2016 over the FY 2016 Advance Appropriations Request, increased investment in non-institutional settings is becoming more and more important. Aging and the changing demographics of the Priority 1a population in particular, are expected to be a significant driver of increased LTSS. Flexibility with allowing some increased services through institutional care will also help temporarily relieve caregivers who provide important services to veterans. Further investments in Hospice and Palliative Care options may also be necessary to ensure that veterans’ preferences for care determinations at the end of life are respected. I support the President’s budget request in these areas but anticipate further investments may be necessary.

**Women Veterans -** The President’s budget request for $466 million for gender-specific health care recognizes the need to consider the growing female veterans population in modeling health care trends within the VA health care system. However, the budget request does not consider the female population to be a major driver of future costs, suggesting that there may need to be additional consideration of how female veterans fit into the overall provision of care, rather than just a subset of gender-specific care. With over 10 percent of the enrollee population expected to be female by
FY 2023, it is essential that VA ensure that lower utilization of specific services, such as cardiovascular services, indicates the actual needs of the population, rather than a lack of such services being offered in an accessible way to that population.

While VHA has established a mandatory training requirement on military sexual trauma (MST) for all VHA mental health and primary care providers, ongoing training for providers and specific services must be offered to veterans to make sure that VHA is treating all invisible wounds of war. While VA’s understanding of how to treat mental health conditions in women has evolved over the past few years, the treatment necessary as a result of MST must be scrutinized and improved.

Furthermore, given women’s increased role in the military, it is critical to understand the impact exposures may have on their reproductive health and the health of their future offspring. I recommend adequate funding be provided to invest in the future through well-placed investments in VA’s Medical and Prosthetics Research program today.

To that end, I support the Independent Budget’s recommendation of specifically designating an additional $90 million in funding for the women’s health care programs above the President’s budget request for FY 2016.

Caregivers - Public Law 111-163, the Caregivers and Veterans Omnibus Health Services Act of 2009 (Caregivers Act), was enacted to reduce the burden faced by family caregivers of post-9/11 veterans by providing them with a tax-free monthly stipend, reimbursement for travel expenses, health insurance, mental health services and counseling, training and respite care. Since its inception, the Caregivers Program has trained over 20,000 family caregivers according to data provided in the President’s FY 2016 budget request.

The passage of the Caregivers Act served as an important step in ensuring the caregivers of our newest generation of veterans received the resources necessary to provide the best possible care for their loved one. However, by limiting eligibility to caregivers of post-9/11 veterans, the law created an inequity. The tens of thousands of hardworking, dedicated caregivers who provide care to veterans of all other eras were left without access to the program. VA’s congressionally mandated report titled Expansion of Family Caregiver Assistance Report, submitted to the Veterans’ Affairs Committee in September 2013, recognized that inequity. The report went on to state, “VA believes, apart from resource issues that are discussed below, such an expansion is operationally feasible.”

In order to meet the needs of post-9/11 caregivers, the President’s FY 2016 revised budget request seeks $55 million for the Caregivers Program, which represents a $75 million increase from FY 2015. The FY 2016 estimated obligation is largely the result of an increase in the number of anticipated caregivers, showing high demand for the program. In FY 2014, VA approved 19,124 caregivers. Based on analysis of recent data, VA believes it could see as many as 24,049 caregivers in FY 2016. Not only should the Caregivers Program be supported to ensure that veterans and their families experience a higher quality of life when a veteran is able to continue living at home, but it should also be supported as part of long-term efforts to contain the cost of long-term care for veterans. It is estimated that the highest overall cost within the Caregiver Program is under $10,000
The cost of caring for a veteran in a VA Community Living Center is $103,316 per veteran per year. This shows the potential for VA to support care for a veteran for an entire year at essentially the cost of a one-month stay in a Community Living Center.

However, in order to ensure the ongoing success of the program, it must be adequately funded. In September of 2014, the Government Accountability Office (GAO) found that the greater than expected demand for the program was leading to understaffing at the VA Medical Centers (VAMCs) where individuals are responsible for administering the program on the local level. 22 of the 146 VAMCs had ratios of CSC-to-approved caregiver ratio between 1:51 and 1:10. In 22 facilities, the ratio was more than 1:100. The report also highlighted VHA’s current inability to fully understand that Caregiver Support Coordinators’ workload was the result of limitations of the program’s current IT system. It recommended the Department seek a new system. In order to administer the current program in light of the high demand and imperfect understanding of the case load for those administering the program, I am requesting an additional $70 million over the President’s FY 2016 budget request to support the Caregivers Program.

C. Grants for State Extended Care Facilities. In the last several years, the weak economy, lower than anticipated tax revenues, and budget shortfalls kept many states from providing funding necessary to qualify for Federal Grants for State Extended Care Facilities, commonly referred to as State Home construction grants. Under this program, VA provides 65 percent of project costs while states are required to fund the remaining 35 percent. These limitations forced states to defer needed investments in State Homes, causing many previously proposed construction projects to be removed from VA’s construction grants priority list. Increasingly, states have been making this funding available. Importantly, the total Federal share for priority group one projects—those affecting life, safety, and other urgent needs, and for which states have certified the availability of matching funding, has grown exponentially to nearly $490 million in the last round of grant awards prioritized in FY 2014. With only $90 million provided for FY 2015 and only $80 million requested for that program in the FY 2016 budget request, it is clear additional funding is needed to get through the backlog of Priority Group 1 projects. More and more of VA’s Vietnam era enrollees are becoming eligible for long-term care and State Homes are an important part of providing this care. Therefore, I recommend sufficient resources be provided to fully fund important projects through VA Grants for State Extended Care Facilities. Sufficient funding is necessary in order to move forward with design and to begin construction on the extensive list of State Home construction projects.

B. Major and Minor Construction, Leasing and Non-Recurring Maintenance. For the first time in several years, the President’s budget requests an increase in construction funding. The request is $1.5 billion for major and minor construction, along with $710 million for facility maintenance, an increase of $260 million over the FY 2015 request. While this is a positive development, the fact remains VA’s facilities are aging and facility utilization continues to grow, even as facility conditions continue to deteriorate. The Department still has a list of over 4,000 projects it would like to complete over the next ten years, at a cost of $49 to $56 billion, including the cost to activate new facilities.

Management of major medical facility construction projects continues to be a challenge for VA. This issue has most recently been highlighted in the challenges VA has faced while building a replacement VA Medical Center in Denver, Colorado. While not included in the President’s FY
2016 budget request, VA has signaled funding for this troubled project will run out before the facility has been completed, thus the Department intends to reprogram funding from other projects to be spent, to complete this facility, with Congressional authorization. VA is still working with the Army Corps of Engineers and the contractor to determine a final cost estimate for this project, but the contractor’s publicly estimated construction costs will near $1.1 billion, instead of the $800 million that was previously authorized. This type of poor stewardship of taxpayer dollars is unacceptable, and I am committed to conducting more robust oversight on VA’s construction planning, management, and contracting practices to ensure the Department delivers more projects on time and within the planned project budget.

Physical infrastructure plays a significant role in VA’s ability to provide high quality care to veterans. Understanding VA must do a better job at planning and managing construction projects, I request sufficient funding be provided in order to complete the replacement VAMC in Denver and replenish funds borrowed from other ongoing VA construction projects.

E. Information Technology. Information technology plays an integral role in VA’s transition into an innovative, customer-driven, veteran-centric organization. Work remains to achieve this goal, and information technology is an underpinning of each component of this initiative. VA’s many information technology systems serve as the cornerstone of VA’s efforts to move its operations into the 21st century.

This budget seeks a $231 million increase over last year’s request for a FY 2016 request of just over $1.1 billion. Included in this amount is $233 million for VistA Evolution as a core system to support the integrated electronic health record initiative and for interoperability efforts. In a recent report on reforming the military health care system, the Center for New American Security expressed concern that the Department of Defense (DoD), in its electronic health record acquisition, may choose a replacement system that could limit performance, functionality, and interoperability with private sector health providers. In fact, recent notices from DoD indicate that the contract field was narrowed down to a competitive range that now excludes the VistA-based team submission. While I remain concerned about DoD’s approach to health record modernization, I support the President’s budget request for VistA Evolution, as I am pleased to see VA standardizing its decades-old electronic health records and pursuing agile development of a non-proprietary, open-architected system. This will allow VistA to exchange data with DoD and the private sector in order to ensure that clinicians have timely access to relevant data for quality clinical encounters with veterans.

I also support the President’s budget request of $180 million for information security. At a time when confidence in VA has wavered, it is critical to remove all disincentives from seeking care at VA, including concerns around the security of veterans data. While VA has improved over the years, significant material weaknesses have been found in Federal Information Security Management Act (FISMA) Audits for the last 16 years. VA has instituted the Continuous Readiness in Information Security Program, or CRISP, to provide continuous monitoring of the information security posture, including the rectification of vulnerabilities, updates to baseline configurations and security standards and other activities. VA recently published a report from a third-party review of the security posture of its domain controllers. Third-party validation is an important means of identifying areas that need remediation, improving threat intelligence, and validating other reviews.
that have been done or are ongoing. I request sufficient funding be provided to allow VA to expand the use of third-party information security operations reviews and close out material weaknesses associated with FISMA compliance.

The importance of information technology cannot be understated as VA seeks to transform its delivery of care and benefits. Therefore, I will work to ensure that VA and its Agency partners are investing in appropriate information technology solutions, as demonstrated by sound business cases that fully consider the life-cycle costs of these investments. I recommend adequate funding be provided to invest in the future through well-placed investments in VA’s information technology programs today.

F. Vocational Rehabilitation. VA’s Vocational Rehabilitation and Employment (VR&E) Program provides counseling and rehabilitative services to veterans who have a service-connected disability. Over the past six years, VR&E’s total workload has generally increased each year. In 2015 and 2016, VA expects VR&E’s workload will continue to increase with the growth in disability compensation and pension claims. This year, VA will begin developing a new case management system to modernize the VR&E program over a two year period. The new system will transition paper-based processes to an online platform.

The VR&E program provides outreach and transition services to veterans during their transition from the military through the VetSuccess on Campus (VSOC) initiative. In 2016, VA estimates 80,000 veterans will be served through this important initiative. Another initiative to improve the delivery of services is the new staffing model developed by VR&E. This staffing model is scheduled to deploy in 2015, and it will project staffing needs and analyze a variety of caseload scenarios to inform staffing decisions at both regional and national levels. The current caseload target for one VR&E counselor for every 125 veterans is based on a study of vocational rehabilitation programs and not on actual workloads. A report by GAO from January 2014 stated, “VA Vocational Rehabilitation and Employment: Further Performance and Workload Management Improvements are Needed,” confirmed this. In its investigation, GAO found several VR&E offices reported heavy workloads and noted VA’s framework for allocating staff throughout offices does not consider other staff duties affecting a counselor’s workload, such as education counseling. I support the President’s request of $322 million for VR&E programs, which includes $9 million for the VetSuccess on Campus initiative, and recommend the budget resolution provide sufficient funding to meet the needs of our veterans in a timely manner.

G. Transitioning Servicemembers – From 2014 to 2020, the Department of Veterans Affairs anticipates that over 1 million servicemembers will leave the military since September 11, 2001. As has been the case with past generations of veterans, making the transition from military to civilian life can be challenging, for post-9/11 veterans as well. The Transition Assistance Program (TAP), authorized by Congress in 1990, assists separating servicemembers and their families in their transition to civilian life. Since it was created, TAP has been the primary method of disseminating critical information to transitioning service members and their families. In 2014, VA provided over 48,000 benefits briefings and training sessions to approximately 559,000 servicemembers and their family members leaving the military.
The Post-9/11 GI Bill, which represents the largest expansion of educational support to service members and veterans since World War II, is a critical component in helping veterans transition into civilian life. VA and DoD have a strong commitment to ensuring that veterans have access to education and training opportunities that can help them succeed in their post-military careers. This support is crucial in helping veterans navigate the challenges of transitioning to civilian life and finding new opportunities that match their skills and interests.

II. Education Benefits

VA strives to provide access to education benefits to service members, veterans, and their families. Several VA programs provide educational assistance to veterans and, in some cases, to the spouses and children of veterans. One of these programs is the Post-9/11 GI Bill, which represents the largest expansion of educational support to service members and veterans since World War II. VA and DoD have a strong commitment to ensuring that veterans have access to education and training opportunities that can help them succeed in their post-military careers. This support is crucial in helping veterans navigate the challenges of transitioning to civilian life and finding new opportunities that match their skills and interests.

Access to Information

VA works with stakeholders to ensure that veterans are aware of their educational benefits in a timely and accurate manner. VA, however, could improve its communication and outreach to student veterans, potential student veterans, and educational institutions. Veterans must have access to accurate information about the education programs and post-enrollment consumer protections when utilizing education benefits. In addition to assisting veterans in evaluating options for using educational benefits, VA must also ensure that veterans' educational experiences are productive and assist in meeting veterans' learning expectations.

Executive Order 13607 directs VA and the Department of Defense and Education to develop Principles of Excellence (POEs) for educational institutions receiving federal funds from educational benefits programs. Compliance with the POEs indicates the institutions will provide meaningful information on educational programs to veterans and their families to promote informed decisions concerning cost and quality. Although compliance is voluntary, VA should encourage schools to comply with the provisions of the POEs. VA has implemented several requirements of E.O. 13607, notably the release of the latest version of the GI Bill Comparison Tool in February 2014 and its update in November 2014. The GI Bill Comparison Tool allows student veterans to compare educational institutions by school performance, consumer protection, and federal financial aid metrics. VA plans to release an updated version of the Comparison Tool in early 2015.

Support the President's request of $207 million for the discretionary portion of VA's education program and recommend the budget resolution provide sufficient funding to meet the educational and vocational goals of veterans, service members, and eligible family members.

Metrics

VA must implement metrics to evaluate student veterans' success in higher education and develop quantifiable measures to ensure our veterans are effectively applying their educational benefits. Public Law 112-249, the Improving Transparency of Education Opportunities for Veterans Act of 2012, includes a provision to require a centralized mechanism for tracking and publishing
feedback from students and State Approving Agencies regarding the quality of instruction, recruiting practices, and post-graduation employment plans of institutions of higher learning. The feedback received should be publicized widely to policymakers and educational institutions.

There is also a distinct lack of information available on the education support received by women veterans. VA should collect more information regarding women veterans’ use of educational services provided by the Post-9/11 GI Bill to ensure this benefits program is meeting the needs of our women veterans.

1. Compensation Claims System Transformation. VA remains focused on its goal of eliminating the disability claim backlog by 2015 and of providing a quality decision (98 percent accuracy) within 125 days of application for benefits. While VA has made significant progress in addressing the claims backlog, I remain deeply concerned about the growing appellate workload. For example, VA’s budget submission highlights a 41.6 percent reduction in the total inventory of claims from a peak of 884,000 in July 2012 to 516,000 at the end of 2014. The backlog has been reduced from a peak of 611,000 in March 2013 to 342,000 at the end of 2014. Further, VA’s accuracy measures have continued to rise during this period. More recent Monday Morning Workload Report figures point to continuing progress. As of February 14, 2015, the pending inventory of claims stood at 300,374 and the backlog has been reduced to 235,700 or 46.4 percent of the pending inventory.

At the same time that VA has made progress in addressing the rating claims workload, there has been a growth in other work pending at the regional offices. For example, the appellate workload pending at the regional offices has grown from 249,031 appeals on March 23, 2013 to 292,914 on February 14, 2015. Similarly, award adjustments, such as adding a dependent to an award, have increased significantly. As of February 14, 2015, there were 229,038 compensation dependency award adjustments pending, which is a growth of nearly 74,000 adjustments since March 23, 2013. These examples point to the continued growth in work, not counted as part of the claims backlog, which remains pending at the regional offices. VA must have the resources necessary to address not only rating claims but the entire compensation claims workload.

Staffing - The President’s budget requests $2.7 billion for general operating expenses (GOE) of the Veterans Benefits Administration (VBA), which would support 21,871 full-time equivalents (FTEs). This request is an increase of $166 million over the FY 2015 enacted amount. Included in this request is $85 million to fund a total of 770 new FTEs. This funding level would support 200 appeals claims processors, 320 non-rating claims processors, 85 fiduciary field examiners and 155 support personnel. With these additional employees, VA seeks to improve the appeals resolution time, address the non-rating claim workload and conduct additional fiduciary home visits.

While VA continues to invest heavily in technology as a means of addressing the backlog, there has been ample evidence that VA’s employees remain the cornerstone of the claims processing system. For example, mandatory overtime has had a significant impact on VBA’s increased production. In each of the last four years, VA has relied heavily upon mandatory overtime as a tool to address the claims workload with each period taking a toll on VBA employees. In addition to mandatory overtime, VBA has at times temporarily re-assigned regional office employees with claims processing experience, such as supervisors and quality management specialists, to work on claims in order to account for early dismissals and closures due to weather. These temporary re-
assignments, along with the impact of mandatory overtime, depletes VA’s reliance on staffing to address the backlog and calls into question whether VA’s claims processing goals could be reached or maintained without additional personnel. Further evidence warrants the need for increased personnel. The Independent Budget is again recommending additional personnel are necessary for VA to appropriately handle its entire claims workload.

While I support the President’s request for additional personnel to address the claims workload, I remain concerned about the adequacy of VA’s staffing and production model. I agree with the authors of the Independent Budget that VA must continue to refine its staffing and production model in order to accurately forecast resource needs for the future. As transformation efforts continue, the Administration must provide more detail on the impact of transformation—the changes to processes and technology—on personnel and resource requirements. This includes more detailed information on the model used to allocate personnel and resources to regional offices. Further, VA must also measure not only the number of claims completed per FTE, but also the number of issues completed per FTE. As claims continue to grow in complexity, VA must understand the amount of time it takes to address issues of differing levels of complexity and issue-based measurement would allow greater insight into the personnel resources required to timely and accurately process compensation claims.

I support the President’s request and recommend adequate funding be provided to support the staffing levels necessary to produce more timely and accurate claims decisions. I will continue to monitor VA’s staffing requirements, claims production, and quality of decisions throughout FY 2015.

Transformation - VA’s transformation efforts revolve around improvements in the areas of people, processes and technology. In addition to a number of temporary initiatives designed to target specific problem areas, VA is relying heavily on technology and specifically VBMS to transform the claims process into a more efficient paperless, and ultimately an electronic, system. As transformation continues throughout FY 2015, I will look to the Administration to provide greater detail on the result of its transformation efforts and more comprehensive data on the resource requirements necessary for its continued support of these efforts to ensure VA’s compensation claims system moves into the 21st Century.

VA’s ability to sustain its transformation progress and also modernize the disability claims system remains an area of concern. For example, the improvement and modernization of VA’s disability program remains on GAO’s list of high-risk government programs. Despite GAO’s most recent indication that VA has made some progress in addressing program modernization, I believe efforts to modernize VA’s claims system, such as updating the schedule used to determine disability compensation levels and implementation of a rewrite of the regulations governing VA’s compensation and pension programs, have not received the attention they deserve. VA’s singular focus has been on elimination of the claims backlog, at times at the expense of program modernization.

I would request support for VA’s workforce by providing appropriate funding levels that allow VA to continue transformation and to provide its employees with the appropriate training, technology, and business process reforms necessary to produce more timely and accurate claims
decisions. Further, I would request appropriate funding to allow VA to focus additional attention on its disability compensation program modernization efforts.

J. Board of Veteran's Appeals. The Board of Veteran's Appeals (BVA) is responsible for making final decisions on behalf of the Secretary for the thousands of benefit claims presented for appellate review annually. BVA's inventory has been growing in recent years. According to BVA's Annual Report for Fiscal Year 2013, the number of appeals pending at the Board grew from 45,722 in FY 2010 to 65,465 in FY 2013.

According to VA's budget submission in support of the FY 2016 request, historically, BVA received on appeal 11 to 12 percent of all claims decided by VA. Given this historical trend, it is also anticipated the number of appeals received by BVA will continue to rise as a result of the increased production of claims decisions by VA. VA's own projections support this assumption. The President's FY 2016 budget request projects appeals received by the Board will reach 81,640 in FY 2016 an increase of over 25,000 from FY 2014 actual receipts.

BVA must take the necessary steps to address its pending inventory as well as the continued growth in appeals. While providing a separate appropriation for BVA was a good first step in providing greater visibility and transparency into the funding and staffing necessary to address the appellate workload, I expect additional actions in the future. There is little information provided in VA's budget submission, beyond a projection for the number of appeals decided that details the expected impact that additional FTE or ongoing process improvement efforts will have on the appellate workload.

I was pleased P.L. 113-235, the Consolidated and Further Continuing Appropriations Act of 2015 included a report requirement that VA refresh the Department of Veterans Affairs Strategic Plan to Transform the Appeal Process. It is critical that BVA has a plan in place, including a staffing model that corresponds with projected workload, to guide its efforts to address the appellate workload. This updated strategic plan will be another important step in ensuring that Congress has the necessary information to understand the interplay between additional staff and ongoing initiatives and how these efforts will impact productivity as BVA works to deliver timely and accurate appellate decisions.

I support the President's request and recommend that the budget resolution provide sufficient funding to reduce BVA's pending inventory, decrease the average days to resolve an appeal, and further improve the quality of decisions. I will continue to closely monitor BVA's workload and production, including the impact of the appeals modernization initiative on appeals decisions to determine if additional staffing increases are warranted in the future.

K. Medical Follow-Up Agency. Section 603 of Public Law 108-183, the Veterans Benefits Act of 2003, required the Secretaries of Veterans Affairs and Defense to each provide the Medical Follow-Up Agency (MFUA) of the Institute of Medicine $250,000 a year from 2004 through 2013 for epidemiological research on members of the Armed Forces and veterans. Funding has been used to facilitate research on military and veterans' health, including the long-term health effects of participation in project SHAD (shipboard hazard and defense).
Military personnel and veterans contrast MFUA for documentation gathered during research and studies that can be used for medical care or disability claims. Without this core funding MFUA is limited in its ability to quickly respond to the health information needs of active duty military and veteran populations. Further, lack of core funding inhibits MFUA’s ability to quickly respond to research requests. Therefore, I recommend $250,000 be provided to fulfill this shortfall.

I. National Cemetery Administration. The National Cemetery Administration (NCA) honors the brave men and women who have served in our armed forces. Today, the NCA maintains approximately 3.4 million gravestones at 131 national cemeteries, one national veterans’ burial ground, and 33 soldiers’ lots and monument sites in 40 states and the Commonwealth of Puerto Rico. In 2014, VA estimates that 566,000 veterans died in the U.S. and Puerto Rico. In Fiscal Year 2014, 19 percent of deceased veterans were buried in a national or state veterans cemeteries. VA expects this percentage to increase as new national and state veterans cemeteries open. By 2016, approximately 92 percent of veterans will have access to a burial option in a national, state, or tribal veterans cemetery within 75 miles of their residence. The NCA’s goal is to increase the percentage of veterans to 96 percent. To meet its goals, the NCA continues to expand and improve the national cemetery system. The President’s FY 2016 budget request for NCA programs would fund four major construction projects, including an expansion of the Puerto Rico National Cemetery.

I support the President’s request for NCA programs, including $266 million for operations and maintenance and $156 million for major construction, and recommend the budget resolution provide sufficient funding to meet the burial and access needs of our veterans and eligible family members.

Mandatory Account Spending

A. Cost-of-Living Adjustment. I remain committed to protecting veterans’ and survivors’ benefits from any reductions based on the manner by which cost-of-living adjustments are calculated. To that end, I recommend that the Budget Committee reject the adoption of the Chained Consumer Price Index as a measure for use in cost-of-living adjustment determinations.

B. Service-Disabled Veterans Insurance. I recommend sufficient funding be provided to update the Service-Disabled Veterans Insurance program to base premiums rates on the Commissioners 2001 Standard Ordinary Mortality Table instead of the 1941 Standard Ordinary Table of Mortality so that veterans would benefit from lower life insurance premiums.

C. Employment and Training. Although unemployment rates for veterans and nonveterans have been improving, unemployment among our veterans is still a concern. The Joining Our Heroes Act of 2011 established a significant new program, the Veterans Retraining Assistance Program (VRAP), requiring VA and the Department of Labor to provide eligible veterans age 35-60 with up to one year of retraining assistance for jobs in high-demand sectors. To date, more than 75,000 veterans have enrolled in a training program under VRAP. This program is making a significant impact on veterans’ unemployment. Legislation has been introduced in the House that would extend funding for specific provisions in that law which expired on March 31, 2014. I recommend future budgets include funding for these important provisions.
D. Other Mandatory Programs. I remain concerned about the level of benefits paid to survivors, which remain at levels lower than other federal survivor benefit programs.

Closing

I thank the Budget Committee for its attention to my views and estimates on the fiscal year 2016 budget and 2017 advance appropriations requests for the Department of Veterans Affairs and matters within the jurisdiction of the Committee on Veterans’ Affairs. I look forward to working with you to continue to meet the needs of those who have served our country.

Sincerely,

Richard Blumenthal
*Ranking Member
February 27, 2015

The Honorable Michael Enzi
Chairman
The Honorable Bernard Sanders
Ranking Member
Committee on the Budget
624 Dirksen Senate Office Building
United States Senate
Washington, DC 20510

Dear Chairman Enzi and Ranking Member Sanders:

Pursuant to Section 301(d) of the Congressional Budget Act of 1974, it is my pleasure as the Chairman of the Committee on Veterans' Affairs (hereinafter, "Committee") to submit this letter to the Committee on the Budget on the fiscal year 2016 (hereinafter, "FY16") budget and the fiscal year 2017 (hereinafter, "FY17") advance appropriations budget request for Function 700 (Veterans' Benefits and Services) programs.

GENERAL COMMENTS

The principal focus of my letter will be on certain components of Function 700 spending — Department of Veterans Affairs (hereinafter, "VA") programs. Because the Committee has not received answers to all of our inquiries regarding the FY16 and FY17 advance appropriations budget request and, therefore, not being able to properly analyze the request, I will limit my comments to general observations and highlight areas that I believe merit focus by the Budget Committee.

Last year was an historic year for VA, when the nation saw long-suspected problems with veterans receiving timely access to care, poorly managed facilities, and an entrenched bureaucracy that realized little consequences for their mismanagement and misconduct. During the spring and summer of 2014, the Committee held several hearings titled "The State of VA Health Care" designed to produce a better understanding of the problems and identify a path forward. Last summer, through the Veterans Access, Choice, and Accountability Act (hereinafter, "the Choice Act"), Congress provided an historic increase in funding of $15 billion to provide some long-term solutions to the problems. Specifically, the Choice Act provided $5 billion to increase access and improve VA's aging infrastructure and $10 billion for the Veterans Choice Program. The Veterans Choice Program, for the first time, puts veterans in control of where they receive their care, with the option to still receive all of their care within VA. Those
veterans who live too far from a VA facility or are waiting more than 30 days for an appointment at VA, can now choose to receive their care from a non-VA provider.

However, according to VA, very little of the $5 billion for access and infrastructure improvements or the $10 billion provided for the Veterans Choice Program has been spent. Additionally, the Choice Act requires an independent assessment of the Veterans Health Administration (hereinafter, "VHA"), as well as a Commission on Care to provide necessary recommendations to improve VHA. Because of this, it is difficult to know the full impact the Choice Act will have on VA's budget for FY16 and beyond.

The Veterans Choice Program is not the only program lacking detailed information in the budget request. Throughout the Administration's request for VA, there is a lack of information on total funding required for certain projects or initiatives, specific outcomes that would be achieved, and timelines or milestones for achieving those outcomes. For example, there is no information on the total cost of the Secretary's MyVA initiative or the additional funding needed to complete the Denver VA medical center.

Because of these and other factors, the budget received from VA requires a great deal more scrutiny than the Committee is able to perform in the time allotted to us and with the information received to date from the Administration. The Committee sees great uncertainty surrounding not only the Veterans Choice Program but also the Secretary's MyVA initiative, VA's construction programs, and the disability claims backlog.

**DEPARTMENT OF VETERANS AFFAIRS**

**The Veterans Choice Program**

As noted above, 2014 was a momentous year for VA with the unfolding access to care scandal and the mismanagement that was uncovered at facilities hiding from VA leadership, Congress, and the nation the number of veterans waiting for care. The creation of the Veterans Choice Program provides VA with an historic opportunity to improve how VHA delivers care, particularly the care provided from non-VA providers. This program, for the first time, puts veterans in charge of how and where they receive their care. No longer should they be told they must wait 31, 61, or more days or drive long distances to see a VA provider. For some veterans that live too far from a VA facility or must wait more than 30 days to see a VA provider, the Veterans Choice Program gives the veteran the authority to seek outside care.

The Veterans Choice Program is not only a positive change in how VHA delivers care but a very new program, which is why the Committee was surprised that the FY16 budget indicated the Administration would be sending Congress proposed legislation to reallocate an unknown amount of funding from the Veterans Choice Program to other purposes at VA. According to VA, veterans prefer to receive their care in the VA system, yet there is no data to support this claim. I find it presumptuous to declare a certain amount of funds will not be utilized when a program is only four months old. At this time, I do not support moving any funding out of the Veterans Choice Program.
Instead, I believe the program needs greater scrutiny. Because the Committee has heard from numerous veterans with problems surrounding the Veterans Choice Program, I now question the training provided not only to VA providers but, more importantly, to VA schedulers. I believe it will likely be through the schedulers that a majority of veterans will request an appointment with a non-VA provider. However, I hear about problems with some schedulers not being aware of the program or telling veterans it has not been "rolled out in this area yet," or providing erroneous information on how to receive care from a provider of their choice.

Because VA has several methods to provide veterans with care in the community, VHA has created a priority system for referring patients to non-VA care. However, the Committee has also heard of confusion between the contractors administering the Veterans Choice Program and VA as to where the Veterans Choice Program falls within the hierarchy of VA’s many non-VA care programs. The contractors were told that the Veterans Choice Program falls at or near the top; however, some individual VA medical centers believe it is at the bottom of the hierarchy. I believe the law is clear that the Veterans Choice Program is above other non-VA care programs.

Because of these concerns with how the Veterans Choice Program has been implemented, the Committee believes the better course of action is to fix the problems to ensure the program will be successful, not ensure the program’s failure by moving funds to other purposes and thereby understanding it.

MyVA

The Secretary has vowed to change the culture at VA and has developed the initiative, MyVA, to create a veteran-centric organization. While I applaud and support the Secretary’s challenge to change the culture at VA, I am concerned with a couple of aspects of this initiative. First, there is very little information in the budget request or in responses to questions from the Committee on the total amount needed to accomplish his goals and what outcomes would be achieved with those funds.

Second, within the Medical Support and Compliance account, the Administration requests 5,006 new full-time equivalent employees (hereinafter, "FTE") and $283.7 million “to support and fulfill the Secretary’s vision of becoming a more Veteran-centric organization.” It is unclear whether VA performed any analysis to determine if new employees are needed or if the functions of those new FTE could be performed as ancillary duties by current employees. I am concerned that, should this budget request be approved, we would be simply adding more bureaucracy to an already heavily bureaucratic agency.

As I noted earlier, I support his initiative to change VA’s culture, which is why the leadership of the Senate and House Veterans’ Affairs Committees have visited VA central office and held a town hall with the employees. In addition, we plan to visit the Phoenix VA medical center (the bellwether of the access scandal). It is my intention that a trip to Phoenix will be the first in a series of visits by the Committee to VA facilities. I believe a cultural change is
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I am not convinced that thousands of new FTE is the proper way to accomplish this goal.

Construction

The FY16 Strategic Capital Investment Planning process identified up to $60 billion in needed capital infrastructure and activation costs over the next decade. While the FY16 budget request is an improvement from past requests, cost overruns and schedule delays on current construction projects highlight serious flaws within VA’s construction program.

Costs have substantially increased and schedules were delayed for VA’s largest medical facility construction projects, located in Denver, Colorado; Las Vegas, Nevada; New Orleans, Louisiana; and Orlando, Florida. As of January 2015, in comparison with initial estimates, the cost increases for these projects ranged from 66 percent to 144 percent and delays ranged from 14 to 86 months.

The FY16 budget request has T&D or “to be determined” listed for the total estimated cost of the Denver VA Medical Center. Over $800 million has already been allocated to the project and it is only half complete. VA expects to request authorization for an additional $300 million for the interim contract and an undetermined amount for final completion of the project. With cost overruns of at least $300 million for this one project alone, it is clear Congress should be vigilant with our oversight duties to ensure that VA spends the limited amount of construction funding responsibly and implements policies and procedures to prevent waste from occurring in future construction projects.

Claims Processing

For FY16, the budget includes a request for $85 million to support an additional 779 FTE for the Veterans Benefits Administration (hereinafter, “VBA”), including 300 appeals processors and 320 non-rating processors. Based on current information available to the Committee, it is unclear whether these staffing increases are warranted.

To begin with, it is not clear to what extent VBA lacks the capacity to address its non-ratings and appeals workload or, alternatively, to what extent offices have not been providing sufficient focus on that work. For example, the VA Inspector General released numerous reports during 2014 finding that regional office employees had been delaying certain non-ratings work because their highest priority was to reduce the backlog of disability rating claims. Further, even assuming that additional staffing may be required, there is no information that would allow the Committee to conclude that this represents an appropriate staffing level. In that regard, the budget request does not outline the size of the workforce now dedicated to non-ratings and appeals, the productivity per employee currently being achieved, or the individual productivity that could be expected if this budget is approved.

More generally, funding already has been provided to allow compensation and pension staffing to nearly double since 2005 and Congress has funded a number of initiatives that were meant to improve the overall productivity of the claims processing workforce. That includes the Veterans Benefits Management System; eBenefits; the Stakeholder Enterprise Portal; and Disability Benefits Questionnaires. In addition, the number of claims being filed that are fully-developed has increased from less than 5 percent a few years ago to nearly 30 percent in 2014, which should in part reduce the burden on claims processing staff. VBA also has supplemented its workforce by using contractors to obtain certain evidence needed to adjudicate claims.

Although total production of rating claims has increased, the overall increase is less than what VA had projected and individual productivity has not yet reached expected levels. Also, to achieve increased levels of total production, VA has relied heavily on overtime, which may mask other initiatives that are not having the expected impact on productivity. To gauge the efficacy of this staffing request, additional information is required to allow us to assess if and when those on-going initiatives will improve VBA’s capacity to handle its overall workload and, more broadly, to ensure that this large infusion of resources into transforming the claims process will produce a commensurate return on investment.

In the coming months, the Committee will endeavor to find answers these questions and provide a more definitive evaluation of this portion of the budget request.

CONCLUDING COMMENTS

Thank you for your consideration of my views on the programs and services for our nation’s veterans. VA has numerous challenges which VA leadership must address. I look forward to working with the Committee on the Budget and all of our colleagues to help improve and modernize the system of benefits and services for veterans, their families, and their survivors.

Sincerely,

Johnny Isakson
Chairman

1 VA’s 2013 Strategic Plan to Eliminate the Compensation Claims backlog projected VA would complete 1.5 million claims during fiscal year 2014; VA’s FY16 budget request projects 1.4 million claims will be completed in fiscal year 2015.

2 In response to questions about its fiscal year 2012 budget, VA indicated that “productivity due to the impact of the overall transformation plan... will rise from 99 annual claims per (compensation and pension) direct labor FTE in 2012 to 129 in 2015.” VA’s FY14 budget request reflects 95 claims per employee will be completed in fiscal year 2015.
IX. ADDITIONAL AND MINORITY VIEWS
Opening Statement by Ranking Member Bernie Sanders
Budget Committee Markup of Senate Republican Budget Resolution
March 18, 2015

"Mr. Chairman, thank you for holding this hearing and we look forward to the mark-up tomorrow. Also, thank you for releasing the budget a little bit earlier than it is often released. We’ve had a few hours to examine it.

"As we all know, the federal budget that we are working on is not an appropriations bill. It does not provide explicit funding for this or that agency or program. What it does do is lay the foundation for that process, and tells the Appropriations Committee, through the 302(A) allocations, the total amount of money they have to spend. In other words, this budget is more than just a very long list of numbers. The federal budget is about our national priorities and our values. It is about who we are as a nation and what we stand for. It’s about how we assess the problems facing our country and how we resolve them.

"That is what our committee is undertaking, and it is a very, very serious responsibility.

"Let’s be clear: no family, no business, no local or state government can responsibly write a budget without first understanding the problems and challenges that it faces. And that is even more true when we deal with a federal budget of some $4 trillion dollars.

"As I examine the budget brought forth by the Republicans in the House and here in the Senate, this is how I see their analysis of the problems facing our country.

"At a time of massive wealth and income inequality, the Republicans apparently believe that the richest people in America need to be made even richer. It is apparently not good enough that 99 percent of all new income today is going to the top 1 percent. That’s apparently not enough. It is not good enough that the top one-tenth of one percent today own almost as much wealth as the bottom 90 percent. Clearly, in Republican eyes, the wealthy and the powerful need more help. Not only should they not be asked to pay more in taxes, the Republicans believe that we should cut tax rates for millionaires and billionaires.

"It is not good enough that corporate America is enjoying record breaking profits, and that the CEOs of large corporations earn some 290 times more than what their average employees make.

"It is apparently not good enough that since 1985 the top one-tenth of 1 percent has seen a more than $8 trillion increase in its wealth than what they would have had if wealth inequality had stayed at the same level that it was in 1985. An $8 trillion increase in the wealth of the top one-tenth of 1 percent! Apparently, that is not enough.
“Meanwhile, as I understand the Republican view of our country, as manifested in the House and Senate budgets, it appears that millions of middle class and working families, people who are working longer hours for lower wages, people who have seen significant declines in their standard of living over the last 40 years, these people apparently do not need our help, rather they need to see a major reduction in federal programs that help make their lives, and the lives of their kids, a little bit better.

“At a time when we have over 45 million Americans living in poverty — more than almost any time in the modern history of this country, my Republican colleagues think we should increase that number by cutting the Earned Income Tax Credit, affordable housing, and Medicaid. At a time when almost 20 percent of our children live in poverty, by far the highest childhood poverty rate of any major country on earth, my Republican colleagues think that maybe we should raise the childhood poverty rate a bit higher by cutting childcare, Head Start, the Child Tax Credit and nutrition assistance for hungry kids.

“To summarize: the rich get much richer, and the Republicans think they need more help. The middle class and working families of this country become poorer, and the Republicans think we need to cut programs they desperately need. Frankly, those may be the priorities of some of my Republican colleagues in this room, but I do not believe that these are the priorities of the American people.

“Mr. Chairman, today, the United States remains the only industrialized nation on earth that does not guarantee health care to all of its people. We have about 40 million Americans who lack health insurance, and millions more who are under-insured. Well, apparently that is not good enough for my Republican colleagues in their budget. They want to abolish the Affordable Care Act and take away the health insurance that 16 million Americans have gained through that program. In other words, instead of having 40 million people uninsured, we would have 56 million people uninsured.

“And, if you include the massive cuts in Medicaid that the Republican budget includes, even millions more Americans would lose their health coverage. Further, when you make massive cuts in Medicaid, you also cut the nursing home care for seniors, perhaps the most vulnerable and helpless people in our country.

“I’ve talked a little bit about the devastating impact that the House and Senate Republican budgets would have on the American people, but equally important is what these budgets do not do — the serious problems that they do not address. Poll after poll tells us that the issue that the American people are most concerned about deals with jobs, wages and the economy — and for good reasons.

“Despite a significant improvement in the economy over the last six years, since President Obama has been in office, real unemployment today is not 5.5 percent, it is 11 percent. Youth
unemployment is over 17 percent and African-American youth unemployment is much higher than that. What the “American people want, and what the Republican budget ignores, is the need to create millions of decent-paying jobs. And the fastest way to do that is to rebuild our crumbling infrastructure: our roads, bridges, water systems, wastewater plants, airports, dams, levees, and broadband. According to the American Society of Civil Engineers, we need to invest over $3 trillion by the year 2020 just to get our nation’s infrastructure in good repair. And when we make a significant investment in infrastructure, we create millions of decent-paying jobs — which is exactly what we should be doing, which the Republicans ignore.

“At a time when millions of Americans are working for starvation wages and when the federal minimum wage is an abysmal $7.25 an hour, we need a budget that substantially increases wages for low-income and middle-income workers. We also need pay equity in this country so that women do not make 78 cents on the dollar compared to what a man makes for doing the same work. Further, we need to address the overtime scandal in this country in which many of our people are working 50 or 60 hours a week but fail to get time and a half for their efforts. Unfortunately, once again, the Republican budget refuses to address this issue of enormous consequence.

“I can tell you that in Vermont, and I suspect every state in this country, young people and their families are enormously frustrated by the high cost of college education and the horrendously oppressive student debt that many of them leave school with. In fact, student debt today, at $1.2 trillion is the second largest category of debt in this country — more than credit card and auto loan debt.

“Does the Republican budget do anything to lower interest rates on student debt. In fact, their budget would make a bad situation even worse.

“Does the Republican budget support President Obama’s initiative to make two years of community college free or any other initiative to make college affordable? Sadly, it does not. But what it does do is cut $90 billion in Pell Grants over a 10-year period.

“Mr. Chairman, my Republican colleagues are concerned about the deficit, which by the way, has been reduced by more than two-thirds in the last six years. And, we’re also concerned about the deficit. My Republican colleagues are concerned about an $18 trillion national debt which has skyrocketed in recent years largely because of the wars in Iraq and Afghanistan that were not paid for, an insurance written Medicare Part D prescription drug program, not paid for. And huge tax breaks for the rich and large corporations, not offset.

“The high national debt is an issue that we are also concerned about. But where we disagree is how you address the deficit and the debt. And, we feel strongly that from a moral perspective and an economic perspective, you do not balance the budget on the backs of the elderly, the
children, the sick and the poor – the most vulnerable people in our society – and ask nothing from the wealthy and large, profitable corporations.

"Today, major corporation after major corporation pays, in a given year, zero, pays nothing in federal income taxes. Profitable corporations like General Electric, Verizon, and Boeing, have not only paid nothing in federal income taxes, they actually got rebates from the IRS.

"According to a recent report from the Congressional Research Service, each and every year, profitable corporations are avoiding about $100 billion in taxes by stashing their profits in the Cayman Islands and other offshore tax havens.

"In 1952, corporations contributed about 32 percent of all federal revenue. Today, they contribute about 11 percent.

"In terms of individual tax rates, we have a situation where hedge fund managers on Wall Street, who make hundreds of millions of dollars a year, pay an effective tax rate lower than a truck driver or a nurse. How can my Republican colleagues bring forth a budget and not ask for the end of this absurd tax unfairness, that does not ask for at least some sacrifice on behalf of the rich and multi-national corporations.

"The last point that I want to make is that I believe that the best thing we can do in a budget is to move to a full employment economy with jobs that are paying workers a living wage. When we do that, by investing in infrastructure, by investing in education, by investing in research and development, we not only improve the lives of our people, but we also lower our deficits and lower our national debt.

"When people are working at decent-wage jobs they are paying taxes. And, when people are paying taxes we reduce the deficit and the national debt."
ROBIN HOOD IN REVERSE: HOW THE REPUBLICAN BUDGET PLAN IS A GIFT TO THE BILLIONAIRE CLASS AND WILL HURT THE MIDDLE CLASS, SENIORS, AND THE ENVIRONMENT

Earlier this week, Senate Republicans laid bare the kind of future they want for America: more tax breaks and corporate welfare for millionaires, billionaires, and large corporations who are already doing phenomenally well – and more pain and suffering for the middle class, working families, and the most vulnerable.

The Senate Republicans’ Fiscal Year 2016 budget plan unveiled Wednesday by Budget Committee Chairman Mike Enzi exemplifies the Robin Hood principle in reverse. Quite simply, it would transfer wealth from the middle class and the poor and give to the rich. It would make savage cuts to important federal investments and shred essential safety net programs while providing enormous tax breaks for our nation’s wealthiest individuals and largest corporations.

The Republican budget would cut non-war, non-defense programs by $4.8 trillion – and all federal funding by $3.8 trillion¹ – over the next decade while not raising even one dime in revenue from the wealthiest among us. This is in addition to the more than $4.5 trillion in deficit reduction we’ve legislated over the 2016-25 budget window since 2010, and it continues the trend of reducing the deficit disproportionately through spending cuts – since 2010, we’ve seen more than $4 in spending cuts for every $1 in new revenue. The Republican budget would bring that ratio to more than $11 in spending cuts for every $1 in new revenue. Worse still, roughly two-thirds of the Republican budget’s cuts to non-defense programs would come from programs that support families and individuals struggling to make ends meet.

By contrast, the Budget Committee’s Democrats and Independents are committed to principles and goals that work for the American people:

1. Creating millions of American jobs and increase wages
2. Protecting Social Security and Medicare from benefit cuts;
3. Making higher education more affordable; and
4. Ensuring the tax code is fair for middle-class families.

At a time of greater income and wealth inequality than at any point since the eve of the Great Depression, the Republican budget would cut programs that children, seniors, the sick, the low-income, and working families desperately rely upon.

Many of the Republicans’ cuts are left intentionally vague – clearly because they do not want to be associated with a budget that eviscerates programs that define who we are as a nation. In fact, some of the Budget Committee’s Republican members have told reporters in recent days that they want their plan to be deliberately vague, allowing them to avoid the criticism that was leveled on the Ryan budget when it was released last Congress. These members don’t want to own a budget that proposes tax reform that would dramatically shift wealth from the middle class

¹ Compared to the Senate Budget Committee minority’s adjusted baseline – excluding the Republican budget’s claim about macroeconomic effects.
to the ultra-rich. And they don’t want to be forced to defend a budget that strips health insurance from tens of millions of Americans, putting working families one illness away from financial collapse.

However, it is clear the Republican budget would do all that and more. The Republican budget released this week would:

- Eliminate health insurance for tens of millions of Americans;
- Transfer wealth from hard-working working- and middle-class taxpayers to millionaires and billionaires;
- Prevent millions of jobs from being created by ignoring needed public investment in physical infrastructure and in education;
- Eviscerate the social safety net;
- Maintain the mindless sequestration spending cuts; and
- Halt our nation’s progress in transitioning to a 21st century energy economy that protects the short- and long-term welfare of our families.

Republicans must take ownership of a budget that claims to achieve balance, but does so regardless of the very real costs to millions of Americans. It is a budget that promotes austerity rather than prosperity – a budget whose burden falls on the backs of working families in order to further reward the wealthiest individuals and largest corporations.

In order to claim that their budget will be balanced in 10 years, Republicans are using budget gimmicks such as:

- Using the Overseas Contingency Operations fund, which falls outside of the budget caps to significantly increase defense spending;
- Masking the true consequences of their policies under the guise of “unallocated” cuts and “government-wide” savings;
- Only achieving their goal of “balance” by using made-up “dynamic” numbers; and
- Dismantling health care reform, but keeping the savings and revenues that support it.

The Republicans took control of the Senate in January claiming a desire to govern. This budget document shows the American people just how the Republicans plan to do that – through draconian cuts to some of America’s most important and essential programs, massive transfers of wealth up the income spectrum, and more benefits to their campaign donors.

Since January, we have promised the American people we would expose what the Republican budget would actually mean for their daily lives. We intend to offer a clear alternative to this plan with amendments that demonstrate who is truly standing up for the middle class, for job creation, and for a better tomorrow.
The Republican Budget Kicks Tens of Millions of Americans off of their Health Insurance

Republicans must not be allowed to reverse the progress we’ve made in ensuring all Americans have the ability to purchase health insurance while also slowing down the rate of health care cost growth. The Republican budget claims savings in health care spending but does so by stripping health insurance from tens of millions of Americans and shifting costs to cash-strapped states and individuals. Specifically, the Republican budget would:

- Strip health insurance from more than 27 million Americans by 2025 who would otherwise be insured because of the Affordable Care Act, which the Republican budget repeals.
- Take from states their rights to expand health care access to lower-income residents through Medicaid, kicking 11 million people off their insurance and preventing millions more from enrolling.
- Reuse on federal commitments to Medicaid by removing over $1.2 trillion in funding and leaving states to decide between cutting benefits and raising taxes. Similar Republican proposals in the past took away health insurance from up to 20.5 million people by 2022.
- Fail to prevent a 70 percent funding cut to community health centers that provide care for more than 23 million patients including more than 7 million children and 250,000 identified veterans throughout the nation.
- Fails to fund the National Health Service Corps, which is responsible for bringing doctors and dentists to underserved communities in urban and rural areas.
- Strip a combined total of more than 40 million from access to their health insurance -- and raise premiums for millions more.
- Strike the ability of young adults -- a group that currently experiences an unemployment rate well over 10 percent -- to get health insurance through their parents. 2.3 million young Americans have already taken advantage of this feature of the ACA.
- Reap the benefits $700 billion in Medicare savings -- and $1 trillion in revenue from the ACA’s tax increases to pay for the law’s benefits -- in order to bring their budget into balance, even as they eliminate all of the ACA’s benefits like free preventive care and protections for individuals with pre-existing conditions.

The Republican Budget Refuses to Address the Unfairness in our Tax Code

In a time of great wealth and income disparity, we must make our tax code more progressive and ensure the wealthiest individuals and corporations among us pay their fair share.

The Senate budget offers no solutions other than a vaguely-worded reserve fund for tax reform that offers no information about what tax rates would be imposed, what tax loopholes would be closed, or any problems that would be solved.
It is unacceptable to most Americans that:

- Hedge fund managers making millions a year pay an effective tax rate lower than that of teachers, firefighters, and nurses. This happens because certain investment is taxed at lower rates than the wages and salaries that most of us earn, and the Congressional Budget Office estimates that two-thirds of the benefits of this break go to the richest one percent of households. Unfortunately, the Senate GOP budget does nothing to address this problem.
- Huge and profitable corporations like General Electric, Verizon, Bank of America, and Citigroup have in recent years paid no federal income taxes. Americans corporations avoid $100 billion each year by claiming their profits are made by shell companies in the Cayman Islands, Bermuda, and other offshore tax havens. Unfortunately, the Republican budget does nothing to solve these problems.
- Despite Republicans’ rhetoric about favoring low tax burdens for America’s families, their budget allows expansions of the Earned Income Tax Credit (EITC) and Child Tax Credit to expire after 2017. This would result in a tax hike for 13 million working families with nearly 25 million children.

The Republican budget does nothing to solve any of these problems that result in a fundamental unfairness in our tax code. Worse still, the Republican budget is completely silent about which – if any – deductions, exemptions, or loopholes it would close. Despite Republicans’ supposed seriousness in reducing the deficit, they remain committed to refusing to raise one dime in new revenue, increasing tax giveaways to the wealthiest individuals and largest corporations.

The Republican Budget Gives Unwarranted Gifts to Big Corporations

The Republican budget also calls for a gutting of our financial regulatory system, and would allow the largest banks and financial institutions to once again put our entire economy at risk. Specifically, the Republican budget would:

- Put the American people at risk of another financial meltdown by deregulating Wall Street. Specifically, the bill would likely require the elimination of Title II of Dodd-Frank, which is the provision authorizing regulators to wind down large financial institutions without costs to taxpayers.
- Put Americans at risk for predatory mortgage lenders, debt collectors, payday lenders, and credit card scams by paving the way to weaken the Consumer Financial Protection Bureau.
- Reduce our ability to regulate Wall Street by – in all likelihood – not meeting the President’s request for the Commodities Futures Trading Commission. This is the regulator tasked with overseeing the $700 trillion derivatives marketplace.
The Republican Budget Slashes Investments in Our Future

While we have made some progress in reducing unemployment, if we count people who are underemployed or discouraged from looking for work, the real unemployment rate remains at a stubbornly high 11 percent.

We still need to create millions of decent paying jobs, and the fastest way to do that is to rebuild our crumbling infrastructure – roads, bridges, dams, levees, water systems, waste water plants, airports, and rail systems.

While Republicans are committed to doubling down on the failed policy of austerity – a policy for which the IMF has apologized for advocating – they simply ignore the necessity for our country to plan for tomorrow by making necessary public investments.

- The Congressional Budget Office has concluded that public investment for non-defense purposes “contributes to the economy on an ongoing basis by improving the private sector’s ability to invent, produce, and distribute goods and services.”
- CBO lists three categories of public investment: physical capital, research and development, and education and training.
- Nearly all such investment takes place through discretionary spending. However, investment has gradually declined as a proportion of discretionary spending, and discretionary spending as a whole has fallen as a share of total federal spending.
- Increasing funding for public investment is a win-win – creating jobs today and making critical improvements to the nation’s infrastructure and workforce.

And while the Republican budget drastically underfunds physical infrastructure today, it also makes thoughtless cuts to the workforce of tomorrow. These include:

- A 31 percent cut in total Pell Grant funding – In the 2014-15 school year, nearly 9 million Americans depend on Pell Grants to help with the cost of attending college.
- Cuts to Head Start which would eliminate 110,000 children from the program over 10 years. The Head Start program has an oft-cited benefit-cost ratio of 7-to-1 – every $1 invested in the program yields the economy $7 in return; under its eligibility requirements, at least 90 percent of the children who are enrolled in each Head Start program must be from low-income families. The Republican budget, combined with sequestration cuts, would result in up to 620,000 children being cut from Head Start over 10 years.
- Switching to Fair Value accounting (i.e. added-cost accounting) which would make student loans appear vastly more expensive to the federal government than they are – $223 billion more expensive from this year through 2024. The Republican budget uses this change as an excuse to dramatically increase college costs by more than 15 percent for struggling students and reduce the availability of loans students rely on to finance their degree.
The Republican Budget Ignores Struggling Families and the Elderly

In the midst of the obscene level of wealth and income inequality that we are experiencing, the United States has by far the highest rate of childhood poverty of every major country on earth. Close to 20 percent of our children live in poverty and about 1 out of 4 kids live with food insecurity. There are schools throughout America where the one good meal a child receives is through the federal school lunch program. As a result of our high poverty, over half of our public school students today qualify for the school lunch program.

In cutting non-defense discretionary funding by more than $37 billion below what President Obama called for, the Republican budget would simply gut federal support programs for low-income households. Budget Committee staff worked to distribute the portions of Republicans’ proposed cuts that were unspecified and compared these draconian cuts with our adjusted baseline. The Republicans’ proposed cuts to programs that support the most vulnerable include:

- A 15 percent cut in the following programs:
  - Public Housing
  - Housing for Persons with Disabilities
  - Special Supplemental Nutrition Program for Women, Infants and Children (WIC) – in an average year, these cuts that would leave 1.2 million people out of the program entirely.
  - Commodity Assistance Program
  - Low Income Home Energy Assistance Program (LIHEAP) – In 2008, the average LIHEAP benefit was $293 a year. Just 16 percent of households eligible for the Heating and Winter Crisis Assistance portion of benefits – which are, in many states, awarded on a first-come, first-serve basis – received assistance.
    - Under the Republican budget, in an average year, nearly 900,000 families will be kicked off LIHEAP, benefits would be cut 12 percent, or some combination of the two. That’s beyond the already annual 420,000 families kicked off the program – or a 5 percent benefit cut – due to sequestration cuts.
  - Project- and Tenant-Based Rental Assistance – Housing Choice Vouchers help 2 million low-income families rent units on the private market, and keep 1 million Americans out of poverty. In an average year under the Republican budget, nearly half a million families would be kicked off of the Section 8 program – and out of their homes. That’s beyond the over 200,000 families effectively evicted because of sequestration.

- A 33 percent cut in the Weatherization Assistance Program (WAP).

- An enormous cut – up to $660 billion over 10 years – on programs that support low-income individuals and families. While these cuts explicitly include reductions to the Supplemental Nutrition Assistance Program (SNAP, formerly Food Stamps) and child

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2 The SBC 2015 baseline adjusts the March 2015 CBO baseline to assume: 1) the middle-class refundable tax credits are extended; 2) the troop level for overseas combat declines to 30,000 by 2017; 3) Medicare physician payment levels are frozen ("doc fix"); and 4) emergency funding for Ebola is not appropriated in future years.
nutrition programs, the Republican budget hides their potentially drastic policy changes by providing no details on how these cuts would be achieved.

- In 2011, according to the USDA, 83 percent of households receiving SNAP benefits lived in poverty; 39 percent had zero net monthly income; and 83 percent of benefits went to households that included a child, an elderly person, or a disabled person.
- SNAP benefits, at just $1.42 per meal, are hardly lavish.
- In general, block-granting safety net programs is a surefire way to squeeze their budgets.

The Republican Budget Unleashes More Painful Austerity on the Middle Class

This is no time to return to the failed trickle-down economics of the past that led to the worst fiscal contraction in our lifetimes. One reason for 2014’s good economic performance – 2014 was the best year for job growth since the 1990s – was that replacing most of the sequestration cuts enabled government spending cuts to stop dragging on growth as much as they did in 2013. However, the Republican budget shows their party’s continued commitment to the budget austerity known as “sequestration.”

For Republicans, allowing the sequestration cuts to take place as scheduled would be an exercise in intentional amnesia. In 2013, when sequestration cuts took effect:

- Rental assistance was threatened for 140,000 families.
- The Meals on Wheels Association of America estimated the cut to Meals on Wheels would eliminate the delivery of 19 million meals to seniors.
- Head Start eliminated services to 57,000 children.
- NASA missions were threatened with delay.
- Schools on Native American reservations and military bases deferred building maintenance; some were closed or consolidated
- The FHI furloughed 36,000 employees and reduced its workforce by 3,500.
- More than 650,000 Defense Department staffers were forced to take up to 11 days of unpaid leave.
- Every state experienced pain, ranging from “canceled festivals to shuttered Head Start programs to massive layoffs.”
- In 2013, CBO projected that if the cuts stayed in place through 2014, they would cost a total of 1.6 million jobs.

Unlike 2013 when funding for veterans medical programs was exempted from sequestration’s harsh across-the-board cuts, the veterans healthcare system has no such exemption from discretionary cuts going forward. The ability of Congress to maintain funding necessary to meet the unique healthcare needs of veterans will be compromised if these cuts are not reversed.

In fact, the Republican budget goes even further in cutting domestic funding by including limitations on the ability of the Appropriations Committee to reduce mandatory spending to
offset higher-priority discretionary spending programs. This rule change ends a long-standing practice that pre-dates the statutory caps enacted in 2011. This limitation phases out this practice, resulting in a $19 billion cut by 2021 or roughly 3 percent below that year’s post-sequester level of non-defense funding.

The Republican Budget Provides No Assurance of Reforming Defense Funding

The Republican budget lays the groundwork for an increase in defense funding. Before we can even have a conversation about whether to increase spending at the Pentagon, it is essential we look at billions of dollars in waste, fraud, abuse, and cost overruns at the Department of Defense, including:

- While GAO has identified over 100 needed reforms at the Defense Department to increase efficiency and reduce waste, only a third of these proposed reforms have been fully implemented.
- $457 billion in cost overruns have been added to the Department of Defense’s $1.4 trillion acquisition portfolio, according to GAO. That’s $457 billion resulting from cost growth above the original contractor estimates.
- Eight of the largest defense contractors in the United States have paid billions of dollars in fines and settlements for misconduct and fraud over the past two decades while raking in hundreds of billions of dollars in government contracts over the same time period.
- While the rest of the federal government is able to pass an audit, DOD remains the only department unable to do so. That means it can’t accurately account for its income and receipts.

The Republican Budget Reverses Progress Moving Our Nation to Cleaner and More Sustainable Energy

We know that climate change is real, that we are already experiencing its impacts, and that we must change the way that we produce and use energy if we are to avert its most devastating consequences. We have an obligation to our children and grandchildren to transition away from polluting forms of energy and towards more sustainable fuels. Doing so will improve the health of our families, lower our energy bills, and help avert the potentially catastrophic damages we face from the impacts of climate change. But we also have the opportunity for American workers to lead the world in making the new clean energy technologies that will be part of that transition.

But instead of moving us further along that transition, the Republican budget would continue their party’s polluter welfare programs that protect the financial interests of coal and oil companies at the expense of the health and welfare of our children and grandchildren.
The Republican budget would:

- Block efforts to ensure that taxpayers get a fair return from the development of energy resources owned by the American people, while slashing funding for programs that save middle-class consumers money on their energy bills and at the pump.
- Continue to shower the oil industry with tens of billions of dollars in wasteful subsidies and carve-outs, while ending tax credits for energy efficiency and renewable energy that lower our energy bills and makes us more energy-secure.
- Let polluters off the hook for cleaning up the messes they create by paving the way to weaken health protections for air, water, toxic chemicals, and a host of other public health protection for our children and families, and in the process leaving ordinary Americans and taxpayers to bear those costs.
- Continue to deny the reality of climate change by halting the critical investments we need to make to protect families, communities, and taxpayers from its impacts, including extreme storms, droughts, and sea level rise.
- Hand over America's public lands and waters to oil, coal, and timber interests for more drilling, mining, and logging, while standing in the way of efforts to preserve and enhance the enjoyment of these public natural treasures for all Americans.

The Republican Budget Does Nothing to Increase the Wages of Working Families

Not only does the Republican budget eviscerate the social safety net, their plan includes nothing to increase the income of ordinary Americans who are working longer hours for lower wages.

- The Republican budget holds tight to their party's steadfast refusal to lift the minimum wage. Raising the minimum wage to at least $10.10 an hour would reduce government spending on income-support programs by more than $7 billion a year.
- And despite widespread fears, two huge employers of minimum-wage workers -- Target and Walmart -- are both on record stating that the minimum wage hikes we saw in 20 states earlier this month would lead to neither staff cuts nor price hikes.
- The Republican budget does nothing to address the fact that workers can simultaneously earn a poverty-level wage and yet make too much to receive time-and-a-half for overtime work.
- Over the last century, the decline in union membership has mirrored the income gains of the top 10 percent of the income distribution -- and yet the Republican budget does nothing to rebalance bargaining power between employees and employers.
- Paid sick days, already a feature of most well-paying jobs, would be a boon for low-wage workers. Instead, the Republican budget does nothing to ensure more Americans can benefit from paid sick days.
- While women still earn less than men for performing the exact same jobs, the Republican budget is silent on the pressing issue of pay equity.
Conclusion

The Republican budget represents priorities very different from those of most Americans. Balancing the budget on the backs of the most vulnerable among us while giving tax breaks to millionaires and billionaires, as the Republicans do, is simply unacceptable. While we will fight for a budget that creates millions of American jobs and increases wages, protects Social Security and Medicare from benefits cuts, makes higher education more affordable, and implements a tax code that is fair for the middle class, the Republican budget stands in stark contrast to these national priorities.

Appendix

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Notes: Deficits are calculated from outlays, not budget authority; actual Treasury payments (outlays) differ slightly from the levels of budget authority due to timing lags.