115TH CONGRESS
1st Session

COMMITTEE PRINT

S. PRT. 115–19

CONCURRENT RESOLUTION ON THE BUDGET FISCAL YEAR 2018

COMMITTEE PRINT

TO ACCOMPANY

S. CON. RES. 25

TOGETHER WITH

ADDITIONAL VIEWS AND MINORITY VIEWS

COMMITTEE ON THE BUDGET
UNITED STATES SENATE

MICHAEL B. ENZI, *Chairman*

OCTOBER 2017

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.

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OVERVIEW

Current-Law Projections—More Deficits, More Debt, Slow Growth

Earlier this year the Congressional Budget Office (CBO) released *An Update to the Budget and Economic Outlook: 2017 to 2027*. The report showed that under current projections the Federal Government will spend over $10 trillion more than it takes in during the next 10 years. This projection is the byproduct of Washington's chronic overspending and the economy's anemic growth. According to CBO, annual deficits will surpass the $1 trillion mark in 2022 and grow each year thereafter. At the same time, annual economic growth is projected to settle at a paltry 1.9 percent.

Over the next decade, CBO projects that spending will increase from 20.5 percent of gross domestic product (GDP) in 2018 to 23.6 percent of GDP, well above the 50-year average of 20.3 percent. During the same period, however, revenues will remain at record highs. CBO currently projects revenues of 17.7 percent of GDP in 2018, growing to 18.4 percent of the economy. That is a full percentage point higher than the 50-year average of 17.4 percent.

Continual overspending and its resulting deficits will expand the Federal debt. During the next 10 years, debt held by the public is slated to rise from 77 percent of GDP ($15 trillion) to 91 percent of GDP ($26 trillion), the largest since the immediate aftermath of World War II. In March, CBO released *The 2017 Long-Term Budget Outlook*, which discusses the consequences of unchecked rising Federal debt if there is no fiscal course correction. These effects include:

—Reduced national savings and income—increasing interest rates, lowering private investment, economic output, worker compensation, and incentives to work.

—Increased Federal interest cost and its crowd-out effect on the rest of the budget—interest costs are projected to triple over the next 10 years and surpass all discretionary spending by 2044.

—Imposed limitations on the ability of the Government to respond to dramatic events—a large debt reduces flexibility to respond to or plan for fiscal, humanitarian, or international crises.

—Increased likelihood of a fiscal crisis—as CBO states plainly, "the larger a government's debt, the greater the risk of fiscal crisis."

This forecast is bad news for American families, American businesses, and America's standing in the world. This resolution puts forth another path—and it begins with tax reform.

Fiscal Year 2018 Senate Budget Resolution

THE FIRST STEP FOR TAX REFORM

The fiscal year 2018 Senate budget resolution is the start of the process to achieve historic, pro-growth tax reform so the U.S. economy grows again. That begins with changing the tax policies that are holding back investment and productivity. The United States needs a simpler, fairer, and more transparent tax system, which leaves more dollars in the average American's pockets.

Comprehensive tax reform should broaden the base while lowering marginal tax rates, streamline U.S. tax laws, and limit Government distortion of market-based decisions. America's tax policy should provide for a globally competitive corporate tax rate and an international tax system that does not penalize U.S. companies.

Tax policy affects the decisions of individuals and corporations, including whether to work an additional hour or invest an additional unit of capital. The outcome of these decisions has real consequences for our broader economy. The three key factors that contribute to overall economic growth are labor, capital, and technology. The Joint Committee on Taxation states: "[t]ax policy can directly influence the level of labor supply, physical capital, human capital, and technology in an economy by changing the after-tax returns to certain economic activities or changing the cost of pursuing such activities."

Pro-growth tax policy should reward work, savings, and investment. Marginal tax rates on individuals influence labor-force participation and hours worked. Corporate investment in capital is impacted by the tax code's competitiveness and by tax policy effects on a company's cash-flow, cost recovery, and financing options. Technological innovations increase productivity, allowing labor and capital to produce more output with less input. Additionally, a competitive international tax system has a direct impact on the choice to invest domestically.

The current tax code can favor certain industries and decisions, so it is biased in terms of investment allocation. Tax reform should eliminate special deductions, loopholes, and credits that distort the marketplace. Pro-growth reform that removes distortion would allow for resources to be reallocated toward their highest economic use, instead of the use that produces the best tax outcome. This efficiency will lead to increased investment, growth of businesses, and higher economic output, or GDP.

A more efficient tax system can produce the same level of revenue with lower rates, as long as tax expenditures are minimized and the economy grows through efficient market-based decisions. If tax reform can stop the projected economic decline, income and profits will rise, along with Federal revenues to the Treasury. A return to historic average growth would decrease projected deficits by over $2 trillion in the 10-year window, more than sufficient to pay for the decrease in revenues assumed under static scoring conventions that do not fully account for economic growth.

CBO has examined how growth in real output per unit of combined labor and capital services might affect GDP, income (including wages), and interest rates. Under the budget office's simplified rule of thumb, policies that increase productivity by one-tenth of a

percentage point ultimately reduce Federal deficits by $273 billion over 10 years. As economic growth rises in each year as a result of that higher productivity, taxable income would also grow more quickly than projected, and tax revenues would be higher.

CBO explains that if workers produce more, they earn more, so total wages and labor income are higher. If capital production were higher, the returns on that capital would also rise. Because Treasury securities compete with other investments for investors' money, higher private returns imply that rates on Treasury securities would also be higher.

The Joint Economic Committee (JEC) has provided the Senate Budget Committee with a Views and Estimates letter on the state of the U.S. economy. JEC notes that every year since 2007, CBO has downgraded its projection of potential GDP and points to policies that have contributed to this decline. Heavy taxation on business owners and higher taxes on capital have left "a growing reserve of untapped potential not reflected in the current output gap."

The Senate Finance Committee's Views and Estimates letter states, "[t]ax reform should focus on broad-based economic growth and job creation, fairness, simplification, and certainty." The Finance Committee's objectives for tax reform include:

—Lowering the U.S. statutory corporate tax rate from the current highest in the world.

—Eliminating or changing various special provisions and preferences of the tax code that are inconsistent with an efficient allocation of capital.

—Reforming the corporate tax base, including so-called expensing provisions and provisions that provide the current bias toward debt financing, along with examining parity between businesses that organize as pass-throughs and as C corporations.

—Strengthening American manufacturing and innovation.

—Boosting wage growth for American workers.

—Boosting economic growth on a sustained basis.

—Strengthening the international tax system to encourage investments and innovation in America.

The tax-reform-writing committees of the Senate and House are tasked with developing and drafting legislation that will result in the first comprehensive tax reform in over a generation. Their joint statement with Senate and House leadership, Treasury, and the White House's National Economic Council earlier this summer sets expectations that legislation will move through the committees this fall, under regular order, followed by consideration on the House and Senate floors.

As the first step toward historic, pro-growth tax reform, this budget provides the tools necessary to the Finance Committee to complete its work.

RESOLUTION DETAILS

The fiscal year 2018 Senate budget resolution is first and foremost about reforming the tax code and expanding the economy for all Americans.

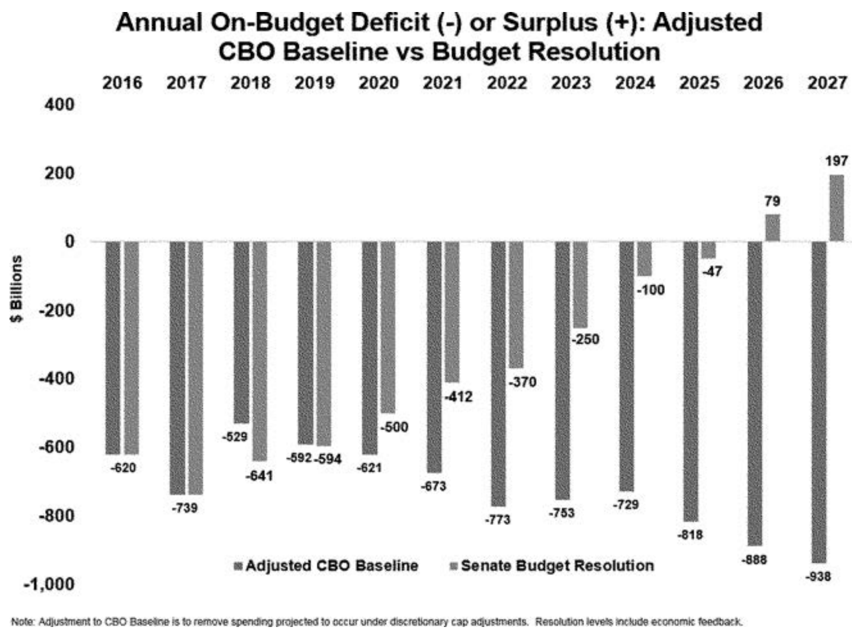
But it also is a serious reform budget.

If Congress and the administration adhere to this blueprint, the Government will be back on track to fiscal responsibility—balancing the budget with a combination of restrained spending, reduced tax burdens, and a growing economy. In doing so this budget invests in a strong national defense and provides for the care of the Nation's most vulnerable citizens. It serves as a framework to expand economic opportunity for all Americans.

The Senate budget presents a way forward with this budget, one geared toward creating a more effective, efficient, and accountable government. To accomplish this goal, the budget proposes $5.1 trillion in spending savings over the next 10 years. (This figure climbs to $6.4 trillion if compared to the CBO June 2017 Baseline, which incorporates $1.3 trillion in funding that qualifies for budget enforcement cap exceptions and related interest.) The spending policies of this budget are discussed in the Resolution Levels portion of this report.

The Senate budget also assumes more than $1.6 trillion in tax cuts, of which $1.5 trillion can be processed through fast-tracked reconciliation procedures. These figures are based on static current-law estimates of tax cut and reform policies assumed in the resolution. In addition, the budget assumes that with these policies, the coffers of the Federal Government will benefit from increased economic growth not envisioned under current-law projections. The resolution anticipates that enactment of tax reform will generate economic growth at a significant enough level to compensate for the initial decrease in revenues assumed under a static scoring convention.

This budget honors the special off-budget status of Social Security. This treatment also reflects the understanding that the congressional budget resolution is an on-budget document and that the Congressional Budget Act imposes certain limitations on what a resolution can contain, display, and support changing. From the start, this budget was focused on achieving on-budget balance by the end of budget window. By 2026, the resolution—with economic feedback included—would generate a $79 billion on-budget surplus. This surplus would grow to $197 billion by 2027.



In addition to the fiscal reforms proposed by the budget, this resolution continues efforts to respond to concerns about the broken budget process. The plan takes important steps to curtail budget gimmicks, increase honesty and accuracy by Government scorekeepers, and end the "spend now, pay later" mentality of Washington. These changes are discussed in depth in the Enforcement section of this report.

RESOLUTION LEVELS

BUDGET FUNCTION 050: NATIONAL DEFENSE

The National Security function includes funds to develop, maintain, and equip the military forces of the United States. Historically, about 95 percent of these funds go to Department of Defense military activities, with remaining funding dedicated to atomic energy defense activities within the Department of Energy and other defense-related activities.

SUMMARY OF COMMITTEE-REPORTED RESOLUTION

The Committee-reported fiscal year 2018 budget resolution calls for $557.3 billion in budget authority and $569.3 billion in outlays. Discretionary budget authority totals $549.1 billion, with $560.8 billion in related outlays. Mandatory spending is $8.2 billion in budget authority and $8.5 billion in outlays. Over 10 years, budget authority totals $6,232.4 billion, with $6,107.8 billion in outlays, corresponding to baseline levels.

FOCUS ON REFORM

After years of defense budget brinkmanship under the previous administration, this budget resolution promotes much-needed fiscal stability to provide the foundation for effective and efficient defense planning. The resolution removes the specter of across-the-board sequestration cuts and allocates as much base Pentagon funding as possible under current law. The resolution also includes a mechanism to increase funding levels for defense accounts, once there is a final resolution of defense spending later this year.

This budget further provides for the national defense with $76.6 billion in budget authority for the Overseas Contingency Operations war-funding account, which can be found in budget function 970. This is the same level of OCO funding requested by the Trump administration earlier this year. Under law, OCO funding does not count against the discretionary spending caps contained in the 2011 Budget Control Act, as amended.

The Pentagon's overall base budget remains near the average of defense spending during the Reagan buildup. Yet reforms still are required to combat wasteful spending. The department needs to pursue fundamental reforms in its organization, business operations, work force management, and compensation structure, all of which have been goals of the recent leadership of congressional defense committees. In a positive development, the Armed Services Committee now has a partner in the current administration that has pledged to steward taxpayer dollars more carefully by increasing efficiency and accountability.

Recently the Senate Armed Services Committee has promoted reforms including streamlining the acquisition system, updating departmental organization for a new era, rationalizing the whole Defense Department work force, and modernizing the department's business operations. These efforts build on reforms spearheaded by the Armed Services Committee in recent years, including mandated savings and efficiency targets, new authorities for acquisition and personnel management, and repeal of unnecessary laws or regulations. This resolution remains supportive of those efforts to reform the department and restore taxpayer trust.

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. Funding contained in the function supports operations at major agencies including 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 fiscal year 2018 budget resolution calls for $45.2 billion in budget authority and $45.0 billion in outlays. Discretionary budget authority totals $39.5 billion, with $48.7 billion in related outlays. Mandatory spending is $5.7 billion in budget authority and $−3.7 billion in outlays. Over 10 years, budget authority totals $451.9 billion, with $437.7 billion in outlays, corresponding to baseline levels.

FOCUS ON REFORM

This budget resolution supports the funding of U.S. foreign policy, including diplomatic efforts, the promotion of American ideals abroad, and global humanitarian aid and development assistance. The level of funding in the budget resolution is near the average spending for international affairs in the post-9/11 era. Still, management and implementation of international affairs activities is ripe for reform.

Bipartisan coalitions and a wide variety of independent analysts have consistently called for rationalizing the State Department's organizational and management structure, revitalizing its regional bureaus, revamping food aid and development assistance, improving public diplomacy, and reassessing American contributions to international organizations. This budget supports the efforts of the Senate Foreign Relations Committee, as the committee of jurisdiction, to approve a new authorization bill for the department and related agencies.

Additional funding for programs in this function is assumed to occur with spending designated as overseas contingency operations. OCO funding in this resolution can be found in budget function 970.

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 fiscal year 2018 budget resolution calls for $32.6 billion in budget authority and $31.9 billion in outlays. Discretionary budget authority totals $32.5 billion, with $31.8 billion in related outlays. Mandatory spending is $0.1 billion in budget authority and $0.1 billion in outlays. Over 10 years, budget authority totals $358.7 billion, with $351.1 billion in outlays, corresponding to baseline levels.

FOCUS ON REFORM

This function, largely consisting of Federal discretionary spending, supports NASA, the National Science Foundation, and the Energy Department's Office of Science in their core missions, while allowing emphasis on such national priorities as basic research. As with all areas of Federal spending, programs funded under this portion of the budget can be reformed. According to the Government Accountability Office, areas for reform include NASA's acquisition management, which remains on the agency's high-risk list. The agency recommended specific actions to better evaluate the agency's human-exploration programs, in particular. GAO also recommends in its annual report that NASA, the Energy Department, the Department of Health and Human Services, and the Science Foundation better coordinate their research activities.

To that end, the American Innovation and Competitiveness Act, enacted in January 2017, created an interagency working group addressing GAO's concerns, as well as improved the administration and oversight of agency grant-making processes. Implementation of the act should enhance science and technology program efficiency, maximizing Federal investments. This budget remains supportive of those efforts and the role of appropriate Senate committees to report reforms.

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 fiscal year 2018 budget resolution calls for $−0.8 billion in budget authority and $2.7 billion in outlays. Discretionary budget authority totals $5.4 billion, with $5.1 billion in related outlays. Mandatory spending is $−6.1 billion in budget authority and $−2.4 billion in outlays. Over 10 years, budget au-

thority totals $32.0 billion, with $25.9 billion in outlays, a divergence of $8.8 billion from baseline levels.

FOCUS ON REFORM

The budget resolution allows authorizing committees to focus taxpayer dollars on the modernization and reform of America's energy generation and transmission assets. The Federal Government can devote taxpayer investments to key mission areas including nuclear security, basic scientific research, energy innovation and security, and nuclear waste and environmental cleanup.

In recent years, programs related to the commercialization of energy technology have expanded beyond the Energy Department's intended role as a catalyst of basic research and development. Federal loan and loan-guarantee programs to subsidize early commercial development of certain technologies have cost taxpayers hundreds of millions of dollars when products prove uncompetitive on the open market.

The resolution allows a renewed focus on the department's historic strength: early stage scientific research and development. Later-stage development, adoption, and deployment of technologies can return to the private sector.

This budget supports a focus on utilization of current energy supply and assets, rather than the previous administration's efforts to pick market winners and losers.

Federal agencies should promote abundant and secure American energy resources, while supporting the Nation's financial security and stability. This budget supports the work of the committees of jurisdiction as they consider policies to improve Federal energy programs.

In addition, the resolution contains a reconciliation instruction for the Senate Committee on Energy and Natural Resources. Provided at the request of the committee, the instruction will allow Congress to consider policies to unlock the Nation's energy production capacity.

BUDGET FUNCTION 300: ENVIRONMENT 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 fiscal year 2018 budget resolution calls for $40.5 billion in budget authority and $40.6 billion in outlays. Discretionary budget authority totals $37.4 billion, with $38.0 billion in related outlays. Mandatory spending is $3.1 billion in budget authority and $2.6 billion in outlays. Over 10 years, budget authority totals $451.4 billion, with $445.5 billion in outlays, a divergence of $14.3 billion from baseline levels.

FOCUS ON REFORM

The Federal Government owns roughly 28 percent of the land in the United States, or 640 million acres, according to the Congressional Research Service. Much of that land is disproportionately concentrated in western States. Many agencies covered by this function are tasked with the preservation of those Federal lands, as well as the responsible development and management of its natural resources.

The budget resolution encourages the continued stewardship of Federal lands and assumes a greater return for American taxpayers on natural resources bountiful on those lands. This budget also supports recent efforts by Congress and this administration to reduce regulatory burdens that have for too long discouraged energy development and production on Federal land.

The budget resolution also allows committees of jurisdiction to pursue opportunities to achieve savings for taxpayers without harming the Nation's land and water resources. The budget supports authorizing committee review of timber production from Federal lands, coupled with forest-management reforms focused on wildfire prevention.

To reduce inefficiencies and combat waste, fraud, and abuse of taxpayer resources, agencies should strive to implement improvements identified by the Government Accountability Office.

BUDGET FUNCTION 350: AGRICULTURE

The Agriculture function includes the Department of Agriculture and the Farm Credit Administration, and only deals with programs concerned with agricultural production.

SUMMARY OF COMMITTEE-REPORTED RESOLUTION

The Committee-reported fiscal year 2018 budget resolution calls for $22.1 billion in budget authority and $22.0 billion in outlays. Discretionary budget authority totals $6.5 billion, with $6.4 billion in related outlays. Mandatory spending is $15.6 billion in budget authority and $15.6 billion in outlays. Over 10 years, budget authority totals $200.6 billion, with $192.1 billion in outlays, a divergence of $20.6 billion from baseline levels.

FOCUS ON REFORM

The Farm Bill is subject to reauthorization in 2018. This budget resolution supports the committee of jurisdiction as it moves forward with efforts to reexamine the farm safety net, ensure domestic food production, and improve Federal agriculture programs.

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 under this function. In addition, general-purpose subsidies and credit subsidies are recorded here.

SUMMARY OF COMMITTEE-REPORTED RESOLUTION

The Committee-reported fiscal year 2018 budget resolution calls for \$7.6 billion in budget authority and \$−5.9 billion in outlays. Discretionary budget authority totals \$−4.2 billion, with \$−3.8 billion in related outlays. Mandatory spending is \$11.8 billion in budget authority and \$−2.1 billion in outlays. Over 10 years, budget authority totals \$−2.2 billion, with \$−113.1 billion in outlays, a divergence of \$173.1 billion from baseline levels. These figures reflect the combined on- and off-budget amounts associated with this function.

FOCUS ON REFORM

The budget resolution supports efforts by committees of jurisdiction to reform a system that exposes taxpayer dollars to undue risk into one that provides productive support to industry.

Under the previous administration, Federal bureaucrats gained excessive authority over industry, which impedes private-sector economic growth and job creation. The Federal Government should retain regulation that reduces systemic risk and helps to prevent another financial crisis, and remove over-regulation that places a costly burden on the U.S. economy and American workers.

At the same time, housing should become more growth-oriented rather than Government-focused, with taxpayers protected from undue risk. Reforming the U.S. housing industry would significantly reduce taxpayer subsidization of the secondary mortgage market and provide appropriate, effective oversight of Federal programs. In June 2017, the Government Accountability Office noted that absent modernization "the Federal role in housing finance is one of the highest risks facing the Government," and thus Congress has a duty to ensure that any reform proposals "protect taxpayers from absorbing avoidable losses to the maximum extent possible."

This resolution supports financial safeguards to ensure that federally subsidized telecommunications access for Americans in rural or underserved areas is free from waste, fraud, and abuse. Furthermore, the budget supports any efforts by the appropriate committees to examine policies to give the private market more freedom to provide these services.

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 the National Aeronautics and Space Administration), 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 fiscal year 2018 budget resolution calls for $89.1 billion in budget authority and $92.9 billion in outlays. Discretionary budget authority totals $33.7 billion, with $91.9 billion in related outlays. Mandatory spending is $55.4 billion in budget authority and $1.0 billion in outlays. Over 10 years, budget authority totals $749.7 billion, and outlays are $812.1 billion, a divergence of $207.7 billion from baseline levels.

FOCUS ON REFORM

The Federal Government has a fundamental interest in the transportation and infrastructure systems necessary for local, national, and global commerce, as well as the efficient movement of people. Maintaining safe and secure systems while promoting innovation and competition benefits American workers, businesses, and the economy. This budget supports efforts by the appropriate authorizing committees to maximize taxpayer resources by prioritizing infrastructure spending, streamlining project delivery, and facilitating beneficial public-private partnerships.

This resolution supports the idea that investments in transportation and infrastructure would benefit from improved project delivery and grant management processes, starting with a thorough review of Federal rules and regulations associated with infrastructure development. By streamlining these requirements through statutory and administrative changes, investments will be maximized and benefits realized sooner. Furthermore, the Government Accountability Office recommends that the Transportation Department implement a department-wide directive on the consistent administration of discretionary grant awards and strengthen oversight of awards through updated single audit policies and procedures. All these changes would stimulate continued investment in America's infrastructure while promoting efficiency and fiscal responsibility.

As Congress continues to work with the executive branch, State and local governments, and the private sector on legislation related to transportation and infrastructure advancement, it should encourage enhanced partnerships among all stakeholders. While not appropriate for every project, furthering public-private partnerships, as well as promoting private investments, can help leverage appropriate Federal resources as recommended by appropriate authorizing committees.

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 fiscal year 2018 budget resolution calls for $19.0 billion in budget authority and $21.7 billion in outlays. Discretionary budget authority totals $18.5 billion, with $21.1 billion in related outlays. Mandatory spending is $0.5 billion in budget authority and $0.6 billion in outlays. Over 10 years, budget authority totals $200.6 billion, with $193.6 billion in outlays, a positive divergence of $32.6 billion from baseline levels.

FOCUS ON REFORM

This budget supports efforts by committees of jurisdiction to better target existing Federal grant programs and eliminate ineffective, wasteful programs, as well as those that encourage an over-reliance on the Federal Government. In concert with appropriate local and State efforts, the Federal Government has the opportunity to be a better and more successful partner.

The budget provides ample resources for disaster relief and mitigation and assumes at least $7 billion annually for responses to natural disasters. This additional funding is assumed to be provided on top of the regular funding constrained by statutory limits.

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 fiscal year 2018 budget resolution calls for $90.2 billion in budget authority and $99.3 billion in outlays. Discretionary budget authority totals $95.4 billion, with $96.0 billion in related outlays. Mandatory spending is $−5.1 billion in budget authority and $3.4 billion in outlays. Over 10 years, budget authority totals $1,017.0 billion, with $1,030.3 billion in outlays, a divergence of $131.7 billion from baseline levels.

FOCUS ON REFORM

Postsecondary education has become less affordable in recent years, despite the steady growth in the maximum Federal Pell Grant program award and the loosening of student-loan borrowing limits. In order to increase access to postsecondary education in a fiscally responsible way, the Federal Government should reform programs that promote unreasonable higher-education tuition increases and encourage student over-borrowing. The complex system bred over the past decade needs to be streamlined to ensure American students and their families have access to concise and distinct financing options.

In promoting choice, it is imperative that the information received from the Federal Government by education consumers is accurate and reliable. The budget resolution supports important steps to ensure that student borrowers receive important and valid information upfront. Providing greater transparency for students will promote better decisionmaking and improve their finances as they begin their careers, rather than saddle them with decades-worth of debt.

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. It 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. The most significant drivers of spending in this function are the Patient Protection and Affordable Care Act—commonly known as Obamacare—and Medicare.

SUMMARY OF COMMITTEE-REPORTED RESOLUTION

The Committee-reported fiscal year 2018 budget resolution calls for $546.6 billion in budget authority and $558.3 billion in outlays. Discretionary budget authority totals $64.0 billion, with $63.5 billion in related outlays. Mandatory spending is $482.6 billion in budget authority and $494.8 billion in outlays. Over 10 years, budget authority totals $5,958.1 billion, and outlays are $5,952.4 billion, a divergence of $1,316.2 billion from baseline levels.

FOCUS ON REFORM

Federal health care spending comprises nearly 30 percent of all Federal spending and is growing far more rapidly than other areas of the budget. This rapid expansion is due to the rising cost of health care, aging of the population, and substantial increase in the number of people who receive Federal subsidies under Obamacare.

Based on Congressional Budget Office estimates, Obamacare will be the chief driver of spiraling health spending over the next decade—this despite promises prior to passage of the 2010 health care law that it would improve the Nation's budgetary outlook and "bend the cost curve." Despite this pledge, independent assessments by CBO and the non-partisan actuary at the Centers for Medicare and Medicaid Services affirm that Obamacare has increased Federal health spending.

Americans face skyrocketing premiums and soaring deductibles, and many families are left with higher costs and fewer options than they had before the law's enactment 7 years ago. Clearly, the status quo is unsustainable.

Against this backdrop, the budget resolution supports continued efforts to repeal and replace Obamacare. It enables efforts by authorizing committees to lower health care costs and improve the

quality of care for all Americans. It empowers committees to work to modernize and improve Federal health care programs, increase State flexibility, and protect the most vulnerable. In addition, the budget supports an extension in funding for the State Children's Health Insurance Program, the highly successful effort to create a strong and durable partnership between the Federal Government and States to provide the Nation's children with appropriate and sustainable health care resources.

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 covering the cost of administering and monitoring the Medicare program.

SUMMARY OF COMMITTEE-REPORTED RESOLUTION

The Committee-reported fiscal year 2018 budget resolution calls for $586.2 billion in budget authority and $586.0 billion in outlays. Discretionary budget authority totals $7.4 billion, with $7.5 billion in related outlays. Mandatory spending is $578.8 billion in budget authority and $578.5 billion in outlays. Over 10 years, budget authority totals $8,153.7 billion, and outlays are $8,151.4 billion, a divergence of $472.9 billion from baseline levels.

FOCUS ON REFORM

Medicare spending is on an unsustainable course. Without changes, Medicare's Hospital Insurance Trust Fund will become insolvent in 2029, according to the Medicare Trustees' current-law projections, and potentially as early as 2023 under the trustees' high-cost scenario. The Congressional Budget Office estimates the trust fund will be fully exhausted within less than a decade, or by 2025.

In addition, the independent actuaries at the Centers for Medicare and Medicaid Services project that over a 75-year period the Federal Government has promised $33.5 trillion in Medicare benefits in excess of dedicated sources of revenue to support the program.

Given this untenable situation, the budget resolution supports work by the authorizing committees to recommend legislative solutions extending Medicare's solvency in the near term, while pursuing policies that place the program on a sustainable long-term path.

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 fiscal year 2018 budget resolution calls for $492.0 billion in budget authority and $477.5 billion in outlays. Discretionary budget authority totals $66.9 billion, with $66.3 billion in related outlays. Mandatory spending is $425.1 billion in budget authority and $411.2 billion in outlays. Over 10 years, budget authority totals $5,123.1 billion, with $5,029.8 billion in outlays, a divergence of $653.0 billion from baseline levels.

FOCUS ON REFORM

Participation in programs funded through this area of the budget typically increase during a recession and decrease during a recovery. But the most recent recession-recovery trend has been different: Participation rates in some programs have increased more than poverty or unemployment rates and have remained at elevated levels.

Over the past several years, many States relaxed eligibility standards and increased enrollment for persons above the poverty level, threatening the fiscal sustainability of these programs.

Additionally, waste, fraud, and abuse continue to plague some programs. The Treasury Department's Inspector General has reported that millions of people not authorized to work in the United States have claimed billions of dollars in refundable child tax credits.

According to the Government Accountability Office, eligibility rules for Federal income-security programs are complex and confusing to applicants and administratively burdensome to Government agencies. The lack of a standard definition of eligible family members and variations in countable income and allowable deductions result in disparate treatment of similarly situated individuals.

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

Regarding Federal retirement programs, this budget prioritizes fiscal sustainability, specifically as it relates to the benefits that Federal employees have earned over a lifetime of service. It is imperative that the Federal employee benefit system be reformed to ensure fairness to both recipients and taxpayers.

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 and Disability Insurance. These programs provide monthly cash benefits to approximately 61 million retired and disabled workers and their spouses, dependents, and survivors. This function includes both benefit payments and funds to administer the programs and ensure program integrity.

SUMMARY OF COMMITTEE-REPORTED RESOLUTION

The Committee-reported fiscal year 2018 budget resolution calls for $999.0 billion in budget authority and $994.0 billion in outlays. Discretionary budget authority totals $5.6 billion, with $5.6 billion in related outlays. Mandatory spending is $993.4 billion in budget authority and $988.4 billion in outlays. Over 10 years, budget authority totals $13,219.8 billion, with $13,154.7 billion in outlays, corresponding to baseline levels. These figures reflect the combined on- and off-budget amounts associated with this function.

BUDGET FUNCTION 700: VETERANS BENEFITS AND SERVICES

The Veterans Benefits and Services function includes health administration and health services for veterans (majority of the discretionary spending), their pensions and disability compensation (majority of the mandatory spending), and other services our Nation provides to veterans.

SUMMARY OF COMMITTEE-REPORTED RESOLUTION

The Committee-reported fiscal year 2018 budget resolution calls for $176.4 billion in budget authority and $177.4 billion in outlays. Discretionary budget authority totals $78.2 billion, with $76.5 billion in related outlays. Mandatory spending is $98.2 billion in budget authority and $100.9 billion in outlays. Over 10 years, budget authority totals $2,157.0 billion, with $2,138.3 billion in outlays, corresponding to baseline levels.

FOCUS ON REFORM

The Committee-reported budget resolution assumes no changes for the Veterans Benefits and Services function and is focused on providing America's veterans with the care and resources they have earned and need.

This budget supports the work of the committees of jurisdiction as they consider common-sense proposals to ensure benefits are delivered in a manner that upholds fidelity to veterans and taxpayers alike.

Anticipating reauthorization of the Veterans Choice Program, authorizing committees should focus on prompt delivery of care to eligible veterans, along with measurable health outcomes. A thoughtful examination of VA benefit programs—many of which have not been reformed for several decades—could take into account contemporary economic and labor-market criteria, as well as advances in medical technology, in order to better match benefits to veteran needs.

In a positive development, Congress has acted to grant the VA additional authority and oversight to ensure veterans are served by the best possible work force. The VA should continue its work to implement reforms that will increase service and efficiency for veterans, including a focused standardization of care, modernization of health information technology, appropriate management of Federal real property assets, and vigilance in human-capital management.

BUDGET FUNCTION 750: ADMINISTRATION OF JUSTICE

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

SUMMARY OF COMMITTEE-REPORTED RESOLUTION

The Committee-reported fiscal year 2018 budget resolution calls for $65.0 billion in budget authority and $61.0 billion in outlays. Discretionary budget authority totals $58.0 billion, with $57.1 billion in related outlays. Mandatory spending is $7.0 billion in budget authority and $3.9 billion in outlays. Over 10 years, budget authority totals $688.8 billion, with $691.4 billion in outlays, a divergence of $21.4 billion from baseline levels.

FOCUS ON REFORM

The Federal Government has a duty to maintain domestic order, ensuring the safest possible community for all Americans. To that end, the Government provides and supports law enforcement activities; affords a judicial system to peacefully adjudicate disputes and protect rights; and rehabilitates and incarcerates persons found guilty of criminal conduct. At the same time, the Government must carry out these duties in a fiscally responsible way.

In order to achieve both a proper administration of justice and stewardship of taxpayer dollars, the resolution supports work by the appropriate committees of jurisdiction. The Government Accountability Office recommends that the Department of Justice better address the incarceration challenges of crowding, rising costs, and offender recidivism, as well as improve collaboration among the Department of Justice, the Department of Homeland Security, and the Office of National Drug Control Policy to streamline activities. In addition, GAO offers several ways for the Federal Bureau of Investigation to better handle whistleblower retaliation complaints, as well as for the Bureau and Justice to update technology to improve privacy, accuracy, and efficiency of computer systems. Furthermore, GAO urges Homeland Security to better focus on border security efforts by improving acquisition management, controlling fraud, and investing in tactical infrastructure.

Committee recommendations to reform or eliminate underperforming, wasteful programs could allow the Justice Department to focus on vital services that spend American taxpayer dollars wisely for good results.

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 fiscal year 2018 budget resolution calls for $24.7 billion in budget authority and $24.9 billion in outlays. Discretionary budget authority totals $17.4 billion, with $17.7 billion in related outlays. Mandatory spending is $7.3 billion in budget authority and $7.2 billion in outlays. Over 10 years, budget authority totals $276.7 billion, with $274.4 billion in outlays, a divergence of $0.1 billion from baseline levels.

FOCUS ON REFORM

The General Government function encompasses 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, as well as those who staff Congress and the Executive Office of the President. The budget resolution supports reforms, subject to the discretion of committees of jurisdiction, for these entities to help contribute to Federal fiscal discipline.

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 fiscal year 2018 budget resolution calls for $307.0 billion in budget authority and $307.0 billion in outlays, all of which is mandatory spending. Over 10 years, budget authority totals $5,223.4 billion, with $5,223.4 billion in outlays, a divergence of $259.0 billion from baseline levels. These figures reflect the combined on- and off-budget amounts associated with this function.

FOCUS ON REFORM

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 account for all changes in net interest outlays.

BUDGET FUNCTION 920: ALLOWANCES

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

SUMMARY OF COMMITTEE-REPORTED RESOLUTION

The Committee-reported fiscal year 2018 budget resolution calls for $−68.6 billion in budget authority and $−51.1 billion in outlays. Discretionary budget authority totals $−38.5 billion, with

$-21.1 billion in related outlays. Mandatory spending is $-30.1 billion in budget authority and $-30.0 billion in outlays. Over 10 years, budget authority totals $-2,356.5 billion, with $-2,217.5 billion in outlays, a divergence of $-1,793.2 billion from baseline levels.

FOCUS ON REFORM

Spending levels in the Allowances function reflect policy assumptions that have an impact across Federal agencies or are not easily distributed across budget functions. This is a similar approach used by the Congressional Budget Office in its budget projections. This year changes to the nondefense discretionary topline are included in this function to better reflect the operation and realities of the congressional budget and appropriations process. Also included is the fiscal benefit scored by CBO for the budget resolution's deficit trajectory.

BUDGET FUNCTION 950: UNDISTRIBUTED OFFSETTING RECEIPTS

The Undistributed Offsetting Receipts 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

The Committee-reported fiscal year 2018 budget resolution calls for $-112.6 billion in budget authority and $-112.6 billion in outlays, all of which is mandatory spending. Over 10 years, budget authority totals $-1,292.7 billion, with $-1,292.7 billion in outlays, a divergence of $217.3 billion from baseline levels. These figures reflect the combined on- and off-budget amounts associated with this function.

FOCUS ON REFORM

The Undistributed Offsetting Receipts function captures the receipt effects of proposals in the budget. This function comprises major offsetting receipts items that would distort the funding levels of other functional categories if they were directly distributed, including asset sales, fees, and royalties.

BUDGET FUNCTION 970: OVERSEAS CONTINGENCY OPERATIONS//GLOBAL WAR ON TERRORISM

This function includes funding for overseas contingency operations, the global war on terrorism, and other closely related activities.

SUMMARY OF COMMITTEE-REPORTED RESOLUTION

The Committee-reported fiscal year 2018 budget resolution calls for $76.6 billion in total budget authority and $43.1 billion in total outlays. All spending in this function is discretionary. Over 10 years, budget authority totals $163.6 billion, with $160.3 billion in outlays. The baseline used to construct this resolution does not include an extrapolation of war costs.

FOCUS ON REFORM

Besides the regular budget authority for national defense and international affairs, the budget resolution includes $76.6 billion in overseas contingency operations funding for fiscal year 2018, matching the president's request. This resolution also includes outyear placeholders for OCO funding. While there are no policy options associated with this funding, this resolution is consistent with previous budget resolutions in assuming outyear placeholders.

This function was first included in the fiscal year 2016 congressional budget resolution.

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 1 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 fiscal year 2018 budget resolution calls for $3,364.2 billion in revenues ($2,490.9 billion on-budget, $873.3 billion off-budget). Over 10 years, revenues total $41,381.0 billion ($31,171.5 billion on-budget, $10,209.5 billion off-budget), a divergence of $1,635.4 billion (on-budget) below baseline levels.

FOCUS ON REFORM

The budget resolution assumes the tax-writing committees will adopt a pro-growth tax reform proposal.

American taxpayers need a simpler, fairer, and more transparent tax system. Comprehensive tax reform should broaden the base while lowering marginal rates, streamline U.S. tax laws, and limit the Government's distortion of market-based decisions. A tax overhaul would increase private investment, business expansion, U.S. economic output, and job creation. Furthermore, accelerated economic growth would raise taxable income and profits, thereby increasing Federal revenues through taxation.

Subject to the discretion of the authorizing committees, pro-growth tax reform should eliminate special deductions, loopholes, and credits that distort investment in the marketplace. A more efficient tax system would produce the same level of revenue with lower rates, provided tax expenditures are minimized and the economy grows by allowing for market-based decisions.

U.S. businesses need tax reform to remain competitive at home and abroad and to provide more American jobs. There should be parity for small and pass-through business, as compared to corporations. A globally competitive corporate tax rate and an international tax system that does not penalize U.S. companies are essential to promote domestic investment.

RECONCILIATION AND ENFORCEMENT

To help achieve the goals of this budget, the resolution includes reconciliation instructions and budget enforcement tools that will help bring Federal spending programs in line with the blueprint, allow for comprehensive tax reform, and generate economic growth.

RECONCILIATION

This title includes two reconciliation instructions to Senate committees. The first would allow the Finance Committee to reduce revenues and change outlays to increase the deficit by not more than $1.5 trillion over the next 10 years. The second instructs the Energy and Natural Resources Committee to save at least $1 billion over the next 10 years. This title also includes instructions to the appropriate House committees to mirror the Senate instructions.

ENFORCEMENT

Updates Advance Appropriations.—This section updates an existing point of order against appropriations legislation that would provide an advance appropriation for a discretionary account. This point of order is extended regularly in budget resolutions, and provides an exception for programs or activities identified in the manager's joint explanatory statement, the Corporation for Public Broadcasting, and several accounts at the Department of Veterans Affairs. In addition to the accounts in the legislative text, other accounts eligible for advance appropriations include: Payment to Postal Service, Employment and Training Administration, Education for the Disadvantaged, School Improvement, Special Education, Career, Technical and Adult Education, Tenant-Based Rental Assistance, and Project-Based Rental Assistance.

Extends and Restates CHIMPS Points of Order.—This resolution includes two points of order against changes in mandatory programs (CHIMPS). The first point of order is an extension of a currently enforced point of order. The provision prohibits consideration of any measure that provides full-year appropriations that includes CHIMPS above a certain limit. This resolution restates the existing limits for 2018 and 2019, and extends the 2019 level through 2020. Additionally, this resolution closes an enforcement loophole on CHIMPS with net costs.

Reinstates a Limit on the Crime Victims Fund CHIMP.—This resolution protects the Crime Victims Fund by reinstating a 60-vote point of order against any provision that would cause the total budget authority of the Crime Victims Fund in fiscal year 2018 to be more than $11.2 billion.

Overseas Contingency Operations Designation.—This resolution establishes a 60-vote point of order against provisions that designate spending as funding for overseas contingency operations. Similar in operation to emergency designation points of order, this point of order would allow solely the designation to be struck.

Protects the Integrity of the Reconciliation Process.—If the Chairman of the Budget Committee, in his role as scorekeeper, cannot determine the budgetary effects of an amendment to a reconciliation bill, then the resolution establishes a 60-vote point of order against the amendment. In order to use this point of order, the Chairman will need to file a statement in the *Congressional Record* after consultation with the Ranking Member.

Creates a New One-Year Senate PAYGO Test.—Currently, Senate PAYGO is enforced on a 6- and 11-year test. This section repeals the previously enforced Senate PAYGO rule, and instead restates the 6- and 11-year tests with new current year and budget year tests. Consistent with past practice, the Senate PAYGO scorecard will be reset to zero following a final agreement on the fiscal year 2018 budget resolution.

Reactivates Dynamic Scoring Authority.—This resolution directs the Congressional Budget Office and the Joint Committee on Taxation to incorporate the budgetary effects of macroeconomic variables when each produces estimates of major legislation. These estimates will be used for informational purposes only. These more accurate assessments will help guide the Senate in its work both as a legislative body and financial steward of the United States.

Adjustment Authority for Discretionary Cap Deal.—If a measure becomes law that amends the discretionary limits established under the Balanced Budget and Emergency Deficit Control Act of 1985, then the Chairman of the Budget Committee has the ability to adjust committee allocations.

Allows for Adjustments for Wildfire Suppression Funding.—This resolution allows for adjustments to committee allocations to account for any legislation that would provide for wildfire suppression.

Improves Oversight of Spending.—This resolution allows the Chairman of the Budget Committee to adjust direct spending levels in the resolution following enactment of legislation that would change a program from a mandatory to a discretionary account. This adjustment will ensure savings generated on the mandatory side of the ledger are not used to then offset new spending.

Lifts Previous Constraints on Senate Consideration of Certain Legislation.—The fiscal year 2016 budget resolution established two points of order that constrained the Senate's ability to consider certain types of legislation. In operation, these points of order were unnecessarily restrictive to the deliberative nature of the institution. As such, this resolution repeals them.

Provides a Technical Correction Relating to Emergency Provisions.—This section repeals the previously enforced emergency designation process, and restates it with a technical correction.

Provides for Enforcement Filing in the Senate.—Under this resolution, the Chairman of the Budget Committee has the ability to file committee allocations if this resolution passes both the House and Senate, in identical form, and a conference committee is not

convened, and a joint explanatory statement is not produced. This is important for committee allocation budget enforcement procedures contained in the Congressional Budget Act of 1974.

Encourages Oversight of Government Performance.—This resolution directs Senate committees to identify waste, fraud, abuse, and duplication in Federal programs. The resolution also leads the committees to review recommendations offered by the Government Accountability Office, so Congress can better exercise its important oversight function. Committees are asked to provide their ideas for reform in their annual Views and Estimates report.

Establishes the Budgetary Treatment of Discretionary Administrative Expenses.—This resolution requires that the committee allocations found in the joint explanatory statement accompanying the conference report on the budget resolution include amounts for the discretionary administrative expenses of the Social Security Administration and the United States Postal Service. These amounts are crucial because these expenses are subject to the discretionary spending caps.

Allows for Changes in Allocations and Aggregates.—This section provides three necessary provisions relating to the timing and mechanics of budget enforcement. First, if any adjustments are made pursuant to a reserve fund or other directive, the adjustments will apply while a measure is under consideration, take effect once the measure is enacted, and be published in the *Congressional Record*. Second, any revisions to allocations and aggregates will be considered as if they were contained in this budget resolution. Third, 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.—If Congress were to enact a bill or joint resolution that changes a concept or definition, then the resolution provides the Chairman of the Budget Committee the authority to change levels and allocations in the resolution, accordingly.

Allows for Adjustments to Reflect Legislation Not Included in the Baseline.—This section allows the Chairman of the Budget Committee to make adjustments to levels and allocations in the resolution to accommodate legislation enacted before bicameral agreement of this resolution, if the legislation was not yet incorporated into the June 2017 Congressional Budget Office's baseline. CBO's June 2017 baseline is the basis for enforcement of this resolution.

Exercises in Rulemaking Power.—This section provides that the Senate has the constitutional authority to adopt the rules of this resolution, and the adopted rules shall be treated as Senate rules. Further, these rules supersede any prior, inconsistent rules.

ECONOMICS

Table 1 shows the assumed levels and rates of change for key economic variables that constitute the economic assumptions of the Senate Budget Committee-reported fiscal year 2018 budget resolution. The Budget Committee adopted the Congressional Budget Office's (CBO) economic forecasts and projections as published in its June 2017 *An Update to the Budget and Economic Outlook* report in order to maintain consistency with its baseline selection. The CBO assumptions are based on current law, with regulations and major policies remaining as in statute over the budget period, and do not include the impact of proposed policy changes in the resolution.

Table 1
Economic Assumptions for the Senate Budget Resolution
(Fiscal Years)

		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Gross Domestic Product (GDP)	Billions of dollars	18,408	19,120	19,924	20,671	21,381	22,165	23,037	23,951	24,905	25,897	26,927	27,999
	Percentage change	2.8	3.9	4.2	3.7	3.4	3.7	3.9	4.0	4.0	4.0	4.0	4.0
Real GDP	Billions of 2009 dollars	16,582	16,928	17,305	17,616	17,870	18,159	18,497	18,847	19,204	19,567	19,934	20,306
	Percentage change	1.6	2.1	2.2	1.8	1.4	1.6	1.9	1.9	1.9	1.9	1.9	1.9
Consumer Price Index,	1982-84=100	238.9	244.2	249.5	255.2	261.3	267.6	274.0	280.5	287.2	294.0	301.1	308.3
All Urban Consumers (CPI-U)	Percentage change	0.9	2.2	2.2	2.3	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4
Price Index,	2009=100	110.3	112.2	114.3	116.6	118.9	121.3	123.8	126.3	128.8	131.4	134.0	136.7
Personal Consumption Expenditures (PCE)	Percentage change	0.8	1.7	1.9	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Unemployment Rate, Civilian, 16 Years or Older	Percent	4.9	4.5	4.2	4.3	4.7	4.9	5.0	5.0	4.9	4.9	4.9	4.9
Employment,	Millions	144	146	148	149	149	149	150	151	151	152	153	154
Total Nonfarm (Establishment survey)	Percentage change	1.8	1.6	1.2	0.6	0.2	0.2	0.4	0.5	0.5	0.5	0.5	0.5
10-Year Treasury Note	Percent	1.9	2.3	2.7	3.1	3.4	3.6	3.7	3.7	3.7	3.7	3.7	3.7
Income, Personal	Billions of dollars	15,868	16,512	17,258	18,024	18,791	19,606	20,468	21,353	22,275	23,217	24,218	25,265
	Percentage of GDP	86.2	86.4	86.6	87.2	87.9	88.5	88.8	89.2	89.4	89.7	89.9	90.2

Comparison with Other Forecasters

Table 2 shows how CBO'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 U.S. Government, Fiscal Year 2018*). 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. The publication dates of the various forecasts also differ. While the forecasts put out by OMB and the Blue Chip were finalized around March 2017, the CBO forecast was updated with its June 2017 publication.

Table 2
Senate Budget Committee (SBC)/Congressional Budget Office (CBO) Economic Assumptions
Compared with the Blue Chip Ecomonic Indicators and the Office of Management and Budget (OMB)
(Calendar Years, Annual Percentage Rate of Change)

		2018	2019	2020	2021	2022	2018-2022	2022-2027
National Gross Domestic Product	SBC/CBO	4.2	3.6	3.4	3.8	4.0	3.8	4.0
(Current Dollars)	Blue Chip	4.7	4.3	4.2	4.1	4.0	4.3	4.2
	OMB	4.5	4.7	5.0	5.1	5.1	4.9	5.1
Real GDP	SBC/CBO	2.2	1.7	1.4	1.7	1.9	1.8	1.9
(Chained 2009 Dollars)	Blue Chip	2.4	2.1	2.0	2.0	2.0	2.1	2.0
	OMB	2.4	2.7	2.9	3.0	3.0	2.8	3.0
Consumer Price Index	SBC/CBO	2.2	2.3	2.4	2.4	2.4	2.3	2.4
(All Urban Series)	Blue Chip	2.2	2.3	2.4	2.3	2.3	2.3	2.4
	OMB	2.3	2.3	2.3	2.3	2.3	2.3	2.3
Unemployment Rate	SBC/CBO	4.2	4.4	4.7	4.9	5.0	4.6	4.9
(Percent of Civilian Labor Force)	Blue Chip	4.3	4.5	4.6	4.6	4.7	4.5	4.7
	OMB	4.4	4.6	4.7	4.8	4.8	4.7	4.8
10-Year Treasury Note	SBC/CBO	2.8	3.2	3.5	3.6	3.7	3.4	3.7
(Percent Per Annum)	Blue Chip	3.1	3.6	3.7	3.8	3.8	3.6	3.9
	OMB	3.3	3.4	3.8	3.8	3.8	3.6	3.8

STATE OF THE ECONOMY

Real, inflation-adjusted, growth in gross domestic product (GDP) has averaged 2.1 percent (fourth-quarter-on-fourth-quarter) since 2010. This is in contrast to historical annual growth rates, which have averaged 2.9 percent over the past 50 years and 3.2 percent in the postwar era. Under the policies in current law, the Congressional Budget Office (CBO) projects U.S. economic growth will decline to a long-term trend of 1.9 percent annually.

Following the November 2016 U.S. presidential election, market confidence has experienced sustained growth. All three major stock indexes (Dow Jones, S&P 500, and Nasdaq) hit record highs. Consumer spending, which accounts for more than two-thirds of economic activity, matched market confidence with consistent growth month-to-month.

Economic growth was boosted in the second quarter of 2017, with the Commerce Department showing an annual rate of 3.1 percent GDP growth, as compared to the first quarter of 2017 with only 1.2 percent growth. This increase reflects rising personal consumption expenditure (PCE), nonresidential fixed investment, exports, Federal Government spending, and private inventory investment.

Growth in consumer spending, business investment, and residential construction are expected to continue boosting the economy in short-term predictions. But weak productivity growth and demographic shifts in the labor market are expected to create a drag on the supply side in the long term.

The August 2017 Bureau of Labor Statistics report shows unemployment remains at 4.4 percent, with 1.7 million long-term workers unemployed and 1.5 million marginally attached. Frictional unemployment is a growing concern, as job openings persist or increase. The current labor-participation rate of 62.9 percent has changed only slightly over the last year, remaining at a persistently low level.

Total real private investment has rebounded past pre-2008 levels. Business investment is bolstered by confidence in the economic outlook and higher consumer spending. Nonresidential fixed investment has risen in 2017, and the rebuilding following Hurricanes Harvey and Irma may raise residential investment in the latter half of the year. The appreciation of home values since the crash incentivizes further investment, with housing permits and construction completions increasing.

Real Government consumption and expenditures may increase in the latter half of 2017 in response to hurricane recovery efforts. Real imports and exports continue to rise, and predicted faster global growth could improve U.S. performance. The value of the U.S. dollar has appreciated over the last few years, making imported goods cheaper for consumers.

Oil and gas prices have stabilized somewhat after a period of variability caused by supply controls abroad. U.S. production of oil has trended toward levels last seen in 2015. Hydraulic fracturing and new technologies that increase U.S. oil and natural gas production have also moderated price fluctuation in the global market.

The Federal Reserve continues to normalize monetary policy. The Federal funds rate has risen to 1.25 percent, as officials monitor in-

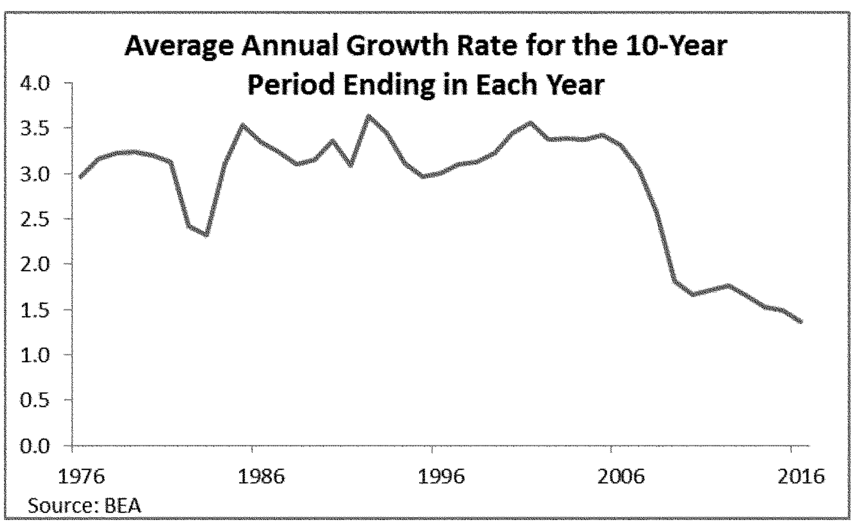
flation. Core PCE inflation remains below the target rate of 2 percent. Net interest rates remain below average, but the yield on the 10-year Treasury note increased in 2017.

Post-Policy Economic Growth

As mentioned above, CBO's economic assumptions do not include the dynamic effects of the proposed policy changes in the budget resolution. Instead, they are based on current law, which reflects how the economy is expected to perform if Congress fails to extend expiring tax provisions, reduce the regulatory burden, or slow the growth of Federal spending. As such, the continued anemic growth since the last recession can be attributed in part to a failure to pursue more robust, pro-growth policies.

While the numbers presented in the text of the budget resolution rely on CBO's assumptions, the Budget Committee expects that enactment of pro-growth policies could generate sufficient economic growth to offset the static cost of the $1.5 trillion in higher deficits allowed under the reconciliation instruction. Assuming average economic growth of 2.6 percent over the next decade, rather than CBO's 1.8 percent, would reduce the annual deficits assumed in the budget resolution, resulting in an on-budget surplus by the end of the 10-year budget window.

America has seen a dramatic decline in the rate of economic growth since the last recession. The chart below shows the 10-year period ending in 2016 had the lowest average annual growth rate of any 10-year period since the end of World War II. The ability to achieve a higher rate of growth depends on Congress enacting the right policies. Those policies are supported by this budget and include a combination of tax reform, regulatory reform, budget reform, and fiscal discipline.



Encouraging Americans to work, save, and invest by reducing regulatory barriers and improving economic incentives will boost economic growth and create additional jobs, wages, and profits.

These dynamic effects, along with the elimination of excessive tax loopholes, will help offset the projected static cost of tax reform assumed in the reconciliation instruction.

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 their policy priorities known in their Views and Estimates letters, and reserve funds are a way to accommodate those requests.

Reserve funds allow 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 Senate budget resolution includes deficit-neutral reserve funds for legislation that would:

—Allow Congress to address Obamacare with legislation to repeal or replace the program.

—Reform the American tax system—includes a revenue-neutrality requirement.

—Extend the State Children's Health Insurance Program.

—Strengthen American families—including making it easier to save for retirement; addressing the opioid epidemic; assisting victims of domestic abuse; supporting foster care, child care, marriage, and fatherhood programs; extending expiring health care provisions; and improving housing opportunities.

—Promote innovative educational and nutritional models and systems for American students—including amending the Higher Education Act, ensuring State flexibility in education, enhancing job training, and reforming child nutrition programs.

—Improve the American banking system.

—Promote American agriculture, energy, transportation, and infrastructure improvements.

—Restore American military power—including improving military readiness and strengthening cybersecurity efforts.

—Improve benefit and services delivery for veterans and service members.

—Relate to public lands and the environment—including wildfire prevention and firefighting.

—Secure the American border.

—Promote economic growth and the private sector, and enhance job creation.

—Reform statutory budget controls—including the Budget Control Act's discretionary caps.

—Prevent bailouts of private pension plans.

—Implement work requirements in means-tested Federal welfare programs.

—Protect Medicare.

—Make child and dependent care more affordable.
—Provide support for worker training programs.

The budget resolution includes a reserve fund for legislation that would provide disaster funds for relief and recovery efforts to areas devastated by hurricanes and flooding in 2017.

The resolution includes a reserve fund that allows the Chairman to make the adjustments necessary to accommodate legislation considered as a result of the reconciliation instructions.

SUMMARY TABLES

Table 1--Fiscal Year 2018 Budget Resolution
As Reported By Committee
Total Spending and Revenues*
(In billions of dollars)

Fiscal year		2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2018-22	2018-27
Budget Aggregates													
Revenues		2,490.936	2,613.683	2,755.381	2,883.381	3,015.847	3,162.063	3,306.948	3,463.269	3,654.829	3,825.184	13,759.228	31,171.521
Total Change in Revenues		-167.200	-169.500	-166.000	-165.200	-166.400	-167.700	-169.800	-172.200	-146.400	-145.000	-834.300	-1,635.400
Total Spending	BA	3,136.721	3,220.542	3,319.687	3,344.861	3,501.231	3,563.762	3,607.752	3,753.919	3,851.463	3,942.710	16,523.042	35,242.648
	OT	3,131.688	3,233.119	3,310.579	3,370.283	3,486.230	3,532.290	3,561.834	3,710.120	3,810.435	3,903.041	16,531.899	35,049.619
Deficit (+)/Surplus (-)		640.752	619.436	555.198	486.902	470.383	370.227	254.886	246.851	155.606	77.857	2,772.671	3,878.098
Public Debt Subject to Limit (end of year)		21,278.691	22,063.363	22,760.763	23,396.024	23,992.408	24,508.029	24,953.195	25,375.994	25,777.513	25,999.469	n.a.	n.a.
Debt Held by the Public (end of year)		15,595.294	16,281.015	16,933.381	17,553.196	18,188.386	18,765.097	19,269.019	19,809.369	20,307.841	20,780.452	n.a.	n.a.
Social Security													
Social Security Revenues		873.312	903.381	932.055	962.698	996.127	1,031.653	1,068.529	1,106.862	1,146.803	1,188.060	4,667.573	10,209.480
Social Security Outlays		849.609	909.109	972.776	1,040.108	1,111.446	1,188.081	1,266.786	1,349.334	1,437.032	1,530.362	4,883.048	11,654.643
Social Security Administrative	BA	5.553	5.716	5.888	6.062	6.241	6.426	6.617	6.816	7.024	7.233	29.460	63.576
Expenses	OT	5.584	5.713	5.856	6.029	6.207	6.392	6.581	6.779	6.985	7.194	29.389	63.320
Postal Service													
Postal Service Discretionary	BA	0.281	0.290	0.301	0.311	0.322	0.333	0.344	0.356	0.369	0.380	1.505	3.287
Administrative Expenses	OT	0.281	0.290	0.301	0.311	0.322	0.333	0.343	0.355	0.368	0.379	1.505	3.283
Major Functional Categories													
National Defense (050)	BA	557.253	570.316	584.504	598.730	613.707	629.014	644.732	660.854	678.183	695.076	2,924.510	6,232.369
	OT	569.287	568.721	574.347	584.706	601.894	611.538	621.649	641.891	658.658	675.108	2,898.955	6,107.799
International Affairs (150)	BA	45.157	43.978	44.042	44.060	43.161	44.183	45.222	46.283	47.394	48.467	220.398	451.947
	OT	44.985	43.114	42.992	42.702	42.743	43.045	43.511	44.062	44.844	45.676	216.536	437.674
General Science, Space,	BA	32.565	33.238	33.908	34.637	35.401	36.165	36.940	37.775	38.617	39.464	169.749	358.710
and Technology (250)	OT	31.909	32.561	33.191	33.864	34.666	35.427	36.167	36.956	37.773	38.597	166.191	351.111
Energy (270)	BA	-0.762	4.392	4.737	4.615	3.363	3.069	3.090	3.106	3.153	3.238	16.345	32.001
	OT	2.686	2.869	3.529	3.558	2.268	1.994	2.085	2.168	2.264	2.442	14.910	25.863
Natural Resources and	BA	40.489	42.110	43.533	43.091	45.022	45.716	46.080	47.575	48.511	49.280	214.245	451.407
Environment (300)	OT	40.597	42.293	43.420	42.742	44.194	44.767	45.125	46.581	47.501	48.326	213.246	445.546
Agriculture (350)	BA	22.063	21.564	20.372	19.284	18.743	18.894	19.311	19.881	20.173	20.280	102.026	200.565
	OT	21.979	19.898	18.450	18.540	18.135	18.354	18.638	19.112	19.439	19.542	97.002	192.087
Commerce and Housing	BA	9.379	12.090	7.997	5.359	7.393	-3.254	-4.648	-4.817	-6.228	-6.816	42.218	16.455
Credit (370)	OT	-4.060	2.554	-0.646	-2.364	-2.715	-14.163	-16.202	-17.747	-19.133	-19.990	-7.231	-94.466
Transportation (400)	BA	89.125	90.538	84.687	40.062	71.003	71.930	73.370	74.843	76.345	77.831	375.415	749.734
	OT	92.875	92.393	93.064	81.597	69.791	74.521	76.450	76.523	76.895	78.001	429.720	812.110

Table 1--Fiscal Year 2018 Budget Resolution
As Reported By Committee
Total Spending and Revenues*
(In billions of dollars)

Fiscal year		2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2018-22	2018-27
Community and Regional	BA	19.018	19.281	19.435	19.690	19.778	20.061	20.347	20.669	20.985	21.304	97.202	200.568
Development (450)	OT	21.697	20.600	19.518	18.867	18.506	18.041	18.277	18.831	19.353	19.932	99.188	193.622
Education, Training, Employment	BA	90.224	100.086	101.018	102.034	102.700	102.725	103.012	103.798	104.942	106.473	496.062	1,017.012
and Social Services (500)	OT	99.348	98.799	101.064	102.218	103.178	103.653	103.960	104.747	105.921	107.433	504.607	1,030.321
Health (550)	BA	546.598	560.622	578.838	574.616	586.530	601.742	605.811	617.220	633.890	652.230	2,847.204	5,958.097
	OT	558.311	563.293	570.311	575.040	583.769	599.099	603.443	614.728	630.824	653.552	2,850.724	5,952.370
Medicare (570)	BA	586.239	643.592	687.119	734.446	819.300	833.885	845.578	934.429	1,002.522	1,066.566	3,470.696	8,153.676
	OT	585.962	643.374	686.926	734.241	819.073	833.669	845.355	934.186	1,002.272	1,066.321	3,469.576	8,151.379
Income Security (600)	BA	491.978	490.106	493.118	494.706	497.021	506.711	515.692	531.668	544.483	557.641	2,466.929	5,123.124
	OT	477.537	479.627	482.945	485.536	494.507	499.405	502.742	520.169	538.620	548.723	2,420.152	5,029.811
Social Security (650)	BA	39.683	43.091	46.182	49.460	52.915	56.734	60.953	65.424	69.757	74.173	231.331	558.372
	OT	39.683	43.091	46.182	49.460	52.915	56.734	60.953	65.424	69.757	74.173	231.331	558.372
Veterans Benefits and	BA	176.446	191.376	198.336	205.001	221.481	219.424	216.519	234.741	242.559	251.142	992.640	2,157.025
Services (700)	OT	177.393	189.441	196.338	202.930	219.320	216.903	214.343	232.535	240.210	248.884	985.422	2,138.297
Administration of Justice (750)	BA	65.038	64.244	64.377	65.866	67.069	68.813	70.592	72.432	74.233	76.093	326.594	688.757
	OT	61.006	64.504	66.523	69.272	69.488	69.657	70.232	71.865	73.500	75.382	330.793	691.429
General Government (800)	BA	24.675	25.518	25.989	26.649	27.311	27.972	28.485	29.255	30.052	30.827	130.142	276.733
	OT	24.889	25.642	25.994	26.358	26.973	27.608	28.134	28.830	29.610	30.382	129.856	274.420
Net Interest (900)	BA	388.767	441.158	497.893	546.206	589.086	630.179	664.060	691.250	716.494	736.146	2,463.110	5,901.239
	OT	388.767	441.158	497.893	546.206	589.086	630.179	664.060	691.250	716.494	736.146	2,463.110	5,901.239
Allowances (920)	BA	-68.576	-133.357	-145.919	-176.695	-218.460	-247.892	-276.275	-307.701	-366.270	-415.402	-743.007	-2,356.547
	OT	-51.055	-96.088	-130.658	-166.918	-209.169	-238.885	-266.915	-297.489	-356.035	-404.286	-653.888	-2,217.498
Undistributed Offsetting	BA	-95.229	-93.401	-95.479	-98.956	-101.293	-102.309	-111.119	-124.766	-128.332	-141.303	-484.358	-1,092.187
Receipts (950)	OT	-95.229	-93.401	-95.479	-98.956	-101.293	-102.309	-111.119	-124.766	-128.332	-141.303	-484.358	-1,092.187
Overseas Contingency	BA	76.591	50.000	25.000	12.000	0.000	0.000	0.000	0.000	0.000	0.000	163.591	163.591
Operations (970)	OT	43.121	48.676	34.675	20.684	8.901	3.053	0.946	0.264	0.000	0.000	156.057	160.320

*These figures are included in Title I of the budget resolution. These figures exclude estimates of deficit reduction due to economic growth.

Table 2--FY 2018 Budget Resolution
As Reported By Committee
Spending by Function, Discretionary, Mandatory
(In billions of dollars)

Function		2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2018-22	2018-27
050 - National Defense	**BA**	**557.253**	**570.316**	**584.504**	**598.730**	**613.707**	**629.014**	**644.732**	**660.854**	**678.183**	**695.076**	**2,924.510**	**6,232.369**
	OT	**569.287**	**568.721**	**574.347**	**584.706**	**601.894**	**611.538**	**621.649**	**641.891**	**658.658**	**675.108**	**2,898.955**	**6,107.799**
Discretionary	BA	549.057	562.025	576.027	590.032	604.783	619.903	635.401	651.286	667.568	684.257	2,881.924	6,140.339
	OT	560.752	560.089	565.500	575.614	592.551	602.085	612.095	632.166	647.948	664.183	2,854.506	6,012.983
Mandatory	BA	8.196	8.291	8.477	8.698	8.924	9.111	9.331	9.568	10.615	10.819	42.586	92.030
	OT	8.535	8.632	8.847	9.092	9.343	9.453	9.554	9.725	10.710	10.925	44.449	94.816
150 - International Affairs	**BA**	**45.157**	**43.978**	**44.042**	**44.060**	**43.161**	**44.183**	**45.222**	**46.283**	**47.394**	**48.467**	**220.398**	**451.947**
	OT	**44.985**	**43.114**	**42.992**	**42.702**	**42.743**	**43.045**	**43.511**	**44.062**	**44.844**	**45.676**	**216.536**	**437.674**
Discretionary	BA	39.465	40.244	41.249	42.205	43.155	44.159	45.171	46.217	47.275	48.339	206.318	437.479
	OT	48.670	46.192	45.202	43.959	43.939	44.293	44.813	45.382	46.146	47.002	227.962	455.598
Mandatory	BA	5.692	3.734	2.793	1.855	0.006	0.024	0.051	0.066	0.119	0.128	14.080	14.468
	OT	-3.685	-3.078	-2.210	-1.257	-1.196	-1.248	-1.302	-1.320	-1.302	-1.326	-11.426	-17.924
250 - General Science, Space and Technology	**BA**	**32.565**	**33.238**	**33.908**	**34.637**	**35.401**	**36.165**	**36.940**	**37.775**	**38.617**	**39.464**	**169.749**	**358.710**
	OT	**31.909**	**32.561**	**33.191**	**33.864**	**34.666**	**35.427**	**36.167**	**36.956**	**37.773**	**38.597**	**166.191**	**351.111**
Discretionary	BA	32.465	33.131	33.808	34.537	35.301	36.065	36.840	37.675	38.517	39.364	169.242	357.703
	OT	31.809	32.456	33.089	33.764	34.566	35.327	36.067	36.856	37.673	38.497	165.684	350.104
Mandatory	BA	0.100	0.107	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.507	1.007
	OT	0.100	0.105	0.102	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.507	1.007
270 - Energy	**BA**	**-0.762**	**4.392**	**4.737**	**4.615**	**3.363**	**3.069**	**3.090**	**3.106**	**3.153**	**3.238**	**16.345**	**32.001**
	OT	**2.686**	**2.869**	**3.529**	**3.558**	**2.268**	**1.994**	**2.085**	**2.168**	**2.264**	**2.442**	**14.910**	**25.863**
Discretionary	BA	5.369	5.482	5.605	5.735	5.872	6.000	6.136	6.279	6.427	6.573	28.063	59.478
	OT	5.128	5.297	5.409	5.557	5.641	5.739	5.890	6.045	6.212	6.381	27.032	57.299
Mandatory	BA	-6.131	-1.090	-0.868	-1.120	-2.509	-2.931	-3.046	-3.173	-3.274	-3.335	-11.718	-27.477
	OT	-2.442	-2.428	-1.880	-1.999	-3.373	-3.745	-3.805	-3.877	-3.948	-3.939	-12.122	-31.436
300 - Natural Resources and Environment	**BA**	**40.489**	**42.110**	**43.533**	**43.091**	**45.022**	**45.716**	**46.080**	**47.575**	**48.511**	**49.280**	**214.245**	**451.407**
	OT	**40.597**	**42.293**	**43.420**	**42.742**	**44.194**	**44.767**	**45.125**	**46.581**	**47.501**	**48.326**	**213.246**	**445.546**
Discretionary	BA	37.437	38.384	39.396	40.455	41.511	42.621	43.780	44.943	46.174	47.431	197.183	422.132
	OT	38.001	39.047	39.687	40.342	41.033	41.970	43.025	44.156	45.333	46.558	198.110	419.152
Mandatory	BA	3.052	3.726	4.137	2.636	3.511	3.095	2.300	2.632	2.337	1.849	17.062	29.275
	OT	2.596	3.246	3.733	2.400	3.161	2.797	2.100	2.425	2.168	1.768	15.136	26.394

350 - Agriculture	**BA**	**22.063**	**21.564**	**20.372**	**19.284**	**18.743**	**18.894**	**19.311**	**19.881**	**20.173**	**20.280**	**102.026**	**200.565**
	OT	**21.979**	**19.898**	**18.450**	**18.540**	**18.135**	**18.354**	**18.638**	**19.112**	**19.439**	**19.542**	**97.002**	**192.087**
Discretionary	BA	6.492	6.658	6.828	7.011	7.197	7.387	7.576	7.785	7.995	8.207	34.186	73.136
	OT	6.378	6.556	6.785	6.946	7.108	7.295	7.482	7.675	7.882	8.091	33.773	72.198
Mandatory	BA	15.571	14.906	13.544	12.273	11.546	11.507	11.735	12.096	12.178	12.073	67.840	127.429
	OT	15.601	13.342	11.665	11.594	11.027	11.059	11.156	11.437	11.557	11.451	63.229	119.889
370 - Commerce and Housing Credit	**BA**	**7.550**	**10.571**	**7.340**	**5.535**	**5.404**	**-5.392**	**-6.955**	**-7.641**	**-8.897**	**-9.693**	**36.400**	**-2.178**
	OT	**-5.888**	**1.036**	**-1.301**	**-2.186**	**-4.702**	**-16.300**	**-18.508**	**-20.570**	**-21.802**	**-22.866**	**-13.041**	**-113.087**
Discretionary	BA	-4.211	-3.182	-2.226	-1.333	-1.146	-1.114	-1.074	-1.027	-0.974	-0.928	-12.098	-17.215
	OT	-3.799	-3.047	-2.279	-1.397	-1.209	-1.181	-1.145	-1.102	-1.052	-1.013	-11.731	-17.224
Mandatory	BA	11.761	13.753	9.566	6.868	6.550	-4.278	-5.881	-6.614	-7.923	-8.765	48.498	15.037
	OT	-2.089	4.083	0.978	-0.789	-3.493	-15.119	-17.363	-19.468	-20.750	-21.853	-1.310	-95.863
370 on-budget	**BA**	**9.379**	**12.090**	**7.997**	**5.359**	**7.393**	**-3.254**	**-4.648**	**-4.817**	**-6.228**	**-6.816**	**42.218**	**16.455**
	OT	**-4.060**	**2.554**	**-0.646**	**-2.364**	**-2.715**	**-14.163**	**-16.202**	**-17.747**	**-19.133**	**-19.990**	**-7.231**	**-94.466**
Discretionary	BA	-4.492	-3.472	-2.527	-1.644	-1.468	-1.447	-1.418	-1.383	-1.343	-1.308	-13.603	-20.502
	OT	-4.080	-3.337	-2.580	-1.708	-1.531	-1.514	-1.488	-1.457	-1.420	-1.392	-13.236	-20.507
Mandatory	BA	13.871	15.562	10.524	7.003	8.861	-1.807	-3.230	-3.434	-4.885	-5.508	55.821	36.957
	OT	0.020	5.891	1.934	-0.656	-1.184	-12.649	-14.714	-16.290	-17.713	-18.598	6.005	-73.959
400 - Transportation	**BA**	**89.125**	**90.538**	**84.687**	**40.062**	**71.003**	**71.930**	**73.370**	**74.843**	**76.345**	**77.831**	**375.415**	**749.734**
	OT	**92.875**	**92.393**	**93.064**	**81.597**	**69.791**	**74.521**	**76.450**	**76.523**	**76.895**	**78.001**	**429.720**	**812.110**
Discretionary	BA	33.696	34.500	35.325	36.182	37.082	37.975	38.898	39.874	39.242	40.202	176.785	372.976
	OT	91.854	92.019	93.003	81.979	70.632	75.831	78.243	78.812	78.069	79.645	429.487	820.087
Mandatory	BA	55.429	56.038	49.362	3.880	33.921	33.955	34.472	34.969	37.103	37.629	198.630	376.758
	OT	1.021	0.374	0.061	-0.382	-0.841	-1.310	-1.793	-2.289	-1.174	-1.644	0.233	-7.977
450 - Community and Regional Development	**BA**	**19.018**	**19.281**	**19.435**	**19.690**	**19.778**	**20.061**	**20.347**	**20.669**	**20.985**	**21.304**	**97.202**	**200.568**
	OT	**21.697**	**20.600**	**19.518**	**18.867**	**18.506**	**18.041**	**18.277**	**18.831**	**19.353**	**19.932**	**99.188**	**193.622**
Discretionary	BA	18.500	18.697	18.916	19.172	19.450	19.734	20.021	20.342	20.660	20.980	94.735	196.472
	OT	21.139	20.059	18.962	18.316	17.966	17.495	17.786	18.355	18.938	19.604	96.442	188.620
Mandatory	BA	0.518	0.584	0.519	0.518	0.328	0.327	0.326	0.327	0.325	0.324	2.467	4.096
	OT	0.558	0.541	0.556	0.551	0.540	0.546	0.491	0.476	0.415	0.328	2.746	5.002
500 - Education, Training, Employment	**BA**	**90.224**	**100.086**	**101.018**	**102.034**	**102.700**	**102.725**	**103.012**	**103.798**	**104.942**	**106.473**	**496.062**	**1,017.012**
	OT	**99.348**	**98.799**	**101.064**	**102.218**	**103.178**	**103.653**	**103.960**	**104.747**	**105.921**	**107.433**	**504.607**	**1,030.321**
Discretionary	BA	95.373	104.272	106.310	108.390	110.509	112.629	114.805	117.135	119.551	122.020	524.854	1,110.994
	OT	95.950	102.415	104.465	106.532	108.618	110.709	112.835	115.060	117.393	119.808	517.980	1,093.785
Mandatory	BA	-5.149	-4.186	-5.292	-6.356	-7.809	-9.904	-11.793	-13.337	-14.609	-15.547	-28.792	-93.982
	OT	3.398	-3.616	-3.401	-4.314	-5.440	-7.056	-8.875	-10.313	-11.472	-12.375	-13.373	-63.464

550 - Health	**BA**	**546.598**	**560.622**	**578.838**	**574.616**	**586.530**	**601.742**	**605.811**	**617.220**	**633.890**	**652.230**	**2,847.204**	**5,958.097**
	OT	**558.311**	**563.293**	**570.311**	**575.040**	**583.769**	**599.099**	**603.443**	**614.728**	**630.824**	**653.552**	**2,850.724**	**5,952.370**
Discretionary	BA	64.000	65.066	66.217	67.589	69.184	71.312	72.190	73.592	75.331	76.805	332.056	701.286
	OT	63.494	64.425	65.515	66.553	67.711	69.264	70.819	71.938	73.336	74.897	327.698	687.952
Mandatory	BA	482.598	495.556	512.621	507.027	517.346	530.430	533.621	543.628	558.559	575.425	2,515.148	5,256.811
	OT	494.817	498.868	504.796	508.487	516.058	529.835	532.624	542.790	557.488	578.655	2,523.026	5,264.418
570 - Medicare	**BA**	**586.239**	**643.592**	**687.119**	**734.446**	**819.300**	**833.885**	**845.578**	**934.429**	**1,002.522**	**1,066.566**	**3,470.696**	**8,153.676**
	OT	**585.962**	**643.374**	**686.926**	**734.241**	**819.073**	**833.669**	**845.355**	**934.186**	**1,002.272**	**1,066.321**	**3,469.576**	**8,151.379**
Discretionary	BA	7.443	7.836	8.240	8.666	9.121	9.591	10.075	10.585	11.100	11.632	41.306	94.289
	OT	7.451	7.815	8.189	8.591	9.040	9.508	9.990	10.495	11.007	11.538	41.086	93.624
Mandatory	BA	578.796	635.756	678.879	725.780	810.179	824.294	835.503	923.844	991.422	1,054.934	3,429.390	8,059.387
	OT	578.511	635.559	678.737	725.650	810.033	824.161	835.365	923.691	991.265	1,054.783	3,428.490	8,057.755
600 - Income Security	**BA**	**491.978**	**490.106**	**493.118**	**494.706**	**497.021**	**506.711**	**515.692**	**531.668**	**544.483**	**557.641**	**2,466.929**	**5,123.124**
	OT	**477.537**	**479.627**	**482.945**	**485.536**	**494.507**	**499.405**	**502.742**	**520.169**	**538.620**	**548.723**	**2,420.152**	**5,029.811**
Discretionary	BA	66.873	68.550	70.468	72.271	73.939	75.536	77.133	78.859	80.585	82.287	352.101	746.501
	OT	66.321	67.572	69.783	71.562	73.128	74.588	76.118	77.773	79.484	81.177	348.366	737.506
Mandatory	BA	425.105	421.556	422.650	422.435	423.082	431.175	438.559	452.809	463.898	475.354	2,114.828	4,376.623
	OT	411.216	412.055	413.162	413.974	421.379	424.817	426.624	442.396	459.136	467.546	2,071.786	4,292.305
650 - Social Security	**BA**	**998.973**	**1,060.421**	**1,125.948**	**1,195.822**	**1,269.390**	**1,346.042**	**1,426.489**	**1,510.259**	**1,597.671**	**1,688.819**	**5,650.554**	**13,219.834**
	OT	**994.004**	**1,055.018**	**1,120.216**	**1,189.789**	**1,262.956**	**1,339.308**	**1,419.453**	**1,503.022**	**1,590.032**	**1,680.880**	**5,621.983**	**13,154.678**
Discretionary	BA	5.553	5.716	5.888	6.062	6.241	6.426	6.617	6.816	7.024	7.233	29.460	63.576
	OT	5.584	5.713	5.856	6.029	6.207	6.392	6.581	6.779	6.985	7.194	29.389	63.320
Mandatory	BA	993.420	1,054.705	1,120.060	1,189.760	1,263.149	1,339.616	1,419.872	1,503.443	1,590.647	1,681.586	5,621.094	13,156.258
	OT	988.420	1,049.305	1,114.360	1,183.760	1,256.749	1,332.916	1,412.872	1,496.243	1,583.047	1,673.686	5,592.594	13,091.358
650 on-budget	**BA**	**39.683**	**43.091**	**46.182**	**49.460**	**52.915**	**56.734**	**60.953**	**65.424**	**69.757**	**74.173**	**231.331**	**558.372**
	OT	**39.683**	**43.091**	**46.182**	**49.460**	**52.915**	**56.734**	**60.953**	**65.424**	**69.757**	**74.173**	**231.331**	**558.372**
Discretionary	BA	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
	OT	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Mandatory	BA	39.683	43.091	46.182	49.460	52.915	56.734	60.953	65.424	69.757	74.173	231.331	558.372
	OT	39.683	43.091	46.182	49.460	52.915	56.734	60.953	65.424	69.757	74.173	231.331	558.372
700 - Veterans Benefits and Services	**BA**	**176.446**	**191.376**	**198.336**	**205.001**	**221.481**	**219.424**	**216.519**	**234.741**	**242.559**	**251.142**	**992.640**	**2,157.025**
	OT	**177.393**	**189.441**	**196.338**	**202.930**	**219.320**	**216.903**	**214.343**	**232.535**	**240.210**	**248.884**	**985.422**	**2,138.297**
Discretionary	BA	78.249	80.479	82.824	85.206	87.670	90.201	92.811	95.535	98.370	101.245	414.428	892.590
	OT	76.525	78.483	80.994	83.348	85.827	88.304	90.858	93.514	96.287	99.099	405.177	873.239
Mandatory	BA	98.197	110.897	115.512	119.795	133.811	129.223	123.708	139.206	144.189	149.897	578.212	1,264.435
	OT	100.868	110.958	115.344	119.582	133.493	128.599	123.485	139.021	143.923	149.785	580.245	1,265.058
750 - Administration of Justice	**BA**	**65.038**	**64.244**	**64.377**	**65.866**	**67.069**	**68.813**	**70.592**	**72.432**	**74.233**	**76.093**	**326.594**	**688.757**

	OT	**61.006**	**64.504**	**66.523**	**69.272**	**69.488**	**69.657**	**70.232**	**71.865**	**73.500**	**75.382**	**330.793**	**691.429**
Discretionary	BA	58.005	59.764	61.616	63.485	65.424	67.413	69.469	71.613	73.845	76.110	308.294	666.744
	OT	57.084	59.764	61.479	63.143	64.956	66.920	68.946	71.071	73.274	75.521	306.426	662.158
Mandatory	BA	7.033	4.480	2.761	2.381	1.645	1.400	1.123	0.819	0.388	-0.017	18.300	22.013
	OT	3.922	4.740	5.044	6.129	4.532	2.737	1.286	0.794	0.226	-0.139	24.367	29.271
800 - General Government	**BA**	**24.675**	**25.518**	**25.989**	**26.649**	**27.311**	**27.972**	**28.485**	**29.255**	**30.052**	**30.827**	**130.142**	**276.733**
	OT	**24.889**	**25.642**	**25.994**	**26.358**	**26.973**	**27.608**	**28.134**	**28.830**	**29.610**	**30.382**	**129.856**	**274.420**
Discretionary	BA	17.372	17.933	18.529	19.122	19.729	20.360	21.016	21.691	22.402	23.115	92.685	201.269
	OT	17.720	18.132	18.568	18.879	19.414	19.997	20.637	21.299	21.997	22.707	92.713	199.350
Mandatory	BA	7.303	7.585	7.460	7.527	7.582	7.612	7.469	7.564	7.650	7.712	37.457	75.464
	OT	7.169	7.510	7.426	7.479	7.559	7.611	7.497	7.531	7.613	7.675	37.143	75.070
900 - Net Interest	**BA**	**306.967**	**361.958**	**420.993**	**471.106**	**516.386**	**562.379**	**599.860**	**631.350**	**662.494**	**689.946**	**2,077.410**	**5,223.439**
	OT	**306.967**	**361.958**	**420.993**	**471.106**	**516.386**	**562.379**	**599.860**	**631.350**	**662.494**	**689.946**	**2,077.410**	**5,223.439**
Discretionary	BA	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
	OT	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Mandatory	BA	306.967	361.958	420.993	471.106	516.386	562.379	599.860	631.350	662.494	689.946	2,077.410	5,223.439
	OT	306.967	361.958	420.993	471.106	516.386	562.379	599.860	631.350	662.494	689.946	2,077.410	5,223.439
900 on-budget	**BA**	**388.767**	**441.158**	**497.893**	**546.206**	**589.086**	**630.179**	**664.060**	**691.250**	**716.494**	**736.146**	**2,463.110**	**5,901.239**
	OT	**388.767**	**441.158**	**497.893**	**546.206**	**589.086**	**630.179**	**664.060**	**691.250**	**716.494**	**736.146**	**2,463.110**	**5,901.239**
Discretionary	BA	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
	OT	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Mandatory	BA	388.767	441.158	497.893	546.206	589.086	630.179	664.060	691.250	716.494	736.146	2,463.110	5,901.239
	OT	388.767	441.158	497.893	546.206	589.086	630.179	664.060	691.250	716.494	736.146	**2,463.110**	**5,901.239**
920 - Allowances	**BA**	**-68.576**	**-133.357**	**-145.919**	**-176.695**	**-218.460**	**-247.892**	**-276.275**	**-307.701**	**-366.270**	**-415.402**	**-743.007**	**-2,356.547**
	OT	**-51.055**	**-96.088**	**-130.658**	**-166.918**	**-209.169**	**-238.885**	**-266.915**	**-297.489**	**-356.035**	**-404.286**	**-653.888**	**-2,217.498**
Discretionary	BA	-38.483	-89.324	-96.453	-104.051	-113.758	-123.518	-133.157	-144.176	-154.474	-166.471	-442.069	-1,163.865
	OT	-21.077	-54.634	-82.492	-94.348	-104.703	-114.921	-124.301	-134.466	-144.690	-155.738	-357.254	-1,031.370
Mandatory	BA	-30.093	-44.033	-49.466	-72.644	-104.702	-124.374	-143.118	-163.525	-211.796	-248.931	-300.938	-1,192.682
	OT	-29.978	-41.454	-48.166	-72.570	-104.466	-123.964	-142.614	-163.023	-211.345	-248.548	-296.634	-1,186.128
950 - Undistributed Offsetting Receipts	**BA**	**-112.557**	**-111.306**	**-113.981**	**-118.048**	**-120.981**	**-122.610**	**-132.052**	**-146.351**	**-150.590**	**-164.254**	**-576.873**	**-1,292.730**
	OT	**-112.557**	**-111.306**	**-113.981**	**-118.048**	**-120.981**	**-122.610**	**-132.052**	**-146.351**	**-150.590**	**-164.254**	**-576.873**	**-1,292.730**
Discretionary	BA	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
	OT	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Mandatory	BA	-112.557	-111.306	-113.981	-118.048	-120.981	-122.610	-132.052	-146.351	-150.590	-164.254	-576.873	-1,292.730
	OT	-112.557	-111.306	-113.981	-118.048	-120.981	-122.610	-132.052	-146.351	-150.590	-164.254	-576.873	-1,292.730
950 on-budget	**BA**	**-95.229**	**-93.401**	**-95.479**	**-98.956**	**-101.293**	**-102.309**	**-111.119**	**-124.766**	**-128.332**	**-141.303**	**-484.358**	**-1,092.187**
	OT	**-95.229**	**-93.401**	**-95.479**	**-98.956**	**-101.293**	**-102.309**	**-111.119**	**-124.766**	**-128.332**	**-141.303**	**-484.358**	**-1,092.187**
Discretionary	BA	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000

	OT	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Mandatory	BA	-95.229	-93.401	-95.479	-98.956	-101.293	-102.309	-111.119	-124.766	-128.332	-141.303	-484.358	-1,092.187
	OT	-95.229	-93.401	-95.479	-98.956	-101.293	-102.309	-111.119	-124.766	-128.332	-141.303	-484.358	-1,092.187
970 - Overseas Contingency Operations/Global War on Terrorism	BA	76.591	50.000	25.000	12.000	0.000	0.000	0.000	0.000	0.000	0.000	163.591	163.591
	OT	43.121	48.676	34.675	20.684	8.901	3.053	0.946	0.264	0.000	0.000	156.057	160.320
Discretionary	BA	76.591	50.000	25.000	12.000	0.000	0.000	0.000	0.000	0.000	0.000	163.591	163.591
	OT	43.121	48.676	34.675	20.684	8.901	3.053	0.946	0.264	0.000	0.000	156.057	160.320
Mandatory	BA	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
	OT	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total	**BA**	**3,995.054**	**4,139.248**	**4,303.394**	**4,397.207**	**4,623.329**	**4,762.831**	**4,885.848**	**5,114.445**	**5,300.450**	**5,485.328**	**21,458.232**	**47,007.134**
	OT	**3,985.053**	**4,146.423**	**4,288.556**	**4,416.598**	**4,601.896**	**4,724.626**	**4,832.895**	**5,063.410**	**5,251.783**	**5,437.721**	**21,438.526**	**46,748.961**
Discretionary	BA	1,149.246	1,106.231	1,103.567	1,112.736	1,121.264	1,142.680	1,163.708	1,185.024	1,206.618	1,228.401	5,593.044	11,519.475
	OT	1,212.105	1,197.029	1,172.390	1,156.053	1,151.326	1,162.668	1,177.685	1,202.072	1,222.222	1,245.151	5,888.903	11,898.701
Mandatory	BA	2,845.808	3,033.017	3,199.827	3,284.471	3,502.065	3,620.151	3,722.140	3,929.421	4,093.832	4,256.927	15,865.188	35,487.659
	OT	2,772.948	2,949.394	3,116.166	3,260.545	3,450.570	3,561.958	3,655.210	3,861.338	4,029.561	4,192.570	15,549.623	34,850.260
Total on-budget	**BA**	**3,136.721**	**3,220.542**	**3,319.687**	**3,344.861**	**3,501.231**	**3,563.762**	**3,607.752**	**3,753.919**	**3,851.463**	**3,942.710**	**16,523.042**	**35,242.648**
	OT	**3,131.688**	**3,233.119**	**3,310.579**	**3,370.283**	**3,486.230**	**3,532.290**	**3,561.834**	**3,710.120**	**3,810.435**	**3,903.041**	**16,531.899**	**35,049.619**
Discretionary	BA	1,143.412	1,100.225	1,097.378	1,106.363	1,114.701	1,135.921	1,156.747	1,177.852	1,199.225	1,220.788	5,562.079	11,452.612
	OT	1,206.240	1,191.026	1,166.233	1,149.713	1,144.797	1,155.943	1,170.761	1,194.938	1,214.869	1,237.578	5,858.009	11,832.098
Mandatory	BA	1,993.309	2,120.317	2,222.309	2,238.498	2,386.530	2,427.841	2,451.005	2,576.067	2,652.238	2,721.922	10,960.963	23,790.036
	OT	1,925.448	2,042.093	2,144.346	2,220.570	2,341.433	2,376.347	2,391.073	2,515.182	2,595.566	2,665.463	10,673.890	23,217.521

Table 3--FY 2018 Budget Resolution
As Reported By Committee
Components of Deficit Reduction
(In billions of dollars)

Fiscal Year	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2018-22	2018-27
Baseline Deficit[a]												
On-budget	-529	-592	-621	-673	-773	-753	-729	-818	-888	-938	-3,187	-7,314
Budget Resolution Policy Changes												
On-Budget Outlays												
Discretionary	43	25	-4	-38	-68	-78	-87	-98	-109	-119	-42	-534
Mandatory[b]	-98	-170	-230	-312	-393	-454	-525	-597	-704	-796	-1,203	-4,278
Net Interest	1	3	2	-1	-8	-19	-32	-47	-67	-91	-4	-259
Total Outlays	-55	-142	-232	-351	-469	-551	-644	-743	-879	-1,005	-1,249	-5,071
Revenues	-167	-170	-166	-165	-166	-168	-170	-172	-146	-145	-834	-1,635
Budget Resolution Surplus/Deficit without Economic Feedback												
On-budget	-641	-619	-555	-487	-470	-370	-255	-247	-156	-78	-2,773	-3,878
Economic Feedback												
On-Budget Economic Feedback[c]	0	-25	-55	-75	-100	-120	-155	-200	-235	-275	-255	-1,240
Budget Resolution Surplus/Deficit with Economic Feedback												
On-budget	-641	-594	-500	-412	-370	-250	-100	-47	79	197	-2,518	-2,638
MEMORANDA:												
Change in Discretionary Regular Budget Authority												
Defense	0	0	0	0	0	0	0	0	0	0	0	0
Nondefense	-516	-529	-542	-555	-569	-583	-597	-612	-628	-643	-2,711	-5,774
Deficit Reduction Fiscal Benefit[d]	-6	6	13	4	-11	-18	-25	-34	-46	-61	6	-178

[a]--Baseline deficit is CBO June 2017 without extrapolation of certain spending; which includes items such as overseas contingency (OCO), disaster relief, program integrity and emergency-designated spending.
[b]--Includes CBO estimate of deficit reduction fiscal benefits.
[c]--Estimated post-policy on-budget benefits from enacting legislation based on resolution guidance.
[d]--CBO estimate of deficit reduction fiscal benefits. In this table, the effect is included in the mandatory spending line.

Table 4--FY 2018 Budget Resolution
As Reported By Committee
Discretionary Topline
(In billions of dollars, Budget Authority)

Fiscal Year	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2018-22	2018-27
Defense (regular BA)[a]												
Budget Resolution	549	562	576	590	605	620	635	651	668	684	2,882	6,140
CBO June Baseline	549	562	576	590	605	620	635	651	668	684	2,882	6,140
Difference	0	0	0	0	0	0	0	0	0	0	0	0
Nondefense (regular BA)[a]												
Budget Resolution	516	487	495	503	509	515	521	527	532	537	2,510	5,142
CBO June Baseline	516	529	542	555	569	583	597	612	628	643	2,711	5,774
Difference	0	-42	-47	-51	-59	-68	-76	-86	-96	-106	-200	-632
Overseas Contingency Operations (OCO)												
Budget Resolution	77	50	25	12	0	0	0	0	0	0	164	164
Disaster Relief Funding												
Budget Resolution	7	7	7	7	7	7	7	7	7	7	34	68

[a]-- These amounts are subject to discretionary spending limits in the Balanced Budget and Emergency Deficit Control Act of 1985 (the Deficit Control Act), as amended. These amounts exclude funding assumed in the resolution for overseas contingency operations and disaster relief, which qualify as cap adjustments under statute. Further, these amounts exclude funding provided through CURES, which is not counted for enforcement purposes pursuant to law and congressional scorekeeping guidelines.

Table 5--ALLOCATION OF SPENDING AUTHORITY TO SENATE COMMITTEE ON APPROPRIATIONS FOR FISCAL YEAR 2018
($ Billions)

	Budget Authority	Outlays
Appropriations:		
Revised Security Category Discretionary Budget Authority[1]	549.057	n/a
Revised Nonsecurity Category Discretionary Budget Authority[1]	515.749	n/a
General Purpose Outlays[1]	n/a	1,167.885
Memo:		
Subtotal	1,064.806	1,167.885
on-budget	1,058.972	1,162.020
off-budget	5.834	5.865
Mandatory	1,013.202	1,000.871

[1]--The allocation 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 (BBEDCA).

Table 6-- ALLOCATION OF SPENDING AUTHORITY TO SENATE COMMITTEES OTHER THAN APPROPRIATIONS

($ Billions)

	2018	2018-2022	2018-2027
Agriculture, Nutrition, and Forestry			
Budget Authority	126.308	625.801	1,286.568
Outlays	114.589	575.641	1,189.902
Armed Services			
Budget Authority	169.680	906.589	1,856.298
Outlays	165.105	907.714	1,852.288
Banking, Housing and Urban Affairs			
Budget Authority	22.948	110.304	218.965
Outlays	-2.113	0.549	-7.446
Commerce, Science, and Transportation			
Budget Authority	17.855	96.091	198.319
Outlays	14.082	77.971	152.636
Energy and Natural Resources			
Budget Authority	4.703	25.212	49.342
Outlays	4.391	24.909	49.112
Environment and Public Works			
Budget Authority	46.833	219.114	426.774
Outlays	2.313	12.343	27.935
Finance			
Budget Authority	2,281.388	13,505.748	32,103.198
Outlays	2,280.740	13,477.939	32,055.534
Foreign Relations			
Budget Authority	39.543	178.311	338.109
Outlays	30.383	156.266	314.812
Homeland Security and Government Affairs			
Budget Authority	143.970	764.213	1,648.718
Outlays	142.049	751.753	1,616.129
Judiciary			
Budget Authority	29.616	99.853	186.772
Outlays	18.595	108.183	197.483
Health, Education, Labor, and Pensions			
Budget Authority	12.994	90.240	188.146
Outlays	16.915	89.460	193.097
Rules and Administration			
Budget Authority	0.051	0.258	0.515
Outlays	0.023	0.132	0.291
Intelligence			
Budget Authority	0.514	2.570	5.140
Outlays	0.514	2.570	5.140
Veterans' Affairs			
Budget Authority	98.327	578.961	1,265.938
Outlays	100.998	580.994	1,266.561
Indian Affairs			
Budget Authority	0.325	2.048	4.504
Outlays	0.722	2.690	4.860
Small Business			
Budget Authority	0.000	0.000	0.000
Outlays	0.000	0.000	0.000
Unassigned to Committee			
Budget Authority	-1,001.746	-6,244.350	-15,987.270
Outlays	-963.858	-6,095.224	-15,700.813
TOTAL			
Budget Authority	1,993.309	10,960.963	23,790.036
Outlays	1,925.448	10,673.890	23,217.521

Includes entitlements funded in annual appropriations acts.

COMMITTEE VOTES

On September 29, 2017, the "Chairman's Mark" for the fiscal year 2018 budget resolution was provided to Budget Committee Member offices.

On October 4, 2017, the Committee met to commence the markup of the resolution and hear opening statements from Members.

On October 5, 2017, the following votes were taken during the Committee markup of the fiscal year 2018 budget resolution:

1. An amendment offered by Senator Sanders to create a point of order against legislation that would provide a tax cut for the top 1 percent wealthiest individuals.

The amendment was ruled out of order by the Chair. The ruling was appealed. A motion to table the appeal of the ruling of the Chair was agreed to by a roll call of 12 ayes and 11 noes.

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
ENZI (WY) (Chairman)	X			SANDERS (VT) (Ranking)		X	
GRASSLEY (IA)	X			MURRAY (WA)		X	
CRAPO (ID)	X			WYDEN (OR)		X	
GRAHAM (SC)	X			STABENOW (MI)		X	
TOOMEY (PA)	X			WHITEHOUSE (RI)		X	
JOHNSON (WI)	X			WARNER (VA)		X	
CORKER (TN)	X			MERKLEY (OR)		X	
PERDUE (GA)	X			KAINE (VA)		X	
GARDNER (CO)	X			KING (ME)		X	
KENNEDY (LA)	X			VAN HOLLEN (MD)		X	
BOOZMAN (AR)	X			HARRIS (CA)		X	
STRANGE (AL)	X						

2. An amendment offered by Senator Kennedy to establish a deficit-neutral reserve fund relating to implementing work requirements in all means-tested Federal welfare programs.

The amendment was agreed to by a voice vote.

3. An amendment offered by Senator King to establish a deficit-neutral reserve fund relating to determining the impact of work requirements on the economic security and health coverage of recipients of Federal means-tested programs.

The amendment was not agreed to by a voice vote.

4. An amendment offered by Senator Sanders to create a point of order against legislation that would cut Social Security, Medicare, or Medicaid benefits.

The amendment was ruled out of order by the Chair. The ruling was appealed. A motion to table the appeal of the ruling of the Chair was agreed to by a roll call of 12 ayes and 11 noes.

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
ENZI (WY) (Chairman)	X			SANDERS (VT) (Ranking)		X	
GRASSLEY (IA)	X			MURRAY (WA)		X	
CRAPO (ID)	X			WYDEN (OR)		X	
GRAHAM (SC)	X			STABENOW (MI)		X	
TOOMEY (PA)	X			WHITEHOUSE (RI)		X	
JOHNSON (WI)	X			WARNER (VA)		X	
CORKER (TN)	X			MERKLEY (OR)		X	
PERDUE (GA)	X			KAINE (VA)		X	
GARDNER (CO)	X			KING (ME)		X	
KENNEDY (LA)	X			VAN HOLLEN (MD)		X	
BOOZMAN (AR)	X			HARRIS (CA)		X	
STRANGE (AL)	X						

5. An amendment offered by Senator Wyden to strike the reconciliation instructions.

The amendment was not agreed to by a roll call of 11 ayes and 12 noes.

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
ENZI (WY) (Chairman)		X		SANDERS (VT) (Ranking)	X		
GRASSLEY (IA)		X		MURRAY (WA)	X		
CRAPO (ID)		X		WYDEN (OR)	X		
GRAHAM (SC)		X		STABENOW (MI)	X		
TOOMEY (PA)		X		WHITEHOUSE (RI)	X		
JOHNSON (WI)		X		WARNER (VA)	X		
CORKER (TN)		X		MERKLEY (OR)	X		
PERDUE (GA)		X		KAINE (VA)	X		
GARDNER (CO)		X		KING (ME)	X		
KENNEDY (LA)		X		VAN HOLLEN (MD)	X		
BOOZMAN (AR)		X		HARRIS (CA)	X		

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
STRANGE (AL)		X					

6. An amendment offered by Senators Harris, Sanders, Murray, Wyden, and Stabenow to increase spending in the Medicare Function (570) by $473 billion.

The amendment was not agreed to by a roll call of 11 ayes and 12 noes.

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
ENZI (WY) (Chairman)		X		SANDERS (VT) (Ranking)	X		
GRASSLEY (IA)		X		MURRAY (WA)	X		
CRAPO (ID)		X		WYDEN (OR)	X		
GRAHAM (SC)		X		STABENOW (MI)	X		
TOOMEY (PA)		X		WHITEHOUSE (RI)	X		
JOHNSON (WI)		X		WARNER (VA)	X		
CORKER (TN)		X		MERKLEY (OR)	X		
PERDUE (GA)		X		KAINE (VA)	X		
GARDNER (CO)		X		KING (ME)	X		
KENNEDY (LA)		X		VAN HOLLEN (MD)	X		
BOOZMAN (AR)		X		HARRIS (CA)	X		
STRANGE (AL)		X					

7. An amendment offered by Senator Gardner to establish a deficit-neutral reserve fund to protect Medicare and repeal the Independent Payment Advisory Board.

The amendment was agreed to by a voice vote.

8. An amendment offered by Senators Stabenow, Sanders, and Van Hollen to increase spending in the Health Function (550).

The amendment was not agreed to by a roll call of 11 ayes and 12 noes.

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
ENZI (WY) (Chairman)		X		SANDERS (VT) (Ranking)	X		
GRASSLEY (IA)		X		MURRAY (WA)	X		
CRAPO (ID)		X		WYDEN (OR)	X		
GRAHAM (SC)		X		STABENOW (MI)	X		
TOOMEY (PA)		X		WHITEHOUSE (RI)	X		
JOHNSON (WI)		X		WARNER (VA)	X		

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
CORKER (TN)		X		MERKLEY (OR)	X		
PERDUE (GA)		X		KAINE (VA)	X		
GARDNER (CO)		X		KING (ME)	X		
KENNEDY (LA)		X		VAN HOLLEN (MD)	X		
BOOZMAN (AR)		X		HARRIS (CA)	X		
STRANGE (AL)		X					

9. An amendment offered by Senators Harris and Van Hollen to create a point of order against legislation that would increase taxes on taxpayers whose annual income is below $250,000.

The amendment was ruled out of order by the Chair. The ruling was appealed. A motion to table the appeal of the ruling of the Chair was agreed to by a roll call of 12 ayes and 11 noes.

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
ENZI (WY) (Chairman)	X			SANDERS (VT) (Ranking)		X	
GRASSLEY (IA)	X			MURRAY (WA)		X	
CRAPO (ID)	X			WYDEN (OR)		X	
GRAHAM (SC)	X			STABENOW (MI)		X	
TOOMEY (PA)	X			WHITEHOUSE (RI)		X	
JOHNSON (WI)	X			WARNER (VA)		X	
CORKER (TN)	X			MERKLEY (OR)		X	
PERDUE (GA)	X			KAINE (VA)		X	
GARDNER (CO)	X			KING (ME)		X	
KENNEDY (LA)	X			VAN HOLLEN (MD)		X	
BOOZMAN (AR)	X			HARRIS (CA)		X	
STRANGE (AL)	X						

10. An amendment offered by Senator Kennedy to ensure tax reform protects middle-income taxpayers

The amendment was agreed to by a voice vote.

11. An amendment offered by Senators King, Sanders, Whitehouse, Warner, and Kaine to create a point of order against budget reconciliation legislation that would increase the deficit or reduce a surplus.

The amendment was not agreed to by a roll call of 11 ayes and 12 noes.

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
ENZI (WY) (Chairman)		X		SANDERS (VT) (Ranking)	X		
GRASSLEY (IA)		X		MURRAY (WA)	X		
CRAPO (ID)		X		WYDEN (OR)	X		
GRAHAM (SC)		X		STABENOW (MI)	X		
TOOMEY (PA)		X		WHITEHOUSE (RI)	X		
JOHNSON (WI)		X		WARNER (VA)	X		
CORKER (TN)		X		MERKLEY (OR)	X		
PERDUE (GA)		X		KAINE (VA)	X		
GARDNER (CO)		X		KING (ME)	X		
KENNEDY (LA)		X		VAN HOLLEN (MD)	X		
BOOZMAN (AR)		X		HARRIS (CA)	X		
STRANGE (AL)		X					

12. An amendment offered by Senator Stabenow to create a budget point of order against any legislation that would give a tax cut to companies that offshore American jobs.

The amendment was ruled out of order by the Chair. The ruling was appealed. A motion to table the appeal of the ruling of the Chair was agreed to by a roll call of 12 ayes and 11 noes.

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
ENZI (WY) (Chairman)	X			SANDERS (VT) (Ranking)		X	
GRASSLEY (IA)	X			MURRAY (WA)		X	
CRAPO (ID)	X			WYDEN (OR)		X	
GRAHAM (SC)	X			STABENOW (MI)		X	
TOOMEY (PA)	X			WHITEHOUSE (RI)		X	
JOHNSON (WI)	X			WARNER (VA)		X	
CORKER (TN)	X			MERKLEY (OR)		X	
PERDUE (GA)	X			KAINE (VA)		X	
GARDNER (CO)	X			KING (ME)		X	
KENNEDY (LA)	X			VAN HOLLEN (MD)		X	
BOOZMAN (AR)	X			HARRIS (CA)		X	
STRANGE (AL)	X						

13. An amendment offered by Senators Kaine, Murray, Wyden, Warner, King, and Harris to reinstate and expand the requirement

that a Congressional Budget Office (CBO) score be publicly available for 28 hours prior to a vote on certain legislation.

The amendment was not agreed to by a roll call of 11 ayes and 12 noes.

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
ENZI (WY) (Chairman)		X		SANDERS (VT) (Ranking)	X		
GRASSLEY (IA)		X		MURRAY (WA)	X		
CRAPO (ID)		X		WYDEN (OR)	X		
GRAHAM (SC)		X		STABENOW (MI)	X		
TOOMEY (PA)		X		WHITEHOUSE (RI)	X		
JOHNSON (WI)		X		WARNER (VA)	X		
CORKER (TN)		X		MERKLEY (OR)	X		
PERDUE (GA)		X		KAINE (VA)	X		
GARDNER (CO)		X		KING (ME)	X		
KENNEDY (LA)		X		VAN HOLLEN (MD)	X		
BOOZMAN (AR)		X		HARRIS (CA)	X		
STRANGE (AL)		X					

14. An amendment offered by Senator Warner for the use of CBO baseline to determine budgetary effects.

The amendment was not agreed to by a roll call of 11 ayes and 12 noes.

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
ENZI (WY) (Chairman)		X		SANDERS (VT) (Ranking)	X		
GRASSLEY (IA)		X		MURRAY (WA)	X		
CRAPO (ID)		X		WYDEN (OR)	X		
GRAHAM (SC)		X		STABENOW (MI)	X		
TOOMEY (PA)		X		WHITEHOUSE (RI)	X		
JOHNSON (WI)		X		WARNER (VA)	X		
CORKER (TN)		X		MERKLEY (OR)	X		
PERDUE (GA)		X		KAINE (VA)	X		
GARDNER (CO)		X		KING (ME)	X		
KENNEDY (LA)		X		VAN HOLLEN (MD)	X		
BOOZMAN (AR)		X		HARRIS (CA)	X		
STRANGE (AL)		X					

15. An amendment offered by Senator Warner to strike pay as you go (PAYGO) and short-term deficits exceptions.

The amendment was not agreed to by a roll call of 11 ayes and 12 noes.

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
ENZI (WY) (Chairman)		X		SANDERS (VT) (Ranking)	X		
GRASSLEY (IA)		X		MURRAY (WA)	X		
CRAPO (ID)		X		WYDEN (OR)	X		
GRAHAM (SC)		X		STABENOW (MI)	X		
TOOMEY (PA)		X		WHITEHOUSE (RI)	X		
JOHNSON (WI)		X		WARNER (VA)	X		
CORKER (TN)		X		MERKLEY (OR)	X		
PERDUE (GA)		X		KAINE (VA)	X		
GARDNER (CO)		X		KING (ME)	X		
KENNEDY (LA)		X		VAN HOLLEN (MD)	X		
BOOZMAN (AR)		X		HARRIS (CA)	X		
STRANGE (AL)		X					

16. An amendment offered by Senator Van Hollen to create a point of order against legislation that would repeal the estate tax.

The amendment was ruled out of order by the Chair. The ruling was appealed. A motion to table the appeal of the ruling of the Chair was agreed to by a roll call of 12 ayes and 11 noes.

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
ENZI (WY) (Chairman)	X			SANDERS (VT) (Ranking)		X	
GRASSLEY (IA)	X			MURRAY (WA)		X	
CRAPO (ID)	X			WYDEN (OR)		X	
GRAHAM (SC)	X			STABENOW (MI)		X	
TOOMEY (PA)	X			WHITEHOUSE (RI)		X	
JOHNSON (WI)	X			WARNER (VA)		X	
CORKER (TN)	X			MERKLEY (OR)		X	
PERDUE (GA)	X			KAINE (VA)		X	
GARDNER (CO)	X			KING (ME)		X	
KENNEDY (LA)	X			VAN HOLLEN (MD)		X	
BOOZMAN (AR)	X			HARRIS (CA)		X	
STRANGE (AL)	X						

17. An amendment offered by Senator Kaine to make the deficit-neutral reserve fund for tax reform revenue-neutral.

The amendment was agreed to by a roll call of 12 ayes and 11 noes.

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
ENZI (WY) (Chairman)		X		SANDERS (VT) (Ranking)	X		
GRASSLEY (IA)		X		MURRAY (WA)	X		
CRAPO (ID)		X		WYDEN (OR)	X		
GRAHAM (SC)		X		STABENOW (MI)	X		
TOOMEY (PA)		X		WHITEHOUSE (RI)	X		
JOHNSON (WI)		X		WARNER (VA)	X		
CORKER (TN)	X			MERKLEY (OR)	X		
PERDUE (GA)		X		KAINE (VA)	X		
GARDNER (CO)		X		KING (ME)	X		
KENNEDY (LA)		X		VAN HOLLEN (MD)	X		
BOOZMAN (AR)		X		HARRIS (CA)	X		
STRANGE (AL)		X					

18. An amendment offered by Senators Merkley and Sanders to create jobs by investing to rebuild our infrastructure paid for by closing tax loopholes.

The amendment was not agreed to by a roll call of 11 ayes and 12 noes.

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
ENZI (WY) (Chairman)		X		SANDERS (VT) (Ranking)	X		
GRASSLEY (IA)		X		MURRAY (WA)	X		
CRAPO (ID)		X		WYDEN (OR)	X		
GRAHAM (SC)		X		STABENOW (MI)	X		
TOOMEY (PA)		X		WHITEHOUSE (RI)	X		
JOHNSON (WI)		X		WARNER (VA)	X		
CORKER (TN)		X		MERKLEY (OR)	X		
PERDUE (GA)		X		KAINE (VA)	X		
GARDNER (CO)		X		KING (ME)	X		
KENNEDY (LA)		X		VAN HOLLEN (MD)	X		
BOOZMAN (AR)		X		HARRIS (CA)	X		
STRANGE (AL)		X					

19. An amendment offered by Senator Merkley to create a point of order against legislation that would allow for a net reduction of taxes paid by persons with income of more than a million dollars.

The amendment was ruled out of order by the Chair. The ruling was appealed. A motion to table the appeal of the ruling of the Chair was agreed to by a roll call of 12 ayes and 11 noes.

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
ENZI (WY) (Chairman)	X			SANDERS (VT) (Ranking)		X	
GRASSLEY (IA)	X			MURRAY (WA)		X	
CRAPO (ID)	X			WYDEN (OR)		X	
GRAHAM (SC)	X			STABENOW (MI)		X	
TOOMEY (PA)	X			WHITEHOUSE (RI)		X	
JOHNSON (WI)	X			WARNER (VA)		X	
CORKER (TN)	X			MERKLEY (OR)		X	
PERDUE (GA)	X			KAINE (VA)		X	
GARDNER (CO)	X			KING (ME)		X	
KENNEDY (LA)	X			VAN HOLLEN (MD)		X	
BOOZMAN (AR)	X			HARRIS (CA)		X	
STRANGE (AL)	X						

20. An amendment offered by Senator Stabenow to create a point of order against legislation that would turn Medicare into a voucher program.

The amendment was ruled out of order by the Chair. The ruling was appealed. A motion to table the appeal of the ruling of the Chair was agreed to by a roll call of 12 ayes and 11 noes.

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
ENZI (WY) (Chairman)	X			SANDERS (VT) (Ranking)		X	
GRASSLEY (IA)	X			MURRAY (WA)		X	
CRAPO (ID)	X			WYDEN (OR)		X	
GRAHAM (SC)	X			STABENOW (MI)		X	
TOOMEY (PA)	X			WHITEHOUSE (RI)		X	
JOHNSON (WI)	X			WARNER (VA)		X	
CORKER (TN)	X			MERKLEY (OR)		X	
PERDUE (GA)	X			KAINE (VA)		X	
GARDNER (CO)	X			KING (ME)		X	
KENNEDY (LA)	X			VAN HOLLEN (MD)		X	

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
BOOZMAN (AR)	X			HARRIS (CA)		X	
STRANGE (AL)	X						

21. An amendment offered by Senator Wyden to strike the deficit-neutral reserve fund for repeal of the Affordable Care Act.

The amendment was not agreed to by a roll call of 11 ayes and 12 noes.

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
ENZI (WY) (Chairman)		X		SANDERS (VT) (Ranking)	X		
GRASSLEY (IA)		X		MURRAY (WA)	X		
CRAPO (ID)		X		WYDEN (OR)	X		
GRAHAM (SC)		X		STABENOW (MI)	X		
TOOMEY (PA)		X		WHITEHOUSE (RI)	X		
JOHNSON (WI)		X		WARNER (VA)	X		
CORKER (TN)		X		MERKLEY (OR)	X		
PERDUE (GA)		X		KAINE (VA)	X		
GARDNER (CO)		X		KING (ME)	X		
KENNEDY (LA)		X		VAN HOLLEN (MD)	X		
BOOZMAN (AR)		X		HARRIS (CA)	X		
STRANGE (AL)		X					

22. An amendment offered by Senator Sanders to create a deficit-neutral reserve fund for campaign finance reform.

The amendment was ruled out of order by the Chair. The ruling was appealed. The amendment was not agreed to by a roll call of 11 ayes and 12 noes.

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
ENZI (WY) (Chairman)		X		SANDERS (VT) (Ranking)	X		
GRASSLEY (IA)		X		MURRAY (WA)	X		
CRAPO (ID)		X		WYDEN (OR)	X		
GRAHAM (SC)		X		STABENOW (MI)	X		
TOOMEY (PA)		X		WHITEHOUSE (RI)	X		
JOHNSON (WI)		X		WARNER (VA)	X		
CORKER (TN)		X		MERKLEY (OR)	X		
PERDUE (GA)		X		KAINE (VA)	X		

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
GARDNER (CO)		X		KING (ME)	X		
KENNEDY (LA)		X		VAN HOLLEN (MD)	X		
BOOZMAN (AR)		X		HARRIS (CA)	X		
STRANGE (AL)		X					

23. An amendment offered by Senators Kaine, Murray, Warner, and King to provide relief from sequestration and to provide adjustment authority for security and non-security spending.

The amendment was not agreed to by a roll call of 11 ayes and 12 noes.

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
ENZI (WY) (Chairman)		X		SANDERS (VT) (Ranking)	X		
GRASSLEY (IA)		X		MURRAY (WA)	X		
CRAPO (ID)		X		WYDEN (OR)	X		
GRAHAM (SC)		X		STABENOW (MI)	X		
TOOMEY (PA)		X		WHITEHOUSE (RI)	X		
JOHNSON (WI)		X		WARNER (VA)	X		
CORKER (TN)		X		MERKLEY (OR)	X		
PERDUE (GA)		X		KAINE (VA)	X		
GARDNER (CO)		X		KING (ME)	X		
KENNEDY (LA)		X		VAN HOLLEN (MD)	X		
BOOZMAN (AR)		X		HARRIS (CA)	X		
STRANGE (AL)		X					

24. An amendment offered by Senator King to establish a deficit-neutral reserve fund for legislation that relates to making the cost of child and dependent care more affordable and useful for American families.

The amendment was agreed to by a voice vote.

25. An amendment offered by Senator Murray to ensure the timely and adequate provision of disaster and other assistance for relief and recovery efforts to Puerto Rico, the U.S. Virgin Islands, Texas, Florida, and other areas of the United States devastated by hurricanes and flooding in 2017.

The amendment was agreed to by a voice vote.

26. An amendment offered by Senators Van Hollen and Harris to create a point of order against legislation that would eliminate the deduction for State and local taxes.

The amendment was ruled out of order by the Chair. The ruling was appealed. A motion to table the appeal of the ruling of the Chair was agreed to by a roll call of 12 ayes and 11 noes.

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
ENZI (WY) (Chairman)	X			SANDERS (VT) (Ranking)		X	
GRASSLEY (IA)	X			MURRAY (WA)		X	
CRAPO (ID)	X			WYDEN (OR)		X	
GRAHAM (SC)	X			STABENOW (MI)		X	
TOOMEY (PA)	X			WHITEHOUSE (RI)		X	
JOHNSON (WI)	X			WARNER (VA)		X	
CORKER (TN)	X			MERKLEY (OR)		X	
PERDUE (GA)	X			KAINE (VA)		X	
GARDNER (CO)	X			KING (ME)		X	
KENNEDY (LA)	X			VAN HOLLEN (MD)		X	
BOOZMAN (AR)	X			HARRIS (CA)		X	
STRANGE (AL)	X						

27. An amendment offered by Senator King to require the Congressional Budget Office and the Joint Committee on Taxation to produce estimates of certain distributional effects across income categories resulting from major legislation.

The amendment was agreed to by a voice vote.

28. An amendment offered by Senator Kaine to establish a deficit-neutral reserve fund relating to career and technical education.

The amendment was not agreed to by a voice vote.

29. An amendment offered by Senator Harris to establish a deficit-neutral reserve fund relating to worker training programs, such as training programs that target workers that need advanced skills to progress in their current profession or apprenticeship or certificate programs that provide retraining for a new industry.

The amendment was agreed to by a voice vote.

Following the vote on the Harris amendment, Senator Enzi made a motion to report the resolution. The motion was agreed to and the resolution was reported by a roll call vote of 12 ayes and 11 noes.

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
ENZI (WY) (Chairman)	X			SANDERS (VT) (Ranking)		X	
GRASSLEY (IA)	X			MURRAY (WA)		X	
CRAPO (ID)	X			WYDEN (OR)		X	
GRAHAM (SC)	X			STABENOW (MI)		X	
TOOMEY (PA)	X			WHITEHOUSE (RI)		X	
JOHNSON (WI)	X			WARNER (VA)		X	

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
CORKER (TN)	X			MERKLEY (OR)		X	
PERDUE (GA)	X			KAINE (VA)		X	
GARDNER (CO)	X			KING (ME)		X	
KENNEDY (LA)	X			VAN HOLLEN (MD)		X	
BOOZMAN (AR)	X			HARRIS (CA)		X	
STRANGE (AL)	X						

VIEWS AND ESTIMATES

The Views and Estimates for fiscal year 2018 received from the various committees follow:

United States Senate

COMMITTEE ON
AGRICULTURE, NUTRITION, AND FORESTRY
WASHINGTON, DC 20510–6000
202–224–2035

March 10, 2017

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 February 7, 2017 letter and pursuant to section 301(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 (FY) 2018 budget resolution. We appreciate the opportunity to share these recommendations, views, and estimates for the FY 2018 budget process.

Mandatory outlays under the Agriculture Committee's jurisdiction are estimated to total roughly $116 billion in FY 2018, decreasing to $113.1 billion by FY 2019 with projections continuing below FY 2018 levels out to FY 2022. Ten-year mandatory spending within our jurisdiction is down by over $54.5 billion from last year's baseline. By contrast, mandatory spending in the federal budget outside the jurisdiction of the Agriculture Committee is projected to grow more rapidly, on average 6 percent, to over $4.1 trillion by FY 2028. The Agriculture Committee recognizes the difficult task that the Committee on the Budget faces on an annual basis. And, the Agriculture Committee continues to work in a bipartisan manner to conduct robust oversight over programs to ensure that they are implemented effectively, efficiently, and make judicious use of taxpayer resources.

The Agriculture Committee has been and is continuing to do its part in deficit reduction. At the time of passage of the Agricultural Act of 2014 (2014 Farm Bill), CBO credited approximately $23 billion of deficit reduction to the Agriculture Committee's ten-year baseline, including sequestration under the Budget Control Act of 2013. While the 2014 Farm Bill comprises roughly 1.6 percent of total Federal spending, the Agriculture Committee is proud to have made a significant contribution to deficit reduction through bipartisan effort. In fact, between now and the time the current 2014 Farm Bill was passed, the Agriculture Committee has experienced a decrease of $104 billion in our ten year baseline spending.

Since the passage of the 2014 Farm Bill, the agriculture and rural economy continue to struggle as farmers are projected to face a fourth consecutive year of farm income declines. Despite the difficult conditions that farmers and ranchers are experiencing in rural America, total ten year

spending for the Commodity Title of the 2014 Farm Bill is projected to be less than when the 2014 Farm Bill was written. In fact, the ten-year window from the January 2017 baseline for the Commodity Title of the 2014 Farm Bill is approximately $4.4 billion less than when the 2014 Farm Bill was written.

Additionally, total program spending for Federal Crop Insurance is expected to decline. As commodity prices continue to drop, the cost for each insured acre becomes lower which results in reduced spending for the crop insurance program. The other factor resulting in the biggest change seen in the January 2017 baseline for Federal Crop Insurance was an administrative change by CBO to shift the loss ratio from 1.0 to 0.91. This change resulted in a reduction in the crop insurance baseline of approximately $17.3 billion over ten years.

In addition to CBO's assumption change, actual cuts to the Federal Crop Insurance program have already occurred. When times were better in the agriculture economy, the 2008 Farm Bill reduced crop insurance by an estimated $6.8 billion and the renegotiation of the Standard Reinsurance Agreement further reduced the crop insurance baseline by more than $6 billion. 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 – which represents a mere 0.15 percent of total ten-year federal spending and requires producers to put "skin in the game" to gain coverage. Moreover, the ten-year window from the January 2017 baseline for the Crop Insurance Title of the 2014 Farm Bill is over $5 billion less than when the 2014 Farm Bill was written.

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. CBO projects that the cost of SNAP will continue to fall from $68.5 billion in FY 2018 down to $66.8 billion in FY 2020. The decrease in projected expenditures is due to the counter-cyclical nature of the program—an improving economy results in lower participation levels. In fact, the ten-year window from the January 2017 baseline for SNAP is approximately $92 billion less than when the 2014 Farm Bill was written.

Farmers and ranchers across the country rely significantly on voluntary conservation programs with mandatory funds to increase their productivity while also addressing natural resource concerns such as air quality, water quality and wildlife habitat. The 2014 Farm Bill reduced spending for USDA conservation programs by $6 billion over 10 years, including sequestration effects. The Committee achieved these savings through a concerted effort to consolidate and streamline 23 separate conservation programs to 13, improving program efficiency and delivery. The Conservation Title in the 2014 Farm Bill continues to be on pace to spend approximately $3.6 billion less than expenditures under previous conservation programs.

The Agriculture Committee supports and strives for efficiency in the programs that are under our jurisdiction, and we will continue this effort moving forward while championing farmers, ranchers, families, small businesses, and rural communities. The Committee intends to work in a

bipartisan manner as we begin discussions on the next Farm Bill. We will first listen to producers to understand what is and is not working, and what can be improved upon from the 2014 Farm Bill. In addition, we will listen to individuals, families, children, and seniors who rely on the federal nutrition programs as a safety net to help alleviate hunger when times get tough.

As the agriculture and rural economy continue to struggle, it is imperative that we provide producers with the proper tools to navigate a series of harmful events that would sap the rural economy: farm failures and consolidation, job losses, farm-related small business failures, financial stress on rural banks and credit sources, and reduced investment in U.S. agriculture. It would be perilous to hinder development of the next farm bill with further cuts to mandatory spending for any programs in our jurisdiction at a time when the farm economy is suffering from low prices and tightening credit conditions. This concern is shared by over 500 organizations representing the majority of the Agriculture Committee's key stakeholders as outlined in a letter sent to you in February.

We respectfully request that the Committee on the Budget recognize the Agriculture Committee's bipartisan efforts to contribute to deficit reduction. The Agriculture Committee has begun the process of listening to producers, businesses, and families across the country to gain insights on the 2014 Farm Bill. It is clear that the agricultural economy is struggling. As we continue to move forward, we ask that consideration be given to providing as much certainty as possible on the baseline of funds that would be available throughout this Farm Bill process. For the fiscal year 2018 budget, the Agriculture Committee would request a reserve fund or flexibility for each of the following: 1) reauthorization of the Agricultural Act of 2014, 2) legislation amending or reauthorizing programs under the Richard B. Russell National School Lunch Act and the Child Nutrition Act of 1966, 3) reauthorization of the Pesticide Registration Improvement Extension Act of 2012, and 4) reauthorization of the Commodity Exchange Act.

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

Sincerely,

Senator Pat Roberts	Senator Debbie Stabenow
Chairman	Ranking Member

United States Senate
COMMITTEE ON APPROPRIATIONS
WASHINGTON, DC 20510–6025
http://appropriations.senate.gov

March 10, 2017

The Honorable Michael B. Enzi
Chairman
Committee on the Budget
United States Senate
Washington, DC 20510-6100

Dear Chairman Enzi:

As chairman of the Committee on Appropriations, I thank you for the opportunity to provide views on the Fiscal Year (FY) 2018 budget resolution.

The Committee on Appropriations takes seriously its duty to recommend responsible appropriations bills to fund the operations of the federal government. Each year the Committee thoroughly reviews government programs, actively seeks to eliminate waste and inefficiency, and sets funding priorities after significant input from our constituents and fellow Senators—all while adhering to the statutory requirements of the Balanced Budget and Emergency Deficit Control Act and the Congressional enforcement mechanisms in prior budget resolutions. The Committee will continue its longstanding efforts to provide responsibly for the nation's security and other public needs in FY2018.

Discretionary spending makes up less than one-third of federal spending. Mandatory programs and debt service account for the remaining two-thirds of outlays. While mandatory spending continues to grow in both absolute dollar terms and as a percentage of overall federal expenditures, the Budget Control Act and all major budget legislation enacted since August of 2011 have trimmed mandatory funding by only $125 billion. The vast majority of savings achieved during that time have come from discretionary programs. To date, discretionary funding has been reduced by over $800 billion dollars below the Congressional Budget Office's FY2011 baseline estimates. This reduction is estimated to exceed $1 trillion dollars in FY2018, which is more than 89 percent of the total outlay savings achieved. At the FY2018 cap levels, discretionary outlays will constitute 6.1% of the gross domestic product (GDP), a significant decline from the FY1962-FY2011 average of 9.1%. Total discretionary spending in FY2018 will be the smallest percentage of GDP since 2001 and the lowest level measured in constant dollars since 2003.

Before the Appropriations Committee begins to draft the FY2018 spending bills, it is confronted with a sobering reality: there will be at least $18 billion less than the previous fiscal year to meet the needs and priorities of the American people. This reduced level does not reflect any proposals that may be included in the President's forthcoming FY2018 budget request. Current CBO estimates show that the cap on defense spending will be statutorily reduced by $2.0 billion from FY2017 levels, and the non-defense cap will be

reduced by $2.9 billion. CBO also estimates that changes in economic and technical assumptions, including changes to discretionary receipts and collections, will have an approximately $2.7 billion impact on discretionary funding levels. Additionally, the limitation on changes in mandatory programs in section 3103 of the 2016 Budget Resolution is reduced by $2.1 billion for FY 2018. Finally, to continue to provide our Veterans with the health care that has been promised to them, the Military Construction and Veterans Affairs subcommittee will be asked to appropriate an additional $4-5 billion over FY2017 levels. This is in addition to the $3.1 billion increase in advance appropriations for Veterans health care that will be scored against the subcommittee's FY2018 302(b) allocation.

In light of these facts, it will be very challenging at existing cap levels for the Appropriations Committee to report 12 appropriations bills that support Congressional priorities and public needs. Any additional reductions in budget caps, whether direct or indirect, will exacerbate that challenge.

I strongly encourage the Budget Committee not to include limitations in the FY2018 budget resolution that would further inhibit the ability of the Appropriations Committee to do its job. I request that your committee ensure that sufficient outlays are provided in the resolution to preserve the historical spending pattern of Appropriations bills. I also ask that the committee refrain 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. Finally, please do 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.

I recognize that reform of the federal budget process has been a longstanding interest of yours. I look forward to working with you and other members of the Budget Committee to improve the federal budget process. It remains vital, however, that we preserve the important role of *annual* appropriations in providing for public needs, conducting responsible congressional oversight, and guiding the activities of the executive branch. Budget reform proposals require careful consideration and deliberation, and should be addressed outside of the budget resolution.

Thank you very much for the opportunity to share my views on the FY2018 Budget Resolution. I look forward to working with you to provide for the nation's needs within the framework of a responsible budget.

Sincerely,

Thad Cochran

Thad Cochran
Chairman

United States Senate
COMMITTEE ON APPROPRIATIONS
WASHINGTON, DC 20510-6025
http://appropriations.senate.gov

March 10, 2017

The Honorable Mike Enzi
Chairman
Committee on Budget
United States Senate
Washington D.C. 20510

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

Dear Chairman Enzi and Ranking Member Sanders,

Thank you for the opportunity to provide views and estimates on the Fiscal Year 2018 Budget Resolution related to those matters within the jurisdiction of the Appropriations Committee.

This year will be particularly challenging. It has been over five years since passage of the Budget Control Act (BCA) of 2011. Instead of leading to comprehensive fiscal reform, we have been operating under post-sequestration budget caps that have had a disproportionate effect on discretionary spending. Discretionary programs have been cut by $2 trillion. The Bipartisan Budget Act of 2013 and the Bipartisan Budget Agreement of 2015 provided temporary relief, but post-sequestration funding levels return for FY 2018-2021.

For both defense and non-defense programs, sequestration will have consequences for average Americans for a generation. Regrettably, President Trump has failed to recognize these consequences. In order to address the effects of the sequestration cuts to defense programs, he proposes to cut non-defense programs by another $54 billion for FY 2018. Proposing such draconian cuts constitutes a fundamental lack of understanding of the role such programs play in securing our nation, creating jobs across the nation (including in rural America), caring for our veterans, promoting our health and the environment, and helping our vulnerable citizens.

It is essential that we not only reject President Trump's ill-considered proposal to cut $54 billion from non-defense discretionary programs, but we must have parity between defense and non-defense programs. To the extent that Congress provides relief from the post-sequestration funding levels for defense programs, we must provide the same relief for domestic and international assistance programs.

Here are just a few examples of the consequences of sequestration:

- **America's infrastructure is failing**. The American Society of Civil Engineers assessment of our nation's infrastructure gives the U.S. a D+, the same grade it received in 2013, the last time the study was conducted. Over 56,000 of our bridges are

structurally deficient. The average age of our 90,580 dams is 56 years old and we have a $60 billion backlog of authorized but unfunded water projects. Our congested roads result in $160 billion in wasted time and fuel. Our transit systems, which carried over 10.5 billion trips in 2015, has a $90 billion rehabilitation backlog.

- **Federal investment in job training and employment services for adults and youth has declined by 13 percent**. This decline in investment has hurt efforts to make sure employers have the trained workforce they need to succeed and that U.S. workers have the skills they need to obtain well-paying jobs.

- **Funding for LIHEAP has decreased more than $1.5 billion.** LIHEAP helps roughly six million households stay safe and warm in the winter months and safely cool in the summer. Seventy percent of those served have a family member that is disabled, elderly, or a young child. While LIHEAP serves as a lifeline to these vulnerable families, only one in five eligible households participate due to lack of funding.

- **Hospitals and medical centers that serve our nation's veterans are in disrepair.** Sixty percent of the VA's existing hospitals are over 50 years old, yet we have been unable to invest as needed to keep these facilities up to par. There is nearly $10 billion in backlogged maintenance at existing hospitals and clinics for code violations rated as Ds and Fs, and it would require $60 billion over a 10 year period to close significant gaps in aging infrastructure and deliver more timely medical care.

- **The Social Security Administration (SSA) is underfunded, impeding its ability to serve our nation's most vulnerable population.** The SSA serves 70 million Americans each month and helps keep 22 million people out of poverty each year, but it faces serious budgetary constraints due to increased workloads from an aging population and lower funding levels. Since FY 2010, after adjusting for inflation, the SSA core operating budget shrank by 10 percent while the number of beneficiaries increased by 13 percent. At the end of FY 2016, the pending backlog for hearing decisions reached over 1.1 million cases, and on average, it took 543 days for SSA to make a hearing decision.

- **Budget cuts have resulted in a strain on the readiness of the Armed Forces**. Currently only one-third of Army combat units are ready to be deployed into battle. For 2 years in a row, the Navy has faced annual shortfalls in excess of $700 million in ship maintenance, which have resulted in critical maintenance periods being canceled. Recent press reports indicate that 62 percent of Navy F/A-18 fighters and 72 percent of Marine Corps F/A-18 fighters are not in flying status, primarily due to maintenance issues.

- **Pell grants only fund 30 percent of the cost of attendance at a public university**. Pell grants aim to make college more accessible and affordable for low and middle income families, but the value of the maximum grant has fallen by roughly 12 percent since 2011—a new low in the history of the program. According to analysis last fall by the Center on Budget and Policy Priorities, state support for public 2 and 4 year higher education institutions was $10 billion below levels prior to the recession. Given that

Federal assistance is not making up the difference, students have experienced rising tuitions and loan burdens, which undermine efforts to make college accessible and affordable, and support economic opportunity for all Americans, not just the wealthy.

- **Centers for Disease Control (CDC) funding has declined by 7 percent.** This shortchanges CDC's public health efforts to safeguard the country's food supply, screen for breast and colorectal cancer, combat chronic diseases such as diabetes, and prevent cases of tuberculosis and HIV. Most Americans are far more likely to be hurt by disease than by a terrorist attack.

We cannot continue down this path. It is hurting our country and our economy. But in FY 2018, we are set to return to the post-sequestration budget caps under BCA, which are $4.9 billion below FY 2017 levels. The non-defense discretionary cap is $2.9 billion below last year's level, and the defense cap is $2.0 billion below last year's level.

In addition to the $2.9 billion in cuts to non-defense discretionary budget authority, we anticipate an estimated $12.8 billion hole due to scorekeeping adjustments and required spending over which Congress has little control (chart below). In other words, unless there is a cap increase, non-defense discretionary programs will have to absorb cuts of $15.7 billion dollars below the Fiscal Year 2017 level, or a roughly 3 percent cut.

Fiscal Year 2018 Funding Gaps		
VA Medical Care	Likely increase above FY 2017 to meet known cost increases, including $2 billion already advance appropriated.	$5 billion
VA Choice	Current mandatory program expires in August of 2017, and existing balances will only last until January 2018. If authorizers fail to act, costs of care could fall under jurisdiction of Appropriations.	$2.8 billion
Decennial Census	Failure to invest in technology improvements and testing for the constitutionally-mandated census in FY 2018 will increase costs of the census by $5 billion.	$400 million
HUD Voucher Renewals	To maintain our current number of vouchers and continue to serve the families receiving assistance under this program, we need an additional $1.1 billion.	$1.1 billion
CHIMP Reduction	The FY 2016 budget resolution imposes a $2.1 billion reduction in CHIMPS.	$2.1 billion
Economics and Technicals	CBO baseline re-estimates	$1.4 billion
TOTAL		**$12.8 billion**

It is in this context that the Trump administration recently announced that in FY 2018 it will seek to slash an additional $54 billion from non-defense discretionary programs to pay for a $54 billion increase in defense spending. This is simply unacceptable. Such a proposal would require even deeper cuts in programs that protect health, public safety, national security, the environment, and reduce fraud and waste. Because we have not yet seen a detailed budget proposal, we can only speculate on how these cuts will be distributed. If implemented across the board, it would result in a minimum 13 percent cut to all non-defense discretionary programs. This assumes, as the Trump administration has indicated, an increase for veterans' funding and border security.

In absence of a detailed budget proposal from the Trump administration, here are some of the potential impacts of a 13 percent cut:

- **Reductions in education and early childhood services:** A 13 percent cut to Head Start would result in an estimated 155,000 children losing early childhood services. If similar cuts were made to Title I grant funding, public school systems would be forced to reduce staffing by an estimated 18,000 educators who provide services in Title I schools, denying extra support to roughly 3 million students in our nation's public schools that would otherwise help them meet state college and career-ready standards.

- **Cuts to low-income senior assistance programs:** If faced with a 13 percent cut, an estimated 21 million fewer meals would be served to seniors under Senior Nutrition programs, increasing hunger and food insecurity for our nation's most vulnerable older adults. Additionally, 85,000 fewer low-income seniors would be served under USDA's Commodity Supplemental Food Program, and roughly 15,500 very low-income elderly households would lose the rental subsidies needed to remain in their homes under HUD's section 202 program.

- **Long lines and security risks at our nation's airports**: A 13 percent cut would leave the Transportation Security Administration (TSA) vastly understaffed and unable to provide effective security without significantly inconveniencing the flying public. TSA could be forced to reduce the number of staffed checkpoint lanes by 400 to 600 lanes, drastically increasing wait times and raising security vulnerabilities in checkpoint queues.

- **Food and drug safety:** A 13 percent cut to the Food and Drug Administration would mean a decrease in funding for food safety inspectors and researchers, as well as scientists whose job it is to make sure that safe and effective prescription drugs, including generic drugs, make it to market as quickly as possible. Drug application approvals would slow, and safety issues in both the food and drug supply would take longer to identify, contain and remedy.

- **Service disruptions at our national parks**: A 13 percent cut to the National Park Service would put more than 1,000 seasonal ranger positions on the chopping block—crippling the agency's ability to meet the needs of millions of visitors, protect our nation's most significant natural resources, or address the agency's $12 billion deferred maintenance backlog.

- **Embassy security in jeopardy:** If faced with a 13 percent cut, we would spend $306 million less in FY 2018 to protect our nation's embassies. This cut is equal to more than twice the requested increase for FY 2017 – which was endorsed by the House and Senate – to improve security at U.S. facilities abroad and to protect U.S. property and personnel, including those operating in conflict or other high risk zones where the presence of U.S. civilian support is essential to the effectiveness of the military mission.

- **Massive cuts to Global Health Programs:** A 13 percent cut to Global Health Programs would result in a reduction of $1.1 billion across programs that help combat malaria, tuberculosis, and HIV/AIDS, promote maternal and child health, and leverage funds from international partners. Members of both parties routinely seek increases for global health programs because of their proven effectiveness in saving millions of lives and controlling pandemic outbreaks.

The press has been reporting even deeper cuts to some agencies.

- **Effects on Environmental Programs**: If news reports are accurate, under the Trump administration plan, the Environmental Protection Agency will lose nearly a quarter of its funding and a fifth of its staff. If implemented, these budget cuts would slash vital water infrastructure grants to states by more than $540 million, making it harder to improve the safety and quality of our community drinking water, wastewater, and storm water systems. It would also slash grants provided directly to States to run their own environmental protection programs and fund pollution control activities, and we would lose 3,700 scientists, researchers, economists and policy experts, dropping the EPA's staff back to 1984 levels.

- **Consequences of Deep Cuts to Foreign Assistance**: It has also been widely reported that the State Department and foreign assistance programs will receive a 37 percent reduction under the Trump plan. Such significant cuts would cripple our ability to implement, manage, and effectively oversee programs that protect U.S. personnel and facilities overseas, support partners around the world that help promote stability in volatile regions, and pursue development outcomes that build markets for U.S. exports on which the U.S. economy depends. If the P.L. 480, the Food for Peace program, is eliminated, 3.4 billion fewer meals would be provided and lifesaving assistance will fail to reach 31 million people. Such cuts do not reflect who we are as a nation and will make us less safe.

Once we receive the detailed Trump budget proposal next week, we will update our estimates with a more fulsome analysis of the impact of specific cuts. But even without these details, it is clear that a $54 billion cut to non-defense discretionary programs would threaten the growth of our economy, hurt national security, and unfairly impact low-income and middle class families. It also violates the principal of parity established in the Bipartisan Budget Acts of 2013 and 2015. We cannot sustain such cuts.

Bipartisan agreement on maintaining parity between defense and non-defense discretionary programs was the basis for two separate budget deals that provided much needed relief from sequestration under the BCA. Continuing parity in Fiscal Year 2018 and beyond is the best way to ensure a bipartisan path forward in the new Congress and address the needs of our nation.

Thank you for your consideration. I look forward to working with you in the new Congress.

Sincerely,

Patrick Leahy

Vice Chairman Patrick Leahy

United States Senate

COMMITTEE ON ARMED SERVICES
WASHINGTON, DC 20510–6050

March 15, 2017

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, as members of the Senate Armed Services Committee, are submitting our views and estimates, as they pertain to national defense, to the Budget Committee for fiscal year 2018. The outcomes of the recent election provide the 115th Congress with a unique opportunity. The United States finds itself at a tipping point. We now face, at once, a persistent war against terrorist enemies and a new era of great power competition. And yet, while our the military capabilities of our adversaries are advancing, ours have been degraded, in part, due to the 23 percent reduction in defense spending that has occurred over the past seven years. The wide margin of military superiority that America once enjoyed is eroding.

In light of these facts, we ask that the fiscal year 2018 Budget Resolution include $640 billion in the defense base budget. In addition, we recommend Overseas Contingency Operations (OCO) funding comparable to fiscal year 2017. Defense spending at these levels will require repealing the defense discretionary caps of the *Budget Control Act*. Only by removing the current caps on defense spending will the President and the Congress be able to craft a defense strategy and supporting levels of funding that truly address our national security requirements.

President Trump has made a commitment to rebuild our military. After extensive review of current and future military requirements and testimony from military leaders, we have determined that a base budget of $640 billion is the level necessary to accomplish that commitment. This is a significant increase from the previous year's budget, the defense spending cap for fiscal year 2018 in the *Budget Control Act*, and President Obama's projected military spending level for fiscal year 2018. This budget increase is desperately needed.

For the past eight years, the defense budget has been funded at or near President Obama's budget request levels. Yet the deterioration of America's global position has accelerated, in part, because the Obama administration's defense strategy, and by extension the budget request, was built on a series of flawed assumptions. It assumed the United States could pull back from the Middle East and contain the threat of violent Islamist extremism. It assumed that a nuclear deal with Iran would moderate its regional ambitions and malign behavior. It assumed that U.S.-Russia relations could be "reset" into a partnership and that U.S. forces in Europe could be

reduced. It assumed that "strategic patience" toward North Korea would improve conditions for negotiations and not exacerbate the threat. It assumed that a minimal "rebalance" of efforts could deter China from using its rising power to coerce U.S. partners and revise the regional order.

All of these assumptions have been overtaken by events. Meanwhile, the country continues to be at war, and military operations have only grown in size and frequency, whether it be Afghanistan, Iraq, Syria, or Yemen. But as the operational tempo has increased, our military has grown smaller and less capable due to shrinking budgets. This has resulted in degraded readiness, which in turn, harms modernization, as future defense investments are delayed and mortgaged to pay for present operations. This downward spiral of depleted readiness and deferred modernization has led all of the Joint Chiefs of Staff to warn that our military cannot accomplish the nation's strategic objectives at an acceptable level of risk.

Addressing these problems and rebuilding the military will require a substantial increase in resources beyond the current plans proposed by President Obama. Unfortunately, President Trump's planned proposal of $603 billion for the base defense budget falls well short of what is required. While this figure is $54 billion above the budget caps for fiscal year 2018, $35 billion of it was already proposed as part of President Obama's planned defense budget for fiscal year 2018. Thus, President Trump's proposal, in reality, only provides a 3 percent increase above President Obama's defense program. A 3 percent increase cannot accomplish all of our critical defense requirements—fixing readiness shortfalls, supporting growing military operations worldwide, and modernizing our forces to deal with the increasingly advanced military capabilities of our great power competitors. In short, $603 billion for defense may improve the readiness of our force, but it cannot rebuild it, as the President has rightly proposed to do.

Our recommendation of $640 billion for fiscal year 2018 will require the elimination of the defense discretionary cap, as President Trump has also repeatedly urged. This is right. For too long, our national defense has been the scapegoat for our nation's fiscal problems when, in reality, mandatory spending is the true driver of growing deficits and debt. Since passage of the *Budget Control Act*, the national debt has grown from 66 percent to 75 percent of GDP, an increase of $3.9 trillion. Five years ago, CBO estimated that the U.S. debt would reach 80 percent of GDP by 2029. Today, CBO projects that to happen in 2022. This is basic math. Without addressing the growing mandatory costs of entitlement programs, cutting discretionary budgets alone, as we have in recent years, will not decrease our national debt, but it will further harm our national security. We cannot go on like this for another four years, as the *Budget Control Act* mandates.

We also recognize that the Overseas Contingency Operations (OCO) account has been abused. The discretionary spending caps have only encouraged this behavior. Rather than repealing the spending caps in the *Budget Control Act*, Congress and the Obama administration ducked the problem, pushing more and more legitimate defense spending from the base budget to OCO. The only solution is to repeal the defense spending caps in the *Budget Control Act*.

Providing necessary funding for our military to defend the nation does not and should not mean giving the Department of Defense a blank check, or tolerating waste of taxpayer dollars.

The past two *National Defense Authorization Acts* have included significant reforms to help drive down costs within the Department of Defense. In part due to the report by the Defense Business Board suggesting as much as $125 billion in potential savings and efficiencies, we have mandated a 25 percent reduction to administrative support functions, a 25 percent reduction to bloated headquarters staffs, a 12 percent reduction to senior military and civilian personnel. We have passed major changes to the acquisition system to streamline bureaucratic processes that add to program costs. We have passed once-in-a-generation reforms to military retirement and healthcare that will save taxpayers billions of dollars. The Armed Services Committee's rigorous oversight of defense programs plagued with cost-overruns has helped some troubled programs turn the corner. Others that failed to do so have seen their authorized funding cut or eliminated. We have also eliminated almost 200 unnecessary and wasteful Congressional mandated reports.

The significant defense reforms that the Congress has led over the past two years must be sustained and will be expanded upon. The fact is, the Department of Defense has been implementing efficiencies for the past 10 years, and the low-hanging fruit is gone. The cost of rebuilding our military now far exceeds any amount of savings that could be produced by reform.

Informed by the last two years of focused oversight of the Department of Defense and our Armed Forces, we agree that a defense budget of $640 billion is required in fiscal year 2018 as a first step toward restoring military readiness, while rebuilding and reshaping our forces for the realities of 21st century warfare. Our budget recommendation exceeds both the *Budget Control Act* and President Obama's projected budget. However, failure to properly invest in the military now will only cost us more later. As General Mark Milley, Chief of Staff of the Army, has said: "The only thing more expensive than deterrence is actually fighting a war, and the only thing more expensive than fighting a war is fighting one and losing one."

Sincerely,

John McCain
United States Senator

James Inhofe
United States Senator

Roger Wicker
United States Senator

Tom Cotton
United States Senator

M. Michael Rounds
United States Senator

Thom Tillis
United States Senator

Dan Sullivan
United States Senator

David Perdue
United States Senator

Lindsey Graham
United States Senator

Ben Sasse
United States Senator

United States Senate
COMMITTEE ON BANKING, HOUSING, AND
URBAN AFFAIRS
WASHINGTON, DC 20510-6075

March 9, 2017

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

The Honorable Bernard Sanders
Ranking Member
Senate Committee on the Budget
Dirksen Senate Office Bldg.
Washington, DC 20510

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. We appreciate the opportunity to provide this input for the Fiscal Year 2018 budget process.

The committee recognizes the significant fiscal challenges facing our nation, and the pressures they place on our budget. The committee encourages a fiscally responsible budget, with strong enforcement of the spending caps contained in it. The dangerous trend, where more and more of our annual spending goes simply to pay interest on our debt, must be reversed in order to have the necessary resources available to support our policy needs. The committee supports a budget, consistent with the agenda we provide in this letter, that will help grow our economy and address our fiscal challenges.

Committee Jurisdiction:

The Banking Committee's jurisdiction covers banking, financial markets, securities, insurance, housing, mass transit, urban development, international trade and finance, as well as other matters related to economic policy.

Specific Budgetary Matters:

Economic Growth

Since the financial crisis, economic recovery has been tepid due to thousands of pages of new regulations, without any careful consideration of the cumulative impact of these rules on small businesses, investors, consumers, and the broader economy. The Executive Order entitled "Core Principles for Regulating the United States Financial

System" is a step in the right direction to get financial regulation right. The committee will review regulations and make necessary legislative changes in an effort to minimize unnecessary burdens on our financial institutions and promote economic growth, while still ensuring the safety and soundness of banks and the broader financial system.

Flood Insurance

After September 30, 2017, certain authorities of the National Flood Insurance Program (NFIP), such as the authority to issue new insurance contracts, will expire if they are not reauthorized by Congress. The Banking Committee recognizes the importance of reauthorizing the NFIP and has begun its work on reauthorization.

To that end, the Committee requests the budget resolution be drafted to accommodate changes in the NFIP related to the current baseline. In addition, the Committee requests the concomitant contract authority to support related programs.

Transportation Investment

The Fixing America's Surface Transportation Act (FAST), enacted in December 2015, provides authorization for our nation's transit, highway and rail programs through Fiscal Year 2020. The Banking Committee requests that the contract authority levels included in the FAST Act be honored in order to provide stability for surface transportation programs.

Housing Programs

The Committee realizes comprehensive housing finance reform is urgently necessary. It has been nearly a decade since the two government sponsored enterprises were put into conservatorship. At the time, then-Treasury Secretary Hank Paulson described the conservatorships as a "time-out." Today, Fannie and Freddie, along with FHA, continue to dominate the mortgage market. Approximately 70 percent of loans originated in 2016 were securitized by Fannie, Freddie, or Ginnie Mae. The Congressional Budget Office has found that taxpayers provide a subsidy to the business activities of Fannie Mae and Freddie Mac, since guarantee fees too low to cover expected losses and compensate taxpayers for the risk they assume. While Fannie and Freddie are currently making profits, taxpayers could again be on the hook for billions of dollars the next time the housing market experiences a downturn. The status quo is not a viable option; reform is necessary.

Dr. Ben Carson was confirmed as Secretary of the Department of Housing and Urban Development (HUD) on March 2, 2017. He has stated he plans to do a listening tour to hear from many stakeholders, including ordinary Americans. The Committee looks forward to hearing Secretary Carson's findings and recommendations for how HUD's

programs can be improved and working with him to identify and address areas where budgetary savings can be found.

Guarantee Fees

Members of the committee, on a bipartisan basis, have supported previous successful efforts to include in the budget resolution a scorekeeping rule to ensure that increases in guarantee fees for Fannie Mae and Freddie Mac shall not be used to offset unrelated spending proposals.

The purpose of the guarantee fee is to offset prospective Fannie and Freddie credit losses from borrower defaults. Thus, if guarantee fees are used to offset new spending, then the revenue is double counted. Should guarantee fees need to be increased, it should only be done as part of an effort to protect taxpayers from mortgage losses and should not be used as a gimmicky offset.

International Trade and Finance

The Committee will help foster economic growth by exploring ways to support the competitiveness of U.S. exports, by overseeing compliance with international agreements, and ensuring the United States is able to compete fairly in international markets.

Further, concerns about foreign dumping will not go away for the foreseeable future and it is important for many U.S. businesses that the federal government provide appropriate levels of protection against such dumping. Critical to this priority is maintaining robust international trade while monitoring the national security threat of exporting potentially sensitive U.S. dual use commercial and military technologies.

Anti-Money Laundering, Counter-Terrorist Financing and Economic Sanctions

The Committee will expand its understanding and analysis of illicit networks, institutions, jurisdictions, and various schemes, particularly associated with the growing number of national security threats and terrorist groups. Parallel to this undertaking, the Committee will oversee that the Bank Secrecy Act regulatory structure effectively and efficiently targets these illicit financing risks.

The Committee will actively review the state of existing economic sanctions regimes as appropriate against nations such as Iran, Russia, North Korea, Cuba and Venezuela. It is anticipated that additional sanctions may be contemplated.

Thank you for the opportunity to provide input. If your staff has any questions related to these or other budgetary issues within the committee's jurisdiction, please contact Mike Quickel at 224-7391.

Sincerely,

Mike Crapo
Chairman

United States Senate

COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS
WASHINGTON, DC 20510–6075

March 10, 2017

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

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

Dear Chairman Enzi and Ranking Member Sanders:

Through this letter, I am transmitting 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 2018 baseline. Please seek a balanced approach to the Budget that provides for investments in our people, communities, and a healthy economy.

This balanced approach includes maintaining federal investments in non-defense discretionary (NDD) programs in our jurisdiction. A return to NDD funding levels called for in the Budget Control Act could cause deep reductions in many discretionary programs under our jurisdiction if resumed in FY 2018. Please reject the President's reported plan to cut NDD programs by another $54 billion for FY 2018, which could result in devastating cuts to essential programs. There have already been reports in the *Washington Post* that the Administration may be considering a 14 percent cut in the Department of Housing and Urban Development alone. The proposed cuts would eliminate housing, infrastructure, and economic development assistance to local communities; undermine health and safety conditions in public and Indian housing; and threaten rental assistance to hundreds of thousands of vulnerable families, seniors, persons with disabilities, and veterans. These cuts will hurt families and neighborhoods and set back efforts to increase economic opportunity for all Americans.

A balanced approach also means making real investments in the nation's infrastructure to keep our economy growing. Senate Democrats have proposed a comprehensive infrastructure blueprint that would deliver on President Trump's promised $1 trillion infrastructure investment. This blueprint contains proposals to create 15 million jobs while rebuilding our crumbling infrastructure, including public transportation, community, and housing infrastructure needs in our jurisdiction. Senate Democrats look forward to advancing a bipartisan infrastructure package.

I offer the following information on the needs and issues in our jurisdiction to inform your Committee in its work. A stable, well-regulated financial services industry is critical to restoring

consumer confidence and continuing our economic recovery. 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, public transportation plays a vital role 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 I put forward these recommendations.

Strengthening Financial Oversight and Protections for Consumers and Investors

The Committee continues to support implementation and enforcement of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Wall Street Reform Act) to ensure stable financial institutions, fair and efficient markets, and to protect consumers and investors. Specifically, with respect to the congressional budget and appropriations in fiscal year (FY) 2018, funding for the Securities and Exchange Commission (SEC) is critical to ensure proper oversight of the capital markets and the wide range of market participants. The FY 2018 CBO baseline level is below the funding necessary for the SEC to accomplish its mandates fully and approximates the amount 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 by improving the quality of information available to market participants and investors, the SEC continues to finalize measures required by the Wall Street Reform Act, including the updated framework for the derivatives markets. The SEC continues to advance the use of technology in corporate disclosure, work with securities exchanges to improve equity trading, and pursue a broad enforcement program. Given the growing scale and complexity of the securities markets, please support a budget of $1.8 billion consistent with the FY 2017 Administration request.

The FY 2018 CBO baseline funding level for the Commodity Futures Trading Commission (CFTC) represents only a minimal increase over the FY 2016 level of $258 million, and does not reflect the size, breadth, and complexity 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. Funding the CFTC at $330 million, consistent with the FY 2017 request, would help provide the resources necessary to address the breadth of the CFTC's regulatory responsibilities across the futures, options and swaps markets. The current baseline amount is inadequate to protect the integrity and stability of our financial system and to provide oversight of the expanding markets and the sophisticated participants within them. Accordingly, I strongly urge you to provide full funding for the SEC and CFTC.

Housing and Community Development Programs

While the national economy has made significant progress since the recession that began in 2008, our families and our state and local governments continue to struggle to overcome its effects, as well as longer-term shifts in the economy. Lack of investment in aging – or nonexistent - infrastructure presents real challenges to urban, rural, and tribal communities. Foreclosures and blighted properties continue to confront many American families and communities and access to mortgage credit remains tight. In too many communities across the country, a child's life outcomes can be predicted by her zip code. In light of these needs, the federal government must continue to partner with state and local governments as they invest in our communities and enhance economic mobility for our citizens.

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 $20.30 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. While housing costs vary across the country, in no state can a full-time worker earning the federal minimum wage afford a modest one-bedroom rental home.

As a result of these trends, housing cost burdens are growing, particularly for the lowest-income families. Half of all renters paid more than 30 percent of their incomes towards housing in 2014, and a quarter – more than 11 million households - paid more than half their incomes for rent. Among extremely low income (ELI) renter households (those with incomes at or below 30 percent of area median income (AMI)), 71 percent pay more than half their incomes on rent. The National Low Income Housing Coalition documents a shortage of 7.4 million affordable and available rental units for the nation's ELI renter households.

Families burdened by housing costs have fewer resources 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 1.36 million school-age children and their families were homeless at some point during the 2013-2014 school year.

Despite this need, only one in four eligible renter households receives federal rental assistance. The nation's limited stock of federally-assisted housing is under threat due to physical obsolescence and expiring affordability contracts. By 2025, nearly 2.2 million units of HUD-assisted and Low Income Housing Tax Credit-supported housing will reach the end of their affordability periods. 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. The FHFA was correct in deciding to permit the affordable housing allocations as authorized by the Housing and Economic Recovery Act of 2008 to go forward.

Chairman Enzi and Ranking Member Sanders
March 10, 2017
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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. Please provide at least the current services amount for housing and community development programs within the appropriated programs of HUD, RHS, and related agencies in the FY 2018 Budget Resolution and support key funding initiatives and increases 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). Please include strong funding for these activities in the FY 2018 Budget Resolution, maintaining at least the current services baseline.

Please 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 25 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 2013, and we will continue our oversight of these critical programs in the coming year. In addition, please do not support any changes to Federal Credit Reform Act treatment of federal credit programs in our jurisdiction, including FHA.

In the 113th 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. Failure to fully fund contracts with private owners in FY 2018 may discourage private sector participation and investment, which could lead to less assistance for families, disinvestment, and higher costs in

the future. For FY 2018, please provide at least $11.4 billion to fully renew project-based rental assistance and provide for program oversight.

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 oversubscribed 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 over 80,000 vouchers nationwide. Congress and housing agencies have gradually restored most of these lost vouchers, but funding cuts would reverse this progress.

Please provide $21.4 billion for the voucher program in FY 2018. The requested amount will renew existing assistance for families, including HUD-VASH vouchers for homeless veterans, and will provide more adequate funding of local agency administrative fees. Administrative fees enable local agencies to ensure housing quality, program integrity, and housing search counseling for families searching for opportunities, and are therefore critical to the effective, efficient use of voucher funds. Please support this request to fully renew, expand, and administer assistance to struggling families in FY 2018.

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. Please provide full funding for housing agency operations in the FY 2018 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. HUD estimates that we are losing 10,000 units of public housing every year due to physical obsolescence. Additional investments will help preserve these affordable units and also spur the economy. 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. Please continue to improve public housing and create jobs by providing adequate funding for the Public Housing Capital Fund in the FY 2018 Budget Resolution.

Homeless Assistance
In 2010, *Opening Doors, The Federal Strategic Plan to Prevent and End Homelessness*, set out goals to end homelessness for veterans, the chronically homeless, and families, children, and

youth. Through a combination of concerted federal investments in appropriate housing solutions and improved services, we have made progress toward these goals. Since 2010, such investments have helped reduce chronic homelessness by 27 percent and veterans' homelessness by 47 percent. Yet, more remains to be done. According to HUD's 2016 Annual Homeless Assessment Report to Congress, approximately 550,000 people were homeless on a given night in January 2016. Over 195,000 of the homeless on this night were in families including at least one child. Over the course of 2014, nearly 1.5 million people spent at least one night in a homeless shelter. Homelessness has both direct, negative effects on the adults and children affected and broader costs to taxpayers when the disruptions of homelessness emerge as increased service demand and costs in other public systems such as child welfare, schools, hospitals, and justice systems.

To build on the progress of recent years and realize the goals of *Opening Doors*, we must continue our investment in evidence-based strategies to end homelessness. For FY 2017, the Administration requested $2.7 billion for HUD's Homeless Assistance Grants.to renew existing HUD homeless assistance, create additional permanent supportive housing and rapid rehousing opportunities for over 33,000 homeless individuals and families, and invest $25 million in innovative projects serving homeless youth. Please continue to support investments in ending homelessness.

Housing for Special Populations
Please provide full funding for housing programs serving our nation's seniors, persons with disabilities, and persons with AIDS in the FY 2018 Budget Resolution. Much of this housing comes 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.

Since its inception, the Section 202 program has created nearly 400,000 units of affordable housing for elderly households. Section 202 is currently the only federal program dedicated to addressing the need for affordable elderly housing. An estimated 38 percent of all residents currently living in Section 202 properties could be considered "frail" or "near-frail." However, often with the assistance of service coordinators, most of these residents are able to access community-based services that are designed to help them stay longer in their housing, and avoid more expensive institutional settings. According to HUD's most recent *Worst Case Housing Needs* report, 1.5 million very-low income households headed by seniors are facing worst-case housing needs, meaning that they pay more than 50 percent of their incomes for housing. HUD is only able to provide assisted housing to one in three seniors who need it. Based on a report from Harvard's Joint Center for Housing Studies that ratio will only get worse over time – particularly as baby boomers continue to age into retirement. Please provide full funding for these activities for FY 2018.

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 million very low-income, non-elderly persons with disabilities pay over half of their incomes for housing, and approximately 2 million more are living in more restrictive, institutional environments than they would choose or are living with an aging caregiver. Please provide sufficient funding to maintain current housing services for people with disabilities and expand this important resource.

The Housing Assistance for Persons with AIDS (HOPWA) program provides critical housing support for over 49,000 citizens living with HIV/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. Please continue our national commitment to HOPWA for FY 2018.

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 300,000 low income families in rural communities. Failing to keep pace with renewal needs in FY 2018 will result in loss of assistance for these families. Please provide robust funding for RHS activities in the FY 2018 Budget Resolution.

Community Development
The FY 2018 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.

Please provide robust funding for NeighborWorks and HUD community development programs in your FY 2018 Budget Resolution. The Neighborhood Reinvestment Corporation (NeighborWorks America) provides financial and programmatic support for a network of 248 NeighborWorks organizations across the country to further their work in housing rehabilitation, housing counseling, and broader community-based development efforts. Please provide at least $140 million for NeighborWorks core programs to enable the organization and its network to support a range of housing and community development activities, including: supporting and maintaining over 29,000 jobs, operating 155,000 units of affordable rental housing, providing financial and housing counseling to 113,000 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 in the Budget Resolution 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 gap funds that enable Low Income Housing Tax Credit and other affordable housing development developments to move forward. Given the importance of these funds to affordable housing production and their successful use in so many communities, please continue to support the HOME program in the FY 2018 Budget Resolution.

Assistance to Native American, Alaska Native, and Native Hawaiian Communities 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. Compared with the national average, American Indian and Alaska Native households in large tribal areas were more than three times as likely to live in housing that was overcrowded and more than 11 times more likely to live in housing that did not have adequate plumbing facilities.

To address these challenges, and to meet the federal government's treaty and trust responsibilities to federally-recognized tribes, 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, while the Section 184 mortgage loan guarantee program facilitates homeownership in Indian Country. HUD also provides housing block grant funds and loan guarantees targeted to Native Hawaiians. Please provide sufficient funding to fulfill our treaty and trust responsibilities to these communities in the FY 2018 Budget Resolution.

Lead Hazard Control and Healthy Homes
Please provide strong support for HUD's Office of Lead Hazard Control and Healthy Homes programs, which combat lead poisoning and other unhealthy housing conditions. Although the nation has made great progress in reducing childhood lead poisoning, lead exposure remains a threat to American children. The recent water crises in Flint, MI and Sebring, OH, demonstrate the need to protect our water supply. Yet lead hazards stretch far beyond our water systems. Too many children are exposed to hazards from homes built before 1978, when the Federal government banned use of lead in paint. Deteriorating paint in these homes turns into paint chips

and dust that are easily ingested or inhaled by children under six, whose developing brains are most vulnerable to its effects. According to the Centers for Disease Control and Prevention, 4 million homes are exposing children to high lead hazards. Approximately 535,000 children under the age of six have blood lead levels high enough to cause irreversible neurological damage and learning disabilities.

A 2011 study estimated that childhood lead poisoning cost the country over $55 billion due to health care and lost economic productivity resulting from lasting cognitive and behavioral effects. In addition to reducing the human costs of lead exposure, expenditures to prevent lead poisoning are cost-effective. For every $1 spent to reduce home lead hazards, there is a benefit of at least $17. Investments in other healthy housing interventions, such as removing conditions that trigger allergies and asthma, also result in high rates of return.

HUD's lead hazard control and healthy homes program has addressed lead hazards in hundreds of thousands of homes since its inception. Yet rates of lead poisoning in some communities are shockingly high. In Cleveland, for example, 17 percent of children under six had lead poisoning in a five-year period ending in 2014. Please ensure that the FY 2018 Budget Resolution provides at least $230 million to protect children from lead and other health hazards in their homes.

Choice Neighborhoods Initiative

The Choice Neighborhoods Initiative (CNI) transforms 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

Please 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.

Providing Access to Financial Services and Combatting Crime and Terrorism

Community Development Financial Institutions (CDFI) Fund

Please support strong funding for CDFI Fund programs in the FY 2018 Budget Resolution. 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. Please continue to support this important program with at least $246 million for FY 2018.

Terrorism, Financial Intelligence, and National Security
I urge you to fully fund, at a minimum, the Treasury Department's Office of Terrorism & Financial Intelligence (TFI) and the Financial Crimes Enforcement Network (FinCEN). TFI is responsible for leading the policy, enforcement, regulatory, and intelligence functions of Treasury aimed at identifying and disrupting financial support to international terrorist organizations, proliferators of weapons of mass destruction, narcotics traffickers, and other illicit actors. FinCEN's mission is to safeguard the financial system from illicit use and combat money laundering and promote national security through the collection, analysis, and dissemination of financial intelligence and strategic use of its financial authorities.

The President's FY 2017 budget requested $117 Million for TFI and $115 Million for FinCEN. While recent TFI budget requests have remained relatively flat in recent years, demands on TFI's limited staff and resources have grown substantially, including from its efforts to cut off ISIL from the international financial system, to aggressively enforce our sanctions on Russia, to monitor and strictly enforce the Iran nuclear agreement, and to implement Congressionally-mandated sanctions on Lebanon and North Korea, among others. Thus I urge you to support not less than the Administration's FY 2017 request for TFI and FinCEN of $117 million and $115 million, respectively, and to consider providing an additional $10 million and twenty five full-time equivalent staff to support and strengthen TFI's vital national security mission

The President's FY 2017 budget requested $564,000 for the Treasury's Office of International Affairs to develop enhanced capability for the interagency Committee on Foreign Investment in the United States (CFIUS), which Treasury chairs, to receive, track, and analyze data, including CFIUS case data, third party industry and merger and acquisitions data, and other data relevant to national security reviews conducted by CFIUS. U.S. markets are more open than most other markets to foreign investment, and it can benefit U.S. companies and workers. Foreign investment also requires careful scrutiny. In light of the record number of cases CFIUS has reviewed in recent years, and the increasing number of acquisitions by Chinese companies with ties to the Chinese government, I urge you to support not less than the Administration's FY 2017 request, to ensure a rigorous and comprehensive review process by CFIUS to protect national security.

Flood Insurance

Please support robust funding for the activities of the National Flood Insurance Program in the FY 2018 Budget Resolution. Robust funding is vital to fulfill Congressional mandates including

Insurance Advocate and to provide appropriate administrative support and oversight for the National Flood Insurance Program.

FEMA reports that flooding is our country's most costly natural disaster. Catastrophic flooding threatens the safety and finances of millions of Americans and 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 (TMAC) to advise FEMA's efforts. Congress also authorized up to $400 million per year to make such improvements. Yet, as TMAC reports, flood mapping funding has remained inconsistent and inadequate. As a result, FEMA and its partners have been unable to keep up with the need for new and updated maps and TMAC projects that the percentage of stream miles with valid maps will continue to decrease. The American Society of Floodplain Managers estimates that FEMA will need at least $4.5 billion to update our flood maps. 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. Please support at least $400 million for flood mapping in the FY 2018 Budget Resolution.

Please include a deficit neutral reserve fund to accommodate the reauthorization of the National Flood Insurance Program, which is up for reauthorization by September 30, 2017.

Public Transportation

Robust federal support for public transportation is an essential component of efforts to improve the nation's transportation system and its underlying infrastructure. Transit enhances individual mobility for work and personal travel and reduces traffic congestion. Between 1995 and 2015 public transit ridership increased by 37 percent, almost double the population growth, but our nation's public transportation providers face significant challenges.

The U.S. Department of Transportation reports there is a $90 billion backlog of unfunded repair and maintenance projects facing the nation's public transportation systems. Deteriorated infrastructure and aging vehicles contribute to significant delays and service outages for transit riders, and delayed repairs increase the risk of riders and workers being exposed to unsafe conditions. Transit systems are also falling behind in expanding capacity: the pace of construction to build new transit lines and expand capacity on existing routes is insufficient to meet future ridership demands and reduce crowding on the busiest segments.

Addressing these challenges is necessary to deliver the mobility that our economy and society requires. 60 percent of the trips taken on public transportation are for work commutes, and transit provides crucial access to jobs for low-income workers. Demand for public transportation

will also increase as the nation's senior population grows and more seniors utilize transit services for their daily travels and access to medical care, particularly in rural areas.

The "Fixing America's Surface Transportation Act" or "FAST Act" authorizes federal surface transportation programs, including public transportation programs, for FY 2016 through FY 2020. The FAST Act authorizes $9.733 billion in FY 2018 for formula assistance programs supported by mandatory spending from the Mass Transit Account of the Highway Trust Fund.

The "FAST Act" provides important but very modest growth in federal transportation spending. Robust supplemental investment in an infrastructure package would provide significant benefits to the economy and users of the nation's transportation system.

The FY 2018 Budget Resolution should also support increased funding for transit programs that receive annually appropriated discretionary funds. The previous Administration's FY 2017 Budget Request proposed $115 million for the Federal Transit Administration's (FTA) Administrative Expenses. I strongly support this level of funding in light of the important, ongoing work by FTA to conduct national safety oversight and provide temporary, direct safety oversight of the Washington Metropolitan Area Transit Authority (WMATA).

The Sec. 5309 "Fixed Guideway Capital Investment Grants" program, also known as the "New Starts, Small Starts and Core Capacity" programs, supports multi-year grant agreements for transit expansion projects. The FY 2017 Budget Request proposed $3.5 billion to support ongoing construction under existing grant agreements and additional funding to begin construction for favorably rated projects under new grant agreements. Significant funding for this program will ensure that meritorious projects are not delayed in the coming fiscal year.

Please support the authorized levels of discretionary funding for the Sec. 5314 "Technical Assistance and Workforce Development" program. This program receives very modest assistance from the Mass Transit Account under the FAST Act. Additional discretionary resources would support expanding the skillset of the transit workforce and other critical activities that improve the delivery of public transportation projects and services.

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. Adequate funding for financial system protection, housing and community development programs, and public transportation will help strengthen our economy and build a stronger, more prosperous future. Thank you for your consideration of these views.

Sincerely,

Sherrod Brown
Ranking Member

United States Senate

COMMITTEE ON COMMERCE, SCIENCE,
AND TRANSPORTATION

WASHINGTON, DC 20510–6125

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March 10, 2017

The Honorable Michael B. Enzi, Chairman
The Honorable Bernard Sanders, Ranking Member
U.S. Senate Budget Committee
624 Dirksen Senate Office Building
Washington, DC 20150

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) 2018 Budget Resolution. These views are provided in response to your February 8, 2017, letter. Thank you for the opportunity to provide these views and recommendations regarding the FY 2018 budget resolution process.

As you know, the Commerce Committee has a broad jurisdiction covering several departments and agencies. 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 Committee expects DOT to continue to focus budgetary resources on implementation of the Fixing America's Surface Transportation Act (FAST Act) (P.L. 114-357). In particular, the Committee hopes the DOT will continue to work with freight stakeholders to implement the new multimodal freight network planning process and provide states with the appropriate flexibility to designate infrastructure under the new network.

Further, the Committee expects DOT to appropriately allocate funds under the new freight discretionary grant program. It is important that DOT maintain a transparent process when implementing the freight provisions under the FAST and ensure planning and funding allocation address both rural and urban freight needs.

The FAST Act also required that DOT develop a Port Performance Freight Statistics Program, managed by the Bureau of Transportation Statistics, to better understand freight flows, port efficiency, and policy options. In addition, the FAST Act established a working group to provide recommendations on the data measurements to be used in the Program. Unfortunately, the first annual report lacked substantive metrics and failed to meet the expectations set under the FAST Act. It is the Committee's expectation that DOT make improved port performance metrics a priority.

Federal Aviation Administration (FAA)

The FAA Extension, Safety, and Security Act of 2016 (FESSA) (P.L. 114-190) extended the authorities of the agency and the Airport and Airway Trust Fund (Trust Fund) through the end of FY 2017. Over the next few months, the Commerce Committee will conduct extensive oversight hearings on aviation-related issues as part of the effort to reauthorize the FAA and the supporting Trust Fund. The Committee believes it is vital that the FAA improves on: its delivery of air traffic control (ATC) modernization and improvements in aviation system capacity; ensuring that 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.

FESSA authorized $16.281 billion for the FAA for FY 2017. The FAA budget is broken out into four accounts: $9.910 billion for Operations; $2.855 billion for Facilities & Equipment; $166 million for Research, Engineering and Development; and $3.350 billion for the Airport Improvement Program (AIP). The Committee recommends the Senate budget resolution for FY 2018 at least maintain funding for these FAA accounts. In fact, S. 2658, the Federal Aviation Administration Reauthorization Act of 2016, which passed the Senate by a vote of 95 to three on April 19, 2016, provided an increase in the AIP account to $3.750 billion for FY 2017. The Committee hopes that the Senate FY 2018 budget resolution will allow for growth in the AIP account, which supports critical infrastructure development and American jobs. The Committee notes that AIP funding levels below $3.2 billion would threaten formula funding for small and general aviation airports.

NextGen is a multibillion-dollar transportation infrastructure project aimed at modernizing our nation's aging ATC system by improving safety and expanding national airspace system capacity to meet future demand. The DOT Inspector General (IG) 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."[1] There is ongoing concern that the FAA will not be able to deliver the promised benefits of NextGen by 2025. As part of the reauthorization process, the Committee will advance the effort to improve delivery of NextGen benefits, including a review of reforms needed to achieve these objectives.

A feature of recent presidential budget submissions has been a $100 ATC user fee assessed on general aviation operations (takeoff/landing). The Committee hopes that this proposal, which had threatened General Aviation in the United States, is not included in the Senate budget resolution.

Further, the FAA Modernization and Reform Act of 2012 (P.L. 112-9) instructed the FAA to develop a comprehensive plan to safely integrate Unmanned Aircraft Systems (UAS) operations into the National Airspace System (NAS) within approximately a year of enactment of the law. The FAA belatedly issued a rule in June 2016 for small UAS (under 55 pounds) to operate in the

[1] U.S. Dep't of Transp., Office of Inspector General, Progress and Challenges in Meeting Expectations for NextGen, testimony before the Subcommittee on Aviation Operations, Safety, and Security, Committee on Commerce, Science, and Transportation, United States Senate, June 25, 2014. Available at https://www.oig.dot.gov/sites/default/files/OIG%20testimony_NextGen_June%2025%202014.pdf.

NAS. As part of the Committee's consideration of FAA reauthorization, we will address UAS integration issues, as well as set authorization levels for FAA programs over the next several years.

Federal Maritime Commission (FMC)

The Committee supports efforts at the FMC to encourage supply chain innovation, reduce unnecessary burdens, and ensure the U.S. international transportation system is regulated for the benefit of American exporters, importers, and consumers.

Federal Motor Carrier Safety Administration (FMCSA)

The Committee expects DOT will continue to focus on implementing FAST Act reforms that increase transparency and accountability in the FMCSA's regulatory process. Further, the Committee expects DOT to fully implement and fund the consolidated Motor Carrier Safety Assistance Program (MCSAP) grants at the appropriate authorized level under the FAST Act for each FY. MCSAP provides essential support for our nation's highway patrol officers to enforce laws and improve motor carrier safety.

Federal Railroad Administration

The Committee supports funding for the rail infrastructure grant programs authorized by the FAST Act. The FAST Act, with broad bipartisan support, repealed overlapping and inefficient rail grant programs and authorized three new programs at a total of $425 million in FY 2018. The Committee supports funding for the Consolidated Rail Infrastructure and Safety Improvements (CRISI) program, an innovative freight and passenger rail grant program based on benefit-cost principles, as well as for the Restoration and Enhancement Grants and the Federal-State Partnership for the State of Good Repair programs. The Committee expects particular funding priority to be afforded to the CRISI program, which has the greatest potential to make needed rail infrastructure improvements in geographically-diverse areas of the country. Given the solvency issues of the Highway Trust Fund (HTF), the Committee continues to support funding these grant programs, and Amtrak, through discretionary appropriations.

The Committee is increasingly concerned with the evidence and regulatory process associated with the electronically-controlled pneumatic (ECP) brakes mandate. The FAST Act required the U.S. Government Accountability Office (GAO) to evaluate the rule and National Academies of Sciences, Engineering, and Medicine (NASEM) to oversee real-world testing, and both the GAO and NASEM have published concerning findings that call into question whether sound science was prioritized in the development of this regulation. The findings also cast doubt on whether DOT can fully incorporate the results of the final studies, complete required real-world testing, and determine that the benefits of ECP brakes exceed the costs by the statutory deadlines. Under the FAST Act, if DOT fails to publish an updated regulatory impact analysis that fully complies with the law, it must repeal the mandate. Moving forward, the Committee expects DOT to expend its research funding in a prudent manner consistent with sound science.

The FAST Act authorized $199 million in dedicated funding to states and commuter railroads to advance timely and successful installation of positive train control (PTC). Though this money was authorized out of the HTF for FY 2017, it has not yet been appropriated. The Committee supports the necessary obligation limit changes, in an appropriations bill, to provide this funding in advance of the December 31, 2018, statutory deadline for full installation of PTC hardware. The Committee also expects the DOT to take quick action to distribute this funding as soon as the necessary appropriations bill changes are signed into law.

Maritime Administration (MARAD)

The Committee expects MARAD will continue to implement title XXXV of the National Defense Authorization Act for FY 2017. In particular, MARAD must continue to improve program management and efficiency, bolster recruitment at the U.S. Merchant Marine Academy and State Maritime Academies, address the DOT IG's recommendations to improve workforce management, and ensure a safe learning environment for all cadets under its supervision.

National Highway Traffic Safety Administration (NHTSA)

The Committee strongly supports the funding levels authorized for NHTSA's highway traffic and vehicle safety programs in the FAST Act. The Act authorized $261.2 million in FY 2018 for Highway Safety Programs and ensured these programs would grow at a slightly faster rate than the National Priority Safety Programs, which were authorized at $280.2 million in FY 2018. The Committee also supports the structure laid out in the FAST Act to provide a funding increase in vehicle safety programs to $195.66 million in FY 2018, *once the Secretary of Transportation correctly certifies that NHTSA has implemented all the recommendations* identified in the DOT IG's 2015 audit report[2] on NHTSA's efforts to identify and analyze vehicle safety concerns.

On September 30, 2016, Chairman Thune received then-Secretary Foxx's certification that NHTSA had "implemented or resolved all of the recommendations." On November 9, 2016, however, DOT IG Scovel observed that five out of the 17 DOT IG recommendations remain open. On November 18, 2016, Chairman Thune wrote to then-Secretary Foxx asking him to withdraw the initial certification and to commit to ensuring the full implementation and closure of all the recommendations. Then-Secretary Foxx declined to withdraw his initial certification prior to leaving office.

On February 8, 2017, in his testimony at a Committee hearing on the ongoing work of inspectors general, IG Scovel reiterated that NHTSA has not completed five DOT IG recommendations. Until NHTSA fully implements the recommendations, the Committee does not believe that the agency has met the requirements of the FAST Act. Therefore, congressionally approved increases in authorization levels for vehicle safety should not yet be implemented to encourage implementation of these safety improvements.

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[2] U.S. Dep't of Transp., Office of Inspector Gen., Audit Report, Inadequate Data and Analysis Undermine NHTSA's Efforts to Identify and Investigate Vehicle Safety Concerns, No. ST-2015-063 (June 18, 2015).

Pipeline and Hazardous Materials Safety Administration (PHMSA)

The Committee expects PHMSA to provide the Committee with regular updates on the strategic planning to better address pipeline safety and hazardous materials oversight as expanded through the Protecting our Infrastructure of Pipelines and Enhancing Safety (PIPES) Act (P.L. 114-183). Pursuant to the PIPES Act, PHMSA must focus on issuance of the required safety standards and various studies intended to increase innovation and collaboration between the pipeline industry and government stakeholders. In addition, the Committee expects PHMSA will continue to utilize data and risked-based analysis to drive regulatory decisions.

Department of Homeland Security (DHS)

United States Coast Guard

The Committee supports adequately funding the Coast Guard to support its critical role in securing and protecting the sovereignty of the United States. To do this, the Coast Guard must continue to recapitalize its aging fleet of cutters and aircraft that are critical to being an effective member of our Armed Forces, while simultaneously carrying out its other national defense, security, safety, and enforcement missions. The Committee stresses the importance of maintaining funding consistent with FY 2017 authorized, FY 2016 enacted, and the current continuing resolution (CR) levels.

Of the Coast Guard's 11 statutory missions, there is none more essential to the safety, security, and economic stability of the country than securing and defending the nation's maritime borders from enemy combatants, illegal immigration, and drug and human trafficking. Of continuing priority to the Committee is the Coast Guard's planned acquisition of a new Offshore Patrol Cutter (OPC). The OPC will replace the 50 year old Medium Endurance Cutters (MECs). The cutters serve as floating command posts throughout the Atlantic, Caribbean, and Pacific Oceans to interdict drug smugglers and illegal migrants. They not only pursue and interdict targets on their own, but also provide floating command centers and logistics support for operational aircraft and patrol boats. In any given year, the Coast guard apprehends thousands of illegal migrants and billions of dollars' worth of drugs. MECs serve as temporary confinement and processing centers for the illegal migrants and interdicted drugs. Illegal migrants interdicted at sea can be transferred directly from a Coast Guard asset back to the migrants' country of origin, expediting the repatriation process, preventing many from ever needing to touch U.S. soil. The completion of the OPC acquisition is critical to the Coast Guard's continued ability to prevent these migrants and drugs from entering the country.

The Coast Guard's acquisition, construction, and improvements (AC&I) budget needs to be at a level to ensure the continued support of recapitalization, while still allowing much needed missionization of the C-27s and improvements of shore-side infrastructure. The acquisition of the C-27 from the Air Force saved the Coast Guard hundreds of millions of dollars, but the aircraft is unable to perform any Coast Guard missions without the basic gear allowing for surface search, target identification, communication, and rescue equipment deployment. Additionally, the Coast Guard also needs to improve its growing list of deferred shore-side infrastructure. Many of its hangars, piers, and crew facilities are approaching the point of no repair.

As inland routes into the United States are more heavily policed, the pressure on the Coast Guard will only grow. A robust AC&I budget will ensure the Coast Guard can deploy assets and personnel in response to the increased offshore flows of immigrants, drugs, and other contraband as shore-side enforcement shifts the smuggling routes further into the maritime environment. As both a military branch and law enforcement agency, the Coast Guard is uniquely positioned to secure our maritime boundaries, and enforce our laws and treaties.

Transportation Security Administration (TSA)

In 2016, TSA officers screened 738 million passengers (more than two million per day), which is 43 million more passengers than for the same period in 2015. TSA officers also screened 466 million checked bags and 24.2 million airport employees. The FY 2017 budget for TSA is $7.44 billion, with an estimated $2.6 billion offset by collections of passenger security fees.

Last July, Congress passed the most comprehensive TSA reforms in a decade in FESSA, and the Committee looks forward to seeing TSA's progress implementing provisions in the following key areas: to improve oversight of vetting, credentialing, and inspections of airport workers with access to secure airport areas; to expand and market the PreCheck Application Program; to facilitate checkpoint optimization and efficiency through staffing and technology improvements; and to pilot new technologies for checkpoints of the future.

The Committee is concerned that TSA cancelled its requests for proposals in October 2016, and has not released any revised plans to expand or market the PreCheck Application Program with private sector partners. The Committee also remains concerned about TSA's delayed testing and deployment of next generation screening machines and credential authentication technology, and believes TSA should streamline and develop a better schedule to procure future generations of security technologies in closer partnership with security technology manufacturers and other stakeholders.

The Committee supports adequate funding to continue the reversal of a multi-year hiring freeze and stem an eight percent annual attrition rate at the Federal Air Marshal Service (FAMS). The Committee was, however, troubled by previous misconduct found at FAMS among sworn and commissioned law enforcement officers, and the Committee is awaiting the results of the joint Department of Justice and DHS IG criminal investigation as well as a DHS IG evaluation of the FAMS program.

The Committee does not support any budget that would include fee proposals to increase the Aviation Passenger Security Fee above $5.60 per one-way trip or that would reinstate the Air Carrier Fee. These additional fee proposals come on the heels of previous increases mandated in the Bipartisan Budget Act of 2013 (P.L. 113-67) and 2015 (P.L. 114-74) that diverted aviation security fee revenues to pay for deficit reduction.

The Committee also stresses the need to maintain funding consistent with FY 2016 enacted and current CR levels for surface transportation security in FY 2017, including funding for state and local canine explosive detection teams. The Committee plans to introduce legislation this Congress designed to increase budget transparency at TSA by requiring more detailed accounting of expenditures for surface transportation security.

The Committee notes that DHS has implemented a new Department-wide Common Appropriations Structure (CAS); however, the Committee believes the budget categories chosen under CAS do not align well with TSA's mission programming, planning, and budgeting, and therefore risk obscuring important information that was more easily identifiable in TSA's legacy budget structure. Therefore, the Committee recommends against adoption of the CAS structure as currently contemplated.

Department of Commerce

National Institute of Standards and Technology (NIST)

NIST's FY 2017 discretionary budget is $964 million, with the Scientific and Technical Research Services (STRS) account representing $690 million, the Industrial Technology Services (ITS) Account representing $155 million, and the Construction of Research Facilities Account representing $119 million. The Committee supports the STRS priority areas, such as the Cybersecurity Framework, the National Initiative for Cybersecurity Education (NICE), and the Lab to Market/Technology Transfer program. The Committee is particularly supportive of NIST's cybersecurity initiatives, such as its facilitation of the Cybersecurity Framework and cryptographic standards, development of federal information security standards, research on trusted identities, and coordination of the NICE program consistent with the Cybersecurity Enhancement Act of 2014 (P.L. 11-274) passed by the Committee.

The Committee also supports NIST's Manufacturing Extension Partnership (MEP) program under the ITS account. According to NIST, for every dollar of federal investment, the MEP network generates $18 in new sales growth for manufacturers. The recently enacted American Innovation and Competitiveness Act (AICA) (P.L. 114-329) reauthorized and updated the MEP program to adjust the ratio of federal funding so that centers can focus on serving more small manufacturers, among other things.

AICA also directed a number of other Committee priorities related to NIST programs, and the Committee looks forward to seeing NIST's implementation of provisions to improve laboratory programs, education and outreach, and campus security, and to research and develop quantum-resistant cryptography standards.

National Oceanic and Atmospheric Administration (NOAA)

The Committee is pleased that the funding for the National Environmental Satellite, Data, and Information Service, which primarily funds the Joint Polar Satellite System (JPSS) and the Geostationary Operational Environmental Satellites (GOES) acquisition programs has stopped increasing. The Committee supports flat funding for this program at the level enacted in FY 2016 and the current CR. The Committee supports funding for the Earth Observing Nanosatellite-Microwave, which is both a risk reduction mission in case of a JPSS launch failure and an opportunity for NOAA to develop smaller, more cost effective satellites that can serve the nation in the future.

The Committee supports level funding within the Office of Oceanic and Atmospheric Research (OAR) and in particular supports 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. The Committee also supports a modest amount of dedicated funding in OAR to speed research to operations. The focus on operationalizing significant research advancements, particularly related to weather forecasting, is consistent with Committee priorities.

The Committee supports the National Sea Grant program, particularly the Sea Grant fellowship, as it fosters community and stakeholder driven research that is beneficial to the Committee's members. In previous years, the Committee had concerns that too many fellows were being placed in offices of one political party, possibly affecting the bipartisan reputation of the fellowship. The Committee supports NOAA's newly implemented steps designed to improve the distribution of fellows between both parties.

National Telecommunications and Information Administration (NTIA)

Pursuant to the CR, NTIA currently is operating under an annualized budget of $39.5 million. The Committee will consider the NTIA funding as part of the Committee's continuing oversight of the NTIA and may seek to reauthorize NTIA during this Congress. NTIA is responsible for administering spectrum allocated for government use.

In 2015, the FCC's auction of spectrum, including the government holdings in the AWS-3 band, raised a record-setting $44 billion in receipts. This was possible because of NTIA's successful coordination of many government interests, backed by strong bipartisan support, to relocate government incumbents from the AWS-3 GHz band. The Spectrum Pipeline Act of 2015 (P.L. 114-74) requires NTIA to identify 30 MHz of government spectrum below 3 GHz (excluding 1675-1695 MHz) by 2022 so that the FCC can conduct an auction no later than July 1, 2024. 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.

A February 28, 2012, GAO report on duplicative government activities 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."[3] Indeed, slow progress in repurposing spectrum inefficiently used by the Federal government, which 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

[3] GAO-12-342SP

spectrum they receive and do not have sufficient incentives to use spectrum more efficiently. The Committee will continue to examine ways to address these issues.

Independent Agencies

Consumer Product Safety Commission (CPSC)

Under the Obama Administration, CPSC budget requests identified nanotechnology as both an emerging technology and a consumer safety issue. Accordingly, CPSC requested additional appropriations as part of the Healthy Children Initiative to fund research on human health and safety. Given that CPSC is expected to operate with a three to two Democratic majority for the upcoming budget cycle, the Committee wishes to reaffirm its previous position with respect to this request. The Committee appreciates that CPSC has re-evaluated its nanotechnology research center proposal. Nevertheless, due to ongoing interagency efforts, the Committee questions whether the research appropriation would result in a duplication of effort. The proposal, should it be included, would continue to raise additional accountability and implementation concerns.

The Committee has previously questioned whether proposals for additional appropriations to conduct a hazard analysis and quantitative risk assessment on crumb rubber are necessary. Crumb rubber was the subject of extensive study by the State of California's office of Environmental Health Hazard Assessment (OEHHA) in 2007 to evaluate health effects of recycled waste tires in playground and track products. Again in 2010, OEHHA studied the safety of artificial turf containing crumb rubber infill made from recycled tires. Given this state research activity, the Committee continues to question whether this appropriation would result in a duplication of efforts.

The Committee believes any CPSC budget request should include funding to reduce the costs of third party testing associated with certification of children's products. The Committee does not interpret the language of Section 2 of P.L. 1228, directing the Commission to assess "opportunities to reduce the cost of third party testing requirements *consistent with assuring compliance*" as requiring a zero risk tolerance factor. The Committee therefore believes additional burden reduction opportunities are possible and deserve exploration.

The Committee continues to question CPSC budget requests for additional appropriations for import surveillance risk assessment methodology expansion. The Committee encourages the CPSC and the CPSC OIG to examine whether less costly expansion alternatives exist, and whether the agency has availed itself of these alternatives. Additionally, the Committee is still concerned that proposed user fees, contemplated in connection with the import surveillance pilot program expansion, are unjustified and may constitute an increased cost on American businesses without a corresponding benefit.

Federal Communications Commission (FCC)

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.

In FY 2018, the FCC will be conducting non-spectrum reverse auctions to allocate support under the Universal Service Fund (USF). Unlike spectrum auctions, these auctions will not raise revenue. It is expected that the Commission will rely significantly on the FCC's spectrum auction team to carry out the USF reverse auctions, but the agency may not statutorily be able to use funds from the spectrum auction proceeds to work on these auctions. In light of this, the Committee questions the continuing value in having a portion the FCC's funding come from spectrum auction proceeds. Conducting auctions should arguably be done under the agency's baseline budget authority because they have become an integral part of the Commission's work and are no longer solely tied to the allocation of spectrum licenses. Furthermore, the Committee believes that, in the past, the FCC has used funding dedicated for spectrum auctions for activities that are not directly tied to the execution of such auctions, thus potentially masking general budget increases.

For FY 2017, the FCC requested transferring $9.5 million in USF funds to support oversight activities, which the Committee does not support. Such activity is integral to the Commission's responsibilities and should be done under the Commission's baseline budget authority.

USF and Other Overlapping Subsidy Programs

The USF 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 $9 billion to $10 billion annually to fund its four component programs. The high-cost program, which subsidizes parts of the country that are expensive to serve, costs approximately $4.5 billion per year. The schools and libraries program, also known as E-Rate, currently costs subscribers approximately $3.9 billion per year. The low-income program, designed to subsidize poorer households, costs approximately $1.5 billion per year. The rural healthcare program subsidizes tele-health programs and costs approximately $400 million per year. Carriers pay into the fund to cover its costs and pass those amounts on to their subscribers. The USF adjusts its costs and fee assessments quarterly. The current fee, known as the "USF contribution factor," is set at 16.7 percent of the interstate portion of subscribers' telephone bills.

Legislation signed into law in 2005 (P.L. 108-494) 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 CR, lasts until December 31, 2017. 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. 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. As part of its Title II order, the FCC did not conclude whether broadband Internet access service revenues will now be included in USF's assessment base. 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 and other potential state and local taxes and fees as a result of Title II reclassification.

Additionally, other programs overlap 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 (P.L. 11-96), Congress 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 broadcast incentive auction is scheduled to end on March 30, 2017. Of the 84 MHz to be reallocated for wireless services, 70 MHz will be licensed and 14 MHz will be available for unlicensed use. Of the more than $19 billion in bids, approximately $7 billion will go toward deficit reduction.

In 2015, the FCC concluded 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, known as the AWS-3 auction, alone surpassed the Congressional Budget Office's estimate for total auction revenues over the ten-year scoring window of the 2012 Act, producing gross bids of more than $44 billion.

Section 1004 of the Spectrum Pipeline Act of 2015 requires the FCC to auction, no later than July 1, 2024, 30 MHz of government spectrum below 3 GHz identified by NTIA. Section 1007 of the Act extends FCC auction authority from 2022 to 2025 for the specific spectrum identified under Section 1004.

In light of recent auction successes and legislative direction, 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.

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 because 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.

As mentioned above, the February 28, 2012, GAO report on duplicative government activities has concluded that spectrum management "is fragmented between the Department of Commerce's NTIA and the FCC" in a way "that could impact the nation's ability to meet the growing demand for spectrum."[4] The Committee will continue to examine ways to address these issues.

Federal Trade Commission (FTC)

The Committee recognizes that a central challenge facing the FTC is the task of fulfilling its broad dual mission to promote competition and protect consumers with limited resources. Under new Republican leadership, the Committee expects that the FTC will continue its important work in these core areas. The Committee recognizes that the Commission has expended considerable resources under its previous leadership pursuing enforcement activity based on novel, untested theories of harm to competition and consumers. This activity has exposed the Commission to protracted litigation, reversal of its decisions, and the unnecessary obligation of agency resources with no appreciable benefits to consumers or competition more broadly. While it is important that the Commission keep pace with new technologies and an evolving marketplace, the Committee believes that potential cost savings exist in the FTC's re-prioritization of enforcement activity focused on the most egregious threats to competition and consumer welfare.

The Committee also questions whether an increase in Hart-Scott-Rodino (HSR) fees for each merger size and the creation of a new merger fee category for mergers valued over $1 billion are warranted. Previously proposed budgets have not explained the higher fees or proposed metrics to the Committee's satisfaction. Absent additional justification, it remains the Committee's view that these HSR fee increases would discourage economic growth and job creation without offsetting benefits.

National Aeronautics and Space Administration (NASA)

Within the top-line budget, and realistic mechanisms, it is critical that NASA focus its funding to align with the agency's core mission priorities related to expanding human space exploration, traditional sciences, aeronautics, and related research areas.

The recently enacted NASA Transition Authorization Act (S. 442) authorized $19.508 billion for NASA programs for fiscal year 2017. That funding level allows NASA to continue developing deep space exploration capabilities while also partnering with the private sector to meet spaceflight needs. The Committee hopes that the FY 2018 budget reflects sufficient resources needed to sustain national space commitments and maintain a balanced and robust set of core missions in human space flight and exploration, space science, aeronautics, space technology, and education.

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[4] GAO-12-342SP

National Science Foundation (NSF)

The FY 2017 NSF budget is $7.463 billion, with the lion's share, $6 billion, allocated to peer reviewed grants under the Research and Related Activities (R&RA) Account, $880 million for the Education and Human Resources Account, and $200 million for the Major Research Equipment and Facilities Construction Account.

The Committee supports the following selected priorities under the R&RA Account: accelerating the commercialization of university research through the Innovation Corps program, supporting STEM education activities such as CyberCorps, the Brain Research through Advancing Innovation and Neurotechnologies Initiative, increasing resilience to disasters, and advancing advanced manufacturing. The Committee also supports NSF's cybersecurity research and development, consistent with the 2016 Federal Cybersecurity Research and Development Strategic Plan and the Cybersecurity Enhancement Act of 2014.

NSF supports a physical research infrastructure that is critical to maintaining U.S. leadership in science; however, the Committee is concerned based on its oversight activities that NSF is unable to ensure that all facility construction expenditures have proper financial accounting to maximize the agency's research investment. While the Committee recognizes NSF's recent progress and commitments to strengthening financial management of large facilities construction, the Committee is also concerned that the new budget for the National Ecological Observatory Network (NEON) is on the high end of the scale with little room for cost increases.

The AICA directed a number of Committee priorities related to NSF programs, and the Committee looks forward to implementation of provisions such as those designed to strengthen oversight of major multi-use research facility projects over the full lifecycle, expand and build on STEM education programs, expand the Innovation Corps program, and improve management of the U.S. Antarctic Program.

Surface Transportation Board (STB)

The Committee supports increased funding for the STB to $35.5 million, the level authorized for FY 2018 by the STB Reauthorization Act of 2015 (P.L. 114-110). The STB Reauthorization Act, signed into law in December 2015, after unanimous approval from both chambers of Congress, was the first reauthorization of the agency since its creation in 1996, and the Act made important reforms to increase the efficiency and effectiveness of the Board. Specifically, the STB Reauthorization Act: (1) improves the Board's dispute resolution processes by expediting rate reviews and expanding arbitration procedures; (2) facilitates proactive problem solving by expanding the Board's investigative authority; (3) improves the structure and decision-making process at the Board, including by making it administratively independent and expanding the Board from three to five members. While some of these reforms have been implemented by the Board's making better use of its current resources, the implementation of others – such as the addition of new Board members and investigative staff – requires additional resources.
In addition to the implementation of the STB Reauthorization Act, the Board requires additional funding to upgrade its outdated information technology (IT) systems. As a result of legacy IT systems, the Board has been unable to launch its new case management system and website, and

the Committee supports additional resources for this purpose. The Committee intends to apply rigorous oversight to ensure wise expenditure of any supplemental increase for these purposes. Additional funding for the STB will help ensure successful implementation of the STB Reauthorization Act, and any supplemental increase will also help ensure one-time expenditures do not take resources away from the Board's critical on-going proceedings.

In closing, I appreciate the work you are doing to prepare the FY 2018 Budget Resolution, and stand ready to assist in your efforts.

Sincerely,

JOHN THUNE
Chairman

United States Senate

COMMITTEE ON COMMERCE, SCIENCE,
AND TRANSPORTATION

WASHINGTON, DC 20510–6125

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March 10, 2017

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 our 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 (FY) 2018 budget resolution. The administration has proposed severe cuts that would have serious ramifications to many of the programs within this jurisdiction, including National Oceanic and Atmospheric Administration, the National Aeronautics and Space Administration, the National Highway Traffic Safety Administration, the Coast Guard, and the Transportation Security Administration. Our recommendations are expressed as changes relative to the Congressional Budget Office's (CBO) January 2017 baseline estimate of the budget authority and outlays associated with continuing current federal programs over the 2017-2027 period.

Department of Commerce

National Oceanic and Atmospheric Administration (NOAA)

NOAA's work directly supports both commercial activity and public safety. Funding constraints undermine the economic value derived from NOAA products and services—like vital weather forecasts, nautical charts, and fishery data. The Commerce Committee will likely develop several legislative proposals to support NOAA infrastructure, research, and services. Therefore, we support funding for NOAA at $270 million above the baseline for FY 2018.

To carry out its diverse missions, NOAA relies on observing infrastructure—including satellites, ships, and aircraft. These observing platforms form the foundation from which NOAA gathers oceanic, atmospheric, and fishery data. Continued investment in the next polar-orbiting satellites is necessary to support numerical weather prediction. To meet that need, NOAA requires an increase of $203 million above base to support the continued development of the Polar Follow-On.

Additionally, NOAA's fleet of 16 oceanographic vessels and nine aircraft is rapidly aging to the point where poor reliability compromises the ability of the infrastructure to meet the agency's current and future needs. Specifically, we are gravely concerned that NOAA's Gulfstream Aircraft was grounded during Hurricane Hermine reconnaissance missions for emergency corrosion repair. NOAA currently has no backup capability for this aircraft—which provides public safety data. Senator Nelson has filed legislation to ensure that this single point of failure is addressed. We strongly urge the Budget Committee to include $62 million in FY 2018 authority (consistent with the 2016 NOAA Business Case Analysis estimate) to acquire and install the necessary equipment package on an additional Gulfstream aircraft.

NOAA recently released a detailed fleet recapitalization plan which smartly capitalizes on existing designs to minimize costs and construction time, and we support the funding needed to acquire the first Class A oceanographic research vessel based on the Navy's *Neil Armstrong*-class AGOR design, which is consistent with the baseline.

NOAA is a premier science agency, with employees and extramural grantees conducting world-class research that yields real world benefits. Yet the agency faces a significant backlog in hiring. This is especially dangerous when it comes to vacancies related to public safety missions at NOAA, like the meteorologists at the National Weather Service or the NOAA Commissioned Officer Corps pilots who fly the Hurricane Hunters. We recommend an increase of $5 million above the baseline to address the most critical vacancies in the NOAA workforce.

Finally, recent executive orders and media reports regarding the administration's potential budget request could jeopardize essential NOAA functions. For example, the executive order regarding a hiring freeze unduly delays the hiring of meteorologists who issue severe weather watches and warnings. This is simply dangerous. Furthermore, suggestions of a $513 million reduction in the satellite programs, a 26 percent cut to research, a wholesale elimination of the National Sea Grant College Program, or a 17 percent cut to NOAA as a whole are irresponsible. The Senate passed legislation to reauthorize the Sea Grant program on three separate occasions in the 114th Congress, and the Commerce Committee has already reported out similar legislation this year. There is broad bipartisan support for NOAA's work because it directly benefits the economy and public safety. We strongly urge you to oppose these proposals.

National Institute of Standards and Technology (NIST)

NIST drives U.S. commerce and innovation by advancing measurement science, standards, and technology. The research conducted at NIST labs impacts many areas of everyday life and plays an important role in improving the safety and security of citizens and companies, conducting research in areas like building safety and resilience, the detection of trace explosives and nuclear materials, improving the security of voting systems, and advancing cybersecurity.

In recent years, NIST stood up the Advanced Manufacturing National Program Office, which coordinates the Manufacturing USA institutes across the country. This program, which promotes American competiveness, is supported by industry and academia, and we strongly endorse continued funding.

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NIST also plays a prominent role in the development of cybersecurity standards for our nation's critical infrastructure and government computer systems. In particular, in 2014, NIST developed and released the *Framework for Improving Critical Infrastructure Cybersecurity*. This initiative, codified in law under the Cybersecurity Enhancement Act of 2014, is almost universally regarded as a success and provides critical infrastructure stakeholders with vital guidance and expertise on how to protect their computer networks from cyberattacks. The NIST Framework is an evolving document that requires NIST to continuously work with critical infrastructure stakeholders and cyber experts to modify and tailor the Framework's guidelines to meet an ever-evolving global cyber threat. Furthermore, NIST provides technical assistance to the Elections Assistance Commission (EAC) to develop voluntary voting system guidelines for states and localities to protect their computer systems and voting technology from cyberattacks and other means of voter fraud. Given that our national intelligence agencies have verified that Russian state actors attempted to sway the 2016 election with a series of cyberattacks, NIST's work with the EAC is more important than ever. Senators Nelson and Udall recently sent a letter to NIST urging the agency to develop standards that specifically address the threat of future Russian interference.

Early reports indicate that the administration may request approximately a 20 percent reduction for the Department of Commerce. Such a cut would be devastating to NIST's ongoing work to continue NIST's critical work in promote competiveness, innovation, and security. We recommend funding NIST at $1.013 billion for FY 2018, an increase of $15 million above the baseline for this agency. This level of funding for FY 2018 would be in accordance with the bipartisan agreement reached by the Commerce Committee in 2016, as reflected in the reported American Innovation and Competitiveness Act.

National Telecommunications and Information Administration (NTIA)

Any further cuts to NTIA's budget could threaten the important work the agency does managing federal use of spectrum and examining possibilities for making that spectrum available for commercial use. It also could undermine our relationships with international telecommunications regulators, who often look to the U.S. as a model for effective communications regulation. Finally, cutting funding for NTIA could weaken international data privacy and data flow agreements, harming international commerce and the economy.

Department of Transportation

Infrastructure Funding

The FAST Act, which authorized more than $300 billion in funding for FY 2016 through 2020, was enacted in December 2015 (P.L. 114-94). The FAST Act included authorizations for several areas within the Commerce Committee's jurisdiction, including vehicle safety, truck and bus safety, freight, rail, research, and hazardous materials. For the first time, the surface transportation authorization included the Amtrak authorization, which made substantial reforms to improve and enhance passenger rail service. In order for these programs to be successful, however, the agencies must receive the full authorized funding levels. Any potential funding cuts

could undermine the ability of these agencies to properly implement the FAST Act. This is especially true for the rail and safety programs that do not receive dedicated funding from the Highway Trust Fund. To that end, we strongly support full funding for implementation of the FAST Act.

Further, Senate Democrats authored a blueprint to make a $1 trillion investment to modernize our crumbling infrastructure and create 15 million jobs that our economy desperately needs. The proposal includes funding for critical infrastructure programs like rebuilding America's roads and bridges, modernizing rail infrastructure, expanding broadband, building more resilient communities, and building critical water infrastructure projects. We support funding above the baseline to implement the blueprint and fix America's crumbling infrastructure.

Rail Safety

Rail safety continues to be a serious problem whether it's highway-rail grade crossings or implementing safety technologies to prevent accidents from happening. Highway-rail grade crossing collisions are the second leading cause of rail-related deaths and the top cause of all rail accidents. Further, rail technologies like positive train control (PTC), can help prevent rail collisions. In 2015, more than 200 passengers were injured and eight passengers were killed when an Amtrak train sped into a curve and derailed. The National Transportation Safety Board found that PTC could have prevented the crash. Railroads around the country are working to implement the critical safety technology. However, commuter railroads estimate that more than $3 billion is necessary to cover the costs of implementing PTC. Any potential funding cuts to the Federal Railroad Administration could have serious impacts on rail safety. We support additional rail safety funding above the baseline to help address these important rail safety issues.

National Highway Traffic Safety Administration (NHTSA)

The administration's recent freezes on federal hiring and regulatory action are compounding the urgency of ensuring – as directed by Congress – the adequate personnel and resources for this vital safety agency. Nearly a dozen safety-related rulemaking proceedings, such as on vehicle-to-vehicle communications, have been placed on indefinite hold, and critical safety-related vacancies at NHTSA are unfilled. In fact, at least several individuals who had accepted job offers for safety roles in NHTSA's Office of Defects Investigation (ODI) have been prevented from employment by the hiring freeze. Without the adequate personnel and expertise in place at ODI, we fear the bipartisan efforts to improve NHTSA's vehicle safety mission – as well as the agency's own efforts to improve ODI's investigative processes and organization – will be undone. While we hope Secretary Chao exempts NHTSA from the hiring freeze because of its public safety responsibilities – as explicitly permitted by the presidential memorandum – we remain deeply concerned about the safety implications of failing to provide NHTSA with the necessary funding levels.

In 2015 and 2016, traffic deaths – already a leading cause of accidental death in the United States – spiked by percentage increases not seen in our nation in over a half century. This disturbing trend highlights the urgent need for additional resources and expertise at NHTSA in order to research and find technological solutions to so many tragedies. As such, funding for NHTSA must be increased well above the baseline figures in order to provide robust protection to the American public. We support higher funding levels that would allow NHTSA to revolutionize the life-saving New Car Assessment Program as well as funding safety-critical research into electronics reliability, cybersecurity, vehicle control systems, and automation technologies. In sum, NHTSA's vehicle safety programs must have sufficient resources and personnel to meet the challenge of fulfilling the agency's mission to save lives on the road and protect the American driving public.

Federal Aviation Administration (FAA)

We have very serious concerns about privatizing the air traffic control system. Our focus should be on improving the aviation system and supporting the FAA's "NextGen" initiative to modernize air traffic control. Efforts to privatize will result in disruption and uncertainty, and it will undermine the longstanding and important relationship between the FAA and the Department of Defense. That working relationship is vital to our national security interests.

Work is continuing on a long-term reauthorization of the FAA. In the meantime, we support funding the FAA above the baseline for FY 2018 to continue implementing the mandates of the FAA Extension, Safety, and Security Act of 2016, which extended FAA's operating authority through September 30, 2017 (P.L. 114-190). Any reduction in funding would significantly impede implementation of those mandates and would also jeopardize FAA's ongoing modernization efforts through the NextGen program.

Department of Homeland Security

U.S. Coast Guard

It has been reported in the press recently that the administration may propose a cut to the Coast Guard's budget of $1.3 billion for the coming fiscal year. Such a move would directly contradict the administration's stated plan to increase military spending by $54 billion, and would have serious negative impacts on the Coast Guard's ability to secure our maritime borders against illegal migrants and drugs. To preserve the Coast Guard's readiness to fulfill current mission needs and sustain the recapitalization of the Service's aging air and surface assets, an amount above the baseline of $9.516 billion in discretionary funding is needed for FY 2018. This is necessary to preserve the pace of acquisitions for new assets while at the same time maintaining critical coastal infrastructure that is increasingly being battered by severe storms as a result of climate change and sea level rise.

The Coast Guard is a maritime, multi-mission military branch of the Armed Forces that is responsible for 11 diverse statutory missions, including drug interdiction, migrant interdiction, and marine environmental protection. In 2015 alone, the Coast Guard saved 3,536 lives, seized 179 metric tons of illegal drugs, and detained 503 suspected smugglers bound for our coasts, ensuring the safety and security of U.S. waters.

The Coast Guard is doing an admirable job with the resources it has, but the extreme age of the Service's assets—its vessels, aircraft, and shoreside infrastructure—are taking a toll on mission readiness. We have no redundancy available in our aged icebreaker fleet, leaving American personnel in the Arctic and Antarctic at risk of missing critically needed seasonal supplies. Many of our fixed and rotary wing assets are stretched to the edge of their operational service lives, resulting in frequent mechanical failures. These breakdowns can open gaps in our barrier against the flow of migrants and narcotics, cost lives, and cede our interests in the polar regions and on the high seas to foreign interests. The Coast Guard must maintain a timely recapitalization of its assets. Specifically, the Coast Guard requires adequate funding to continue procurement of the new Offshore Patrol Cutter, complete a ninth National Security Cutter for which long lead-time materials already have been procured, begin to missionize its 14 new C-27J aircraft, construct new polar icebreakers, and extend the service life of the Coast Guard's sole operational heavy icebreaker, POLAR STAR.

The increasing intensity of coastal storms compounds the everyday challenges the Coast Guard faces by damaging coastal infrastructure. Hurricane Matthew devastated parts of the East Coast from October 7-9, 2016, claiming 26 lives. This storm significantly damaged many Coast Guard facilities, destroying piers, personnel housing, communications equipment, maintenance facilities, and other infrastructure, degrading the response time of Coast Guard assets at these stations and increasing workload on the crewmembers who man them. Investment in rebuilding these facilities will not only bolster the safety and security of our coasts, but enable the Coast Guard to harness advancements in construction techniques to ensure these buildings remain resilient to future storms.

For these reasons, we strongly support sufficient funding above the baseline of $9.516 billion to allow critical infrastructure and waterfront repairs to damage sustained during Hurricane Matthew, to replenish funds already diverted from other Coast Guard infrastructure projects to complete critical Hurricane Matthew-related repairs, fund year one of the Coast Guard's multi-year acquisition of a new heavy polar icebreaker, and begin a service life extension program for the POLAR STAR.

Transportation Security Administration (TSA)

The FAA Extension, enacted last July, included bipartisan provisions to better guard against the threat of international terrorism and improve security screening efficiency for travelers. The security-related measures in the FAA Extension are the most extensive passed by Congress since the establishment of the TSA almost 16 years ago. Funding is vital to ensure the success of these provisions. Therefore, we support funding above the baseline to implement the

mandates of the FAA Extension. Any cuts in funding would be counterproductive and would negatively impact transportation security.

The FAA Extension mandates reinforced procedures to address the "insider threat" of terrorism, enhancing background and vetting requirements for airport employees and expanding the use of random and physical inspections of airport employees in secure areas. The legislation emphasizes increased use of canines and authorizes doubling the number of TSA's Visible Intermodal Prevention and Response (VIPR) teams from 30 to as many as 60 teams. The FAA Extension also expanded grant funding to assist law enforcement in preparing for and responding to mass casualty and active shooter incidents at airports and mass transit systems, and to enhance security at the secure and non-secure areas of airports and surface transportation systems. TSA is also required to evaluate staffing, technology options, and checkpoint configurations to expedite passenger movement through security screening. This includes efforts to expand TSA PreCheck.

Further, surface transportation security programs are vital to the security of rail and transit systems, which are used by millions of people each day. The Commerce Committee has authored legislation to improve TSA's surface transportation security programs, including authorizing increased canine teams for transportation agencies throughout the country. Any potential funding cuts to these programs could impact the security of our nation's transportation systems. We support additional funding above the baseline to address surface transportation security.

Independent Agencies

National Aeronautics and Space Administration (NASA)

2018 is slated to be a historic year for NASA, with the first test launch of the Space Launch System (SLS) and Orion deep space exploration systems, commercial crew launches beginning to the International Space Station (ISS), the first launch of the James Webb Space Telescope, along with a number of other important missions to study the sun, the Earth, Mars, and even planets around other stars. Meanwhile, NASA continues to progress on important advancements in aeronautics like the low boom supersonic flight demonstrator and next generation space technologies like the VASIMR plasma rocket and the deep space habitats that, along with SLS and Orion, will take humans to Mars.

As we near completion of the transition from the Space Shuttle Program to the next generation deep space and commercial space flight systems, there has never been a more important time to sustain support for the agency and provide ample funding for major programs that are in their most critical phase. The Government Accountability Office has pointed out in several reports these efforts are at risk of costly delays and overruns without ample funding. Yet early indications are that the administration will recommend an FY 2018 funding level for NASA of several hundred million dollars below the FY 2016 level appropriated by Congress. One of the likely casualties of such a budget cut would be NASA's Earth Observing program, which studies global and regional phenomena on Earth relevant to agriculture, energy, public

health and safety, and weather forecasting from the unique vantage point of space. These cuts would be even more devastating given the likely full year continuing resolution for FY 2017, which will impact a number of critical priorities at NASA. We therefore urge a funding level of $20.5 billion for NASA for FY 2018, a modest 5 percent increase over the level authorized for the agency in FY 2017 by S.442, the NASA Transition Authorization Act of 2017, which recently passed the Senate by unanimous consent and the House by voice vote, and a 3.5 percent increase above the baseline estimates.

National Science Foundation (NSF)

The NSF is the nation's only agency dedicated to funding basic, curiosity driven research, and education in all fields of science and engineering. Through competitive research grants, STEM education programs, scholarships, seed funds for small businesses, and the operation of major research facilities, NSF makes critical contributions to the U.S. economy, public health, national security, and the understanding of our world and universe.

Funding for basic science has strong, bipartisan support, as reflected in the American Innovation and Competitiveness Act, as reported by the Commerce Committee in 2016. Unfortunately, caps on discretionary spending have depressed funding for science over the last several years, despite calls from leaders across industry to invest in this critical seed corn. The administration's proposed cuts to discretionary spending, reportedly 10 to 20 percent, would be devastating to the already stagnated budget for science. Increased funding for NSF could go toward building the STEM workforce of the future, constructing research infrastructure, and pushing forward the frontiers of U.S. science and engineering research, leading to new discoveries and innovations. All these investments would benefit science and society as a whole. We strongly support real growth for the NSF, and recommend providing at least $8 billion for the agency in FY 2018, $279 million above the baseline for this agency.

Federal Trade Commission (FTC)

Since FY 2010, the FTC's funding has remained stagnant, despite the vital role the agency plays in protecting consumers and competition in an ever-changing global economy marked by significant technological shifts. Increased funding will provide the FTC with the adequate full time employees and resources to help combat not only unfair and deceptive online privacy and data security practices, but also a slew of anti-competitive and anti-consumer practices, such as collusion, deception in the mobile marketplace, fraud targeting specific populations, and false advertising and marketing campaigns. As the FTC is already a small agency that is underfunded, given its large and important mandate, any budget cuts to the Commission would seriously undermine its core mission to protect consumers and competitive markets. As such, we support funding the FTC above the baseline level of $317 million.

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Consumer Product Safety Commission (CPSC)

The CPSC is a critical agency that is charged with ensuring the safety of over 15,000 different kinds of consumer products, including many used primarily or exclusively by children. In 2015, more than 192,000 importers brought into the United States products under CPSC's jurisdiction that had a value of approximately $754 billion.

Unfortunately, four or five recalls in the United States involve these imported products. American consumers face a higher risk of injury and death, and domestic manufacturers face a competitive disadvantage, when imported consumer products do not comply with federal or consensus safety standards. CPSC's Office of Import Surveillance has investigators co-located with Customs and Border staff at some U.S. ports of entry, but urgently needs additional resources to both protect consumers from dangerous products and to ensure that American manufacturers are not harmed by foreign products that do not comply with U.S. safety standards.

CPSC also plays a vital role in identifying and addressing new and emerging product safety risks. In recent years, CPSC has conducted research into a number of potential hazards including nanotechnology, certain crumb rubber surfaces, and defective lithium-ion batteries. These activities are extremely important for the protection of public health and safety, and, therefore, we support funding the CPSC above the current baseline level of $129 million.

The administration's proposed cuts to discretionary spending would have a devastating impact on CPSC's ability to protect public health and safety. A proposed cut of 15 to 20 percent to CPSC's budget, for instance, would result in the termination of several programs that identify hazardous products and result in a reduced CPSC presence at U.S. ports of entry. Not only would this have a serious impact on the lives of Americans – especially children – it would also encourage foreign manufacturers to evade U.S. safety standards and further undercut American manufacturing.

Corporation for Public Broadcasting (CPB)

The CPB is a private, non-profit, non-governmental organization charged with supporting the development of, and ensuring nationwide access to, quality educational and cultural programming. Congress annually appropriates funding to CPB in recognition of the vital public service provided by local public broadcast stations to communities across the country. However, reports suggest that the administration is considering eliminating all federal support for the CPB. Public television and radio are essential parts of the media landscape of the United States and provide news, arts, entertainment, and kids programming unlike anything on commercial television. Removing federal support for CPB would threaten the viability of this service, which is available free over-the-air to 95 percent of Americans. For the purposes of planning and providing local stations with operational certainty, the CPB receives a two-year advanced appropriation each year. We support maintaining full baseline funding for CPB for the 2020 fiscal year.

We also support continued congressional appropriations to support development of a new public television interconnection system. As Congress recognized when it created CPB, a modern television interconnection system for CPB is essential to CPB's mission to create and disseminate quality television programming. And Congress has supported CPB's interconnection system through separate appropriations since the 1980s – including in the last two fiscal years as CPB began to procure a replacement for its current system that is nearing its end. Providing continued support for that replacement system in FY 2018 is essential.

Finally, the Ready to Learn program is a competitive grant program that supports the production of academically rigorous PBS KIDS programming, while also providing resources to local educators make the most of those resources – in schools, preschools, libraries, and Head Start programs. Ready to Learn has proven particularly helpful in many low-income communities because of its innovative learning tools. We support full funding for Ready to Learn in FY 2018.

Federal Communications Commission (FCC)

The FCC already is at its lowest employment levels in decades. Further budget reductions could result in additional staffing cuts, and would harm the agency's ability to effectively regulate the nation's communications networks, protect consumers, further the universal availability of communications services, and protect public safety.

Office of Science and Technology Policy (OSTP)

The OSTP provides advice to the president and executive branch on science and technology policy, programs, and priorities. Dozens of federal departments and agencies across the government conduct scientific research, and OSTP plays in important role in coordinating agency research and in identifying and implementing national research objectives that span multiple agencies. The administration's proposed cuts to discretionary spending could actually result in an increase in duplication and inefficiency without a national office overseeing science.

In recent years, the Commerce Committee has tasked OSTP with a number of important tasks, such as improving diversity in the federal STEM workforce (P.L. 114-389) and identifying appropriate supervision authorities for commercial space activities (P.L. 114-119). Given the ongoing importance of science and technology to national defense, public health, economic growth, and U.S. leadership in science, we recommend providing OSTP with $6 million in FY 2018, in line with the CBO baseline for this office.

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Thank you for this opportunity to provide our views and recommendations regarding the FY 2018 budget resolution process.

Sincerely,

BILL NELSON
Ranking Member

MARIA CANTWELL
Ranking Member, Subcommittee on Aviation Operations, Safety, and Security

AMY KLOBUCHAR
Member

RICHARD BLUMENTHAL
Ranking Member, Subcommittee on Consumer Protection, Product Safety, Insurance, and Data Security

BRIAN SCHATZ
Ranking Member, Subcommittee on Communications, Technology, Innovation, and the Internet

EDWARD J. MARKEY
Ranking Member, Subcommittee on Space, Science, and Competitiveness

CORY A. BOOKER
Ranking Member, Subcommittee on Surface Transportation and Merchant Marine Infrastructure, Safety, and Security

TOM UDALL
Member

The Honorable Mike Enzi and The Honorable Bernie Sanders
March 10, 2017
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Tammy Duckworth

TAMMY DUCKWORTH
Member

cc: The Honorable John Thune, Chairman

United States Senate

COMMITTEE ON
ENERGY AND NATURAL RESOURCES

WASHINGTON, DC 20510–6150

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March 8, 2017

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

Dear Chairman Enzi and Ranking Member Sanders:

This letter responds to your request of February 8, 2017 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 United States 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 forests established on the public domain. The programs under the Committee's jurisdiction promote our national energy security and ensure the wide 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 the American people, it is appropriate that the budget 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. The Committee may act this year on a number of legislative proposals that may have budgetary implications.

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 to visitors to our federal public lands (e.g., search and rescue, fire, law enforcement, and other health and safety services). These counties also must maintain local roads to federal lands, including parks and wilderness and recreation areas. The Committee urges the Budget Committee to sustain the fully authorized level of funding for PILT in FY2018 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 management of our federal forests to improve forest health, increase economic opportunities and revenue for our forested communities and reduce the risk of catastrophic wildfire. We request a deficit-neural 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. In past years, the agencies have had to transfer funds from non-fire programs to suppression accounts causing program disruptions. This problem is compounded as our forests grow increasingly susceptible to wildfire, fire seasons become longer, and fires prove more destructive each year with catastrophic fires becoming increasingly frequent. There are several proposals now under consideration to address this complex and difficult issue. Although Senators on the Committee are keen to see that adequate resources are provided for wildland fire-fighting, they disagree about the best resolution of the matter. We ask the Budget Committee to work with us to address the wildfire budgeting issues we have outlined, and request a deficit-neutral reserve fund for wildland fire management activities.

The Committee is also likely to consider legislation that addresses a number of other natural resource and energy issues under its jurisdiction and requests reserve funds for Federal programs within the Committee's jurisdiction, such as land and water policy (including the Land and Water Conservation Fund), mineral security, and energy legislation comparable to those in the Concurrent Resolution on the Budget for Fiscal Year 2016.

In addition, the Committee may consider measures intended to expand North American energy development, including north of the Brooks Range in Alaska, on which Senators have strongly opposing views.

The Committee requests that the budget recognize the opportunities and challenges that come with the responsibilities the United States must meet as an Arctic nation. These responsibilities will grow as the Arctic becomes more accessible. The budget should include 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, signed in 2010, between the United States and the Republic of Palau. 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, 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 deficit-neutral reserve fund for this purpose.

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

Sincerely,

Lisa Murkowski
Chairman

Maria Cantwell
Ranking Member

United States Senate

COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS
WASHINGTON, DC 20510-6175

March 10, 2017

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 February 7, 2017, we present the following views and estimates for certain programs under the jurisdiction of the Committee on Environment and Public Works.

Reserve Fund

The Committee requests a reserve fund to address any budgetary impacts from Committee legislative initiatives.

Current Legislative Initiatives

Infrastructure Bill

The Committee intends to move comprehensive legislation to authorize and implement important infrastructure programs. We intend to include transportation infrastructure as well as Environmental Protection Agency drinking water and wastewater infrastructure assistance programs and Army Corps of Engineers water resources infrastructure in this larger package.

Endangered Species Act Bill

The Committee is conducting oversight of the Endangered Species Act (ESA), which will serve as a basis for legislation to improve the act.

Nuclear Energy Innovation and Modernization Act

The Committee intends to move legislation to establish new transparency and accountability measures over the Nuclear Regulatory Commission's budget and fee programs, and develop the NRC regulatory infrastructure necessary to enable the licensing of advanced nuclear reactors.

Diesel Emissions Act Reauthorization

The Committee intends to move legislation to reauthorize the Diesel Emissions Reduction Act program.

Cost Savings

The Majority supports implementation of federal environmental laws through the cooperative federalism structure of these statutes and intends to conduct oversight to identify efficiencies and cost savings that will result from such an approach. The Majority also intends to look for opportunities to reduce or eliminate programs under the jurisdiction of the Committee that are redundant, ineffective, or inefficient.

Agency Programs

Environmental Protection Agency (EPA)

The Committee supports EPA efforts to protect public health and the environment, increase job opportunities, and promote community revitalization. The Committee supports adequate funding for EPA and state implementation of federal environmental laws. The Committee intends to conduct oversight to identify cost savings through efficiencies in EPA programs.

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 Funds (CWSRFs) and Drinking Water State Revolving Funds (DWSRFs), which are managed by EPA, continues to far outpace the amount of funding that is available from all levels of government.

The Congressional Budget Office (CBO) baseline for the Water Infrastructure Finance and Innovation Act of 2014 (WIFIA) is $20 million. The WIFIA program is a powerful tool for addressing water infrastructure needs. The Committee supports EPA WIFIA funding at the authorized level for FY 2018: $45 million. However, because only 15 percent of WIFIA funds support small projects found in rural areas, WIFIA funding cannot come at the expense of funding for state revolving loan funds.

Other EPA Water Program Funding

The Committee strongly supports funding out of the State and Tribal Assistance Grant Account for state nonpoint source reduction programs under Section 319 of the Clean Water Act and state water pollution control programs under Section 106 of the Clean Water Act.

Toxic Substances Control

The Committee supports implementation of the Frank R. Lautenberg Chemical Safety for the 21st Century Act (Public Law 114-182), which was enacted on June 22, 2016. While the legislation imposes additional administrative costs on EPA, it authorizes EPA to collect fees from chemical manufacturers and processors to offset these costs. We support funding to implement the legislation, which CBO estimates to require an increase of $17 million in FY 2018 above baseline funding, and appropriation of all fees that are collected.

Cleaning up Superfund Toxic Waste Sites

For FY 2018, the CBO baseline level of funding for the Superfund program is $1.122 billion. This funding supports EPA personnel who oversee private party cleanups, as well as removal and remedial actions that EPA itself carries out. The Committee is interested in actions the agency intends to take to increase the annual pace of cleanups with baseline funding.

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 CBO baseline for FY 2018 is $82 million for the State and Tribal Assistance Grants that fund brownfields projects. The baseline level of additional funding that is provided as part of EPA's categorical grants for state programs is approximately $50 million. The Committee strongly supports the brownfields program.

Preventing and Cleaning Up Leaking Underground Storage Tanks

Leaking underground storage tanks are a threat to our nation's groundwater quality. This program is funded by the Leaking Underground Storage Tank fee of $0.001 per gallon that is part of the federal gas tax. These receipts are placed into the Leaking Underground Storage Tank Trust Fund, which is anticipated to have a balance of $505 million at the beginning of FY 2018. Fees should be used for the purpose for which they are collected. The Committee supports the underground storage tank program and notes the importance of its state and tribal technical assistance and grants to protect underground sources of drinking water.

Science and Technology

The Committee supports EPA's Science and Technology programs. 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 that solve our nation's greatest environmental challenges. These efforts should be based on sound science that is objective and transparent.

Air and Climate Programs

The Majority has consistently opposed requests from the previous administration to increase funding levels for climate change programs. During the FY 2017 process, the previous administration requested $235 million to pursue greenhouse gas reductions and $1.3 billion for the Global Climate Change Initiative, including $750 million for the Green Climate Fund, which Congress did not authorize or support. The previous administration also requested $50.5 million for implementation of the Clean Power Plan, which is being challenged in federal court. The Supreme Court has issued an unprecedented stay against the Clean Power Plan, halting its implementation pending further federal judicial proceedings. The Majority believes that the FY 2018 budget should significantly reduce funding for these and other climate programs established by the previous administration, and reallocate funding to other priorities that directly improve the environment and public health.

The Majority believes EPA should refocus resources on implementing the primary goals of the Clean Air Act. Those goals are achieving healthier air, addressing radiation issues, and enhancing science and research in an open and transparent way. The EPA should also refocus resources to better assist states and other regulated entities with compliance activities in order to improve application of key air quality programs.

The Minority believes climate change poses a significant risk to public health, the nation's economy and quality of life, and feels that significantly reducing carbon pollution is imperative. Accordingly, the Minority supports adequate funding for programs that cut carbon and other greenhouse gas pollution from stationary and mobile sources. This includes funding for voluntary programs at EPA, programs through the agency's international office, and state assistance programs.

The Majority supports EPA's efforts to streamline consideration of air permits and implementation plans and to develop policies that create consistent application of agency enforcement across all regions. The Committee supports EPA's efforts to implement the Government Accountability Office's (GAO) recommendations focused on improving the agency's performance and the efficiency and effectiveness of its programs consistent with the GAO's June 14, 2016 study entitled, "Status of GAO Recommendations to EPA." More generally, the Committee believes that EPA should make every effort to carefully analyze and account for the impacts that its regulatory decisions have on health and economic productivity at the local, state, regional, and national levels.

The Committee supports funding for the Diesel Emissions Reduction Act (DERA), established pursuant to the 2005 Energy Policy Act. DERA is a voluntary program that incentivizes equipment and vehicle owners to retrofit existing heavy-duty diesel vehicles and engines with new technology, or replace engines and equipment through the disbursal of federal and state grants and rebates. Diesel engine retrofits are one of the most cost effective ways to obtain reductions in air pollution and to reduce the risk of premature death from particulate matter. The EPA reported in 2016 that funding requests for the DERA rebate program exceeded available funds by as much as 35 to 1 and requests for the DERA grant program exceeded available funds by 7 to 1.

The Committee supports a strong federal commitment to state and local air quality grant programs as a mechanism to assist state and local governments in implementing and complying with federal environmental requirements.

Department of Transportation, Federal Highways Administration

On December 4, 2015, the Fixing America's Surface Transportation Act (FAST Act) was signed into law. For the first time since 2005, Congress enacted long-term, five-year legislation to improve the nation's surface transportation infrastructure, including roads, bridges, transit systems, and rail transportation networks. This Act reforms and strengthens transportation programs, refocuses national priorities, ensures long-term certainty, provides more flexibility for states and local governments, streamlines project approval processes, and maintains a strong commitment to safety.

The transportation needs of the United States demand a funding level sufficient to sustain and strengthen the nation's surface transportation network, which is a backbone of the economy. The continuation of mandatory contract authority to fund highway programs is essential to provide predictable long-term funding and to give states the ability to enter into commitments that would obligate the federal government.

A strong federal transportation program will improve America's quality of life and will help meet the needs of the nation's growing economy. Americans and businesses benefit every day from high-quality transportation infrastructure through shortened travel times, increased productivity, and improved safety.

Failing to provide a safe, reliable, efficient transportation system creates disruptions that waste money, time, and fuel, and undermines the global competitiveness of America's businesses. According to the 2015 Urban Mobility Report issued by the Texas Transportation Institute, traffic congestion continues to worsen in American cities of all sizes, creating a $160 billion annual drain on the U.S. economy in the form of 6.9 billion lost hours and 3.1 billion gallons of wasted fuel. This represents an average financial burden of $960 per commuter, every year.

According to the U.S. Department of Transportation's report titled, "2015 Status of the Nation's Highways, Bridges, and Transit: Conditions and Performance," only 36 percent of highway miles traveled are on roads that are in "good" condition and nearly 20 percent are on roads that are in "poor" condition. In addition, there are almost 58,800 bridges nationwide that are structurally deficient and in need of repair or replacement.

The FAST Act will help ensure that states have the tools and the certainty to make new investments, fight growing congestion, and maintain the mobility of goods and services necessary to keep the economy growing. The FAST Act will help pave the way for the next 50 years of American excellence in infrastructure and make America the best place to do business.

The Committee supports implementation of the FAST Act and we support funding at the authorized levels. The two Continuing Resolutions that provide appropriations for the period of

October 1, 2016 through April 28, 2017, provide for a total of $24.3 billion in obligation limitation for the Federal Highway Administration (FHWA). This is nearly $600 million lower than the level at which FHWA would be operating for the same time-period under the FAST Act, which passed in 2015 with strong bipartisan support. The Committee supports funding levels authorized by the FAST Act, which provided for $43.266 billion in obligation limitation for FHWA in FY 2017 and $44.234 billion in FY 2018. The Continuing Resolution also funded the Nationally Significant Freight and Highway Projects program, referred to as FASTLANE grants, at a slightly lower level than authorized. The Committee supports funding for this program at the authorized level.

The Minority notes that the Federal-Aid Highway Program has historically been funded primarily through revenues from the federal gas and diesel tax, which was last raised over twenty years ago, as well as revenue from taxes on truck sales, use, and tires. Revenue from these federal taxes was insufficient to meet the baseline funding levels provided in MAP-21 or the FAST Act, and the shortfall continues to grow. The FAST Act provided funding through 2020 by transferring $70 billion from general revenues. According to a March 2016 estimate from the Congressional Budget Office, in 2020 the Highway Trust Fund will need $107 billion in additional funding in order to maintain current spending plus inflation from 2021 through 2026.

U.S. Army Corps of Engineers, Civil Works

The Committee supports more robust funding for the Army 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 (WRRDA) of 2014 (Public Law 113-449) and in the Water Infrastructure Improvements for the Nation Act of 2016 (WIIN) (Public Law 114-322). 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 restoration projects around the country, including in the Everglades, Upper Mississippi River, Missouri River, Coastal Louisiana, San Francisco Bay and countless other rivers and coasts.

The FY 2018 CBO baseline for appropriations out of the Harbor Maintenance Trust Fund (HMTF) is $1.278 billion, even though receipts from user fees and interest during FY 2017 are estimated to be $1.802 billion. In WRRDA 2014, Congress established a target level of appropriations from the HMTF for FY 2018 of 74 percent of the harbor maintenance taxes received in FY 2017, which would be $1.333 billion. 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 2014.

Receipts into the Inland Waterways Trust Fund in FY 2017 are estimated to be $106 million. These receipts are collected from a tax on diesel fuel used on 12,000 miles of inland waterways,

which Congress increased in December 2014 to address the backlog of inland waterway projects. The Committee supports full use of Inland Waterways Trust Fund receipts for the purpose for which the tax is collected, *i.e.*, construction and major rehabilitation of locks and dams on the inland waterways.

In Section 3016 of WRRDA 2014, Congress amended the National Levee Safety Program to require a one-time review of all levees in the inventory, to establish levee safety guidelines, to establish a levee hazard potential classification system, and to authorize technical assistance and materials to states, communities, and levee owners. In addition, the 2014 amendments authorized $30 million a year for the Corps to provide levee rehabilitation assistance to states, Indian tribes, and local governments. This program has not yet received funding so it is not part of the CBO baseline. The Committee supports implementation at the authorized levels.

WIFIA, discussed above, also authorized a secured loan program for Corps of Engineers water resources infrastructure. Secured loans are a very cost effective way to provide federal assistance for this critical infrastructure. The Corps WIFIA program is not part of the CBO baseline. The Committee supports funding at the authorized level for FY 2018 of $45 million.

The WIIN Act also authorized the Corps of Engineers to employ innovative approaches to address flooding, as well as maintaining its reservoirs. The Committee supports adequate funding to implement these authorities.

Economic Development Administration (EDA)

Funding at EDA supports a broad range of programs, including a public works program to empower distressed communities to revitalize, expand, and upgrade their infrastructure. EDA also provides technical assistance through Economic Adjustment Assistance, which enables regions to respond to sudden or long-term economic changes, natural disasters, or other major disruptions to their economy.

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

Department of the Interior, U.S. Fish and Wildlife Service

The Committee supports the mission of the U.S. Fish and Wildlife Service (FWS) to work with others to conserve, protect and enhance fish, wildlife, plants and their habitats for the continuing benefit of the American people. We support FWS functions such as the agency's management of the National Wildlife Refuge System, fisheries programs, and endangered species programs. The Committee supports a robust level of funding in the FY 2018 budget for these important activities.

The Majority believes that the FWS should focus more broadly on the three tenets of the Endangered Species Act: listing, conservation, and recovery. We are concerned that the FWS currently devotes too few resources to consultation with states and other stakeholders, and to full recovery of endangered and threatened species and their subsequent downgrading and delisting.

We are concerned that the FWS currently devotes too many resources to listing actions driven by litigation rather than science-based determinations.

The Minority believes that changes in land use, industrial activities, and other activities accelerate the rate at which species are threatened and become extinct. The Minority requests that FWS funding levels be sufficient to enhance the agency's ability to protect and recover listed species and help states ensure that imperiled species are managed proactively to avoid the need for ESA listing.

General Services Administration, Public Building Services

The Committee is concerned by the General Services Administration's (GSA) reliance on long-term leases. Nonetheless, we recognize the GSA's efforts to be proactive in its leasing agenda by taking measures such as negotiating for more desirable terms from property owners, consolidating space to reduce rentable square feet, increasing housing efficiencies, and in some cases relocating into government-owned properties.

The Committee intends to conduct oversight to identify opportunities for efficiencies and cost reductions at GSA, including reducing the federal real estate footprint.

Nuclear Regulatory Commission

The Committee believes nuclear energy makes vital contributions to our nation's energy mix. Given the economic challenges nuclear plants and uranium producers are facing, we are increasing our scrutiny of the Nuclear Regulatory Commission's (NRC) 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 by a decrease in the size of our nuclear industry as evidenced by premature plant shutdowns. While the Majority appreciates the NRC's efforts to adjust the size of the agency, the Majority believes additional reductions are needed to align the NRC's resources with its reduced workload.

The Majority notes that 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 the 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 the Department of Energy has identified the lack of a disposal path for high-level radioactive waste as a reason for increased federal environmental liabilities.

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 2018.

Sincerely,

John Barrasso, M.D.
Chairman

Tom Carper
Ranking Member

United States Senate
COMMITTEE ON FINANCE
WASHINGTON, DC 20510–6200

March 15, 2017

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 2018 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. It is our intention that the Finance Committee will move forward on comprehensive tax reform on a bipartisan basis 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 auto-enrollment for 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.

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.

Expiring Tax Provisions

The Protecting Americans from Tax Hikes (PATH) Act of 2015 (P.L. No. 114-113) retroactively extended numerous provisions known as "extenders" that expired at the end of 2014. Some of these extenders were made permanent and others were extended again temporarily. 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 $12.3 billion for their FY 2017 budget. This was a 9.3% increase from the FY 2016 enacted level. The FY 2017 request included an enforcement account increase of $351 million (7.22%) from the FY 2016 enacted level to implement enacted legislation, handle new information reporting requirements, and increase compliance by addressing domestic and offshore tax evasion. The FY 2017 request also included a Taxpayer Services account increase of nearly $73 million (3.13%) from the 2016 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 requested $13.3 billion in annual discretionary appropriations for its operating accounts for FY 2017, an increase of $646 million from $12.6 in FY 2016. 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 to work together to urge the Treasury Department to be responsive to inquiries, and continue to find avenues for greater efficiencies in the uses of taxpayer resources by the Treasury Department.

HEALTH

Medicare Part A

In 2017, CBO projects that net Medicare program spending ($711 billion in gross outlays minus $113 billion in offsetting receipts) will total $598 billion, a figure that is expected to grow each year over the next decade. Assuming current laws remain in place, by 2027 CBO estimates net Medicare spending will reach nearly $1.2 trillion – that figure represents 4.2 percent of the Gross Domestic Product (GDP). Well over one-third of that total will be spent on Medicare Part A, which provides acute care services (inpatient hospital stays) and post-acute care services (recuperation and 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 that providers are compensated accurately and appropriately for treating Medicare patients. Consequently, the Committee will continue assessing methods, based on data-driven evidence, to improve the quality and the efficiency of all Medicare Part A fee-for-service payment systems. Specifically, the Committee will assess the appropriateness of extending temporary Medicare payment policies set to expire in 2017, including – but not limited to – the Medicare Dependent Hospital (MDH) program and the Low-Volume Hospital Adjustment policy.

In addition, the Committee will continue to examine the effects of ongoing efforts to improve Medicare's health care delivery system, pursue additional opportunities to better align Medicare payments with the delivery of high quality care, improve care transitions, produce stronger patient outcomes, increase Medicare program efficiency, and develop policies that reduce the overall growth in Medicare spending. This includes pursuing payment policy changes that improve care for Medicare beneficiaries living with multiple chronic conditions, examining programs to pay for performance—such as hospital readmissions, value-based purchasing, and other models designed to shift payments away from traditional fee-for-service. 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 the Accountable Care Organizations (ACOs), the Bundled Payments for Care Improvement (BPCI) Initiative, and the Comprehensive Care for Joint Replacement (CCJR) models move forward, the Committee will continue to closely monitor their implementation and examine the results.

Medicare Part B

Medicare Part B covers physician services, as well as hospital outpatient care, durable medical equipment and other services. The Medicare Access and CHIP Reauthorization Act of 2015 (MACRA) repealed the flawed sustainable growth rate (SGR) formula, which had often called for significant payment reductions that Congress would override. MACRA also set annual payment update amounts for physicians and reformed the system of payment incentives that reward physicians for high-quality, efficient care.

CMS conducted rulemaking in 2016 to implement the initial phase of the MACRA law. The Committee will closely monitor as the agency engages in further rulemaking to continue MACRA implementation and will weigh in as appropriate. The Committee will also continue to monitor the implementation of other significant policies in the Finance jurisdiction, including the new payment system for clinical laboratory services, establishing appropriate use criteria for advanced diagnostic imaging services, and incentivizing the use of electronic health record (EHR) systems.

The Committee will pursue payment policy changes, such as enabling beneficiaries with end-stage renal disease to have their monthly check-in visit with the nephrologist via telehealth, that improve care to beneficiaries with multiple chronic conditions without increasing spending. It will assess the appropriateness of extending temporary Medicare payment policies set to expire at the end of 2017, including a process that enables payment for outpatient therapy services for which spending otherwise exceeds a cap and add-on payments for ambulance services. It will also continue to seek to identify and examine improvements to Part B payment systems to ensure the provision of high quality, high value services to Medicare beneficiaries.

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 Committee will monitor as the agency makes annual changes to the Medicare Advantage and Part D programs through the notice and comment rulemaking process and will weigh in as appropriate. It will engage as CMS continues the application of its star rating system that is used to rank the effectiveness of plans by focusing on measurement of beneficiary health care outcomes across the care continuum.

The Committee will pursue payment policy changes, such as expanding the ability of Medicare Advantage plans to provide supplemental benefits that improve care to beneficiaries with multiple chronic conditions without increasing spending. It will look at extending Special Needs Plans (SNP) that are slated to expire at the end of 2017. This presents 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 people enrolled in Medicaid in FY 2016 was 69.9 million. Medicaid covered more than 5.7 million low-income seniors who are also enrolled in Medicare, 25 million non-disabled adults, 27.4 million children, and 10.4 million non-elderly individuals with disabilities.

According to the Congressional Budget Office (CBO), federal spending on Medicaid and CHIP is projected to be $404 billion in 2017 and CBO projects that the federal government will spend approximately $5.25 trillion on Medicaid and CHIP over the next 10 years.

The committee plans to address issues regarding access to coverage and services under Medicaid programs; appropriate federal funding levels for those services; timeliness and quality of data on Medicaid spending, payments, access, quality, 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.

Indian Health

American Indians and Alaska Natives (AIs/ANs) have access to care through the Indian Health Service (IHS) and some AIs/ANs 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 AIs/ANs. Finally, the Committee will assess the appropriateness of extending the temporary Special Diabetes Programs currently set to expire on September 30, 2017.

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 $5.00 to $1.00, and since its inception, has returned $31 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, Members of Congress came together on a bipartisan and bicameral bill to reduce reliance on congregate care and support prevention efforts to keep families together. The Family First Prevention Services Act (FFPSA) passed the House unanimously.

We intend to work to ensure that the priorities established in the FFPSA are enacted during this session of Congress. These priorities include: reauthorizing and improving the programs under title IV-B of the Social Security Act, reducing the inappropriate use of congregate care facilities and groups homes, allowing states to use title IV-E foster care funds for evidence-based programs to safely keep children and families together, and strengthening supports for kinship caregivers.

Temporary Assistance for Needy Families (TANF)

Unless Congress takes action, TANF, Child Care, and Marriage and Fatherhood, and related programs will expire on April 28, 2017. 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.

Children's Health Insurance Program

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

Unemployment Insurance

There are several issues related to the unemployment insurance (UI) system that warrant Congressional attention, 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 implement trade agreements negotiated pursuant to the authorities granted by the Bipartisan Congressional Trade Priorities and Accountability Act of 2015. In addition, the Committee may consider legislation to enhance compliance with and 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 Kazakhstan; legislation to suspend or reduce tariffs on miscellaneous imports; legislation to implement a possible multilateral trade agreement negotiated under the auspices of the World Trade Organization (WTO); legislation to implement a possible Trans-Atlantic Trade and Investment Partnership trade agreement between the United States and the European Union; legislation to implement a possible Trade in Services Agreement; legislation to implement a possible

Environmental Goods Agreement; legislation to address trade with and travel restrictions concerning Cuba; legislation to improve U.S. trade capacity building programs; and legislation to address any U.S. laws that might be inconsistent with our WTO obligations. Finally, the Committee may consider legislation to address the expiration of key trade legislation, including legislation to extend the Generalized System of Preferences, which expires on December 31, 2017.

The Finance Committee also will conduct oversight over a number of key trade issues, including, but not limited to, the U.S.-China trade and economic relationship, as well as the U.S. relationship with Russia, India, and Brazil, 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 under the auspices of the WTO; (2) negotiations to conclude a Trans-Atlantic Trade and Investment Partnership trade agreement; (3) negotiations to conclude a possible Trade in Services Agreement; (4) negotiations to conclude a possible agreement on trade in environmental goods; (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; (8) discussions under the U.S.-India Strategic and Commercial Dialogue and the U.S.-India Trade Policy Forum; (9) possible negotiations to conclude potential trade agreements, including with Asia Pacific economies; and (10) other ongoing international negotiations and dialogues. The Finance Committee also will monitor implementation of and compliance with existing trade agreements, utilization of laws restricting imports, and other international trade commitments, and conduct oversight over international trade matters related to international institutions to which the United States is a member.

The Finance Committee also will continue its extensive oversight over U.S. Customs and Border Protection (CBP). Since 2002, many laws have reorganized and refocused the agency, including, but not limited to, (1) the Homeland Security Act of 2002, which transferred certain customs functions from the Department of the Treasury to DHS; (2) 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 Trade; and (3) the Trade Facilitation and Trade Enforcement Act of 2015, which provides the first comprehensive authorization of CBP, streamlines legitimate trade and provides benefits to trusted traders to increase U.S. competitiveness, and strengthens enforcement related to intellectual property rights, AD/CVD laws, currency manipulation, forced labor, and other aspects of trade enforcement. These laws necessitate continued oversight over 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 a comprehensive authorization of ICE, additional trade personnel for CBP and ICE; enhancements to technology necessary to facilitate legitimate trade and enforce U.S. trade laws, such as ACE; legislation to modernize CBP, legislation to ensure effective administration of CBP's revenue functions, adjustment of funding authorities, enactment of trade and intellectual property compliance and 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

The Social Security Benefit Protection and Opportunity Enhancement Act of 2015, signed into law on November 2, 2015 as part of the Bipartisan Budget Act of 2015 (BBA) included new policies and authorities aimed at improving the Social Security Administration's (SSA) payment accuracy and mitigate the risk of programmatic fraud. The Finance Committee is committed to providing oversight of the Agency's implementation activities to ensure that the provisions achieve the intended outcomes.

Long-term Financing

Social Security's finances face long-run sustainability challenges. We believe that addressing these challenges must ultimately involve bipartisan legislation reported out by the Finance Committee.

Service Delivery

The administrative budget of the Social Security Administration (SSA) (Limitation on Administrative Expenses, or "LAE") funds salaries and benefits for approximately 62,000 agency employees and more than 16,000 State employees at disability determination services (DDS) offices in 1,500 locations across the country, as well as other expenses such as rent, supplies, and information technology. Currently, SSA's administrative budget is $12.135 billion if annualized—$27 million less than in fiscal year (FY) 2016, which was $12.162 billion, and $329 million more than FY2015, which was $11.806 billion. The FY2016 amount includes $150 million for a building renovation (the "Altmeyer renovation") and the FY2017 continuing resolution includes $150 million in no-year funding for hearings backlog reduction. The LAE totals above include base funding levels and above-the-cap program integrity funding.

Over the past few years, most increases in SSA's administrative budget have been restricted to program integrity activities. For example, SSA's LAE increased by $763 million between FYs 2010 and 2016, and dedicated program integrity funding accounted for $668 million (88 percent) of the increase. Because of the relative funding emphasis on program integrity activities, SSA has reduced spending on information technology, limited hiring and promotional opportunities beyond those mandated by President Trump's Executive Order instituting a Federal hiring

freeze, and reduced overtime spending. Reductions in hiring and overtime could result in service deterioration.

At this time, we do not know the President's Budget Request for SSA for FY2018 or the request of the Acting Commissioner to OMB for FY2018. For FY2017, then Acting Commissioner Colvin asked for $13.6 billion for SSA's administrative budget. This level was $500 million above the President's request of $13.1 billion for SSA's administrative expenses for FY2017. Recognizing the need for fiscal restraint in the Federal Budget at this time, we request that the Budget Resolution for FY2018 recommend a funding amount for SSA that will allow the Agency to cover its growing costs, reduce work backlogs, and improve both person-to-person and online service delivery to the public.

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 project that CDRs and SSI redeterminations conducted in FY2017 will yield average projected savings between $3 and $8 in net Federal program savings per $1 budgeted for dedicated program integrity funding.

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. The BBA increased the cap adjustments allowed in the BCA by a net $484 million between FY2017 and FY2021. The BBA also expanded eligible expenditures to include Cooperative Disability Investigation (CDI) units, Special Assistant U.S. Attorneys who prosecute Social Security fraud, and also clearly defines the use of funds for work-related CDRs. As SSA is under a continuing resolution for FY2017, they are operating with the FY2016 appropriated cap adjustment of $1.153 billion. That amount is $393 million less than the cap adjustment authorized by the BBA for FY2017 and the absence of that program integrity funding has likely caused between $1.179 billion and $3.144 billion in lost savings.

For FY2018, the BCA - as amended by the BBA - allows a maximum cap adjustment of $1.462 billion for program integrity funding above a $273 million base, for a total of $1.735 billion. As in prior fiscal years, we recommend that the FY2018 Budget Resolution fully fund the cap adjustment. According to SSA estimates, the increased program integrity funding authorized through 2021, if fully provided in appropriations, would eliminate the backlog of CDRs by the end of FY2019. According to recent testimony from the Acting Inspector General, in FY2015, SSA completed 799,000 medical CDRs and, in FY2016, 854,000 medical CDRs to reduce the backlog to 280,000 at the end of FY2016.

SSA's appropriation is under continuing resolution; therefore, the FY2016 appropriation law limits remain in effect and SSA is limited to spending no more than $116 million from SSA's administrative budget on program integrity activities. 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. Although this limitation is the result of the CR, we are pleased the focus on balance in the use of resources is being maintained.

Hearings Backlog

One of SSA's biggest management challenges continues to be reducing the backlog of cases that are awaiting a hearing before an Administrative Law Judge. In testimony before the Senate last May, an official from the Agency stated that, at that time, over 1.1 million individuals were awaiting a hearing decision. Furthermore, the average waiting time for a hearing was 17 months. As mentioned above, the current continuing resolution includes anomaly funding providing SSA with $150 million in no-year funding to reduce the hearings backlog. That funding will allow the Agency to make progress with the Compassionate and Responsive Service (CARES) plan to eliminate the hearings backlog. SSA indicates that it plans to use the anomalous funding for the hiring of Administrative Law Judges and support staff, overtime, and systems improvements. The Finance Committee recommends that the Budget Resolution allow sufficient funds to support SSA's priority goals of reducing the hearings backlog and improving customer service by reducing the wait time for a hearing decision.

Information Technology

Resources are also necessary to advance SSA's efforts to undertake an Information Technology (IT) modernization project aimed at enhancing the agency's systems, improve productivity, and enhance customer service. SSA must modernize its computer language and database infrastructure, including moving its data to the cloud and improving bandwidth. SSA's database systems are over 40 years old. Failing to adequately address and fund SSA's IT needs increases the risk for service disruptions and reduced system performance and production.

Basic Facts about SSA

Workload:

- Approximately 70 million beneficiaries and recipients receive Social Security and/or SSI benefits per month, on average.
- Approximately 37 million calls were handled in FY2016 on SSA's National 800 Number.
- More than 43 million individuals visited their Social Security field office in FY2016, an increase in field office visits of nearly 3 million over the prior year.
- SSA handled more than 5.6 million new retirement, survivors, and Medicare applications, and nearly 2.7 million new disability insurance claims in FY2016.
- SSA's online services helped process more than 120 million transactions, such as applying for benefits, changing address, and accessing Social Security statements.
- SSA's "program integrity" work involved, in FY2016, more than 2.5 million SSI non-medical redeterminations, and more than 850,000 full medical CDRs.

Performance Data:

- Call wait times and busy signals on SSA's National 800 Number continue to grow. As of January, wait times were about 17 minutes, and the busy signal rate was above 13 percent, representing increases from under 14 minutes and 9 percent, respectively, at the end of last year.
- Field office visitors without an appointment are waiting nearly 30 minutes for service, and around 50 percent of people are waiting more than 3 weeks for an appointment.
- Program Service Center (PSC) backlogs remain at a high level, increasing the risk of improper payments.
  - PSC technicians - assess overpayments; suspend, terminate, and reinstate benefits; make determinations on reconsiderations; and process benefit adjustment actions too complex to be completed in the field offices.
  - PSCs had more than 3.5 million actions pending as of the end of FY2016, more than double the typical number of about 1 to 1.5 million pending actions.

SSA has been in an agency-implemented hiring freeze since May of 2016. In order to stay within its current budget, SSA has cut costs, including overtime, information technology expenditures, purchases, and travel. SSA has indicated a willingness to work with the Committee to help us better understand its funding allocations and needs.

Sincerely,

Orrin Hatch
Chairman

Ron Wyden
Ranking Member

United States Senate

COMMITTEE ON FOREIGN RELATIONS

WASHINGTON, DC 20510–6225

March 10, 2017

The Honorable Mike Enzi
Chairman
Committee on the Budget
United States Senate
Washington, D.C.

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

Dear Chairman Enzi and Ranking Member Sanders:

Thank you for the opportunity to share my views and estimates as Chairman of the Foreign Relations Committee regarding the International Affairs budget for Fiscal Year 2018, and my views as a member of the Budget Committee.

Diplomacy and development are important to the long-range interests of the United States, and I support smart investments in these areas. Although the President has not yet submitted a 2018 budget, it has been reported that his request will include a 37 percent cut to foreign assistance programs. As you are aware, the International Assistance Account only makes up 1 percent of federal spending, yet it has a significant impact on the national security and economic interests of the United States. In general, I support making our foreign assistance programs more efficient and effective, and I applaud efforts to reduce duplication and waste. However, such reductions should be targeted and soundly justified with respect to the specific programs, rather than done through across-the-board cuts.

Making smart cuts is only half the job. We must also spend as responsibly as we cut. One of the most destructive consequences of our failure to adhere to the statutory spending caps in the Budget Control Act is the use of the Overseas Contingency Operations designation (OCO) to fund ongoing operations at the State Department. OCO now accounts for over a quarter of the international affairs budget. According to the State Department, this shift from the base budget to OCO means that certain enduring programs now receive more than half their funding from what is supposed to be temporary dollars set aside for unforeseen requirements. This practice is completely unsustainable, nontransparent, irresponsible, and should end.

In 2015, the Foreign Relations Committee re-started the State Department authorization effort in order to help the Department become more effective and efficient with its resources. Last year, the first reauthorization bill since 2002 became law (P.L. 114-323), covering State Department programs for fiscal years 2016 and 2017. The Committee expects to complete the reauthorization process again this year.

While smart cuts and smart spending are important, fiscal responsibility also demands smart tax policy. This year Congress is expected to consider fundamental tax reform, and while the inefficiencies and disincentives that hobble our tax code must be addressed, fiscal responsibility demands that any reform plan must not increase the deficit. Conservative tax reform can grow our economy without growing our deficits.

The 2018 budget resolution will set the table for these efforts, and to that end, I hope you will consider the following enforcement mechanisms, some of which you included in your own budget process reform efforts:

- Encourage compliance with the statutory spending caps by reinstating the point of order capping the Crime Victims Fund CHIMP and establishing an enforceable limit on OCO;

- End the Senate's spend-now-pay-later habit by preserving the Senate's PAYGO point of order and strengthen it by adding a first-year test; and

- Avoid budget gimmicks that impugn the integrity of the budget resolution such as a current policy—rather than current law—baseline and scoring rules that facilitate passage of fiscally irresponsible legislation.

Thank you for considering my views as you shape the Fiscal Year 2018 budget.

Sincerely,

Bob Corker
United States Senator

United States Senate

COMMITTEE ON FOREIGN RELATIONS

WASHINGTON, DC 20510–6225

March 10, 2017

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 FY2018 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.

To say I am deeply concerned about the proposed thirty-seven percent cut to the State Department and foreign assistance budget suggested by the Trump Administration is a gross understatement. Such a blunt broadside, if enacted, would leave the United States less safe and less secure in an increasingly complex world, unable to advance our ideals or to secure our prosperity. To claim that one is strengthening national security while at the same time cutting the budget for front-line national security departments and agencies is nothing but a Ponzi scheme, one certain to fail and at great cost to the American people. Even spreading the cuts out over several years to smooth the transition as the Secretary of State has suggested is no less hazardous and creates the same risks, arriving at the same destination, having fatally underfunded key national security agencies.

As I expressed in a bipartisan letter to OMB Director Mulvaney on March 2 with my colleagues, our foreign affairs and foreign assistance budgets are every bit as essential to ensuring America's national security as funding for the Department of Defense, the Intelligence Community, and law enforcement. At a time when the United States faces an array of complex global challenges, including Russia's blatant attack on our democracy and those of our allies and partners in Europe, we must fully fund *all* our national security agencies and departments, not just some.

Indeed, an approach to national security budgeting that focuses on just one element of national security strategy but fails to address political, economic, diplomatic and ideological dimensions of the challenge is shortsighted and doomed to fail. As Secretary of Defense James Mattis once wrote, "If you don't fund the State Department fully, then I need to buy more ammunition, ultimately." An approach to foreign policy that fails to provide robust resources for good governance, anti-corruption, development assistance, trafficking, building partner capacity, eradicating disease, and preventing conflict will ultimately increase the risks to America.

Although Congress has yet to be provided an official budget proposal from the administration, my understanding is that the "OMB Passback" for State and USAID is $34.6 billion, 37 percent below the FY 2017 annualized Continuing Resolution (CR) that includes the funds appropriated in the D-ISIS supplemental. Specifically, the Passback for foreign assistance is $23.2 billion, which is 38 percent below the FY 2017 CR level.

While I am mindful of the need to assure that the Department of State and our foreign assistance programs are run in the most efficient and effective way possible, cuts of this magnitude will wholly incapacitate core economic and development accounts, devastate security assistance, and for all intents and purposes end meaningful humanitarian aid. The Budget Committee, as it considers the FY18 Budget Resolution, must reverse these ruinous administration proposals and assure that the International Affairs budget provides resources commensurate with our urgent national security needs and continued U.S. global leadership, and match the scale of the challenges we face around the globe.

Specifically:

- The overall FY18 Function 150 budget allocation should be no less than $60 billion;
- Economic and Development Assistance (ESF, DA, INCLE, and IO&P) should be restored to the FY16 Enacted level;
- At least $2.9 billion should be provided to support human rights, governance and anti-corruption work through the DRL bureau at State, $200 million for the National Endowment for Democracy, as well as $2.75 billion for democracy and governance programs through Development Assistance and Economic Support Funds;
- At least $736 million for the Assistance for Europe, Eurasia and Central Asia Account, including for programs to counter Russian Aggression;
- Anti-ISIL Funding for State Department and USAID counter-ISIS activities should be no less than $6 billion to ensure that critical de-mining, stabilization, reconciliation, and post-conflict peace building activities can quickly follow battlefield successes;
- FMF should be maintained at the FY16 Enacted level, with $3.1 billion protected for the security assistance commitment for Israel. Moreover, it is critical for US national security to maintain FMF as grants, not, as reportedly under consideration, loans;
- The Global Engagement Center's (GEC) FY18 funding should be pegged at $75 million to be able to fully execute the GEC's Countering Violent Extremism (CVE) mission, as well as handle the additional duties of countering foreign propaganda efforts mandated by the FY17 NDAA;
- Funding for United Nations related accounts, including CIPA, CIO, CIO- UN Regular Budget, PKO and MPOR, should be supported at a minimum of $5.75 billion;

- Maintain support for the Green Climate Fund, the Global Climate Change Initiative and other bilateral climate change programs by funding programs at FY16 requested levels, including $750 million for the Green Climate Fund, and $484 million for the Global Climate change initiative;
- Global Health Programming should be set at least at $8.5 billion for the Global Health Account, including $2.9 billion for Global Health Programs-USAID and $5.6 billion for Global Health Programs;
- Humanitarian Assistance accounts should be funded at $9 billion; and,
- USAID's operating expenses should be funded at $1.4 billion.

I urge the committee to build on our investments to advance global peace and stability by fighting corruption, empowering individuals and organizations striving for freedom, and sustaining institutions in fragile democracies, including: not less than $2.9 billion to be made available for democracy programs through the DRL bureau at State; $200 million for the National Endowment for Democracy (NED); as well as $2.75 billion for democracy and governance programs through Development Assistance and Economic Support Funds. Support for democracy assistance is a cost-effective way to promote U.S. foreign policy. We know from experience that if countries fail politically, the costs for the United States is much greater than the investments we make in assuring that emerging democracies are stabilized so that they don't become terrorist havens or spawn humanitarian or refugee crises. Building strong institutions to create a business climate conducive to U.S. exports helps provide economic security, and a good "return on investment" of our foreign assistance dollars.

In addition, I am deeply alarmed that President Trump has proposed large cuts to foreign aid. They would come at a time when the world is facing proliferating conflicts with record-breaking levels of displacement and unprecedented levels of food insecurity in South Sudan, Yemen, Northern Nigeria, Venezuela, and famine conditions in Somalia. The United States is the world's largest donor of humanitarian assistance and it remains a national security imperative that the United States continue to robustly fund life-saving assistance through the humanitarian accounts including International Disaster Assistance, Emergency Refugee and Migration Assistance, Food for Peace, and Migration and Refugee Assistance.

I also urge the committee to continue to strongly support development programs like Feed The Future that build resilience, spur economic growth, and reduce hunger and poverty. Feed the Future is a model for achieving cross-sectoral international development goals and is a critical part of our development agenda.

Lastly, I remain concerned that over the previous several years the Department of State has continually relied upon Overseas Contingency Operations (OCO) funding to supplement base funding, when appropriated funds do not meet the needs of the Department. This dynamic is setting up what may potentially be a very painful day of reckoning unless Congress and the Executive make the base Function 150 budget whole. I am deeply concerned that the massive cuts proposed by the administration will further compound this problem, not alleviate it.

The United States of America's budget is ultimately a statement about American values, yet the Administration's proposed cuts to the State Department and to the foreign assistance budget are an unreasonable and unjustifiable rejection of American values and global leadership.

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

Sincerely,

Ben Cardin

Benjamin L. Cardin
Ranking Member

United States Senate

COMMITTEE ON HEALTH, EDUCATION,
LABOR, AND PENSIONS

WASHINGTON, DC 20510–6300

March 10, 2017

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

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

Dear Chairman Enzi and Ranking Member Sanders:

Pursuant to Section 301(d) of the Congressional Budget Act, I am responding to your letter dated February 7, 2017, requesting a views and estimates letter for FY2018 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. Under President Obama, our national debt increased by more than $9.2 trillion. Total federal debt now approaches $20 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 30 percent of the federal budget last year, but by 2027 will only make up 22 percent of the federal budget – the rest will go to mandatory programs and interest on the debt.

According to the Congressional Budget Office two-thirds of all federal spending goes toward mandatory programs like Medicare, Medicaid and Social Security, as well as interest on the debt. 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 set priorities for 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, and ensuring our competitiveness as a nation.

Senator Mike Enzi
Senator Bernie Sanders
March 10, 2017
Page 2 of 14

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.

The federal government's mandates too often go too far and cause great economic harm—for example, the stunning number of mandates on businesses, from minimum wage to menu-labeling, with Obamacare'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—all because of Washington mandates.

Health

Health Care Reform

Congress is poised to repair the damage that Obamacare has caused millions of Americans. The committee is focused on working with the House of Representatives and the White House to replace Obamacare with better, lower-cost alternatives and repealing the parts of Obamacare that have caused the damage. While we will vote to repeal Obamacare this year, the repeal should take effect when concrete, practical alternatives are in place.

The Tennessee insurance commissioner says the Obamacare exchanges are "very near collapse." In 73 out of 95 Tennessee counties, individuals have only one insurer to choose from when buying health insurance on the Obamacare exchange this year. In the Knoxville, Tennessee area there is literally no one planning to sell insurance in 2018 to people with Obamacare subsidies. As a result, about 40,000 East Tennesseans who purchase insurance on the Obamacare exchanges could lose coverage.

Nationwide, individuals who bought insurance through HealthCare.gov this year also faced an average premium increase of 25 percent. This year, one in three counties across the U.S. have only one insurance company offering plans on their Obamacare exchange.

The HELP Committee is committed to repairing the collapsing individual health care market so Americans who buy individual insurance can continue to do so while we build concrete, practical alternatives. Then, step by step, we will build better systems that give Americans access to truly affordable health care. We will do this by moving health care decisions out of Washington, D.C., and back to states and patients — which will help states where the individual market is struggling, including in Tennessee.

Finally, when our reforms become concrete, practical alternatives, the repeal of the remaining parts of Obamacare will go into effect in order to repair the damage it has caused Americans.

Food and Drug Administration (FDA) User Fee Reauthorization

The FDA, in charge of regulating over 20 cents of every dollar consumers spend, receives a little over $2.7 billion from Congress. The rest of the around $4.68 billion budget comes from industry user fees, and the majority of those dollars are attached to specific metrics negotiated in the medical product user fee agreements (Prescription Drug User Fee Agreement, Generic Drug User Fee Agreement, Medical Device User Fee Agreement, and Biosimilar User Fee Agreement). These user fee programs provide the majority of resources for medical product review, and are set to expire October 1, 2017. The HELP Committee will prioritize reauthorizing the user fee agreements ahead of that goal to ensure FDA can continue to review brand drugs, generic drugs, medical devices, and biosimilars in a timely manner, and provide timely advice to sponsors developing innovations for patients.

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 help the many patients that exist with no cure or treatment. 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.

In addition to product review and safety, the FDA needs resources to respond to public health challenges such as the nationwide opioid epidemic and outbreaks of infectious diseases such as Zika. As threats to public health change over time, the FDA needs to build a flexibility capacity to better anticipate and respond to such challenges.

21st Century Cures Implementation

One of the priorities for the HELP Committee this year will be ensure that the 21st Century Cures Act is implemented correctly to ensure the reality of improving mental health programs and the promise of biomedical innovation. 21st Century Cures provided new authorities and resources for the NIH, FDA, and SAMHSA to support research, programs, and medical product development that will affect the lives of nearly every American.

National Institutes of Health (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 it has the tools it needs to invest in research that could become the next treatment, cure, or device for the many diseases and conditions without one. The policy changes enacted as part of the 21st Century Cures Act will help ensure NIH is able to accomplish its mission in the most efficient and effective manner possible.

The NIH received $32 billion in federal funding in fiscal year 2016, which was a $2 billion increase from fiscal year 2015. I support continued efforts to keep NIH appropriately funded, ensure that we do not lose the worthwhile investments we have made, and to keep the United States competitive.

The 21st Century Cures Act authorized an NIH Innovation Account, which gives the director of NIH the authority and ability to harness extraordinary opportunities for specific high priority initiatives. The 21st Century Cures Act authorized $1.8 billion for the "Cancer Moonshot," $1.4 billion for the Precision Medicine Initiative, $1.6 billion for the BRAIN Initiative, and additional funding for research on adult stem cells. Congress fully funded the first year of the 21st Century Cures Act by providing $352 million for the NIH Innovation Account.

Electronic Health Records

Last year, the Senate passed important bipartisan legislation to help get our electronic health record program out of the ditch in the 21st Century Cures Act. Electronic health records promise to help both 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. Unfortunately, the implementation of the nation's electronic health records program has fallen short. HHS has spent nearly all of the $35 billion provided by President's Obama's failed stimulus for electronic health records and began collecting penalties in 2015, 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 programs 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. Implementation of the 21st Century Cures Act as intended by Congress will help reduce provider documentation burden, achieve interoperability of electronic health records, and empower patients to engage in their health data.

Other Priorities

Mental Health and Substance Use Disorders

Last year, Congress recognized the importance of mental health and substance use disorder prevention and treatment by passing the Helping Families in Mental Health Crisis Act as part of the 21st Century Cures Act. The law reformed many of our nation's mental health programs for the first time in over a decade to help the one out of five adult Americans suffering from mental illness. If implemented correctly, which the committee plans to oversee, the Helping Families in Mental Health Crisis Act will strengthen leadership and accountability for federal mental health programs, lead to increased access for mental health care and substance use disorder treatment

services, and increased flexibility for state and local criminal justice agencies to prevent and respond to mental health crisis. 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.

Public Health Preparedness and Response

The Zika virus outbreak in South and North America and the causal link to life-threatening conditions that could result from infection highlights the importance of strengthening 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, the Biomedical Advanced Research and Development Authority, and the Food and Drug Administration each play a crucial role in our nation's ability to prepare for and respond to all public health threats, whether naturally occurring or deliberate. 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 of medical countermeasures to ensure we are protected from all-hazards, including emerging infectious diseases or bioterror attacks.

Food and Tobacco Regulation

The Food Safety Modernization Act (FSMA) was signed into law in 2011. It established a comprehensive food safety regulatory framework and expanded FDA's existing authorities to better prevent and reduce foodborne illness and foodborne outbreaks. FDA's Center for Food Safety and Nutrition is tasked with implementing FSMA, which was designed to be risk-based, flexible, and based in sound science to ensure our nation's diverse food industry is not faced with overly burdensome and costly regulations. Congress will continue to review and conduct oversight of FDA's implementation of this law, the costs associated with increased regulations, and the agency's risk-based approach with respect to prioritizing resources and focusing efforts on high-risk foods with a history of foodborne illness. Every year, roughly 48 million Americans are sickened by a foodborne illness. It is critical that FDA focus its food related activities on food safety and prioritize FSMA's goal of decreasing the number of foodborne illnesses and foodborne illness outbreaks. FDA should ensure FSMA is implemented in a least burdensome, risk-based manner that works with a diverse and growing food industry to protect our nation's food supply.

FDA published a final regulation in May 2016, deeming certain tobacco products, such as cigars, electronic cigarettes, and vapor products, as subject to the Tobacco Control Act and its various regulatory requirements in order to stay on the market in the United States. The regulation provides FDA the authority to regulate cigars, electronic cigarettes, and vapor products in the

same manner as traditional, combustible cigarettes. FDA's regulation will jeopardize small businesses, consumer choice, innovation, and public health by limiting the types of products available on the market, including those that may be less harmful than traditional cigarettes. FDA's regulation will adversely impact cigar manufacturers, many of which are small businesses, as the regulation applies a one-size fits all regulatory structure to products that are intentionally manufactured to have uniquely different characteristics and are not the same. Additionally, FDA did not appropriately consider the costs newly regulated manufacturers, including small businesses, will incur as a result of this rule.

The Committee will continue to review and conduct oversight of FDA's implementation of this regulation, the costs associated with increased and burdensome regulation, the agency's approach to harm-reduction technologies, and their product review performance. The deeming regulation will add significantly to FDA's existing regulatory responsibilities, as it requires manufacturers without products on the market prior to February 15, 2007, to submit pre-market tobacco applications. As a result, nearly a decade's worth of new product applications will be submitted to the agency for review, adding to FDA's existing backlog of product submissions, and delaying or preventing novel, potentially less harmful products from the market.
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, consumer choice, innovation, and small businesses across the country.

Education and Workforce

Every Student Succeeds Act

On December 10, 2015, President Obama signed the Every Student Succeeds Act (ESSA) into law, a bill to fix No Child Left Behind (NCLB) and reauthorize the Elementary and Secondary Education Act of 1965. This bipartisan, bicameral bill represents a compromise between the House-passed Student Success Act and the Senate-passed Every Child Achieves Act. The compromise bill was drafted by a House-Senate conference committee and approved by both chambers with overwhelming bipartisan support.

NCLB was a law that everybody wanted fixed. It 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.

ESSA represents a consensus on how to fix NCLB. It continues the law's important measurements of academic progress of students, but restores to states, school districts, classroom teachers, and parents the responsibility for deciding what to do about improving student achievement. It ends the waivers through which the U.S. Department of Education had become, in effect, a national school board for more than 80,000 schools in 42 states. It ends the federal

Common Core mandate. It moves decisions about whether schools and teachers are succeeding or failing out of Washington, D.C., and back to states and communities and teachers where those decisions belong because the real way to higher standards, better teachers and real accountability is through states, communities, and classrooms—not through Washington, D.C. ESSA will make it easier for states and local school districts to expand and strengthen charter schools and school choice. Finally, it cuts through the bureaucratic thicket of federal education assistance by consolidating programs and making it easier for the states use limited federal resources to meet their unique identified needs.

Since passage, the Senate HELP Committee's top priority has been to aggressively oversee the implementation of ESSA and that will continue in FY18. A law, no matter how well written, isn't worth the paper it's written on unless it's implemented properly. So I will be working with my colleagues on the Committee to set up a good oversight process to make sure the teachers, governors, chief state school officers, school superintendents, and others who counted on us to fix NCLB see that it's implemented properly.

Early Education and Child Care

Primarily a K-12 program, ESSA also included a new early childhood program to replace the previously funded Preschool Development Grants program. Through this new Preschool Development Grants (PDG) program, grants are jointly administered by the Departments of Health and Human Services and Education to ensure better coordination of fragmented programs at the federal level, as well as in States and local communities. Shifting the focus of the program towards coordination and alignment of resources, PDG will promote a more efficient state-determined early childhood system that supports statewide collaboration of programs and services.

In 2014, 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 puts vouchers in the hands of many working families so they can make their own decisions about what child care best suits their needs and the committee should focus on maintaining the preponderant use of vouchers as a critical vehicle for parental choice.

As we transition to a new Administration, Congress will need to ensure 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. We need to stop diverting our limited resources to new or untested programs and instead fund the needs of students with disabilities under the law.

Higher Education Act

The Higher Education Act expired at the end of 2015, thus the HELP Committee's top education legislative priority will be to reauthorize the law in FY 2018. I believe that America 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.

Federal policies deserve some 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.

That is why four members of the committee – Senators Mikulski, Bennet, Burr, and myself – asked a group of distinguished educators to examine the current state of federal rules and regulations for colleges and universities. We asked them not just to tell us the problem of overregulation, but to give us specific solutions. These educators returned to us a report entitled "Recalibrating Regulations of Colleges and Universities" that contained 59 specific recommendations—requirements and areas for Congress and the Department of Education to consider —including 10 that were especially problematic. They told us that our 6,000 colleges and universities were operating, in their words, in a "jungle of red tape" that is expensive, confusing and unnecessary.

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 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.

I continue to have significant concerns about the ability and capacity of the Department of Education to effectively manage a more than $1 trillion student-loan portfolio. With college costs continuing to rise, resulting in more students and families needing to borrow to fund those costs, the Committee will look closely at the Department's ability to manage and provide services to its constituents and be a good fiduciary for the tax payer. Its overseeing of this portfolio and all that it encompasses is something that will remain on our agenda to review. I continue to be concerned over Federal Student Aid's management of private student data based on findings of the Inspector General and oversight hearings held in the House of Representatives and will watch closely the Department's actions in this area.

Repayment of student loans during the Obama Administration grew into a more complex and burdensome process for students. The new Administration has proposed a more simplified approach that will reduce confusion. This will be a topic of high priority during the debate of the Higher Education Act reauthorization.

Pell Grants

Based on March 2016 CBO baseline projections, the Pell Grant program is at risk of being unable to fulfill its commitment to help low-income students gain access to college by 2025. Since 2007, discretionary costs in the program have increased 67% while costs in the entire program have increased 113%, largely due to congressionally mandated increases in the maximum allowable award. While the Higher Education Act provides for a cost of living adjustment in the mandatory amount of the award, this adjustment ends beginning in the 2018-2019 award year which is funded by the FY18 budget. If Congress would extend increases to the mandatory add-on as desired by many, these program costs would rise precipitously faster. In addition, appropriators are considering the inclusion of year-round Pell in the FY17 appropriations measure. Rather than making structural reforms, Congress continues to resort to short-term funding patches and policy changes in annual appropriations bills and budget measures.

With the opportunity to rewrite the Higher Education Act before us, I hope to comprehensively address Pell funding 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 surplus in the program, these estimates do not lessen the need for a long-term plan that will sustain the program in the future. In fact, the inclusion of a year-round Pell provision on the appropriations bill will shorten the viability of any Pell surplus by at least 3 years. It is imperative that any federal aid decisions be made within a comprehensive plan.

We must make necessary decisions to sustain the Pell Grant program, including the examination of any required future increases in the maximum grant award, modifying eligibility standards to better focus aid on students with the greatest need and ensuring the program has appropriate student progress requirements.

There are opportunities to find additional savings through changes to the federal direct loan program. In fact, President Obama's Commission on Fiscal Responsibility and Reform recommended eliminating Stafford interest rate subsidies that are expensive, poorly targeted, and do not relate significantly to college access. Congressional Budget Office estimates that would save approximately $27 billion. Any savings generated from student loan reform proposals 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 108-question application form that only needs to be the size of a postcard and make permanent students' ability to use available tax data on financial aid forms. In addition, the FAST Act would reinstate year-round Pell Grants and allow students to use Pell Grants more flexibly if pursuing competency-based models of education. 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, improved accountability and transparency through common performance measures across all programs, required independent evaluations of programs on a regular basis, provided greater flexibility to states and governors to allocate resources and structure their workforce systems in ways that best meet their economic needs, and eliminated bureaucratic and regulatory burdens that produce unnecessary and costly inefficiencies.

Career and Technical Education

The reauthorization of the Carl D. Perkins Career and Technical Education Improvement Act of 2006, which expired in 2012, will be another priority for the HELP Committee in 2017. This law provides more than $1.1 billion annually to support the development of academic and career and technical skills among the approximately 12.5 million secondary education students and postsecondary education students who elect to enroll in career and technical education programs each year.

We will focus on supporting the development of and access to high-quality career and technical education programs by strengthening State led accountability, reducing redundant and burdensome reporting requirements, eliminating programs that do not work, strengthening evaluation and research, and maintaining alignment with the Workforce Innovation and Opportunity Act (WIOA).

State led accountability will be ensured through alignment with the *Every Student Succeeds Act.* It will eliminate the authority of the Secretary to dictate performance targets in state improvement plans and strengthen the prohibitions to clarify that the Secretary shall not have the authority to mandate, direct, control, coerce, or exercise any direction or supervision over any academic standards.

Fair Value Accounting

The HELP Committee is requesting the Budget Committee consider the option of using Fair Value Accounting when evaluating the cost and savings of various higher education reform proposals. To enable a robust debate about overhauling the structure of the current federal loan program, including discussion regarding the proper role and interplay with the private lending market, it is vital that fair value accounting methodology be available. CBO has indicated on numerous occasions its support and preference for the application of fair value accounting as it pertains to scoring federal student loan programs. This approach would better account for the risk and exposure to the taxpayer inherit in the current federal student loan structure. Further, it would allow the HELP Committee to conduct a more meaningful debate about the proper role the federal government should take in supporting access to higher education, including graduate education.

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 detrimental effect of the last Administration on job creation. Although the unemployment situation is slowly improving, we still have over 15 million Americans who are either unemployed, or who are discouraged workers who want to work but have given up looking or who are working part time because they cannot find full time employment. This committee must

take action to encourage job growth by getting rid of regulations that throw a big wet blanket on the private sector, studying successful job creation strategies and reporting out bills that remove barriers to job creation.

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 last 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. We will work to have this policy revert to past practice, which was a voluntary one allowing every contractor to decide for himself whether to adopt a project labor agreement.

Limiting Unfunded Mandates on Employers

Any proposals that increase the cost of employing workers will work against the job creating environment the President is hoping to establish. We must continue our work to halt the misguided Overtime rule that would more than double the current salary threshold level for exemption from overtime pay requirements. This rule would force salary workers to start punching a time card, limit the ability of childrens' camps and programs to provide services, and increase the cost of college at a time when higher learning is more important than ever for a successful career. Also, efforts to increase the minimum wage 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. The overtime rule and some proposals to raise the minimum wage 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; 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 employer reporting requirements. 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, with two new states bringing the total up to 28 in 2017 alone. Unfortunately, these hallmarks of American workplace democracy are occurring in spite of the last 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 past 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 more than 40 million American workers and retirees. The PBGC deficit remains a significant concern. Last year, the PBGC's deficit was $79 billion—$53 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. In 2014, then-President Obama 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. I am encouraged by President Trump's actions thus far to review and replace the so-called fiduciary rule that threatens to limit Americans' access to retirement savings advice and education. 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 proposals 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

Lamar Alexander

PATTY MURRAY
WASHINGTON

COMMITTEES:
APPROPRIATIONS
BUDGET
HEALTH, EDUCATION, LABOR, AND PENSIONS
VETERANS' AFFAIRS

United States Senate

WASHINGTON, DC 20510-4704

March 10, 2017

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. This has never been more true than now. We are better than the extreme, divisive, and harmful policies of the new administration, and any Senate Budget must strongly reject those values and policies in favor of a path that unites and strengthens us as a nation.

My response to your request for the views and estimates of the Senate Health, Education, Labor, and Pensions Committee reflects this hope and belief. It focuses on three things to improve the lives of individuals and their families. First, it focuses 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 have earned from a lifetime of work.

Second, to strengthen and expand the middle class, we must reject the efforts of President Trump and Congressional Republicans to dismantle the health care system and instead continue working to build a system that puts patients and families first. The Affordable Care Act was a critical step toward this goal, but the work did not end when it passed. And so, when it comes to health care, this letter rejects the partisan repeal and replace policies that would take our nation backwards and instead 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 public health and in research and development, especially in the biomedical sciences, which will promote lifesaving, world-changing innovation for patients and maintain our country's leading role in life sciences. And critically, after an entire Congress in which Republicans in the House and Senate unfortunately doubled down on efforts to undermine women's access to health care, 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.

Finally, we must vigorously protect the rights of every American. Each generation of Americans has made progress toward expanding opportunities and securing equal treatment under the law, and we must reject the harmful, divisive efforts of this administration and instead work together to ensure we continue to move toward dignity and equality for all. This means recognizing and investing in the critical work of federal agencies to enforce civil rights laws that protect all Americans including students, workers, and patients from discrimination.

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 the wealthiest few. 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 adheres to, and builds on, the bipartisan budget deals reached in the last two Congresses. The bipartisan budget deal I reached with now-Speaker Ryan in 2013, and the subsequent budget deal that built on our agreement in 2015, made it very clear that there is strong bipartisan support for restoring investments *equally* across middle class and national security priorities. In honoring the principle of parity in restoring cuts from sequestration to defense and nondefense funding, the two budget deals both helped to avoid another government shutdown but also restored critical investments in health care, education, research, and defense jobs.

So, I urge my Republican colleagues not to return to the brinkmanship of past years and work with Democrats on an orderly 2017 and 2018 appropriations process that honors the agreement we reached for 2017, maintains parity between defense and nondefense in additional investments for 2017 and 2018, and rejects the inclusion of partisan poison pill policy riders. This would allow us to continue working together toward budgets that help create jobs and grow the economy, and would help make sure we do not move in the wrong direction with additional cuts to investments in priorities for workers, seniors, women, children, families, and the middle class.

Finally, as the former Chairman of the Budget Committee, I am deeply disappointed with the pattern I am seeing from the Republican majority, one that repeatedly ignores regular order and calls into question the role and utility of this committee. The most blatant example occurred at the start of this Congress. In the very first week, Republicans bypassed the committee completely, jamming through the Senate a budget on a party-line vote for the sole purpose of expediting the repeal of the Affordable Care Act – denying the voices of the citizens of my state and injecting chaos into our health care system. It was an unprecedented and outrageous abuse of the budget process. Unfortunately, it was not the only abuse of regular order by Senate Republicans.

At the time of this letter, I am hopeful Republicans will listen to their constituents – rather than to special interests and Tea Party ideologues – and give up their plan to use the partisan budget reconciliation process to strip coverage away from millions of Americans, increase premiums and other payments, and take away reproductive rights for millions of women and families. The blatantly partisan process pursued by Republicans last Congress and again this year has made a mockery of regular order by bypassing the input of the Senate committees, including that of the Senate Health, Education, Labor, and Pensions Committee. While President Obama vetoed this legislation last Congress, it is now up to Republicans to reject this partisan approach and instead work with Democrats on legislation that expands access, increases quality, and improves the affordability of health care for all American families.

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.

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

Thanks to the decisive, early actions taken by the Obama administration to respond to the Great Recession, the economy continues to move in the right direction after pulling back from the brink just a few years ago. Nevertheless, 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 cannot 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.

Too often the response to these trends is more proposals to cut taxes for the richest among us, hoping that big businesses and wealthy individuals could spark a more vibrant, shared prosperity. That approach has not worked before, and it will not work now. Instead, we must focus our attention on the real driver of American growth: the middle class. Trickle-down economics has failed; let us 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.

No American who works full time should live in poverty. Increasing the minimum wage is about fairness, boosting the economy, and ending a practice that allows companies to exploit workers through low wages. In today's economy, millions of workers are working longer hours for lower wages. A pay raise for minimum wage workers is long overdue. A Democratic-led Congress last increased the national minimum wage a decade ago to $7.25. This boosted earnings for as many as 13 million workers who had been stuck making $5.15 per hour for a decade. In addition, workers who rely on tips have not seen an increase in their wages in 26 years; the required wage for tipped workers, excluding tips, has been stuck at a meager $2.13 per hour since 1991.

Raising the minimum wage will afford workers the opportunity to fully participate in the economy, make ends meet, and get ahead. It has been inspiring to see so many workers, from Seattle to New York, fighting for $15, and I look forward to introducing legislation soon with my colleagues to continue making the case for higher wages for our workers. A strong increase in the minimum wage will provide a living wage and will give low-wage workers some much-needed economic security and jumpstart economic activity, so this is not just good for families – it is good for our economy.

<u>Providing Paid Sick Days so Workers Can Care for Themselves and Their Loved Ones without Punishment</u>
Another basic labor protection that 36 percent of the private sector workforce and 10 percent of the public sector workforce sector lacks is access to paid sick days.[1] When workers get sick, they have to

[1] https://www.dol.gov/sites/default/files/PaidLeaveFinalRule2016.pdf.

choose between toughing it out at work – and possibly infecting others – or staying home, and risk losing their job. When their child is sick, they have to choose between losing money out of their paycheck, or missing out on caring for their son or daughter. Workers and their families deserve better. That is why I introduced the Healthy Families Act last Congress – joined by 36 of my Democratic colleagues – and will re-introduce it in the 115th Congress. The legislation would allow workers to earn up to seven days of paid sick leave a year. No one should have to sacrifice a day's pay – or their job altogether – just to take care of themselves or their sick child. The legislation would 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.

Ensuring Fair Wages for Women

In today's workplace, unfair disparities in pay persist, in particular for female workers. Though strides have been made to ensure equal treatment, women's work has been undervalued for years. Women continue to earn only 80 cents for every dollar earned by men.[2] The wage gap is even worse for minority women, with African-American women earning just 63 cents for every dollar earned by white men, and Latino women earning only 54 cents for every dollar earned by all men. But the wage gap is not just a women's issue – it is also about the families who depend on working women to make ends meet. In fact, two-thirds of working women are the source of half or more of their household income. Smaller paychecks for women who do the same work as their male counterparts make it more difficult for women to provide for their families. Unequal pay hampers a woman's ability to buy groceries, pay the rent, find quality child care, and save for her kids' education.

According to a 2013 White House Equal Pay Task Force report, closing the wage gap would provide a 10 percent raise to working women in the United States, which in turn would lift 1.3 million people, including more than half a million children, out of poverty. [3]

That is why I will soon introduce the Paycheck Fairness Act to help end the discriminatory practice of paying men and women unequally for performing the same job. Loopholes created by courts, coupled with weak sanctions in the law, have allowed many employees to avoid liability for engaging in gender-based pay discrimination under the Equal Pay Act. The bill I will introduce would strengthen worker rights to equal pay for equal work by closing those loopholes.

Eliminating Unfair and Unpredictable Scheduling Practices that Hurt Workers and their Families

Employer scheduling practices too often conflict with workers' basic need to know when, where, and for how long they are expected to work, causing millions of workers to struggle to meet their responsibilities at home and on the job. Not receiving advance notice of their schedules, or the number of hours they are expected to work, makes it difficult for workers to arrange child or elder care, hold down a second job, or pursue educational or training opportunities. Additionally, workers who ask for scheduling changes may face retaliation, such as reduced hours or outright discharge. These practices jeopardize workers' ability to make ends meet, as well as the overall strength of our economy.

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[2] National Partnership for Women and Families, "America's Women and the Wage Gap," October 2016, http://www.nationalpartnership.org/research-library/workplace-fairness/fair-pay/americas-women-and-the-wage-gap.pdf

[3] "Fifty Years After The Equal Pact Act: Assessing the Past, Taking Stock of the Future." *The White House, National Equal Pay Task Force*, June 2013," pp.36. https://obamawhitehouse.archives.gov/sites/default/files/image/image_file/equal_pay-task_force_progress_report_june_10_2013.pdf

That is why I am again championing the Schedules that Work Act, which would allow workers to have a voice in their work schedules, make those schedules more stable and predictable, and let workers know their schedules farther in advance. Additionally, this bill would ensure workers who are sent home early receive at least some pay for that shift and would provide a premium for so-called "split shifts," where a worker is scheduled for nonconsecutive hours with a break of more than one hour between work periods. Policies such as these are needed to help promote the health and well-being of America's working families and also to help build a sustainable economy through lower employee turnover and absenteeism and greater employee engagement – and should be a priority of any Senate Budget.

Protecting Workers from the Scourge of Wage Theft

Workers who put in an honest day's work should be paid an honest day's wages. However, far too many workers, in receiving their much-needed paychecks, find their employers have not paid them what they are owed. In 2012 alone, state and federal authorities as well as private attorneys recovered nearly $1 billion in wages stolen from workers by their employers.[4] While large, that amount represents a mere fraction of overall wage theft, which is estimated to be greater than $8.6 billion per year.[5] The issue of wage theft has reached epidemic proportions and is hitting low-wage workers especially hard, with 68 percent of such workers reporting having experienced wage theft.[6] This issue is particularly disconcerting due to its disparate impact on women and minorities, who are significantly more likely to experience wage theft than their white male counterparts.[7]

That is why I introduced the Wage Theft Prevention and Wage Recovery Act last Congress – joined by 14 of my Democratic colleagues – and will re-introduce it in the 115th Congress. The legislation would take a comprehensive approach to addressing wage theft, stiffening penalties against employers who steal their workers' wages; making clear workers have the right to receive full compensation, regular paystubs, and a final paycheck in a timely manner; and making it easier for workers to recover stolen wages in court. The legislation will help ensure all workers are paid the wages they have earned, aiding workers—particularly low-wage workers—in supporting themselves and their families. This will not only provide some stability and justice to workers' lives, it will also aid the economy by both putting more money in workers' pockets and helping to protect the vast majority if businesses that abide by the law and pay their workers what they are owed from unfair competition.

Protecting the Rights of Workers to Join Together to Improve Working Conditions

To build a strong middle class, workers need to have a seat at the table. It is no coincidence that when more workers can stand up for their rights, wages increase, workplaces become safer, and access to health care goes up. In order to safeguard the right of workers to join together and advocate for themselves, we need to make sure our laws keep up with the reality of our ever-changing economy.

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[4] Brady Meixell and Ross Eisenbrey, "An Epidemic of Wage Theft is Costing Workers Hundreds of Millions of Dollars a Year," Economic Policy Institite, 2014, http://www.epi.org/publication/epidemic-wage-theft-costing-workers-hundreds/, accessed 3/9/17.

[5] Ross Eisenbrey, "Wage Theft By Employers is Costing U.S. Workers Billions of Dollars a Year," Working Economics Blog, Economic Policy Institute, 2015, http://www.epi.org/blog/wage-theft-by-employers-is-costing-u-s-workers-billions-of-dollars-a-year/, accessed 3/9/17.

[6] Annette Bernhardt, Ruth Milkman, et al., "Broken Laws, Unprotected Workers: Violations of Employment and Labor Laws in America's Cities," at 5, National Employment Law Project, 2009, http://nelp.3cdn.net/e470538bfa5a7e7a46_2um6br7o3.pdf.

[7] *Id.*

That is why I introduced the Workplace Action for a Growing Economy (WAGE) Act last Congress – joined by 32 of my Democratic colleagues – and will re-introduce it in the 115th Congress.

The WAGE Act would provide stronger protections for all workers, whether they are part of a union or not, who want to join together to advocate for higher wages, safer workplaces, or fairer schedules. This legislation enhances the remedies available to workers who have been treated unlawfully and imposes stiff new penalties on employers who break the law. Historically, workers who joined together to improve the terms and conditions of employment built a better life for themselves and their families – and helped create the middle class. Reaffirming our belief in and support for working people who want to join together will expand economic security and help ensure the economy grows from the middle out, not the top down.

Ensuring Unions have the Ability to Fulfill their Duty of Fair Representation

Workers across the nation have organized to fight for higher wages, better working conditions, and a voice in the workplace. In the face of these efforts, anti-union groups continue to advocate for right-to-work legislation, which would allow "free-riders" to reap the benefits of union representation without paying their fair share. The Senate Budget should support workers and include measures that counter such efforts with a pro-worker agenda that supports union representation and the right to organize.

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 smartest and most important the federal government can make. Economists have long studied the returns on education and they overwhelmingly agree that both the student and our society as a whole reap enormous benefits.[8] 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. Gutting vital sources of education funding would be 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 a career. Research shows a child's early years are critical to their development, 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.[9] The Senate Budget should recognize that investments in high-quality early childhood result in better health, learning, and economic outcomes for children and society.

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[8] http://all4ed.org/articles/it-pays-to-improve-school-quality-new-economic-analysis-pegs-economic-growth-to-level-of-student-achievement/

[9] Heckman, James. García, Jorge Luis and Heckman, James J. and Leaf, Duncan Ermini and Prados, María José, The Life-Cycle Benefits of an Influential Early Childhood Program. December 2016. NBER Working Paper No. w22993. Available at SSRN: https://ssrn.com/abstract=2892417

Preschool
As a former early childhood educator, I know how important it is for all children to have access to quality early learning experiences. However, in too many places across the country, low- and moderate-income children do not have access to preschool programs. That is why I strongly believe we must make new investments to expand access to voluntary, high-quality preschool for as many families as possible. Last Congress, I introduced, with 24 Democratic cosponsors, the Strong Start for America's Children Act, a landmark piece of legislation that would make historic investments to ensure low- and middle-income children have access to early childhood education. In addition to these investments, the Senate Budget should include strong support for Head Start and Early Head Start in order to serve more children and families.

Home visiting
Parents are their child's first and most influential teacher. That is why I strongly support extending and expanding the Maternal, Infant, and Early Childhood Home Visiting (MIECHV) Program, a critical program that improves maternal and child health and increases school readiness in vulnerable populations.

Child Care
Research shows that parents receiving child care subsidies are more likely to be employed, work more hours, sustain employment, and earn higher wages than their peers.[10] Unfortunately, our nation is currently experiencing a child care crisis. While the new Child Care and Development Block Grant law has been successful in improving the quality of child care, funding has not grown to cover the increased cost of the new requirements to prevent reducing the number of children served. Any Senate budget must recognize that child care costs have created a significant burden for many low- and moderate-income families and must expand this critical program. Finally, although it is outside of the direct jurisdiction of the Senate Health, Education, Labor, and Pensions Committee, I want to urge the Senate Budget to make room for a significant expansion of the Child and Dependent Care Tax Credit.

Making Robust Investments in K-12 Education

In 2015, Congress passed the Every Student Succeeds Act (ESSA), bipartisan legislation to replace No Child Left Behind (NCLB) and reauthorize the Elementary and Secondary Education Act (ESEA), the main federal education law governing our nation's K-12 schools. ESSA reaffirmed the federal commitment to provide quality education for our nation's disadvantaged students and close the achievement gap that still exists in far too many of our nation's schools. The new law removes NCLB's onerous one-size-fits-all provisions while including important federal guardrails for our most vulnerable students. The Senate Budget should adequately fund the programs contained in ESSA in order to help our states and school districts implement the new law.

Improving Educational Opportunities for Low-Income Students
Since 1965, Title I has been the cornerstone of ESEA.[11] This funding helps districts provide critical resources to educate low-income and disadvantaged students. ESSA recognized that our nation still has

[10] Mills, Gregory, Compton, Jessica, and Olivia Golden. Assessing the Evidence about Work Support Benefits and Low-Income Families. February 01, 2017. http://www.urban.org/research/publication/assessing-evidence-about-work-support-benefits-and-low-income-families.
[11] http://socialwelfare.library.vcu.edu/programs/education/elementary-and-secondary-education-act-of-1965/

a long way to go to ensuring that every child, regardless of where they live, has the opportunity to attain a good education. The new law authorizes increases in Title I funding each year and requires states to set aside some of this funding for school improvement in order to help meet this goal. While the law maintains a federal focus on school improvement funding, it does so in a different way from NCLB. Instead of authorizing the separate School Improvement Grant (SIG) program as NCLB did, ESSA combines NCLB's SIG program into the overall Title I program and requires states to set aside seven percent of their Title I funding annually for school improvement activities. The authorizers intended for this authorized amount of Title I to cover both the Title I, Part A formula as well as the prior SIG program so that school districts would not see a decrease in the Title I formula dollars due to the creation of the new set aside for school improvement within ESSA. The Senate Budget should do its part to reflect that intent and provide the resources necessary to help ensure a substantial increase in funding for the Title I program to cover both increases to the regular Title I program and increases in school improvement funding.

Supporting Our Nation's Teachers, Principals, and Paraeducators

ESSA authorizes formula funding to states and districts to support effective instruction and leadership in our nation's classrooms and schools. This funding helps support the professional development and career growth of our nation's teachers, principals, and paraeducators. Research shows these professionals are absolutely critical to improving student achievement and providing a supportive environment to ensure the needs of the whole child are met in our schools.[12] ESSA made substantial changes to the Title II program to make clear that states and districts could use this funding to address critical teacher shortages around the country and the working conditions of teachers. For the first time, the law also requires that any professional development funded by Title II meet the law's evidence-based definition to help ensure teachers, principals, and paraeducators receive high-quality professional development opportunities. The law also created a new optional set-aside for states to use funding to improve the training and recruitment of school principals. The Senate Budget should do its part to increase funding for the Title II program to ensure states and districts can implement the changes included in ESSA.

Fighting Against School Privatization

The Senate Budget must reject any effort to privatize public education. In particular, the Senate Budget must reject the Trump administration's agenda to siphon $20 billion in federal funding away from public schools for taxpayer-funded vouchers for unaccountable private schools. School privatization attempts such as these do not provide real choices for parents or students – they deceive parents, communities, students, and taxpayers at the expense of public schools. Voucher schemes also ignore the needs of students in rural areas where there are no or very few private schools and force students to sign away their critical rights under the Individuals with Disabilities Education Act (IDEA) and other civil rights laws.[13] The Senate Budget should invest in programs like Title I of the ESEA and IDEA and reject any effort to amend these funding streams to create a new voucher program, regardless of whether the program is voluntary for states. In addition, though it is out of the direct purview of the Committee, the Senate should reject any effort to create a backdoor voucher program through the tax code.

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[12] http://www.edweek.org/media/eperc_qualityteaching_12.11.pdf

[13] Almazan, Selene and Denise Stile Marshall. "School Vouchers and Students with Disabilities: Examining Impact in the Name of Choice. June 2016. https://c.ymcdn.com/sites/copaa.site-ym.com/resource/resmgr/2016_Conference/COPAA_Voucher_paper_final_R6.pdf

Student Support and Academic Enrichment

The Senate Budget must reflect the need to ensure a safe, healthy, and well-rounded learning environment for all students. Under ESSA, states and districts have access to new resources from the Student Support and Academic Enrichment grant program in Title IV, which provides funding for well-rounded, safe and healthy, and education technology programs and activities. The budget should strongly support this program in order to ensure all students have a positive learning environment, school climate, and the supports they need to succeed.

Helping our Vulnerable Populations

ESSA also strengthens the federal commitment to helping our nation's most vulnerable students, including homeless students, tribal students, children in foster care, English learners, military-connected children, and students with disabilities. Over 1.2 million children were identified by public school districts as experiencing homelessness in the 2014-15 school year.[14] These children are far more likely to experience high rates of hunger, illness, neglect, and abuse, all of which can impact their academic success.[15] Similarly, children in foster care lack permanency, and need additional supports and stability to excel in school. English learners are the fastest growing population of students in our country and face the unique challenge of learning English while also achieving academically.[16] Tribal students have lower graduation rates than any other students and more than one-third of tribal children live in poverty.[17] More than one million military-connected children go to school in the United States and face unique challenges, such as moving to new towns and adjusting to new schools.[18] The Senate Budget must ensure the necessary resources are made available to support the critical programs that strengthen the quality of education for these students, including the McKinney-Vento Homeless Assistance Act, Title III of ESSA, Title VI of ESSA, and the Impact Aid program.

Special Education

More than 40 years ago, when Congress first enacted a law for the education of students with disabilities, the federal government made a promise to fund at least 40 percent of the average cost to educate a child with a disability. However, Congress has not fulfilled that commitment. I was pleased that Congress increased the federal funding to states for special education on a bipartisan basis in recent years, without slashing funding to other social safety net programs. This year, we must once again increase federal funding for special education to come closer to this 41-year old promise for more than 6 million students with disabilities, their parents, and the school districts and states responsible for providing a free, appropriate public education to every student with a disability.

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[14] National Center for Homeless Education, Federal Data Summary School Years 2012-2013 to 2014-2015: Education for Homeless Children and Youth, http://nche.ed.gov/downloads/data-comp-1213-1415.pdf.

[15] Child Trends, "Data Trends: Homeless Children and Youth," October 2015. https://www.childtrends.org/wp-content/uploads/2015/01/112_Homeless_Children_and_Youth.pdf

[16] Grantmakers for Education, Educating English Language Learners: Grantmaking Strategies for Closing America's Other Achievement Gap, 2013. https://edfunders.org/sites/default/files/Educating%20English%20Language%20Learners_April%202013.pdf

[17] https://www.bie.edu/BFRI/index.htm

[18] Military Child Education Coalition, Where are our military-connected kids attending school? And how are they doing?, 2011. http://www.militarychild.org/student-identifier

Ensuring All Students have the Opportunity to Pursue Post-Secondary Education and Training

Our nation must make and maintain critical investments to enable all students to pursue college and a career. Without workers who have the right knowledge, skills, and abilities to succeed in our 21st century workforce, the United States will fall behind other developed economies around the world and, ultimately, will lose out on millions of good-paying jobs. Unfortunately, on our current trajectory, that reality appears all-too real. Between now and 2025, just over 24 million Americans are expected to complete an education beyond high school, assuming current rates of higher education attainment. However, this total will be 16.4 million Americans shy of what our economy needs to fill jobs that demand higher skill and education levels.[19] The Senate Budget should recognize that investments in education and training beyond high school is critical for youth who will soon receive their diplomas, adults who are returning to college, and workers who are looking to retrain for in-demand jobs. Investments in higher education are investments in the American economy.

Protecting and Expanding Investments in Student Aid

Students and families across the country are struggling after years of skyrocketing college costs, and they are increasingly worried about their ability to secure their place in the middle class. The average cost of college has more than doubled in real dollars over the last 30 years, rising from nearly $10,700 in 1985-86 to more than $22,400 in 2015-16, when adjusted for changes in the Consumer Price Index.[20] More than ever before, students must shoulder substantial student loan debt to afford their dreams of higher education. More than 42 million Americans now hold more than $1.4 trillion in outstanding student loan debt—and it is getting bigger every single day.[21] In fact, total student debt is growing by about $3,000 every second.[22]

In the face of college costs reaching an all-time high, it is critically important that we protect those student aid programs that help students and families afford higher education. As someone who depended on what are now known as Pell Grants to afford college, I know personally how significant need-based aid is to making college attainable and affordable for low- and moderate-income students. Unfortunately, as college costs have risen, the purchasing power of the Pell Grant is now at a record-low. The Pell Grant today covers just 29 percent of the costs of college at a public university, compared to 79 percent shortly after Congress created the grant 40 years ago.[23] The Senate Budget should work to improve and expand the Pell Grant program. For example, at the end of 2017, inflationary increases to the Pell Grant will expire, and the amount of the maximum grant will stop growing. We should permanently extend these increases so the Pell Grant continues to rise with the cost of college. The Senate Budget should avoid any steps that would undermine the stability of the Pell Grant program, including protecting and expanding mandatory funding for Pell Grants.

I also support expanding the current eligibility for Pell Grants, particularly for "non-traditional" students who are older, may have children, and are more likely to attend college part-time. I strongly believe we should reinstate the year-round Pell Grant. It is important any reinstatement of the year-round Pell

[19] https://www.luminafoundation.org/goal_2025
[20] https://nces.ed.gov/programs/digest/d16/tables/dt16_330.10.asp?current=yes
[21] http://www.federalreserve.gov/releases/g19/current/default.htm
[22] Berman, Jillian. "Watch America's student-loan debt grow $2,726 every second." *Marketwatch*, 30 Jan. 2016, http://www.marketwatch.com/story/every-second-americans-get-buried-under-another-3055-in-student-loan-debt-2015-06-10
[23] http://ticas.org/sites/default/files/pub_files/overall_pell_one-pager.pdf

Grant not be limited to full-time students who are already on track to complete their degrees quickly; this would unfairly penalize students who enroll part-time during a portion of the academic year and juggle work and family responsibilities. It is time to update our financial aid system to reflect that most students today do not take summers off for vacation. Additionally, the Senate Budget should take steps to help reverse other eligibility cutbacks that reduced the ability of low-income students to qualify for and retain their Pell Grant funding. Lower than expected costs in the Pell Grant program make it possible to ensure that very low-income families are guaranteed a full maximum grant, extend the number of semesters that students can use their aid, restore Pell Grants to students who have been defrauded, and help to prevent students who work part-time from seeing their earnings reduce their aid.

Federal Supplemental Educational Opportunity Grants (SEOG) and the Federal Work-Study (FWS) programs are also critical sources of financial aid for students. FWS is not just a financial aid program—it is also a career-preparation tool and community-service internship program. FWS helps students from economically disadvantaged backgrounds be able to afford college costs, apply academic learning to real-world problems, and explore potential career paths. Cuts to either SEOG or FWS could have a devastating impact on student access and success. Instead, the Senate Budget should support incentives, such as a reserve fund, to revise the allocationof campus-based aid in order to target federal funding to those institutions that enroll, graduate, and offer more affordable options for higher numbers of students with financial need.

Reducing College Costs

In addition to protecting existing investments in student aid, I strongly support making college more affordable and reducing the crushing burden of student debt. Congress must examine the role states can and should play in stemming or reversing the rise in college costs. During the Great Recession, the vast majority of states significantly cut support for higher education and shifted enormous burdens on to students and their families through tuition increases. The Senate Budget should include incentives, such as a reserve fund, to encourage and enable more reinvestment and to discourage the actions of states that continue to make short-sighted cuts to higher education.

Even at community colleges, which have historically been a low-cost, low-debt option, the "net price" to students after financial aid is more than $7,100.[24] The majority of this leftover financial need includes rent, food, books, supplies, and transportation. With so many financial pressures, students struggle to make their financial aid stretch, and too many students are going hungry and experiencing homelessness in the process. A survey of more than 4,000 students from 10 community colleges found that roughly half of the students they surveyed struggle with food insecurity and 22 percent of respondents had to cut the size of their meals or skip meals entirely due because they didn't have enough money to eat. [25] This is why I strongly support Senator Baldwin's *America's College Promise Act,* which would provide two years of community college free to students, and pay for the costs by closing wasteful tax loopholes for Wall Street. The Senate Budget should create incentives, such as a reserve fund, to make these investments possible.

Lifting the Crushing Burden of Student Debt

More than eight million students borrow federal loans each year because it helps them pay for college with excellent repayment options and consumer protections that private lenders do not currently

[24] https://nces.ed.gov/programs/digest/d15/tables/dt15_331.30.asp?current=yes

[25] www.wihopelab.com/publications/Wisconsin_hope_lab_hungry_to_learn.pdf

offer.[26] But, too many students are left with debts they cannot repay, particularly if they don't graduate, and far too many borrowers end up in default.

One-quarter of federal loans are subsidized for low- and- middle-income students, meaning that interest on the loans does not accrue as long as they are enrolled in college. For many middle-income students, the interest subsidy is one of the few benefits for which they qualify—and it helps keep their debt manageable as they work toward graduation. The Senate Budget should ensure student loans are kept affordable by including measures that help retain the interest subsidy. It also should put in place measures that would help allow eligible borrowers with high-interest loans to refinance their loans to today's lower rates. Just as Americans can take advantage of lower interest rates to refinance a car loan or a mortgage, students should be able to refinance their student loans, too. Far too many borrowers, however, are stuck with high interest rates on loans taken out before 2013, when Congress acted to lower rates.

There are many things we can do to improve our system of student loans to reduce the burden on borrowers. We should protect Public Service Loan Forgiveness (PSLF) programs that help reward individuals who dedicate their lives to public service jobs, including members of the military, first responders, teachers, social workers, and public defenders. In particular, our rural, tribal, or other under-resourced communities report enormous difficulties with recruitment and retention of public service workers, and the PSLF program has been of great benefit to these communities. However, there has been too many attacks on federal workers by opponents of PSLF about how many people could benefit from the program, when in fact, only about 643,000 Direct Loan borrowers who are repaying their loans through IBR, PAYE, and ICR are likely employed in public service.[27] This is less than 1 percent of more than 130 million U.S. workers. We should continue to protect and enhance PSLF to make it work better for borrowers and public servants.

And for borrowers who attended colleges that have closed, or defrauded their students, like the now-defunct Corinthian College and ITT Tech chains, we should provide immediate relief by discharging the loans of students who attended these colleges so they can start over with their educational careers.

Making Colleges More Accountable to the Students They Serve

In addition to making college more affordable and reducing the burden of student debt, Congress must also do more to ensure colleges and universities meet their commitments to their students. There are too many examples of misaligned incentives and the misuse of taxpayer dollars in higher education. More than 1 in 4 student loan borrowers are now in default or delinquent on a student loan, and the dramatic collapse of Corinthian Colleges and ITT Tech revealed what was already clear to many: our current system of college accountability, including our processes of accreditation, state authorization, and Title IV enforcement are not rigorous enough. ITT Tech received more than $11 billion from students, and from taxpayer-financed grants and loans, in the decade leading up to its collapse. As the Inspector General at the U.S. Department of Education made clear in a recent report, "enforcement of the new [borrower defense] regulations will also improve FSA's processes for mitigating potential harm to students and taxpayers by giving FSA the ability to obtain financial protection from schools based on information that is broader and more current than information schools provide in their annual audited financial statements."[28]

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[26] http://trends.collegeboard.org/sites/default/files/trends-student-aid-web-final-508-2.pdf

[27] http://www.gao.gov/products/GAO-15-663

[28] https://www2.ed.gov/about/offices/list/oig/auditreports/fy2017/a09q0001.pdf

Furthermore, the report notes that the newly-created Student Aid Enforcement Unit is one of the "significant new tools and processes to identify at-risk schools and mitigate potential student and taxpayer harm." Too often, our financial aid system lacks any transparency at all. Holding colleges accountable for high-quality results should be a central tenet of our financial aid programs—and protecting students and taxpayers should be a top priority for the Senate Budget. The Senate Budget should make needed investments to better oversee bad actors. Finally, the Senate Budget should establish a reserve fund to help close current loopholes that allow colleges to skirt federal law and receive more than 90 percent of their revenue from taxpayers. Quality programs and colleges should always be able to prove their value. Education and training programs should have a critical mass of students that do not rely on federal dollars, but are instead willing to invest their own funds in higher education because it is high quality.

Improving College Access and Success

The Senate Budget should also recognize the historical disparities and inequitable funding provided to predominantly white institutions and flagship institutions at the expense of Minority-Serving Institutions (MSIs). Hispanic-Serving Institutions (HSIs), Historically Black Colleges and Universities (HBCUs), Predominantly Black Institutions (PBIs), Asian American and Native American Pacific Islander serving institutions (AANAPISIs), and Tribal Colleges or Universities (TCUs). These institutions enroll a disproportionate number of first-generation and low-income students and provide an essential gateway to higher education for millions of traditionally underserved students of color across the country. Students must have access to institutions that understand and value their experiences and support the critical examination of racial and cultural identity as a central dynamic in our nation's education history. The Senate Budget should honor our national commitment to these institutions by making it possible to robustly fund need-based financial aid, such as the Pell Grant and Federal Work-Study, as well as programs under Title III and V of the Higher Education Act.

Protecting and expanding national college awareness, access, and retention programs is also crucial to leading the world in postsecondary attainment and college completion, and the Senate Budget should ensure funding is available for these investments. The TRIO programs, alongside robust student aid funding, ensure that low-income students, first-generation college students, individuals with disabilities, homeless and foster youth, and veterans are able to enroll and succeed in postsecondary education and build their path to the middle class. For decades, high schools, colleges, and community-based organizations in every state have relied on the TRIO programs to ensure that low-income students are not behind. In FY 2016, the TRIO programs served almost 800,000 secondary, postsecondary, and adult students.[29] The various TRIO programs target specific populations and apply evidence-based resources and interventions to maintain students on a path of success and independence. Additionally, the Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP) fosters local partnerships between K-12 schools, institutions of higher education, and community organizations to increase the college and career readiness of more than 524,000 low-income students nationwide. GEAR UP programs have also flourished in rural and urban communities alike to expand opportunity for all students. The Senate Budget should ensure that funding is available to protect and expand the TRIO and GEAR UP programs.

[29] http://www.crs.gov/Reports/R42724?source=search&guid=86a65ffd759f4e8daa36fd3764c64978&index=0

Career and Technical Education
Strengthening the connection between K-12 education, postsecondary education, and employment is critical. Students should not face barriers as they transition from high school to postsecondary education and careers. Career and technical education (CTE) is a critical component in providing a successful transition and pathway for students. Given the President's oft-stated commitment to putting America back to work, and the Secretary of Education's stated support of career and technical education, it is imperative that the Senate Budget must include robust investments in our current and future workforce and therefore should strongly support funding for the Perkins Act.

Job Training and Registered Apprenticeships
Federal training and workforce systems have proven to be substantively positive contributors to workers, employers, and the economy during times of both economic strength and weakness. For example, during the recent recession, when there were seven job seekers for every job opening, individuals served by the workforce development system were being placed in jobs at the 50 percent rate—much better than for those workers seeking to find employment in the open market. Importantly, this was at a time when the system faced a 250 percent increase in usage – and also when general formula appropriations were still on the decline.

In general, federally-supported training programs have proven to be very effective. A recent synthesis of evidence on what works in job training summarizes their findings[30]:

- "Post-secondary education and skills credentials are important determinants of employment and earnings."
- "The most positive results of job training on employment and earnings come from training that is closely related to the workplace, such as apprenticeships and on-the-job training."

In addition, research shows registered apprenticeships to be the most effective training model in use. A 2012 evaluation of registered apprenticeship programs by Mathematica Policy Research found—

- the tax return on every public dollar invested in registered apprenticeship programs was $27:1, and
- individuals who completed registered apprenticeship programs earned over $240,000 more during their careers than individuals not participating in such programs.

A November 2016 report by Case Western Reserve University, in partnership with the U.S. Department of Commerce, found that while firms traditionally pay for much of the costs of apprenticeships, the value and impact of these apprenticeships "more than justified the costs and commitments made to their apprenticeship programs."[31]

Investments in workforce development systems, job training, and registered apprenticeships are clearly valuable; any Senate budget should support these programs with robust funding.

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. For most in the middle class, however, the dream of a secure

[30] "Job Training Evidence Synthesis Addendum 2016; U.S. Department of Labor, Office of Evaluation.
[31] S. Helper, R. Noonan, J. Nicholson, and D. Langdon (2016): Case Western Reserve University and the U.S. Department of Commerce, "The Benefits and Costs of Apprenticeship: A Business Perspective."

retirement is slipping out of reach. Fifty-five million Americans work for employers that do not offer any form of retirement savings or pension plan.[32] Half of Americans have less than $10,000 in savings and one-third have no retirement savings at all.[33] For a dwindling population, traditional, defined benefit pension plans continue to do an excellent job providing families with a secure retirement; however, not everyone with a traditional defined benefit pension plan faces security in retirement. There are hundreds of multiemployer pension plans that face insolvency, and the Pension Benefit Guaranty Corporation (PBGC), the backstop for those plans, is also likely to face its own insolvency within a decade.[34] We must shore up PBGC's finances and find a workable solution to help the hundreds of thousands of pensioners who face an uncertain retirement when their multiemployer pension fund fails.

The majority of workers today no longer have access to defined benefit pension plans. Rather, there has been a shift to defined contribution plans, such as a 401(k), and to personal retirement savings in and rollovers into individual retirement accounts (IRAs). The regulatory system governing retirement plans has not kept pace with the changes in the retirement landscape, leaving retirement savers vulnerable. To modernize a core tenet of the Employee Retirement Income Security Act of 1974 (ERISA) and its related regulations, the Department of Labor (DOL) conducted a significant project and updated the definition of fiduciary. Citing that conflicted advice costs retirement savers $17 billion annually, DOL's rule requires those advisors who provide retirement advice act in the savers' best interests.[35] The President recently issued a memorandum calling for a redundant cost-benefit study to serve as a basis to rescind or substantially revise the rule, and DOL issued a proposed rule delaying the applicability date of the regulation in order to conduct the study. These moves only hurt retirement savers at a time when the Administration and Congress should come together to help Americans save more for retirement. We are on the cusp of a retirement crisis.

In addition to helping those who have savings save more efficiently, we must help the 55 million working people who simply do not have access to a quality, secure retirement plan through their employer.[36] Given the gridlock in Congress, DOL provided safe harbors that allowed states and cities and counties to establish retirement programs for small businesses and other uncovered individuals. Congressional Republicans, facing pressure from a minority of trade groups, have introduced Congressional Review Act joint resolutions of disapproval for these safe harbors. This represents a move in the wrong direction. Making it easier and encouraging individuals to save for retirement is not only the right thing to do, but it will help reduce geriatric poverty and the need for government assistance in the future.[37] As of the date of this letter, the Senate has yet to vote on the resolutions of disapproval, so

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[32] David John and Gary Koenig, "Workplace Retirement Plans Will Help Workers Build Economic Security" (AARP, Washington, DC), Oct. 2014, http://www.aarp.org/content/dam/aarp/ppi/2014-10/aarp-workplace-retirement-plans-build-economic-security.pdf.

[33] Elyssa Kirkham, "1 in 3 Americans Has Saved $0 for Retirement," *Time*, Mar. 14, 2016, http://time.com/money/4258451/retirement-savings-survey/.

[34] 2016 PBGC Projections Rep.

[35] Executive Office of the President, Council of Economic Advisers, "The Effects of Conflicted Investment Advice on Retirement Savings" 2 (Feb. 2015).

[36] Ambrose, Eileen. "Congress Takes Aim at New Retirement Savings Programs." *American Association of Retired Persons (AARP)*, 16 Feb. 2017, http://www.aarp.org/work/retirement-planning/info-2017/congress-takes-aim-at-state-retirement-plans-ea.html.

[37] *See, e.g.*, Segal Consulting, "Study of Medicaid Savings from State Retirement Options for Private Sector Workers" (Winter 2017), https://www.segalco.com/study-of-medicaid-savings/#PublicSector.

the fate of these programs remains unclear. Depending on the outcomes, a range of new retirement plans will be necessary to help ensure no American spends their older years living in need.

Women often find it particularly difficult to prepare for retirement. Women face systemic pay equity issues, earning just 80 cents for every dollar a man earns, which equates to a $400,000 difference over a lifetime.[38] That gap 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 as these responsibilities often take them out of the workplace. A recent study by the National Institute on Retirement Security found that women were 80 percent more likely than men to live in poverty at age 65 and older, while women between the ages 75 and 79 were three times more likely to fall below the poverty line compared to males their age.[39] This year, I intend to continue to push forward on legislation to improve retirement security for women by expanding access to the retirement savings, expanding consumer protections, and improving financial literacy. I urge the Senate Budget to include reserve funds and others measures to assist passage of this legislation.

In addition, I strongly support providing 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 ensuring that part-time workers have access to a workplace retirement plan would have a profound impact on millions of working women.[40] I also plan to continue my support of small businesses and to facilitate their ability to create pooled 401(k) plans, at a lower cost and with less burden than going it alone, and I urge the Senate Budget to provide incentives to accommodate all of these efforts, such as a reserve fund.

Finally, Social Security is a core component of creating a secure future for American families. Of the more than 60 million total Social Security beneficiaries, approximately 50 million are retirees, their beneficiaries, and their surviving spouses.[41] Our Social Security system provides most of the income to more than two out of three seniors, preventing 22.2 million Americans from falling into poverty.[42] In addition, the disability program provides earned benefits to nearly 11 million Americans with disabilities and their family members, including millions of children.[43] 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.

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[38] "The Wage Gap: The Who, How, Why, and What To Do" (Nat'l Women's Law Ctr., Washington, DC) http://nwlc.org/resources/the-wage-gap-the-who-how-why-and-what-to-do/.
[39] Jennifer Erin Brown et al., "Shortchanged in Retirement: Continuing Challenges to Women's Financial Future" (Nat'l Inst. on Retirement Sec., Washington, DC), March 2016, at 3, http://www.nirsonline.org/storage/nirs/documents/Shortchanged/final_shortchanged_retirement_report_2016.pdf.
[40] "Women More Likely to Work Part-Time" (Pew Research Center, Washington, DC), Dec. 10, 2013, http://www.pewsocialtrends.org/2013/12/11/on-pay-gap-millennial-women-near-parity-for-now/sdt-gender-and-work-12-2013-1-05/.
[41] U.S. Soc. Sec. Admin. Fact Sheet, https://www.ssa.gov/news/press/factsheets/basicfact-alt.pdf.
[42] Kathleen Romig & Arloc Sherman, "Social Security Keeps 22 Million Americans Out of Poverty: A State-by-State Analysis" (Ctr. on Budget and Policy Priorities, Washington, DC), Oct. 25, 2016, http://www.cbpp.org/research/social-security/social-security-keeps-22-million-americans-out-of-poverty-a-state-by-state.
[43] U.S. Soc. Sec. Admin. Fact Sheet, https://www.ssa.gov/news/press/factsheets/basicfact-alt.pdf.

Continuing 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. Four simple, but important, principles should guide our efforts – principles on which Republicans and Democrats should be able to agree. First, we should pursue more accessibility to health insurance and health care. Policies that lead to insuring fewer people must be discarded. Second, we should pursue greater affordability. The Senate Budget should not include policies that would increase costs for workers and families. Third, we should pursue better quality care for all. Finally, we should invest in policies and programs that keep Americans healthy in the first place. We should work to identify key investments in research and development, especially in the biomedical sciences, which will spur advances for patients and uphold our country's tradition of leadership in innovation. This also means we must continue to defend a woman's constitutionally guaranteed right to reproductive health care.

Affordable Access to Quality Coverage

As a result of the Affordable Care Act's (ACA) coverage expansion, we have made significant progress toward ensuring every family has access to comprehensive, affordable health insurance. Over 20 million people have health insurance coverage because of the ACA health insurance Marketplaces and millions more have access through the expansion of the Medicaid program.[44] Along with expanding access to coverage, the ACA made critical reforms that improved the quality and affordability of coverage. These reforms protected consumers by: requiring essential health benefits, such as maternity, prescription drug, and mental health and substance use disorder coverage; stabilizing the market and keeping premiums low; increasing access to preventive care services, including cancer screenings and birth control; investing in the insurance Marketplaces; and of course, providing advanced premium tax credits and cost-sharing reductions to help make care more affordable for working families. Repealing and undermining these critical advances would result in fewer families having health insurance coverage, insurance companies being able to discriminate against people based on age, gender or for a pre-existing condition, less benefit coverage and consumer protections, and move our country backwards. 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 make coverage affordable; protect consumer safeguards; and invest in improving quality of care for families and communities across the country.

According to the Congressional Budget Office (CBO), repeal of the ACA would result in 18 million people losing insurance within a year and up to 32 million people losing coverage by 2026.[45] Premiums would increase 20-25 percent in the first year and up to 50 percent by 2026. The rate of uninsured children would nearly double[46], and the number of uninsured individuals would increase by 4.3 million people

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[44] U.S. Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation. "20 million people have gained health insurance coverage because of the Affordable Care Act, new estimates show." 3 March 2016. https://www.hhs.gov/about/news/2016/03/03/20-million-people-have-gained-health-insurance-coverage-because-affordable-care-act-new-estimates

[45] Congressional Budget Office. "How Repealing Portions of the Affordable Care Act Would Affect Health Insurance Coverage and Premiums." Jan 2017. https://www.cbo.gov/publication/52371

[46] Buettgens, M., Kenney, G.M., and Pan, C. "Partial Repeal of the ACA through Reconciliation: Implications for Parents and Children." Urban Institute December 2016. http://www.urban.org/sites/default/files/publication/86706/coverage_implications_for_parents_and_children_0.pdf

right away due to the chaos caused in the market.[47] Repeal of the ACA would also result in economic disruption and chaos for the workforce. In 2019 alone, repeal would lead to the equivalent of 2.6 million people losing their jobs. Cuts in federal funds would cause serious damage to state and local economies, leading to a $1.5 trillion reduction in gross state product from 2019 through 2023.[48] Instead of taking away American's health insurance, the Senate Budget should put in place measures to strengthen and improve the health care system.

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.

Food and Drug Administration

Families and communities across the country rely on the Food and Drug Administration (FDA) to help ensure the food they eat and the medicines they take are safe. FDA also plays a critical public health role in promoting nutrition and regulating tobacco products. Full implementation of important measures to protect consumer and patient health requires a substantial increase in appropriated funds for the FDA in addition to the new funding provided by the 21st Century Cures Act for specific policy purposes. The FDA will require robust investments from the Senate Budget and Congress to fulfill the expectations set out in recent authorizing statutes. These laws include the 21st Century Cures Act, enacted in December 2016; the Drug Quality and Security Act (DQSA), enacted in November 2013; the Food and Drug Administration Safety and Innovation Act (FDASIA), enacted in July 2012; the Food Safety and Modernization Act (FSMA), enacted in January 2011; and the Family Smoking Prevention and Tobacco Control Act, enacted in June 2009. Preparing for the era of precision medicine by qualifying biomarkers, integrating patient preference data into drug reviews, and assisting the development of breakthrough technologies will take additional congressional resources to maintain America's competitiveness.

It is vital that we continue to support FDA's efforts to fully implement FSMA, a law essential to protecting our food supply, through an integrated and prevention-based food safety system to keep families safe from foodborne illness. We must also ensure that 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 Compounding Pharmacy in 2012. Over the past 7 years, we have seen a substantial decline in smoking in the U.S.[49], and FDA has taken critical steps to protect children from the full range of tobacco products; the Center for Tobacco Products needs robust support to ensure continued progress in addressing tobacco use, the leading cause of preventable death. Finally, the Senate Budget should support increased investment in FDA to help the agency fulfill its mission, continue to recruit and retain highly-qualified staff, and protect consumer and patient safety.

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[47] http://www.urban.org/research/publication/implications-partial-repeal-aca-through-reconciliationx

[48] Commonwealth Fund. Health Reform Repeal Could Cause 3 Million People to Lose Jobs and Trigger Broad Economic Disruption "5 January 2017. http://www.commonwealthfund.org/publications/press-releases/2017/jan/health-reform-repeal-could-cause-3-million-people-to-lose-jobs

[49] Fiore, M. "Tobacco Control in the Obama Era — Substantial Progress, Remaining Challenges" New England Journal of Medicine. 13 October 2016. http://www.nejm.org/doi/full/10.1056/NEJMp1607850#t=article

Access to Cures and Treatments
We are on the cusp of major breakthroughs in personalized medicine, and there is real momentum to tackle some of the greatest medical challenges of our time. As we look for ways to improve health care for families, ensuring these innovative new treatments are accessible and affordable must be a top priority. Investments are needed to help develop new value-based models for purchasing prescription drugs and conducting oversight on insurance plans to make sure we are not asking patients to shoulder an unfair share of the costs.

Providing Mandatory Funding to Community Health Centers
Health centers provide high quality, low-cost care to nearly 23 million patients in over 9,000 locations across the country, many of which are rural.[50] While the Medicare Access and CHIP Reauthorization Act reauthorized the Community Health Center Fund for two years, these centers require sustainable funding in order to carry out their vital mission. Therefore, I urge the Committee to provide mandatory funding to ensure these vital safety net providers can give workers and families the care they need when and where they need it.

Ensuring Access of Mental Health Care
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 invest in and build on programs funded through the Substance Abuse and Mental Health Services Administration, including programs like those enacted in the 21st Century Cures Act that strengthen the mental health workforce, prevent suicide, and help connect patients with the care they need.

Fighting the Opioid Crisis and Preventing and Treating Substance Use Disorders
Since 1999, the number of overdose deaths involving prescription opioids and heroin has quadrupled.[51] As individuals living with addiction struggle to get access to the treatment and services they need, Congress must focus on equipping our communities with adequate resources to provide medication-assisted treatment, prevent overdoses, and strengthen state prescription drug monitoring programs including through the programs authorized under the bipartisan Comprehensive Addiction and Recovery Act. While the funding provided in the 21st Century Cures Act will help states combat this epidemic, cuts to the Medicaid program – the largest single payer for behavioral health in the United States – threaten to undermine this progress. Addressing the opioid crisis and saving lives means the Senate Budget must not convert the Medicaid program to a block grant or impose per-capita caps and must not limit beneficiary access to substance-use disorder services.

Health Information Technology
The Office of the National Coordinator (ONC) for Health Information Technology (HIT) continues to work toward the full 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 ONC with sufficient funding to identify and harmonize standards, expand its certification program, and develop a governance approach that promotes collaboration across industry and government. In particular, Congress must provide ONC and the Office of the Inspector General the resources to carry out the new authorities

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[50] Department of Health and Human Services. "HHS FY2017 Budget in Brief." HHS FY2016 Budget in Brief." https://www.hhs.gov/about/budget/budget-in-brief/hrsa/index.html
[51] CDC. "Overview of an Epidemic." https://www.cdc.gov/drugoverdose/data/

established in the 21st Century Cures Act, including penalizing information blocking, implementing updated conditions of certification, and improving patient access to electronic health information.

Prevention and Public Health
With increasing threats to the nation's health -- including the continued impact of the Zika virus and the growing burden of chronic disease -- 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 $5.60 for every $1 spent.[52] In addition to fighting chronic disease, combatting dangerous threats such as antibiotic resistance and food-borne illness require us to bolster our commitment to public health. As part of this effort, maintaining the Affordable Care Act's Prevention and Public Health Fund (PPHF) – which supports 12 percent of the Centers for Disease Control and Prevention's budget – is essential.[53] If Congress were to eliminate the PPHF, states would lose more than $3 billion over the next five years.[54] We must also continue to bolster our Federal vaccine program to ensure all Americans – and in infants and children, in particular – are protected from vaccine preventable diseases.

Public Health Infrastructure in States
To truly combat public health threats, our nation depends on the strength of state and local health departments. We must invest in, build, and sustain the crucial state and local public health infrastructure that allows us to respond to public health challenges of all kinds. Strong infrastructure at the state and local level provides the capacity to prepare for and respond to both emergent and ongoing, persistent threats. From combatting chronic illness like cancer and heart disease to detecting and responding to infectious disease outbreaks, robust public health infrastructure is critical to ensuring the health and safety of Americans.

Biomedical Research (NIH)
To ensure that patients have access to cutting-edge treatments that are safe and effective, the United States must continue to protect its position in the global forefront of biomedical research. The National Institutes of Health (NIH) is the largest source of biomedical research funding in the world, supporting thousands of scientists and research institutions in every state, and developing the evidence base needed to make innovative, lifesaving discoveries for patients and families, while creating jobs and helping businesses across the country. The research supported by NIH allows for medical discoveries that lead to invaluable treatments and cures to keep families healthier.

NIH needs sustained and robust funding for a broad range of biomedical research to build on the progress made in the 21st Century Cures Act. This includes critical provisions that support early-stage investigators; the inclusion of women, racial and ethnic minorities, LGBT individuals, and people of all ages in clinical trials; pediatric research; as well as the cancer research, the Precision Medicine Initiative,

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52 American Public Health Association. "Funding for public health protects our communities and kids, saves lives, and... saves money." https://www.apha.org/news-and-media/multimedia/infographics/funding-public-health-protects-our-lives-and-saves-money-text-version
53 Centers for Disease Control and Prevention, U.S. Department of Health and Human Services. "Accomplishing CDC's Mission with Investments from the Prevention & Public Health Fund, FY 2010-FY 2016." https://www.cdc.gov/funding/documents/cdc-pphf-funding-impact.pdf
54 Trust for America's Health. "Special Analysis: Prevention and Public Health Fund Federal & State Allocations." January 2017. http://healthyamericans.org/reports/prevention-fund-state-facts-2017/

and the Brain Research through Advancing Innovative Neurotechnologies (BRAIN) Initiative, all of which have bipartisan support. There is bipartisan support for the goal of getting safe, affordable, effective new treatments to patients, but we cannot realize this goal without strong and sustained investments in innovative biomedical research. The Senate Budget must help to deliver on this promise by including enhanced resources to fully fund these and other crucial research efforts.

Investing in Women's Health and Ensuring Access to Care

Too often, health issues that disproportionately or exclusively affect women are either ignored or politicized. Over the past several decades, as Democrats have fought to protect a woman's constitutionally protected right to reproductive health care, including access to abortion, and worked to expand access to women's preventive health care services, many politicians and pundits have dismissed or relegated to the background the growing health concerns of women across the country. The ACA made health care more affordable and accessible for women- 9.5 million previously uninsured women now have coverage, and the uninsured rate for non-elderly adult women dropped from 17 percent in 2013 to 11 percent in 2015.[55] A 2014 survey found that 94 percent of women lived in households below 400 percent of the Federal Poverty Level, making them eligible for either Medicaid or the premium subsidies offered under the ACA.[56] Before the ACA, 92 percent of the best-selling plans charged women higher premiums than men – a practice known as "gender rating," which the ACA banned.[57] In addition, only 12 percent of pre-ACA health plans offered maternity coverage, which is now a required benefit. The ACA also added preventative care coverage to these essential health benefits, such as birth control, mammograms, cervical cancer screenings, and recommended vaccines – all of which are now available to over 55 million women at no out-of-pocket cost.[58] To date, women have saved $1.4 billion on birth control alone.[59] It is critical to protect these reforms for women's economic empowerment. Unfortunately, the Republican ACA repeal bill would reverse these trends for women and make it harder for them to access quality care.

Republican attacks on women's health do not end with repeal of the ACA. The Republican repeal bill doubles down on women's health and defunds Planned Parenthood, which will jeopardize access to care for 2.5 million patients across the country.[60] Planned Parenthood is our nation's largest, most trusted women's health care provider. The Senate Budget must reverse these backward policies and provide the resources needed to make women's health a priority.

It is important that we not only protect women's health, but also invest in women's healthcare by training women's health care providers, investing in our clinics that serve women, and supporting teenage pregnancy prevention and education programs.

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[55] Kaiser Family Foundation. "Women's Health Insurance Coverage." 21 October 2016. http://kff.org/womens-health-policy/fact-sheet/womens-health-insurance-coverage-fact-sheet/
[56] Id.
[57] National Women's Law Center. "The Affordable Care Act's Birth Control Benefit: Progress on Implementation and Continuing Challenges." July 2016. https://nwlc.org/wp-content/uploads/2016/07/The-ACAs-BC-Benefit-Report.pdf
[58] Id.
[59] Becker, N., Polsky, D. "Women Saw Large Decrease In Out-Of-Pocket Spending For Contraceptives After ACA Mandate Removed Cost Sharing." July 2015. http://content.healthaffairs.org/content/34/7/1204.abstract
[60] Planned Parenthood. "Planned Parenthood at a Glance." https://www.plannedparenthood.org/about-us/who-we-are/planned-parenthood-at-a-glance

Family Planning Services-Title X

Title X clinics play a critical role in women's access to family planning services. These safety net clinics provide services regardless of ability to pay, making them indispensable for families across the country. 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 – and I urge the Senate Budget to do so.

Violence Against Women Act, Family Violence Prevention Services Act

Since domestic violence is a pressing public health issue, the Senate Budget must invest in services to care for victims across all programs at the Department of Health and Human Services (Centers for Disease Control and Prevention, Administration for Children and Families, and the Office of Women's Health) and the Department of Justice (Office of Violence Against Women). It is critical that federal agencies coordinate their efforts to better serve survivors and their families and support the critical reforms we made through the Violence Against Women Act (VAWA) to help support survivors and promote justice.

Funding for VAWA programs is critical to meeting the needs of survivors of domestic violence, sexual assault, dating violence, and stalking. Victims can include women of all races and ethnicities, children, elderly individuals, and people with disabilities, among others. State, tribal, and local governments, law enforcement agencies, nonprofit organizations, and colleges and universities rely on VAWA funding to promote recovery from violence, prevent future acts, and promote justice. Unfortunately, according to the National Alliance to Sexual Violence, over one-third of rape crisis centers have waiting lists for basic services. It is critical that we continue to invest in these programs, not cut them.

Supporting emergency shelters and related assistance to victims of domestic violence and their families is also key. 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. As we work to strengthen the program, it is important to ensure our tribal communities also have access to these services. I urge the Senate Budget to provide the incentives to help make this a priority for Congress, including a reserve fund.

Vigorously Protecting the Civil Rights of Every American

All Americans should have access to a high-quality education, a job that allows them to support themselves and their families, and a healthcare system that puts patients and families first without discrimination because of their race, religion, national origin, disability, sex, age, sexual orientation, gender identity, or other protected class. Each generation of Americans has made progress toward expanding opportunities and securing equal treatment under the law, and we must work together to ensure we continue to move toward dignity and equality for all. The Senate Budget should recognize and invest in the critical work of federal agencies to enforce civil rights laws that protect all Americans including students, workers, and patients from discrimination. I strongly support increased investments in the Equal Employment Opportunity Commission, Offices for Civil Rights in the Departments of Health

and Human Services and Education, Civil Rights Division in the Department of Justice, and other agencies and departments that investigate and resolve claims of discrimination and work to prevent discrimination through guidance and technical assistance, and community outreach. The Senate Budget should affirm the primary importance of this work and ensure the means to provide robust funding for these agencies.

Conclusion

This letter describes some of the many priorities for the Senate Health, Education, Labor and Pensions Committee. As Ranking Member, there are other priorities I plan to focus on as well, but the topics covered are representative of the approach I urge you to take. In the coming weeks, Congress will have the opportunity to reject the divisive and harmful values and priorities of the Trump administration and lay out a budget that reflects the values and priorities our constituents care about most. These values and priorities begin with expanding economic opportunity through good jobs and higher wages for all, continue with protecting the health care system from destructive, partisan politics, and conclude with committing to vigorously protecting the civil rights of every American. While I know there are clear differences between Republicans and Democrats when it comes to the budget, we have shown before that we can break through the gridlock and dysfunction to deliver results for our constituents. The fiscal year 2018 budget offers the Republican majority the chance to show whether it is willing to break away from the Trump administration and work in a bipartisan manner again, or whether it will follow the President in continuing to pursue extreme, divisive, and harmful policies.

Sincerely,

Patty Murray

Senator Patty Murray
Ranking Member
U.S. Senate Committee on Health,
Education, Labor, and Pensions

United States Senate

COMMITTEE ON
HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS
WASHINGTON, DC 20510–6250

March 10, 2017

The Honorable Michael B. Enzi
Chairman
Senate Budget Committee
624 Dirksen Senate Office Building
Washington, DC 20510

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

Dear Chairman Enzi and Ranking Member Sanders:

In accordance with your request, I am providing you with views and estimates for the Fiscal Year 2018 budget resolution.

The threats to the U.S. homeland are growing. Terrorist groups such as ISIS and al-Qaeda, their influence expanding online, seek to inspire Islamic extremists to kill in the homeland. Other homegrown extremists also mean to do us harm. Just in the past year, a bomb exploded on a Manhattan street, injuring 29 people;[1] a man reportedly inspired by Islamic extremists stabbed 10 people in a Minnesota shopping mall;[2] and an ISIS-motivated attacker took five lives at the Fort Lauderdale airport.[3]

Online, the danger to our information and critical infrastructure is growing. Recent computer network intrusions have highlighted our nation's exposure to cyber-attacks,[4]

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[1] Phillip Bump, Mark Berman, Amy B. Wang, and Matt Zapotosky, *Explosion that injured 29 in New York 'obviously an act of terrorism,' governor* says, Washington Post, (Sept. 18, 2016) https://www.washingtonpost.com/news/post-nation/wp/2016/09/17/new-york-officials-say-25-people-injured-after-explosion-in-chelsea/?utm_term=.79e9a0f8b811

[2] Stephen Montemayor, *FBI director links St. Cloud mall stabbing rampage to foreign terrorist groups*, Star Tribune, (Sept. 28, 2016, 10:25PM) http://www.startribune.com/st-cloud-mall-attack-partly-motivated-by-terrorist-group-fbi-director-says/395147841/

[3] Keith Allen and Darran Simon, *Suspected Fort Lauderdale airport shooter indicted*, CNN, (Jan. 26, 2017, 10:32PM) http://www.cnn.com/2017/01/26/us/fort-lauderdale-suspect-indictment/

[4] Robert McMillian, *Yahoo Says Information on at Least 500 Million User Accounts Was Stolen*, The Wall Street Journal, (Sept. 22, 2016,9:50PM) https://www.wsj.com/articles/yahoo-says-information-on-at-least-500-million-user-accounts-is-stolen-1474569637

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victimizing major U.S. companies and nearly 30,000 FBI and Department of Homeland Security employees whose contact information was published by hackers.[5] Critical infrastructure is especially vulnerable: potential attacks and natural threats could cause massive disruption and significant loss of life.

Even as the threats to the homeland multiply, so does concern about America's economic well-being. Over-regulation is squeezing the U.S. economy, constricting economic growth and full employment. The estimated $2 trillion regulatory burden on our nation's businesses and families must be reduced.

In these perilous times, the government units this committee oversees must have money to accomplish their vital missions. The budget should fully fund oversight agencies, such as the Government Accountability Office (GAO), offices of inspector general, and the Office of Information and Regulatory Affairs (OIRA) at the Office of Management and Budget (OMB). Funding for these offices offer quantifiable returns on investment—an estimated $119 is saved for every $1 spent on GAO, for example—and will help to expose threats to public health and safety.

Within DHS, the Inspector General (DHS OIG) highlighted $162 million in questionable costs in the second half of 2016 alone.[6] But the benefits are far broader than financial: DHS OIG exposes vulnerabilities that, if left unaddressed, could lead to major terrorist attacks.

Similarly, OIRA's work benefits the economy due to the office's oversight of federal regulations. With the regulatory burden already massive, any unnecessary, duplicative, or harmful regulation should be eliminated and any new regulation should be carefully scrutinized and amended as necessary to ensure that benefits significantly outweigh costs.

I. Department of Homeland Security

When I became Chairman of the Homeland Security and Governmental Affairs Committee, I established five priorities for the Committee's homeland security work:

1. Border security and enforcement;
2. Cybersecurity;
3. Critical infrastructure protection;
4. Countering terrorism and protecting the homeland; and
5. Assisting DHS in executing its missions.

During the 114th Congress, our committee conducted robust oversight to spell out threats to the homeland. We passed bipartisan legislation to address those threats and strengthen

[5] Mary Kay Mallonee, *Hackers publish contact info of 20,000 FBI employees,* CNN, (Feb. 8, 2016, 8:34PM) http://www.cnn.com/2016/02/08/politics/hackers-fbi-employee-info/

[6] Semiannual Report to the Congress, Department of Homeland Security Office of Inspector General.

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homeland security. I recommend that the FY2018 Congressional budget should focus on the following priorities.

Priority #1: Border Security and Enforcement

The congressional budget resolution should prioritize common-sense border security and immigration enforcement that reduces illegal immigration and keeps our communities secure. The objectives of President Trump's Executive Orders on border security and immigration enforcement should be supported.

We need a layered approach to border security. That includes technology, manpower, eliminating incentives that encourage illegal immigration and committing ourselves to the rule of law. The Obama administration's Border Patrol Chief, Mark Morgan, testified before the Committee that border fencing works and we need more of it.[7]

I am pleased that the new Administration agrees. Before his confirmation hearing, Secretary Kelly recognized the approximately 650 miles of fencing already along the southwest border and committed to "build on these current efforts and work to execute the President-elect's policies to ensure that we have the barriers, infrastructure, technology, and people in place to secure the border."[8]

The Department should be supported by providing the funding it needs to accomplish this mission.

Beyond fencing, we also need manpower to secure our borders. In December, I traveled to Israel to understand its vitally important border security efforts. Beyond effective fencing, the Israelis protect their border with adequate manpower, stationing about one person per 1.2 miles. The result speaks for itself: border crossers are now intercepted, on average in less than five minutes.[9]

Here at home, Congress has authorized 21,370 Border Patrol agents to secure the entire border between ports of entry.[10] But the Border Patrol employs only 19,282 agents – a shortage

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[7] *Initial Observations of the New Leadership at the U.S. Border Patrol before the S. Comm. on Homeland Security and Government Affairs*, 114th Cong. (2016), https://www.hsgac.senate.gov/hearings/initial-observations-of-the-new-leadership-at-the-us-border-patrol.

[8] Pre-hearing Questionnaire from General John Kelly, USMC (Ret), to S. Comm. on Homeland Security and Government Affairs (on file with committee).

[9] Majority Staff of S. Comm. on Homeland Security and Government Affairs, 115th Cong., Rep. on Securing Israel: Lessons learned from a nation under constant threat of Attack 7 (Comm. Print 2017).

[10] *Id.*

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of 1,542.[11] On the southwest border, 17,026 agents patrol the 1,933 miles, with approximately 900 assigned to patrol duties at any one time.[12]

This means there is only about 1 agent per 2.2 miles – a level that has proven not adequate to properly secure the border. A first step to better border security might be to more efficiently use the agents we have, redistributing them to critical or high traffic sectors. Putting more agents in the field instead of sitting behind a desk would also help. So would more agents. Given these imperatives, we should support the President's proposal to hire an additional 5,000 Border Patrol agents. This increase, coupled with more effective deployment of existing resources, will aid our all-important response time.

While Border Patrol agents can only make apprehensions, Immigration and Customs Enforcement (ICE) and the Department of Justice (DOJ) determine whether those apprehended will be deported or released into the United States. 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.[13] Moreover, estimates show at least 40 percent of those here unlawfully entered the country legally but overstayed their visas.[14] We need to better enforce our laws to deter people from breaking them. The good news: the administration's recent actions should help enhance interior enforcement and reduce incentives for illegal immigration. Those steps include eliminating catch and release; detaining more aliens at or near the border; empowering state and local law enforcement to perform the functions of immigration officers, and planning to hire more ICE agents. Secretary Kelly recently offered what he called "humble advice" to a group of Guatemalan citizens, saying they should not "risk their lives, and those of their precious children, on the dangerous journey, only to be stopped and returned immediately to their country."[15] His smart warning, coupled with heightened enforcement, will help persuade would-be border crossers to stay in their home countries. Since such deterrence will significantly reduce the incentives to illegally cross our border, we should support the necessary funding to implement President Trump's interior enforcement policies.

Finally, as outlined in President Trump's Executive Orders, data transparency will be an important priority for this administration. Last Congress, the Committee passed and the President signed into law legislation drawn from the Department of Homeland Security Border

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[11] *Id.*

[12] *Id.*, at 8.

[13] Bryan Roberts, Edward Alden, John Whitley, Council on Foreign Relations, *Managing Illegal Immigration to the United States: How Effective is Enforcement?* 26, (2013), file:///C:/Users/jm40828/Downloads/Managing_Illegal_Immigration_report.pdf.

[14] Alan Gomez, *Nearly 500K foreigners overstayed visas in 2015*, USA Today (Jan. 19, 2016, 8:12 PM), http://www.usatoday.com/story/news/2016/01/19/immigration-visa-overstays-department-of-homeland-security-report/79026708/

[15] Press Release, Homeland Security, *Readout of Secretary Kelly's Trip to Guatemala and Mexico* (Feb. 24, 2017), https://www.dhs.gov/news/2017/02/24/readout-secretary-kellys-trip-guatemala-and-mexico.

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Metrics Act (S. 1864), which was included in the 2017 National Defense Authorization Act.[16] This legislation requires the Department to work with other agencies to develop consistent and robust border security performance metrics across all of our borders—at and between ports of entry and along the maritime border. These metrics, due this spring, will not only enhance transparency but also provide the Department with important information about additional resources needed to secure the border. I encourage the Department to use these metrics to make informed decisions on border security, and we should support funding for the resources needed to obtain them.

Priority #2: Cybersecurity

DHS is the lead civilian agency for cybersecurity. It plays an integral role, working with the Office of Management and Budget, to secure federal civilian networks. The Department also assists critical infrastructure owners and operators in securing their networks and fights cyberattacks through the National Cybersecurity and Communications Integration Center (NCCIC). Given the growing number of high-profile computer network intrusions, DHS's budget should reflect NCCIC's central role in sharing cyber-threat indicators with the private sector.

The Congressional Budget Resolution should also support the Continuous Diagnostics and Mitigation (CDM) program, which DHS administers to continuously monitor cyber hygiene at federal agencies. But CDM alone will not be enough to secure our networks. It only exists to fill a gap in basic cyber hygiene in the federal government, creating awareness of vulnerabilities like systems that are not updated and providing incentives to fix those vulnerabilities.

To address this shortcoming, last Congress the Committee passed and the President signed into law legislation from the Federal Cybersecurity Enhancement Act (S. 1869), which was incorporated into the Cybersecurity Information Sharing Act of 2015.[17] It aims to improve Federal network security, and enhance existing intrusion detection and prevention system for civilian Federal networks. Specifically, the Act requires Federal agencies to use cybersecurity best practices, such as encryption of sensitive data and multi-factor authentication for high-risk users.

These programs should receive sufficient funding to ensure they work. Moreover, continued 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

During the 113th Congress, the Committee held hearings on the security of critical infrastructure. As the name suggests, critical infrastructure is crucial to our national and

[16] H.R. Rep. No. 114-840 (2016) (Conf. Rep.).
[17] S. Rep. No. 114-32 (2016).

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economic security. A variety of serious threats to our infrastructure must be mitigated, to avoid disruptions and minimize potential loss of life. DHS is the federal agency charged with working with state and local governments and private sector stakeholders to ensure all critical infrastructure sectors have adequate information and protection. The Department's programs for critical infrastructure protection, including its information-sharing efforts, deserve support.

The 2017 National Defense Authorization Act included provisions drawn from the Critical Infrastructure Protection Act (S. 1846). The law requires DHS to conduct an intelligence-based review of the risks and consequences of electromagnetic pulse and geomagnetic disturbances. It also mandates that DHS submit a strategy to Congress to protect critical infrastructure from those threats. The department must work with its partners on research and development to reduce EMP and GMD threats. The DHS Secretary must also include EMP and GMD threats in national planning exercises and reach out to educate stakeholders, including critical infrastructure owners and operators. I recommend that the Congressional Budget prioritize funding for these vital infrastructure protection activities.

Priority #4: Counterterrorism and Protecting the Homeland

According to the Quadrennial Homeland Security Review, the Department of Homeland Security's first priority is to prevent terrorism and enhance domestic security. The United States faces multiple and evolving terrorist threats, ranging from ISIS and al-Qaeda to homegrown Islamic and other violent extremists. DHS has important responsibilities in the federal government's counterterrorism effort. These include securing the borders; enforcing immigration laws and ensuring the integrity of the immigration system, and supporting state and local partners on the front lines of the anti-terrorism effort.

Enhancing border security and immigration enforcement will require sufficient resources, as discussed above. Beyond that, the budget resolution should prioritize funding for entities within DHS that enhance security by protecting the nation from adversaries seeking entry. Specifically, the resolution should prioritize ICE's Visa Security Program to strengthen visa screening and vetting procedures around the world, and Citizenship and Immigration Services' Fraud Detection and National Security program.

The Department's state, local and other partners, who serve on the front lines every day, play an important role in securing our homeland DHS already has significant resources to aid those partners, including information sharing programs and grants. But the Department must do more to ensure that grant funding, in particular, is spent efficiently and effectively to yield the greatest increase in security for each dollar spent. Similarly, the Department's information sharing initiatives, including its intelligence programs, must work to provide more value to our partners through access to more useful and timely information.

The effort to better inform non-federal partners about threats to the homeland is limited by over-classification. The Congressional Budget Resolution could make the Department's

analysis funding conditional on providing annual unclassified, publicly disseminated terrorism data and analysis detailing threats to the homeland.

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

The Department of Homeland Security has historically struggled to achieve its five missions as outlined in the Quadrennial Homeland Security Review. One of the department's many key challenges is improving management and coordination. The 2017 National Defense Authorization Act includes language drawn from bipartisan Committee legislation to improve Department of Homeland Security coordination.[18] The legislation provided several ways to help management and coordination. For example, the Secretary is authorized to use joint task forces to enhance departmental unity and coordination among components and headquarters offices. The legislation established the Office of Strategy, Policy and Plans to advise the Secretary and coordinate Department-wide policy development, implementation, and strategic planning. It also enhanced responsibilities for the Under Secretary for Management, allowing for better department management.

The importance of better management and coordination requires that the 2018 Congressional Budget provides DHS sufficient budgetary resources for headquarters offices responsible for these tasks. Under Secretary Kelly's leadership, the department can execute its missions through better coordination and key mechanisms such as joint task forces and unity of effort.

Also deserving of sufficient funding in the resolution is the DHS Office of Inspector General (OIG). The office plays an important role in identifying waste, fraud, and abuse, as well as mismanagement.

DHS Programs to De-Prioritize

1) The DHS Headquarters Consolidation Project at St. Elizabeths

Like any government agency, DHS has some programs that work better than others. Among the low performers is St. Elizabeths. It is a decade since funds for the project—designed to consolidate DHS's executive leadership, operational management, and other personnel at one secure location rather than throughout the Washington, D.C., area—were first appropriated.[19]

Yet at a cost of more than $2 billion to date, only one DHS component, the U.S. Coast Guard, has re-located to the St. Elizabeths campus amid continued cost overruns and delays. Pub. L. No. 114-150 requires DHS to report to Congress on the costs and schedule for the St.

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[18] H.R. Rep. No. 114-840 (2016) (Conf. Rep.).
[19] William L. Painter, Cong. Research Serv., R42753, *DHS Headquarters Consolidation Project: Issues for Congress* (2014).

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Elizabeths project. The Congressional Budget Resolution should lower the priority of funding for the relocation until DHS has met this responsibility and after Secretary Kelly gives direction for the future of St. Elizabeths under his leadership.

2) Research and Development at the Department of Homeland Security

I am also concerned that research and development at the DHS Science and Technology Directorate is not clearly or properly prioritized. The Directorate does not have a good process for judging the long-term impact of its projects. The 2017 National Defense Authorization Act includes language to require greater transparency about the Department's research and development projects and mandates that DHS demonstrate the value of its investments.

The budget resolution should lower the priority of funding for the Directorate until the Department complies with these requirements and makes a compelling case for this spending.

3) U.S. Citizenship and Immigration Services (USCIS) Information Technology Transformation

The Office of Inspector General and the Government Accountability Office have identified major problems with U.S. Citizenship and Immigration Services' information technology management project. For example, the Electronic Immigration System (ELIS) was intended for individuals to seek immigration benefits online and track their applications process. In March 2016, DHS Inspector General Roth testified to the Committee that, "After 11 years, USCIS has made little progress in transforming its paper-based processes into an automated immigration benefits processing environment."[20] He further warned that "USCIS now estimates that it will take three more years and an additional $1 billion to automate benefit processing," and that "[t]his delay will prevent USCIS from achieving its workload processing, national security, and customer service goals." The Congressional Budget Resolution should lower the priority of funding for this project until DHS and USCIS provides a plan for completing it successfully.

4) FEMA's Grant Management and Excessive Declaration of Federal Disasters

Congress should reform FEMA's management and oversight of grant spending to ensure that all tax dollars are spent properly and efficiently. The Inspector General identified a questioned cost rate of 29 percent for FEMA's disaster relief fund grant expenditures, which could amount to nearly $3 billion per year in questionable costs.[21] Until FEMA has ensured adequate controls are in place, I recommend that Congress lower the priority of FEMA grant

[20] *DHS Management and Acquisition Reform, Hearing Before the S. Comm. on Homeland Security and Government Affairs*, 114th Cong. (2016) (statement of Inspector General John Roth), file:///C:/Users/jm40828/Downloads/Testimony-Roth-2016-03-16.pdf.
[21] *Summary and Key Findings of Fiscal Year 2015 FEMA Disaster Grant and Program Audits*, DHS OIG Pub. OIG-17-13-D (2016), https://www.oig.dhs.gov/assets/GrantReports/2017/OIG-17-13-D-Dec16.pdf.

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expenditures. In addition, I recommend that FEMA update its process for determining a Presidential disaster declaration. Given the increase in the number of those declarations compared to earlier decades,[22] FEMA should reprioritize emergency assistance and relief to states and localities truly overwhelmed by a disaster and focus on instances where American lives are at risk. Congress and FEMA should also reform its flood insurance programs to discourage, rather than encourage, people from building or rebuilding in areas prone to flooding. Finally, Congress should stop funding the Intercity Bus Security Grant Program (IBSGP), which was awarded $3 million in FY 2016.[23] According to FEMA, the previous Administration had not requested funding for the program since FY 2009.[24] In addition, OMB called for the program's termination in FY 2011.[25] As a result, the IBSGP did not receive funding in FY 2011, FY 2012, FY 2013, and FY 2014.[26] Yet Congress appropriated $3 million in FY 2015 and FY 2016.[27]

5) DHS Office of Intelligence and Analysis

I am concerned that the DHS Office of Intelligence and Analysis is not yielding sufficient value for the money.[28] I question whether DHS's intelligence programs are duplicative of other agencies.[29] I also believe the Department can do a better job of providing useful and timely intelligence to personnel working on the front lines.[30] To ensure improvements in these areas, I will be conducting oversight of the Department's intelligence products and enterprise. Secretary Kelly and his team should review and report to Congress on ways to improve the value of DHS's intelligence program. In the interim, I recommend lowering the priority of funding for DHS I&A.

II. <u>Governmental Affairs</u>

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[22] Senator Tom Coburn, Ranking Mem., Sen. Com. on Homeland Security and Government Affairs, *How the Outdated Federal Rules Distort the Disaster Declaration Process and Fleece Taxpayers* (2014).
[23] *Fiscal Year 2016 Intercity Bus Security Grant Program*, FEMA, https://www.fema.gov/fiscal-year-2016-intercity-bus-security-grant-program.
[24] Letter from FEMA, to Chairman Ron Johnson, on IBSGP (Jan. 29, 2016) (on file with the Sen. Com. on Homeland Security and Government Affairs).
[25] *Id.*
[26] *Id.*
[27] *Id.*
[28] Department of Homeland Security Office of Inspector General, *Office of Intelligence and Analysis Can Improve Transparency and Privacy*, DHS OIG Rep. OIG-16-93 (2016); Government Accountability Office, *DHS Intelligence Analysis: Additional Actions Needed to Address Analytic Priorities and Workforce Challenges*, GAO Pub. 14-397 (2014); Department of Homeland Security Office of Inspector General, *Homeland Security Information Network Improvements and Challenges*, OIG Pub. 13-98 (2013).
[29] House Homeland Security Committee Majority Staff, 114th Cong., Rep. on Reviewing the Department of Homeland Security's Intelligence Enterprise: Fighting Terrorism by Addressing Key Gaps 31 (Comm. Print 2016).
[30] *Supra*, notes 1 & 2, at 1.

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Turning to the Governmental Affairs jurisdiction of the committee, when I became Chairman I established three major priorities:

1. Regulatory reform;
2. Enhancing the economic security of the country; and
3. Wasteful spending and inefficiency in the federal government.

Priority #1: The Office of Information and Regulatory Affairs

The Office of Management and Budget includes the Office of Information and Regulatory Affairs (OIRA), a critical part of the government's obligation to ensure consistent, high-quality and efficient regulatory policy across agencies. Created by the Paperwork Reduction Act of 1981,[31] OIRA initially had a full-time equivalent (FTE) staff ceiling of 90.[32] By 2016, it had fallen to 47 FTEs, down more than 47 percent.[33] Over the same period, federal agencies' spending on regulatory activity increased 226 percent–up from more than $15.6 billion to more than $50.9 billion (both in constant 2009 dollars).[34] The discrepancy means OIRA has significantly diminished capacity to meaningfully review new regulations.

The growth and pervasiveness of federal regulations is a major impediment to robust economic growth and full employment. Therefore, OIRA staffing and resources should be sufficient to reflect its increased workload and ensure the office can fully carry out responsibilities outlined in statutes, Executive Orders, and other Congressional and Presidential directives. In particular, these responsibilities include significant guidance and input related to the execution of Executive Order 13771 ("Reducing Regulation and Controlling Regulatory Costs").[35]

Priority #2: The Government Accountability Office

GAO continues to provide Congress, executive agencies, and the public with timely, fact-based, non-partisan information that can be used to improve government and save billions of dollars. In fiscal year 2016, GAO received requests for work from 95 percent of Congress's standing committees and 48 percent of subcommittees. Senior GAO officials were asked to testify 119 times on issues that touched on virtually all major federal agencies. Through its work, GAO has yielded $63.4 billion in financial benefits—a return of about $112 for every dollar spent.

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[31] 44 U.S.C. §§ 3501–21 (2012).
[32] Curtis Copeland, Cong. Research Serv., RL32397, Federal *Rulemaking: The Role of the Office of Information and Regulatory Affairs* 22 (2009). (A different report puts the actual full-time equivalent staff in that year at 97: *see infra* note 3).
[33] Susan Dudley and Melinda Warren, Weidenbaum and Regulatory Studies Centers, *Regulators' Budget from Eisenhower to Obama: An Analysis of the U.S. Budget for Fiscal Years 1960 through 2017* at 20, Table A-3 (2016).
[34] *Supra*, note 2, Table A-2.
[35] Exec. Order No. 13771, 82 Fed. Reg. 9339 (Jan. 30, 2017).

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In national security, GAO has made numerous recommendations since 2007 to improve the federal government's ability to share information on terrorist threats. For example, in 2013, GAO recommended that DHS, DOJ, and the Office of National Drug Control Policy collaborate on better coordination and reduce overlap across field-based information sharing entities. In response, these three agencies have begun coordinating their information sharing efforts and have developed ways to hold field-based offices accountable for coordinating analytical and investigative activities.

Priority #3: The United States Census Business Surveys and Decennial Census

The Homeland Security and Governmental Affairs Committee is currently reviewing the numerous surveys–32 in all—sent by the Census Bureau to American businesses. These surveys go to 2.6 million businesses annually. Some forms, such as the Survey of Construction—a monthly survey to 960 businesses—take only five minutes to complete. Other forms, such as the Manufacturing Energy Consumption Survey, are much more burdensome and take longer than nine hours. The committee will look for duplication to eliminate and other opportunities to streamline specific surveys and questionnaires to reduce the burden on respondents and the cost to the federal government.

Meanwhile, GAO has raised red flags that the 2020 Census is behind schedule. Getting an accurate population count helps accurately apportion Congressional representation and allocate resources for federal programs. Costs have dramatically increased each decennial census, with the 2010 Census costing more than $90 per housing unit.[36]

Hoping to reverse this trend, the Census Bureau has designed a plan to reduce funds by increasing self-response rates. To accomplish the planned savings, the Bureau must stick to planned tests, including the 2018 end-to-end tests. I recommend that programs related to the 2020 Decennial Census be funded at a level so testing is not delayed—and so the Bureau can hire appropriate staff to prevent costs from ballooning again.

Priority #4: The Postal Regulatory Commission (PRC) Rate Review

The 2018 budget should also fund the Postal Regulatory Commission (PRC), the regulatory agency responsible for the U.S. Postal Service's rates and service standards. The agency is now reviewing the postal rate system, as required by the Postal Accountability and Enhancement Act of 2006.[37] In order to do this in a timely manner, the PRC will need appropriate resources. This rate review will be a key factor in shaping the Postal Service's future.

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[36] U.S. Gov't Accountability Office, GAO-16-628, *Census Bureau Needs to Improve Its Life-Cycle Cost Estimating Process* (2016), *available at* http://gao.gov/assets/680/678117.pdf.
[37] 39 U.S.C. § 3622 (d)(3) (2012).

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Priority #5: Federal Assets Sale and Transfer Act

At the end of 2016, the Committee passed important legislation to expedite sales of unneeded federal buildings.[38] This bill will generate revenues from building sales proceeds,[39] as well as reduce wasteful spending on operations and maintenance costs for unneeded properties.[40] Initial funding is vital to make these properties suitable for sale in a way that will generate the most value for taxpayers.

Priority #6: Protecting Whistleblowers from Retaliation

The Office of Special Counsel (OSC) receives and investigates complaints of whistleblower retaliation and disclosures of waste, fraud, and abuse in the federal government.[41] Over the past few years, the number of new complaints and disclosures filed with OSC grew exponentially, especially within the Department of Veterans Affairs.[42] The Committee will pursue legislation to reauthorize OSC with expanded authorities and believes it is vital for OSC to receive the necessary funding to fulfill its mission of redressing whistleblower retaliation and wrongdoing in the federal government.

Priority #7: Making Federal Benefits Comparable to the Private Sector

The federal government paid $82 billion in pension benefits to federal retirees and their survivors in 2015.[43] The Congressional Budget Office,[44] the Simpson-Bowles Commission,[45] and other groups[46] have identified a number of reforms to the federal retirement system that could reduce federal spending and bring public sector benefits in line with the private sector. Such reforms include shifting the current defined benefit plan to a defined contribution plan; raising the high-level salary average from three years to five years; increasing contributions for

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38 S. 2375, 114th Cong. (2015). *See also* Federal Assets Sale and Transfer Act, Pub. L. No. 114-287 (2015).
39 *Id.*
40 *Federal Real Property Reform: How Cutting Red Tape and Better Management Could Achieve Billions in Savings: Hearing Before the S. Comm. on Homeland Sec. and Governmental Affairs,* 114th Cong. 114-440 (2015) (statement of David Wise, Director, Physical Infrastructure Issues, Government Accountability Office).
41 5 U.S.C. § 1212 (2012).
42 *Reauthorization of the U.S. Office of Special Counsel: Hearing before the Subcomm. On Gov't Operations, H. Comm. on Oversight and Gov't Reform,* 114th Cong. (2015) (statement of Carolyn Lerner, Special Counsel, Office of Special Counsel).
43 Cong. Budget Off., *Reduce Pensions in the Federal Employee Retirement System* (2016), *available at* https://www.cbo.gov/budget-options/2016/52178.
44 *Id.*
45 The Nat'l Comm'n on Fiscal Responsibility and Reform, *The Moment of Truth* 44-45 (2010), *available at* https://www.fiscalcommission.gov/sites/fiscalcommission.gov/files/documents/TheMomentofTruth12_1_2010.pdf.
46 *See* Rachel Greszler and James Sherk, The Heritage Foundation, *Why It Is Time to Reform Compensation for Federal Employees* (2016), *available at* http://www.heritage.org/jobs-and-labor/report/why-it-time-reform-compensation-federal-employees.

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all employees to 4.4 percent, and basing cost-of-living adjustments on a chained consumer price index. The budget that Congress debates should consider these potential changes.

Governmental Affairs Programs to De-Prioritize

1. **The Government Printing Office**

The U.S. Government Printing Office (GPO) was created by Congress in 1860 and began operation in 1861. GPO has served as the federal government's official printer, and for most of its history was the largest printing concern in the world.[47] With the enactment of the GPO Electronic Information Access Enhancement Act in 1993, GPO's databases were uploaded onto the Internet, altering the GPO business model from a printing operation to a publishing operation.[48] Mirroring this change in mission, the Government Printing Office changed its name to the Government Publishing Office in 2014 without Congressional approval.[49]

While accountability, openness, and transparency by the federal government are critical, it is evident that the mission of GPO duplicates the mission of existing federal agencies, including the National Archives and Records Administration (NARA). NARA's mission is:

> To provide public access to Federal Government records in our custody and control. Public access to government records strengthens democracy by allowing Americans to claim their rights of citizenship, hold their government accountable, and understand their history so they can participate more effectively in their government.[50]

GPO is also working to digitize historical documents, which is also a duplicative function of NARA. In addition to the repetitive mission, GPO is also developing mobile Web applications that can be performed more cost effectively by private sector actors. GPO also manufactures secure credentials[51] outside their mission of printing, and continues to print multiple copies of legislation for Congressional offices and committees that are available online.

For FY2017, GPO requested and was appropriated $117.1 million, including a 14.6 percent increase for operation and maintenance from FY2016 enacted levels.[52] While GPO's

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[47] U.S. Government Publishing Office, *The History of the Government Publishing Office,* March 7, 2017 https://www.gpo.gov/about/gpohistory/
[48] U.S. Government Publishing Office, *CPO: A New Name for the Digital Age,* January 2014 https://www.gpo.gov/pdfs/about/GPO_NewName.pdf
[49] *Id.*
[50] National Archives, *Vision and Mission,* March 7, 2017 https://www.archives.gov/about/info/mission.html
[51] U.S. Government Publishing Office, *Security and Intelligence Documents,* March 7, 2017 https://www.gpo.gov/customers/sid.htm
[52] Congressional Research Service, *Legislative Branch: FY2017 Appropriations,* February 21, 2017 https://fas.org/sgp/crs/misc/R44515.pdf

mission as the federal government printer was essential upon its creation more than 150 years ago and despite attempts to reinvent itself, GPO's existence is no longer necessary, duplicates federal functions, competes with the private sector, and the $117.1 million appropriated to the agency could be better spent , or simply saved

2. The Government Services Administration (GSA) "tech startup"

In 2014, GSA announced the formation of a group known as 18F, which was intended to act as an information technology (IT) "startup" within the federal government.[53] While it is important that agencies across the federal government seek innovative approaches and cost savings, the administration and general feasibility of this "tech startup" operating out of a federal bureaucracy has been called into question.

In December 2015, the GSA Office of Inspector General (OIG) initiated an evaluation of the 18F program.[54] The report found that 18F lost $31.66 million taxpayer dollars due to "inaccurate financial projections, increased staffing levels, and the amount of staff time spent on non-billable activities."[55] For example, 18F projected revenue of $84 million for 2016, but only generated $27 million through the third quarter of the year. The report also found that 18F staff was performing work before agreements were properly executed and outside of agreed-upon periods of performance, that the agreements lacked required signatures, that billing and timekeeping practices resulted in inaccurate charges to clients, and that billing discrepancies could leave GSA responsible for augmenting appropriations for other federal agencies. The budget resolution should lower the priority of funding for GSA to undertake any further expansion of the 18F program until the agency can make the case that it is self-sustaining and adds a more significant value to the taxpayer.

3. Re-evaluate the Benefits Provided to Former Presidents

The Former Presidents Act was enacted in 1958 to ensure that former presidents had financial resources following their presidency sufficient to "maintain the dignity" of the Office of the President.[56]

Under current law, a former president receives $205,700 annually from the Federal government as a pension and funds that are provided for the former president to cover offices

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[53] 18F Blog, Hello, world! We are 18F., https://18fblog.tumblr.com/post/80066867648/hello-world-we-are-18f (Last visited Nov. 15, 2016).
[54] *Id.*
[55] *Id.*
[56] S. Rep. No. 85-47, at 2 (1957)

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and staff.[57] In the modern era, these generous benefits are no longer necessary due to the impressive speaking fees and book deals available to former presidents.

For example, former President Clinton reportedly earned more than $100 million between 2001 and 2013, receiving a $15 million advance for his memoir in 2004. President George W. Bush was paid $7 million for his memoir.[58]

In the 114th Congress, this Committee advanced legislation that would have capped the allowance for offices and staff at $200,000 per year, and also reduce that amount dollar for dollar as the president's income exceeds $400,000. This legislation passed the House and Senate but was vetoed by President Obama. Congress should exercise its power of the purse and address this issue in the budget and in the appropriations process.

Thank you for your consideration of these proposals.

Sincerely,

Ron Johnson

Ron Johnson
Chairman

cc: The Honorable Claire McCaskill
Ranking Member

[57] 3 U.S.C. § 102, note, Former Presidents; Allowance; Selection, Compensation, and Status of Office Staff; Office Space; Widow's Allowance, Termination; ''Former President'' Defined (b), (c), and (g).

[58] https://www.gpo.gov/fdsys/pkg/CRPT-114srpt271/pdf/CRPT-114srpt271.pdf

United States Senate

COMMITTEE ON
HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS
WASHINGTON, DC 20510-6250

March 10, 2017

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

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

Dear Chairman Enzi and Ranking Member Sanders:

Thank you for the opportunity to provide my views and estimates regarding the Fiscal Year (FY) 2018 budget as it affects matters within the jurisdiction of the Homeland Security and Governmental Affairs Committee (HSGAC). Given that there is no administration budget to use as the basis for my comments, I will provide selected views on several programs of particular importance, including those that have garnered the attention of the Government Accountability Office (GAO).

Republicans and Democrats must continue to work together to control our nation's debt and deficit, to grow our economy, and to keep Americans safe. As Ranking Member of a Committee that is tasked with "studying the efficiency, economy, and effectiveness of all agencies and departments of the Government," I remain committed to rooting out waste, fraud, and abuse at every turn. I will continue to work to improve outcomes with limited resources, and to improve the efficiency of, and eliminate where appropriate, those programs that are not accomplishing their mission or have outlived their usefulness.

Key Oversight Functions

One of the best ways to control spending and create efficient and effective government is to empower those agencies that have audit and oversight responsibilities. As a former state auditor, I rely heavily on these entities to examine government programs and make recommendations for change. We must also support whistleblowers, and ensure they are protected against retaliation when they report waste, fraud, and abuse and help us to strengthen government operations.

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Government Accountability Office

The Government Accountability Office (GAO) is an independent, nonpartisan agency that investigates how the federal government spends taxpayer dollars. GAO's work supports Congress in meeting our legislative and oversight obligations under the Constitution and helps to improve accountability in the federal government by providing Congress with timely information that is objective, fact-based and nonpartisan. In its oversight capacity, GAO releases numerous reports on government programs to highlight vulnerabilities to fraud, waste, abuse, and mismanagement. These reports provide us with priorities that we can target to ensure that government programs are working efficiently and effectively.

GAO consistently produces measureable outcomes. In fiscal year 2015, GAO's work resulted in a return of $134 for every dollar invested, which totaled an estimated $74.7 billion in financial benefits. Also, 1,286 program and operational improvements were made throughout the federal government based on the implementation of GAO's recommendations. For example, the Cybersecurity Act of 2015 included several of GAO's recommendations regarding the need for information sharing on cybersecurity threats between the federal government and industry partners and the need for a federal intrusion and prevention system, which will help federal agencies better detect and mitigate cyber threats. As evidenced by the statutory requirement that letters to the Budget Committee include reference to key GAO findings, this agency is an essential resource.

With a significant percentage of senior employees retiring or eligible for retirement, Congress must support GAO's efforts to rebuild its staff capacity and reach its optimal goal of 3,250 full-time equivalents. GAO needs a robust staff to meet the needs of Congress and to produce results that will hold the federal government accountable for wasted and mismanaged resources. I strongly urge the Budget Committee to support adequate funding for the GAO to enable it to effectively root out waste, fraud, and abuse.

Offices of Inspectors General

The Offices of Inspectors General (IG) function as permanent, independent, nonpartisan offices within our federal agencies. IGs assist Congress with oversight capacity by serving as our eyes and ears inside their agencies. They are typically the first to detect waste, fraud, and abuse within their respective agencies. IGs perform necessary investigations, audits, and evaluations that yield recommendations and findings, which help Congress and agency heads save precious government dollars.

The Council of Inspectors General for Integrity and Efficiency (CIGIE) comprises more than 70 federal IGs. CIGIE works with IGs to address integrity, economy, and effectiveness issues within our federal agencies. Last year, I helped pass the Inspector General Empowerment Act, which gave IGs additional authorities to conduct oversight of their agencies. However, without proper funding and personnel resources, CIGIE may have difficulty writing regulations

to implement the requirements of the law. In addition, the President has instituted a hiring freeze on most executive agencies, which could adversely impact IG offices, particularly agencies where IGs do not have independent hiring authority.

Generally, IG budgets have not kept pace with the agencies they oversee, and IGs consistently have more work than manpower. Therefore, I urge the Budget Committee to ensure that IG office budgets increase proportionally as their agency budgets increase to enable the offices to continue their mission to audit and perform investigations within federal agencies.

Office of Special Counsel

The Office of Special Counsel (OSC) is a federal investigative and prosecutorial agency that protects federal employees from "prohibited personnel practices" (PPP), including whistleblower retaliation, and enforces the Hatch Act, which prohibits partisan political activity in the federal workplace. In FY 2015, the caseload at OSC hit an all-time high, surpassing 6,000 new matters for the first time in agency history. This represented a 17% increase above FY 2014 levels. The dramatic rise was driven by a record number of PPP complaints and new whistleblower disclosures, which grew by nearly 75% in just two years. The federal government relies on whistleblowers to report the waste, fraud, abuse, and mismanagement of taxpayer dollars, and on OSC to protect them. Without adequate funding the existing backlog will only grow, leading to a cascading set of problems, potentially including longer periods of paid leave and more whistleblowers left in limbo waiting for a result. I urge the Budget Committee to support adequate funding for OSC to ensure that those who come forward are heard and protected from reprisal.

Department of Homeland Security

DHS Management and DHS HQ Consolidation

In 2003, GAO designated implementing the Homeland Security Act, and standing up the Department of Homeland Security (DHS) as a high risk area because DHS had to transform 22 separate agencies — several with significant management challenges — into a single department and create a cohesive management structure over these disparate agencies. Effective and robust management at the Department is critical to building cohesion – the key to executing missions effectively while controlling costs. This requires the Department to keep a strong rein on lines of business that extend across operational components – namely acquisitions, information technology, human capital, and financial management.

While DHS has made significant progress over the last three years, including a clean financial audit, the Department continues to face persistent challenges in overseeing and managing its homeland security mission. GAO expressed concern that "a lack of coordination and unity occurs in all aspects of DHS's programs — planning, programing, budgeting, and

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execution — and leads to waste and inefficiency." The Department's recent "Unity of Effort" initiative to create stronger bonds across the diverse components and transform DHS into an organization that functions as a single entity has been critical to breaking "silos" and centralizing senior decision-making.

The Department has indicated that it is continuing this effort to strengthen business management across the enterprise, enhance coordinated operations within the Department, build effective external partnerships, and foster a collaborative joint culture within DHS. The budget must support the Department's capability to carry out these efforts.

Acquisition management has proven to be an ongoing major management challenge for the Department that is inherently complex and high risk. The Department's yearly spending on contracts for goods and services, along with acquisition of assets, exceeds $25 billion. Despite this significant investment, DHS IG reports indicate that the Department lacks uniform policies or sufficient "dedicated core staff of acquisition professionals" to develop appropriate performance measures or oversight resources to the acquisition process. DHS has instituted major reforms to the acquisition process, including launching the Acquisitions Innovations in Motion initiatives to improve communication and identify best practices. The DHS IG remains concerned that "these reforms, if not continuously supported and enforced, could be undone." I am hopeful that the budget supports such efforts.

Border Wall

In the 2016 Consolidated Appropriations Act, the total enacted budget for border security fencing, infrastructure, and technology was just over $447 million. President Trump, in a January 25, 2017 Executive Order titled "Border Security and Immigration Enforcement Improvements," called for the immediate planning, design, and construction of a physical wall along the southern border, and on February 24, 2017, DHS announced that U.S. Customs and Border Protection (CBP) would issue a solicitation for the design and build of several prototype wall structures in the vicinity of the U.S.-Mexico border. The administration has only identified $20 million that can be redirected internally to fund this request, so, in order to comply with President Trump's executive order, there will have to be an exponential increase in the budget request for the planning, design, and construction of border wall and fencing in the 2017 final consolidated appropriations as well as in appropriations requests going forward. Internal and external cost estimates for the proposed border wall have ranged from $15 billion to well over $25 billion.

There are currently 654 miles of primary pedestrian and vehicle border fencing on the Southwest border. GAO reported in 2009 that the average cost per mile for primary pedestrian fencing was $6.5 million and the average cost per mile for vehicular fencing was $1.8 million. However, stated per-mile costs for existing fencing do not include expenses related to real estate acquisition, utility relocation, structural removal, and other significant cost drivers. CBP on average spends $50 million to $55 million annually to maintain and repair all of its tactical

infrastructure, including fencing, gates, roads, bridges, lighting, drainage infrastructure, and boat ramps.

In February 2017, GAO released a report stating that CBP has not developed metrics or conducted adequate cost-benefit analysis to determine the effectiveness of current fencing in preventing illegal entry into the country. In addition, Secretary Kelly downplayed the importance of a 2,000 mile border wall during his confirmation hearing, saying that a mix of fencing and technology is more important and more cost-effective, and during my trip to the Southern Border, Border Patrol agents agreed with that assessment.

Any future funding for fencing or a wall should be justified through the creation of metrics and rigorous cost-benefit analyses that ensure funding is being used efficiently and effectively. There should be increased funding for CBP to collect and organize data on illegal border crossings and the effectiveness of fencing and walls in stemming the flow of people, drugs and contraband into the country or effectively funneling them to high-resource areas, to prioritize technological capabilities on the border that Border Patrol identifies as mission critical, to improve existing fencing that is in disrepair or technologically outdated, and to add physical infrastructure when and where it is deemed to be necessary based on sound metrics and rigorous cost-benefit analysis.

Customs and Border Protection and Immigration and Customs Enforcement

As a longtime advocate for strengthening border security and enforcing our nation's immigration laws while facilitating lawful travel, trade, and immigration, I fully support the mission of CBP and Immigration and Customs Enforcement (ICE). Total enacted appropriations for the two agencies were $13.2 billion and $6.1 billion, respectively, in FY 2016.

I anticipate significant FY 2018 funding requests for CBP and ICE given President Trump's January 25, 2017, Executive Orders directing the DHS Secretary, CBP Commissioner, and ICE Director to take appropriate action to hire 15,000 additional Border Patrol agents and ICE officers. A hiring surge of this magnitude does not mean simply hiring more agents; additional support personnel, office space, vehicles and other technology, weapons, training, and other related costs will also need to increase dramatically. I am concerned that proper controls may not be in place to facilitate this hiring surge, and, with limited resources, I want to ensure that additional personnel costs at CBP and ICE do not divert resources from other key initiatives.

The Border Patrol has had difficulty hiring and is still roughly 1,500 agents short of its authorized workforce ceiling. Reports of corruption and agent use of force increased during previous periods of rapid growth at the Border Patrol. According to one report, more than 2,000 arrests for agency misconduct were made from 2005 to 2012. Hiring additional Border Patrol agents may also result in increased apprehension rates – with more officers on the border, their ability to detect and detain individuals attempting to cross the border will increase. While I support this laudable goal, it will have collateral effects on the rest of the homeland security

enterprise, including the immigration courts, the Office of Refugee Resettlement, and asylum officers, among others. Many of these entities are subject to the President's hiring freeze, which will cause longer backlogs and further erode our already-broken immigration system. The Budget Committee must take a close look at these issues. Any plans to increase staffing at CBP and ICE should not divert money from essential homeland security functions, and should take into consideration the cascading effects this will have on other agencies and DHS components.

Cybersecurity

The security of the nation's federal cyber assets has been on the GAO High Risk List since 1997. Although improvements have been made over the last decade, more must be done, especially in the area of improving capacity of federal agencies to sufficiently protect information systems and personally identifiable information. The federal government suffers from a shortage of cybersecurity professionals due to persistent recruitment and retention problems. The attractive benefits offered by the private sector pose a serious challenge for the government in hiring and retaining top talent. The brain-drain to the private sector threatens the nation's enduring cybersecurity. To improve capacity, GAO identified the need for increased budgetary resources and human capital strategies, and I strongly support additional resources to appropriately address and remedy these issues.

Other Agencies

National Background Investigations Bureau

The National Background Investigations Bureau (NBIB) was established by executive order on September 29, 2016. NBIB – a semi-autonomous agency within the Office of Personnel Management (OPM) – has been tasked with "conducting effective, efficient, and secure personal background investigations." Responsibility for information security and the creation of systems for processing clearances has been delegated to the Department of Defense (DOD). Prior to the establishment of NBIB, the Federal Investigative Service (FIS) within OPM was responsible for conducting background investigations for security clearances. However, after a series of troubling clearance failures and investigations that showed FIS contractors were falsifying investigative information, there was a push to change the way the government handled the process.

NBIB was stood up on October 1, 2016, and little about it seems different from FIS. OPM has awarded four contracts to assist with investigations, and it only received four bids. In addition, OPM is involved in a multi-party bid protest on its support services contract award. Meanwhile, the backlog of investigations continues to grow. As of September 5, 2016, the backlog was 569,000 cases, with OPM completing the fastest 90% of initial security clearance investigations in 105 days (the standard is 40 days) and the fastest 90% of Top Secret clearances in 214 days (the standard is 80). DOD has proposed extending the time periods for periodic reinvestigations by one year to ease the backlog, which would move reinvestigations timing in

the opposite direction of what is needed for improved security. Furthermore, while agencies must pay NBIB fees for clearance processing through the Revolving Fund, this will do nothing to support resources necessary for eliminating the backlog. The initial transition to NBIB was supported through Revolving Funds, and it is anticipated that this will continue to be the case for the operating budget. The agency's 2017 budget request included $95 million for DOD's system development. The security clearance process requires a dedicated funding stream to ensure that clearances are being thoroughly and timely processed. Simply extending the period for reinvestigations puts the country at risk and will do little to address a growing problem that shows no sign of improving under current conditions.

Census

The 2010 Census was the costliest census in history and resulted in several billion dollars in cost overruns, due to serious technology failures, escalating costs, and lack of funding for critical research and testing. Given the problems with the 2010 Census, the Census Bureau is working to modernize the 2020 Census. It proposes savings of more than $5 billion compared to the 2010 model by making sweeping changes such as optimizing self-response through the internet.

The Census Bureau is currently operating under a continuing resolution through April 28, 2017, and, while an anomaly provision allows it to spend at a faster rate, the uncertainty over the final level of funding for FY2017 has resulted in the cancellation of several critical field tests and a delay in a number of activities. For example, the Census Bureau cancelled two field tests for FY 2017 to test the mail-out strategy and Nonresponse Follow-up (NRFU) as well as the Spanish language versions of software and systems. Canceling these critical field tests and delaying activities could result in a less accurate 2020 Census count, a repeat of the cost-overruns that plagued the 2010 Census, or both.

Though the Census Bureau estimates savings of $5 billion in 2020 compared to the 2010, if it is not properly funded, the Census Bureau will be forced to scale back its innovation plans, thus driving up overall costs. Therefore, I strongly urge an increase in funding to ensure the 2020 Census is on time and successful.

IT Modernization

Due to the government's poor performance in delivering new IT systems, GAO has listed the management of IT acquisitions and operations on its High Risk List since 2015. Currently, the federal government spends $80 billion on information technology (IT). However, over 75% of this funding is spent on operation and maintenance of legacy IT systems, leaving very little in the budget to invest in new technologies. These outdated legacy systems are becoming increasingly obsolete. In many instances, they are unable to meet mission requirements, are costly to maintain, and pose significant security challenges and risks. It is important that we

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provide funding and incentives for agencies to prioritize investments in IT that will move us away from these costly legacy systems. I support funding for these efforts.

Thank you for your consideration of these views and estimates as you prepare the FY2018 Budget. My staff and I are available to work with you as the process continues.

Sincerely,

Claire McCaskill
Ranking Member

cc: Ron Johnson
Chairman

RAND PAUL
KENTUCKY

United States Senate

WASHINGTON, DC 20510

March 10, 2016

Dear Chairman Enzi and Ranking Member Sanders:

As Chairman of the Federal Spending Oversight subcommittee of the Senate Homeland Security and Governmental Affairs Committee I am charged with examining all federal expenditures and protecting taxpayers from waste. In that capacity and pursuant to Section 301 (d) of the Congressional Budget and Impoundment Act of 1974, this letter sets forth my views and estimates of the current fiscal situation of the United States and I ask for your consideration and inclusion in the FY 2018 budget.

The Federal Government has racked up over $20 trillion in federal debt, more than 100 percent of our nation's Gross Domestic Product. That comes out to over $60,000 per person alive today. Some believe we never have to pay this, that we can simply outlive and inflate away our debt burden. I do not share that view, but even if this rosy scenario were true, inflation cannot mitigate our debt if that debt keeps growing each year. In short, it does not matter how much the deficit is reduced in any given year, it matters that it exists year-after-year.

Moreover, the Congressional Budget Office's January Baseline projects next year's net interest payments will be $295 billion. **That is almost $1,000 per person (including children) that must be paid this year and for which the federal government does not pay one salary or buy one paperclip.** We must pay interest, but if we had not accumulated our grotesque debt, we could be putting that money toward thirteen major agencies, Congress, and the Judicial Branch, combined. This is simply unstainable and unfair to the American people. We must balance our budget and begin paying down our debt. Our problems are real and cannot be ignored or glossed over.

During my time in the Senate, I've proposed several budgets that balance within 5 years. **Most recently I proposed a budget that simply freezes (does not cut) on-budget spending, and still reaches balance in slightly more than five years.** As you know, Social Security is "off-budget," which means we are not allowed **to touch it this program to balance the budget. My budget did just that, balanced without making any change to Social Security. .**

Simply spend what we did last year and do not touch Social Security –when phrased like this, reaching balance does not appear that hard. I think most Americans would find this course very reasonable, particularly when continuing on our current course will certainly lead to an unsolvable budget imbalance which will ultimately reduce the quality of life for all Americans.

While achieving balance though a topline spending freeze is one of the easiest courses to balance, I recognize that the budget baseline automatically assumes increases in spending. That means that even through a spending freeze, your budget will have to reflect some reductions relative to this inflated baseline.

This highlights a clear problem in our budget processes and procedure, the assumption that if a program simply existed last year, it clearly must have been working well, targeting resources to the right places, and is in need of more money this year. After more than two years of examining government spending at the FSO subcommittee, let me assure you that assumption is wrong.

Last year I advised you of over $1 billion of government waste; with what I have found this year, I'm raising that total to nearly $6 billion. Eliminating all of this waste, alone is not enough to balance the budget. However this is not even close to all the waste in the federal government, and any program that has money to waste clearly had more money than it needed.

As I noted last year, former Budget Committee Chairman Patty Murray often said a budget is more than numbers, that it is really a statement of our priorities as a nation. I agree. So I had my staff estimate how many Americans needed to pay taxes in one year to fund all the waste I've found. The conclusion was that it would take more than 700,000 average American's full 1-year tax liabilities to fund the projects I've identified as wasteful. That's more than the entire population of either Wyoming or Vermont. When the government wastes money, it is says to hard working Americans who paid those tax dollars that they are not a priority. I'm asking you to make them a priority in the FY 2018 budget.

As part of this letter, I am including all of my waste reports; both those I sent to you last year and new ones since. For your convenience I have arranged them by budget function. I recognize the budget resolution cannot proscribe specific policies but rather sets overall functional totals and committee allocations. I recommend you incorporate a reduction in spending equal to these items of waste as you make your policy assumptions for each functional total and reflect those savings in the 302(a) committee allocations. In instances where a spending reduction is inappropriate, I recommend you include spending neutral cap adjustments and other budgetary tools at your disposal to facilitate greater oversight and program integrity activities.

Additionally, I recommend you incorporate to the extent possible, several process reforms. In the 114th Congress, I introduced the Legislative Performance Review Act of 2016, which aims at dealing with the over $300 billion in appropriations made each year to programs whose authorizations have expired. I recognize that not all of this spending is wasteful, but when programs have not been reviewed for over 30 years in some cases, it is hard to believe they are still as effective as when they were created, if they ever were.

More troubling, unauthorized appropriations create significant peril in the budget process; the 1974 Budget Act requires you display functional totals which include both Budget Authority and Outlays, but how can properly allocate dollars among functions when the underlying spending is unauthorized? It means you must either assume no appropriations will be made unless authorized, or that spending will occur for particular activities despite lacking the proper authorization of appropriations. In either case, it creates

distortions in the budget by treating all discretionary spending the same. We know this not to be the case given the different outlay rates of different programs. Moreover, given that in 1974 two-thirds of the budget was what would be considered discretionary today, it is not credible to believe the authors of the '74 Act intended its application to treat all discretionary spending as being the same, yet that is exactly how it is treated in the current budget process.

For this reason, I believe it is appropriate and wholly within the jurisdiction of the Senate Budget Committee and the parameters of the Congressional Budget Act of 1974 (particularly Title VII) to include in your budget resolution a point of order to strike from appropriations acts spending that is not made pursuant to a current authorization.

Further, I want to draw your attention to end-of-year spending. Research has shown that spending the last week of the fiscal year is as much as five times higher than the average of the preceding 51 weeks. More troubling is that the last day of the fiscal year, and only that day, spending significantly moves to the Pacific Time Zone to allow three more hours to obligate funds. The only possible reason for this is to expend funds before they expire – this is clearly wasteful. I will again introduce legislation, the Bonuses for Cost-Cutters Act to help combat this clear source of government waste. I ask that you make a policy assumption in Function 920 that reflects some level of saving that result from the adoption of this legislation.

I also want to draw your attention to the difficulty in transferring land between the federal government and other governmental entities caused by scoring conventions. As you know, the federal government incurs costs to maintain and oversee property for which it has little or no use; however we have seen instances where such land is desired by state, municipal and tribal governments. In the real world it would be a net benefit to both parties for the federal government to transfer the land to the local government. Unfortunately, scoring conventions often deem such transfers as costs because maintenance, though ongoing and real comes from discretionary accounts. Whereas the property has some value (no matter how minimal) and even though it would never be sold on the open market, the transfer thereof without remittance is counted as a loss to the federal government.

These kind of cookie-cutter scoring rules, particularly in land transfers, ignore reality and in a real sense result in a higher cost to the taxpayers. In one instance we've seen where these scoring conventions prevented the transfer of unused federal property to a university. The university wished to expand and thus wanted federal land adjacent to their campus. The property itself had originally been owned by the university and giftedto the federal government a century earlier for uses no longer needed. However, myopic scoring conventions stood in the way of the school from getting property it would use, and caused the federal government to continue to incur costs to maintain property for which it had no use.

This just makes no sense. Only in Washington could something that actually saves money be deemed a cost because of regimented, bureaucratic accounting rules. The House has recognized this problem and adopted in its rules for the 115th Congress a provision that treats land transfers between the federal government and local governments as having no budgetary effect. I encourage you to do the same by

including similar language in your FY 2018 budget resolution and have included a sample in the documents accompanying this letter.

Finally, each year the Government Accountability Office issues a report on duplicative spending within the federal government. It is clearly wasteful to have multiple programs, each with their own overhead, working to combat the same problems. I ask that you assume some reduction in spending related to consolidation of duplicative spending. Just as important, is that Congress not create new duplication. Therefore, I ask that you include in your resolution a direction to the Congressional Budget Office that each cost estimate they publish include some assessment of the extent to which such legislation creates new duplication in the Federal Government.

I believe, with over $20 trillion in federal debt, we can no longer proceed with budgeting as usual. These cuts and reforms will not balance the budget, although that is in fact what we must do. The recommendations in this letter are just a few modest, but critical steps toward that end. We must go line-by-line to root out waste and we must be creative in how we budget. I hope you give these recommendations the seriousness of thought that I have given them and include them in your budget.

Sincerely,

Rand Paul

Senator Rand Paul, M.D.
Chairman-Federal Spending Oversight Subcommittee
Homeland Security and Governmental Affairs Committee

Suggested Provision for The FY 2018 Budget Resolution

Pertaining to the Budgetary Treatment of Land Transfers

TREATMENT OF CONVEYANCES OF FEDERAL LAND.—

(1) IN GENERAL.— for all purposes in the Senate, a provision in a bill or joint resolution, or in an amendment thereto or a conference report thereon, requiring of authorizing a conveyance of Federal land to a State, local government, or tribal entity shall not be considered as providing new budget authority, decreasing revenues, increasing mandatory spending, or increasing outlays.

(2) DEFINITIONS.—In this subsection: (A) The term "conveyance" means any method, including sale, donation, or exchange, by which all or any portion of the right, title, and interest of the United States in and to Federal land is transferred to another entity. (B) The term "Federal land" means any land owned by the United States, including the surface estate, the subsurface estate, or any improvements thereon. (C) The term "State" means any of the several States, the District of Columbia, or a territory (including a possession) of the United States.

Function 050 National Defense

$6,000,000 to renovate a base dinging facility that already more than met the criteria for underutilization and was closed permanently 6 months later – August 1, 2016
Ft. Belvoir, VA – Department of Defense

$99,000 to study why a fox was dying out on an eight square mile island it is not indigenous to and is not endangered elsewhere – June 18, 2016
Shemya, AK – Department of Defense

$8,100,000* for study of people's email response habits – February 1, 2016
Note: actual funding unknown funding cobbled together from multiple questionably related grants
University of Southern California (Los Angeles) – Department of Defense

$29,000,000 of lost heavy equipment purchased for Afghan Army Corps of Engineers – January 28, 2016
Afghanistan – Department of Defense

$40,000 on a model of Fairchild AFB for historic preservation purposes – January 25, 2016
Fairchild Air Force Base (Spokane, WA) – Airforce

$43,000,000 for a Compressed Natural Gas station in Afghanistan- November 12th, 2015 (Special Report)
Afghanistan- Task Force for Business and Stability Operations (Department of Defense)

$218,000 to Investigate Mitigation of Invasive Burros – Sep 21st, 2015
Ft. Irwin, CA; Los Cruses, NM (New Mexico State University)- Department of Defense

Function 150 International Affairs

$3,000,000,000 for a collection of international waste identified in FSO's Worldwide Waste report – Winter, 2017
Worldwide - U.S. Agency for International Development, Department of State, and the Inter-American Foundation

$60,000 to train television camera operators for Estonia's 3rd public television channel – July 25, 2016
Estonia – Department of State

$24,700,000 for NGOs to "create your own project" to help the Philippines adapt to sea-level rise –June 6, 2016
Philippines – U.S. Agency for International Development

$21,000,000 for the East-West Center to continue its 1960s model of fostering understanding between the U.S. and Asian countries – May 16, 2016
Honolulu, HI & Washington, DC – East-West Center

$1,000,000 for an Afghan Variety Show – May 2, 2016
Kabul, Afghanistan – Department of State

$5,000,000 to send film makers (mostly documentarians) around the world to screen their films – April 18, 2016
University of Southern California & Worldwide – Department of State

$500,000 to register people involved in making Moldovan Wine (including peasant farmers) – January 19, 2016
Moldova – U.S. Agency for International Development

$90,000 to foster a better relationship with the U.K, one of our closest allies and with whom we have a "special relationship" – March 14, 2016
U.S. Embassy- London, London, United Kingdom – Department of State

$50,000 spent helping El Salvadorian deportees start businesses back home – January 4, 2016
El Salvador- Inter-American Foundation

$400,000 spent to combat over regulations in Armenia, while the U.S. adds 81 new major regulations (those costing the economy $100 million) each year. December 7, 2015
Armenia- U.S. Agency for International Development

$6,000,000 to promote Albanian tourism – November 2nd, 2015
Albania – U.S. Agency for International Development
Note: the U.S. spends $100 million to promote U.S. Tourism.

$15,070,000 to pay for foreign kids (including from India) to come to America for 1 year of community college, while also promoting community college in India with a picture show – October 26th, 2015
Worldwide – Department of State

$50,000 to finance a Jazz Band's Performance in Turkey - Aug 24th, 2015
Istanbul, Turkey- Department of State

$250,000 for Pakistani Kids to attend Space Camp - Aug 10th, 2015
Islamabad, Pakistan; Huntsville, AL; Pigeon Forge; TN- Department of State

$850,000 for a Professional Afghan Cricket League – June 8th, 2015
Afghanistan- Department of State

Function 250 General Science and Technology

$500,000 to study if taking a selfie (particularly while smiling) makes a person happy – October 25, 2016
University of California (Irvine) – National Science Foundation

$700,000 to study if Neil Armstrong used the preposition "A" when he landed on the moon – October 4, 2016
University of Oregon, Michigan State University, Ohio State University, and George Mason University – National Science Foundation

$70,000 to study the gender makeup of *Wikipedia* contributors – May 9, 2016
New York University – National Science Foundation

$375,000 to study if federal funding produces better studies – June 13, 2016
University of California (San Diego) – National Science Foundation

$30,000 to study the gambling habits of small business owners in Uganda – February 16, 2016
University of California (Berkeley) and Uganda – National Science Foundation

$2,500,000* for a study of the best practices on a first date – February 8, 2016
Note: actual funding unknown funding cobbled together from multiple questionably related grants
Sanford University- National Science Foundation

$150,000 Studying if poor students sabotage their own academic success in college – January 11,2016
Northwestern University- National Science Foundation

$450,000 on a Climate Change Video Game for High Schools- November 30, 2015
Note: the game is set 110 years in the future and intended to combat HS kids not buying into the climate catastrophe narrative the Administration wants them to.
Tampa Bay, FL; University of South Florida- National Science Foundation

$380,000 to study how friends contribute to weight-gain of college freshman (the Freshman 15) October 19th, 2015
Tempe, AZ (Arizona State University) - National Institutes of Health

$15,000,000 to Finance Private Research in Space, Including Golf Club Development – Oct 5th, 2015
Melbourne, FL; International Space Station, Low Earth Orbit- National Aeronautics and Space Administration

$350,000 to study Athletes in the "Zone" – Sep 8th, 2015
West Lafayette, IN (Perdue University)- National Science Foundation

$175,950 for study of Feelings and Decision Making – July 14th, 2015
Irvine, CA- National Science Foundation

$188,000 for a Study of the History of Measurement – June 22nd, 2015
Georgia- National Science Foundation

$850,000 for Winemaking classes at Community Colleges – June 16th, 2015
Washington- National Science Foundation

Function 270 Energy

$50,000 for Cadillac of Treadmills – May 11th, 2015
Oakridge, TN- Department of Energy

Function 300 Natural Resources and Environment

$135,000 in for unused mass transit passes – October 12, 2016
King County, WA – Environmental Protection Agency

$2,200,000 to subsidize Washington, DC area concerts – August 8, 2016
National Capitol Region – National Park Service & Congress
Note: this is a Congressional earmark which the Park Service has ask be discontinued

$1,400,000 for early retirement buy-outs that did not result in reduced or less costly staff – May 31, 2016
Nationwide – Environmental Protection Agency

$150,000 Studied people's experiences with sea monsters, invisible birds, and other supernatural activity – March 28, 2016
Alaska – National Park Service

$25,000 spent on the Smokey Bear laundromat – December 14, 2015
Lincoln National Forest (Ruidoso, NM)- National Forest Service

$100,000 to finance a "Flower Show" – Sep 28th, 2015
Philadelphia, PA- National Park Service

$760,000 for Unneeded Sewer Upgrades in Small Town – July 20th, 2015
Ray, ND – Environmental Protection Agency

Function 350 Agriculture

$72,500,000 in Specialty Crop Marketing Grants- November 21, 2015
Note: USDA list 300 specialty crops, like apples and blueberries, and only 32 non-qualified crops.
Nationwide- United States Department of Agriculture

$158,000,000 for School Lunch Money Spent on Lawn Sprinklers – Aug 8th, 2015
Los Angeles, CA- Department of Agriculture/Los Angeles Unified School District

$370,000,000 for Crop Flood Insurance in seasonal wetlands - June 29th, 2015
Dakotas & Minnesota- Department of Agriculture

Function 370 Commerce and Housing Credit

$4,300,000 in defaulted disaster loans to person who did not qualify for them in the first place – August 30, 2016
Hurricane Sandy Recovery Area – Small Business Administration

$500,000 to make a documentary about a metal cylinder – August 15, 2016
Washington, DC and Paris, France – Department of Commerce

$40,000 to provide Satellite TV onboard a NOAA Ship – Aug 31st, 2015
Pacific Ocean- National Oceanic and Atmospheric Administration (Commerce)

Function 400 Transportation

$1,600,000 to help study the expansion of the Washington D.C. Streetcar, after refusing requests for funding of the initial phase because the project was deemed too wasteful –February 29, 2016
Washington, D.C. – Department of Transpiration

$1,200,000 for "Medical" Vacations - May 5th, 2015
Alaska (Tourist Destination including Vail, CO and Orlando, FL)- Coast Guard

Function 450 Community and Regional Development

$2,900,000 to build a private school in an upscale housing development based on unsupported claims – October 19, 2016
Gulfport, MS – Federal Emergency Management Agency
Note: the "rebuilding" resulted in the school being more than doubled in size, purchasing property from the schoolboard chairman, and relocated approximately 15 miles to a more affluent area.

$10,000,000 to buy an apartment complex that was unneeded as a justification to receive more funding – September 26, 2016
Honolulu, HI – Department of Housing and Urban Development (CDBG program)

$50,000,000 to Pay for Disaster Damages also Covered by Insurance – Aug 17th, 2015
Nationally- Federal Emergency Management Agency

Function 500 Education, Training, Employment, and Social Services

$25,000 for a Hollywood Movie Museum – July 6th, 2015
Los Angeles, CA- National Endowment for the Arts

$7,700 for 3-day Email Class – May 18th, 2015
Washington, D.C.- Department of Education

Function 550 Health

$500,000 to study people's tolerance of spicy foods – June 20, 2016
Pennsylvania State University, State College, PA – National Institutes of Health

$15,000 on a Balding Conference- November 16, 2015
Miami, FL – National Institute of Health-Institute of Arthritis, Musculoskeletal, and Skin Diseases

Function 570 Medicare

$175,000,000 on Medicare overpayments for Sleep Apnea Studies- November 9th, 2015
Orlando, FL & Nation Wide- Center for Medicare Services (HHS)

Function 600 Income Security

$104,000,000 for Non-poor People to live in Public Housing – July 27th, 2015
Nationally- Department of Housing and Urban Development
Note: this includes millionaires and person who own other homes

Function 700 Veterans Benefits

$300,000 to buy TVs that have sat in storage for over three years – September 20, 2016
Detroit VA Medical Center, Detroit, MI – Veterans Health Administration
Note: the TV's warranties expired while they sat in storage.

$217,000 to lease medical while it sat in storage for 6 months – April 11, 2016
Southern Arizona VA Health Care System, Tucson, AZ – Veterans Health Administration

$8,000,000 for Unused Solar Panels – June 1st, 2015
Little Rock, AR- Veterans Affairs
Note: these were never used because shortly after completion they were torn down to build a parking garage.

Function 750 Administration of Justice

$54,000,000 in Extended Temporary Duty compensation for persons on assignment more than a year. – February 22, 2016
Nationwide- Department of Justice

Function 920 Allowances

$171,300,000 for union actives, including nearly 500 full time union employees – August 23, 2016
Across Government

$678,000,000 for duplicative climate modeling among 13 agencies – April 25, 2016
Various- Thirteen Federal Agencies

$150,000 for Yoga Classes for Federal Employees – Sep 14th, 2015
Nationally- Various Agencies including State, Energy, & Railroad Retirement Board

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United States Senate

COMMITTEE ON INDIAN AFFAIRS
WASHINGTON, DC 20510-6450

March 14, 2017

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

The Honorable Bernie Sanders
Ranking Member
Committee on the Budget
United States Senate
Washington, DC 20510

Dear Chairman Enzi and Ranking Member Sanders:

This letter is in response to the Budget Committee's request for the Committee on Indian Affairs (Committee) to submit a views and estimates letter. The Committee has prepared a views and estimates letter for the Budget Committee to consider during the FY 2018 Budget Resolution process. We appreciate the opportunity for the Committee to express its views.

INTRODUCTION AND BACKGROUND

The fulfillment of the federal trust and treaty responsibilities to American Indians and Alaska Natives is a long standing commitment Congress needs to honor. The Committee continues to exercise its oversight and legislative responsibilities to ensure that the agencies and applicable federal programs are achieving the greatest possible efficiencies and investments when utilizing federal resources.

As the Budget Committee moves forward with its FY 2018 Budget Resolution, it is important that the Committee highlight the significance of the United States' trust, treaty, and other mandated responsibilities to the 567 federally recognized Indian tribes located in 35 states from Maine to Florida, California, and Alaska. These responsibilities are carried out through various federal departments, programs and services. The programs reflect a trust responsibility between a trustee (the United States) and a beneficiary (the tribe), a concept grounded in treaties, rooted in American history, and based on the U.S. Constitution and Supreme Court decisions.

Indeed, the entire Title 25 of the United States Code, including the *Snyder Act of 1921*, the *Indian Reorganization Act of 1934*, the *Indian Self-Determination and Education Assistance Act of 1975*, and the *Tribal Law and Order Act of 2010*, is dedicated to implementing that trust responsibility. Additionally, other federal laws also define 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 tribal communities continue to face numerous obstacles. Indian tribes experience various socio-economic issues, where they rank well below the national average in measures for health care, education, income, housing, and public safety. Basic services such as infrastructure, access to clean drinking water, road maintenance, telecommunications, are severely lacking in Indian country.

This letter sets forth recommendations for addressing some of the disparities experienced in Indian country by helping Indian tribes 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) authorized tribes, through contracts or self-governance compacts, to assume operation of critical federal programs that are intended to benefit Indians.

Nearly every one of the 567 federally recognized tribes across the country 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 health care programs, social welfare programs, schools, public safety programs, and irrigation programs, to name a few. The tribal communities are better able to operate these programs than the federal government because they understand the needs of the local community and can tailor the programs to better address those needs.

A critical component of the self-determination policy is the federal government's obligation to provide full 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.

ECONOMIC DEVELOPMENT

Some Indian reservations are among the poorest communities in the United States. Tribal economic development can provide a foundation upon which to build a strong and growing economy.

The high levels of unemployment have motivated Indian tribes to start businesses such as financial services firms, construction companies, and other businesses that help create jobs and build a stronger workforce. Several Indian tribes have invested their own resources, when available, to increase economic development on their lands and help their communities overcome poverty. Although there has been much progress in increasing economic development in Indian country, many challenges remain, including the remote locations of many tribal communities that lead to lack of infrastructure and inadequate access to markets.

Additionally, the need for capital and credit in Indian country is great. As part of its oversight functions, the Committee held a hearing on this topic in June, 2015. Tribal stakeholders testified on the limitations around access to capital that exist for many Native communities. These statements were further underscored with the recent release of a report produced by the University of Arizona Native Nations Institute and funded by the Department of Treasury's CDFI Fund, entitled "Access to Credit and Capital in Native Communities." Tribes are leveraging available capital to the extent possible, but greater access is needed.

Department of the Interior. The Bureau of Indian Affairs within the Department of the Interior administers an Indian loan guarantee program, which supports economic development and job

creation in Indian country. This program has been successful in assisting Indian businesses and entrepreneurs to engage in economic development. The Indian loan guarantee program offers a remarkable success repayment rate and a "default" rate, which is better than other federal loan guarantee programs. The demand for this program is more than double than what is available. Accordingly, to facilitate additional economic development in more tribal communities, the Committee strongly supports funding levels to better meet the demand and improve tribal economies.

Department of Energy. There is significant potential for energy development on tribal lands. Developing these resources would improve access to reliable and resilient power in the most remote parts of Indian country. These projects would also stimulate local economies and spur the creation of high-quality jobs, which are sorely needed on Indian reservations where unemployment is far above the national rate.

Despite these opportunities, many tribes are unable to develop their energy resources because of limited access to financing, among other reasons. Congress recognized this challenge and authorized the Tribal Indian Energy Loan Guarantee Program in the *Energy Policy Act of 2005*. This program allows the Department of Energy (DOE) to guarantee up to 90% of the principal and interest of a loan issued to an Indian tribe for energy development. The Loan Guarantee Program complements the grant and technical assistance programs already offered by the Department of Energy Office of Indian Energy Policy and Programs.

By leveraging federal resources, the loan guarantee program encourages borrowers to partner with the private sector to develop energy projects. DOE estimated, for example, that $9 million in credit subsidy costs could support $45-$90 million in initial loan guarantees for qualified applicants. Because an inadequate capital market has hindered development of tribal resources, the Committee strongly supports funding levels for this program.

Department of the Treasury. The Department of the Treasury's primary program for tribal communities is the Native American Community Development Financial Institutions Assistance (NACA) program within the Department of Treasury's CDFI Fund. The NACA program assists Indian country in building institutions that can access and bring credit to rural and underserved tribal communities.

The current levels of the NACA program funding to meet that need are exhausted quickly, long before the end of the fiscal year. According to the Department's recently released "Access to Credit" report mentioned above, the number of applicants for training assistance grants to establish Native CDFIs in underserved capital markets has continued to outpace the resources the Department of Treasury has to offer. Further highlighting the necessity of financial services in Indian communities, the same report cites a fivefold increase in the number of Native CDFIs that provide lending and other financial services to underserved markets.

Indian country can also benefit from two additional programs, which offer tax incentives that bring private development to tribal communities with minimal cost and a significant return on investment. The $5 billion New Market Tax Credit program and Low Income Housing Tax Credit programs help provide incentives to induce private development in Indian country. Granting Indian tribes access to specific amounts within these programs will help to bring investment with minimal cost into Indian country.

Department of Agriculture. The USDA Rural Development programs allow Indian tribes to participate in the Rural Business – Cooperative Service (RBS), the Rural Utility Service (RUS), and the Rural Housing Service (RHS). Although USDA estimates the agency invested nearly $3 billion in Indian country from FY 2009 to FY 2015, that amount was only 1% of the total allocation of $253 billion from the same period.

Support for the Indian Land Acquisition Loan program should also continue since access to consolidated lands for tribal communities are an important and necessary factor in driving economic development and self-determination.

Finally, the USDA Tribal Programs Office is one of the primary sources for inter-departmental coordination of tribal programs within the USDA. Maintaining the Tribal Programs Office and providing adequate resources will be key to ensuring that USDA tribal programs not become duplicative and will continue to assist tribal communities.

Small Business Administration. The Office of Native American Affairs within the SBA serves an important role as the single point of contact for tribal small business issues. By providing this resource to Indian tribes, the SBA is living up to its mission of fostering small business in the United States. The SBA's Office of Native American Affairs has been consistently funded at $2 million in previous fiscal years. In recent programming years, the Office has zeroed out the entrepreneurship program in the Office for more favorable, cost effective and directed innovative small business development projects. While it is good that the SBA is taking measures to ensure fiscal responsibility, it will be important for the FY 2018 Budget Resolution to reflect an overall agency commitment to entrepreneurship in Indian communities whether it comes from the Office of Native American Affairs or other offices within the SBA.

HOUSING AND INFRASTRUCTURE

The need for housing and renovations throughout Indian country is clear and well documented. Unmet housing needs of Native communities, where many homes are considered to be inadequate when compared to the nationwide average due to the lack of plumbing facilities, electricity, and telecommunications, are common. The Committee frequently hears that lack of adequate access to housing not only leads to chronic homelessness or near-homelessness of many Native families, but also negatively impacts the abilities of tribal communities to recruit and retain professionals who provide critical cervices like education, healthcare, and law enforcement. In addition to housing, other infrastructure challenges exist in the areas of healthcare, telecommunications, transportation, and water.

Indian Housing. The Department of Housing and Urban Development (HUD) Native American Housing Block Grant has been steadily funded at approximately $650 million annually, but has failed to close the gap on homelessness and overcrowding in Indian country. The Indian Housing Block Grant serves as the single largest source of federal housing dollars for many Indian tribes. It is important that this program continues in order to provide safe, healthy, and affordable housing for tribal communities.

The recently released Congressional mandated Tribal Housing Needs Assessment Report failed to provide much guidance to the Committee on how the current costs can meet the housing

needs in tribal communities. In spite of this lack of reporting, the Committee recommends a total of $675 million for the Native American Housing Block Grant and no less than $70 million for the Indian Community Development Block Grant (ICDBG) for FY 2018. The Committee recognizes the great need to address safe and affordable Indian housing in a meaningful manner.

Community Infrastructure. Indian healthcare and education facilities provide vital community services to Native communities in some of the most remotes corners of the country. Yet, investments in these key pieces of infrastructure have not kept pace with community needs and population growth.

The Indian Health Service (IHS) provides healthcare services to tribal members and their dependents via a system of 650 healthcare facilities located in 36 states and operated by a combination of the federal government, tribes, and urban Indian health organizations. In its 2016 facilities' needs assessment report to Congress, IHS reported that the average IHS hospital is four times older than the average U.S. hospital, leading to increased operations and maintenance costs for the Service. Additionally, the age of these facilities mean that many communities have hospitals and clinics that were built to serve much smaller patient populations. IHS estimates that it has only half the required facility space needed to serve all 2.2 million IHS patients. Given the life-threatening implications of this documented need, the Committee supports sufficient funding to begin addressing this health care facility backlog in a more timely manner.

The Bureau of Indian Education (BIE) is comprised of 183 federally and tribally operated primary and secondary schools and dormitories as well as 32 Tribal Colleges and Universities (TCUs). The 2011 report entitled "Broken Promises, Broken Schools: Report of the No Child Left Behind School Facilities and Construction Negotiated Rulemaking Committee" and several Government Accountability reports confirm that the K-12 facility needs of the BIE have led to dangerous classroom conditions for Native students, e.g., exposed wiring, buildings with little to no insulation, and asbestos dust. These reports estimate that BIE facilities' needs backlog for K-12 schools is currently $1.3 billion. The TCUs face similar construction needs and, according to a 2015 review by the American Indian College Fund, more than 100 buildings are in need of major renovation or replacement. As with the Indian health care facility backlog, the Committee supports sufficient funding to begin expeditiously addressing the facility need backlog at BIE facilities.

Telecommunications Infrastructure. Broadband is our nation's 21st century infrastructure challenge. According to the Federal Communications Commission, more than 40% of those living on Tribal lands lack access to high-speed internet service. This inadequate telecommunications infrastructure negatively impacts public safety, access to healthcare, hinders economic development, and undermines the ability of tribal communities to provide an education that is up to the demands of a modern economy. For example, with adequate funding, the BIE can procure the necessary technological upgrades and components that will create opportunities for community members to complete homework, educational, self-enrichment, and extracurricular activities. Given the tremendous benefits associated with increased broadband access, the Committee recognizes the great benefit of providing adequate funding in this area.

Transportation Infrastructure. There are about 145,000 miles of roads, owned by tribal, federal, state, and local governments, which provide access to about 56 million acres of Indian lands nationwide. These roads provide critical access for both Indian and non-Indian communities. However, the existing physical condition and safety performance of highways on tribal lands are of

ongoing concern, as they are typically rudimentary and in poor condition. With a deferred maintenance backlog of $289 million, access to health care, schools, businesses, and navigable trade routes is considerably limited.

The BIA, the Federal Highway Administration (FWHA), and the National Highway Traffic Safety Administration (NHTSA), coordinate programs that address transportation issues Indian country. The largest share of federal funding for highways on Indian lands is provided through the Tribal Transportation Program (TTP), which is jointly administered by the BIA and the FHWA.

The TTP is primarily intended for the construction or reconstruction of roads in the National Tribal Transportation Facility Inventory, a database maintained by the BIA and the FHWA. The *Fixing America's Surface Transportation Act* (FAST Act) authorized funds to the TTP at an average of $485 million per fiscal year from FY 2016 to FY 2020. The Committee supports full funding for the TTP in FY 2018 to promote adequate accessibility in and around Indian lands.

Additionally, the FAST Act authorized the Nationally Significant Federal Lands and Tribal Projects Program (NSFLTP) at $100 million per fiscal year until FY 2020, to be paid from the U.S. Department of Treasury general fund. The NSFLTP is reserved for individual projects that are estimated to cost more than $25 million.

Indian tribes also receive funding from NHTSA's State Highway Safety Program, commonly referred to as "Section 402 safety grants". These formula grants are distributed to states and territories, with 2% distributed to the Secretary of the Interior to be used on Indian lands.

There is much work to be done as it relates to the maintenance of existing roads and highways in Indian country. At present, the BIA has a maintenance responsibility for approximately 29,000 miles of roads and over 900+ bridges. For the past decade, budget requests for BIA's Road Maintenance Program has fluctuated between $24 and $27 million. The Committee supports robustly funding the BIA Road Maintenance Program in FY 2018 to enhance the current state of roads and highways on Indian lands.

Water Infrastructure. For more than a century, the Supreme Court has made clear, through application of the "*Winters* Doctrine" that the United States set aside the amount of water necessary to fulfill the purpose of the reservation. The nature and extent of each tribe's water rights is the source of ongoing litigation in many instances. One of the more widely recognized challenges for water settlements, however, is appropriating dollars for those settlements. In May, 2016 testimony, for example, the Department stated that the Bureau of Reclamation had a backlog of $1 billion in "authorized but unfunded" Indian water rights settlements. As a result, the Committee supports robust funding for the Indian Water Rights Settlement account.

TRIBAL PUBLIC SAFETY AND JUSTICE PROGRAMS

Both the Departments of Justice and Interior provide public safety services and programs for Indian communities. The Department of Justice (DOJ) provides engagement, coordination, and action on public safety in Indian country. The DOJ also provides prosecution and investigations of major crime in Indian communities – the rates of which can rival those of major metropolitan cities.

The Department of the Interior (DOI) through 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 Indian tribes. The BIA allocates its appropriations to— 190 Law Enforcement Programs; 90 Detention/Corrections Programs (for 55 Indian tribes); 15 Districts, Headquarters, and Support Offices; 185 Tribal Courts; as well as other BIA Agency Offices that support these programs. This distribution only covers a portion of Indian country. Most Indian tribes located in states (such as California) with "P.L. 280" jurisdiction (where states have joint criminal jurisdiction with tribes on Indian lands) do not receive funding from the BIA.

The *Tribal Law and Order Act of 2010* required the BIA submit to Congress an annual unmet needs and spending report. According to the most recent report issued in September, 2016, the cost estimates for these programs for the total annual estimated need in Indian country is $1.0 billion for Law Enforcement Programs, $222.8 million for existing Detention Centers, and $1.0 billion for Tribal Courts.

While funding is an important 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 a federal law enforcement responsibility on nearly 200 Indian reservations. There may only be one or two law enforcement officers patrolling vast land areas to the size of Connecticut, if not larger. The Committee supports sufficient funding in both the DOJ and the DOI that will enhance public safety programs in Indian country that addresses illegal trafficking of Indian artifacts, human trafficking, domestic violence, and drug trafficking, to name a few.

HEALTH CARE SERVICES

The IHS located within the Department of Health and Human Services (HHS) is responsible for providing health care services to approximately 2.2 million Indians. Health care services are delivered through a network of 662 hospitals, health centers, clinics, and health stations on or near Indian reservations across the Nation. These facilities may be managed by the IHS, Indian tribes, or urban Indian health care programs, and are predominantly located in rural areas. According to the IHS, the agency has approximately 15,369 employees working in 12 service areas across the country.

Tribal communities continue to face overwhelming health disparities, which are repeatedly reflected in statistics. The population that the IHS serves has long experienced poor health rankings compared to other Americans, such as a life expectancy that is 4.4 years less than the national average. Indians die at higher rates than other Americans in numerous categories, ranging from chronic liver disease and cirrhosis, diabetes mellitus, unintentional injuries, assault and homicide, intentional self-harm and suicide, to chronic lower respiratory disease. Indians also continue to experience disproportionately high rates of alcohol and substance abuse. One of the more disturbing statistics is that suicide is the second leading cause of death among Indian youth.

These health levels indicate the great importance of IHS' work to provide adequate health care to Indian tribes. The Committee supports continued efforts to address behavioral and mental health, alcohol and substance abuse, screening and disease prevention, and the many other factors that can impact an Indian person's health, particularly including access to quality health care services delivered by qualified medical professionals in safe, reliable facilities. The Committee also supports accountability in these programs to ensure the most effective delivery of services and an increase in

funding to the HHS' Office of Inspector General to properly audit the efficacy of the IHS and to continue to report any waste, fraud, and abuse conducted by the IHS. Finally, the Committee supports efforts and funding sufficient to address medical inflation, service population growth, barriers to recruitment and retention of high quality clinical staff, and medical technology modernization within the IHS.

EDUCATION

Nationally, there are approximately 644,000 American Indian and Alaska Native students enrolled in elementary and secondary schools and 30,000 Native college students enrolled in a TCU. While only 8% attend schools funded by the BIE, 90% attend public schools operated by a local education agency. The average educational outcomes for Native students, including low high school graduation rate and comparably low post-secondary enrollment rates, raise many concerns. Yet, despite these issues and the infrastructure challenges presented above, examples of success in Native education are present across the country – with some tribally-operated BIE funded schools and Native language immersion schools reporting graduation rates above the national average.

Bureau of Indian Education. The BIE uses the Indian Student Equalization Program (ISEP) formula to allocate funding for basic and supplementary instructional resources on a per pupil basis to all BIE funded K-12 schools. ISEP funds serve as the primary funding stream for determining each BIE school's annual budget and ensure BIE schools can secure adequate classroom resources and teachers. Additionally, tribes may exercise self-governance through operation of a BIE school that serves their community or reservation through either ISDEAA or the *Tribally Controlled Grant Schools Act* (TCGSA). Similar to contract support costs for ISDEAA contracts, tribal grant support costs support tribes that operate 126 BIE schools under the authority of the TCGSA. The BIE grant schools expend these funds on administrative overhead costs for schools including business operations, payroll, personnel, annual audits, information technology, and reporting. A shortfall in funding for tribal grant support costs would result in schools having to divert ISEP funds to pay for administrative costs.

The Committee recognizes the importance of maintaining funding for both ISEP and tribal grant support costs as a part of improving BIE student outcomes and supporting tribal self-determination in education.

Department of Education. The Indian Education Title of the *Elementary and Secondary Education Act*, as amended in 2015 by the *Every Student Succeeds Act*, authorizes a variety of programs to support the educational opportunities of American Indian and Alaska Native students that attend locally operated public schools. This Title authorizes grants to local education agencies with large populations of Native students, State-Tribal Educational Partnership Grants, demonstration programs, Native American language immersion competitive grants, and funding for the Department of Education to undertake tribal consultation. Additionally, many schools located on reservation land, but operated by local education agencies, receive funding through the Impact Aid program.

The TCUs receive funding under Title III, Part A of the *Higher Education Act* as Minority Serving Institutions. Title III funds specifically help TCUs increase their self-sufficiency, expand capacity, improve academic quality, and strengthen the fiscal stability of these institutions.

The Committee supports funding for these activities at the Department of Education and recommends support for programs that promote the development of culturally-informed educational opportunities for Native youth.

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 their members across the Nation.

Sincerely,

John Hoeven, Chairman

Tom Udall, Vice Chairman

United States Senate

SELECT COMMITTEE ON INTELLIGENCE
WASHINGTON, DC 20510–6475

March 3, 2017

SSCI# 2017-1307

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:

We write in response to your letter dated February 7, 2017, requesting a "views and estimates" report on proposed fiscal year 2018 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). Until the President submits a budget that figure is not disclosed.

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 and disclosure 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 2018.

Should you or your staff have any questions, please contact Hayden Milberg or Jon Rosenwasser at (202) 224-1700.

Sincerely,

Richard Burr
Chairman

Mark R. Warner
Vice Chairman

Congress of the United States

JOINT ECONOMIC COMMITTEE

(CREATED PURSUANT TO SEC. 5(a) OF PUBLIC LAW 304, 79TH CONGRESS)

Washington, DC 20510–6602

March 1, 2017

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

Dear Chairman Enzi:

We are writing on behalf of the Joint Economic Committee (JEC) to submit views on the budget resolution for fiscal year 2018. As you know, unlike committees with legislative jurisdiction, the JEC has a special role in the Views and Estimates process under section 301(d) of the Congressional Budget Act of 1974 to submit "recommendations as to the fiscal policy appropriate to the goals of the Employment Act of 1946." The 1946 Act is aimed at increasing employment opportunities, economic growth, and take-home pay. The JEC's policy recommendations are contained in the last section of this letter.

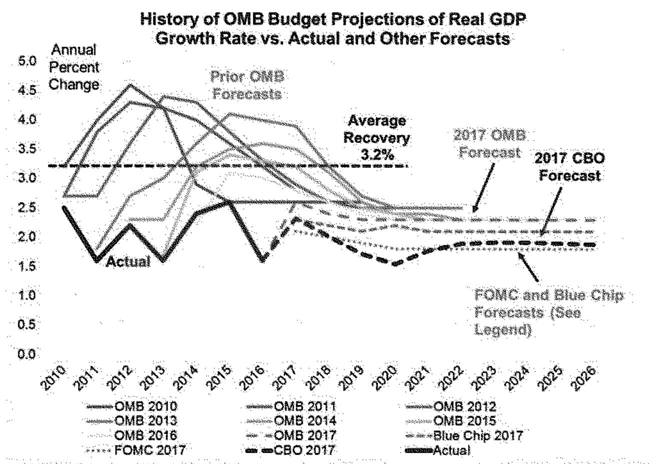
The JEC is also tasked with providing two other sets of information to the House and Senate Budget Committees to assist with the congressional budget process. Under 31 U.S.C. 1109, the JEC is directed to provide an economic evaluation of the President's budget by March 1 of each year. In addition, 15 U.S.C. 3101 *et seq.* requires the JEC to submit formal comments by March 15 on the short-term and medium-term goals contained in the *Economic Report of the President and Annual Report of the Council of Economic Advisers* (ERP).

While the most recent presidential budget and ERP were both submitted by the Obama Administration, an evaluation of both is instructive in the current budget process because it will illustrate how the policies of the last administration failed to produce the desired economic results and demonstrate why the new Congress and administration should change direction from these counterproductive policies in the FY2018 budget process.

Economic Evaluation of President Obama's Budget

Economic Growth

Each year since its first budget proposal in FY2010, the Obama Administration used overly optimistic assumptions of the economic growth its policies would produce, as shown in the chart on the next page. While those projections tempered over time following persistent slow growth, the last administration's final projection of real Gross Domestic Product (GDP) growth was still above recent forecasts by the Congressional Budget Office (CBO), the Federal Reserve's Federal Open Market Committee (FOMC), and Blue Chip Economic Indicators.



In its FY2017 budget, the previous administration assumed a 2.4 percent average annual GDP growth rate over the next five years, ticking down to 2.3 percent average growth from 2021 through 2026. CBO in its January 2017 forecast expects a more pessimistic average growth rate of 1.9 percent over the next decade.[1] This compares to a 3.2 percent average growth rate in other recoveries since World War II.

Rates of economic growth can have a very large impact on budget deficits. For example, in its January 2016 baseline, CBO estimated that if real GDP growth was even 0.1 percentage point lower than projected over the next decade, deficits over the same period would expand by a total of $327 billion.[2] In its most recent January 2017 baseline, CBO moved from quantifying the relationship of GDP growth to budget deficits to a similar measure involving multifactor productivity, while acknowledging that productivity growth is closely tied to growth in GDP.[3] Under CBO's new measure, productivity growth that is only 0.1 percentage point slower than projected worsens the 10-year budget deficit by $273 billion.[4]

Multifactor Productivity

The Bureau of Labor Statistics (BLS) defines multifactor productivity as a comparison of "the amount of goods and services produced (output) to the amount of combined inputs used to produce those goods and services" and lists inputs of "labor, capital, energy, materials, and purchased services."[5] BLS also notes that productivity growth has historically led to higher wages for workers.

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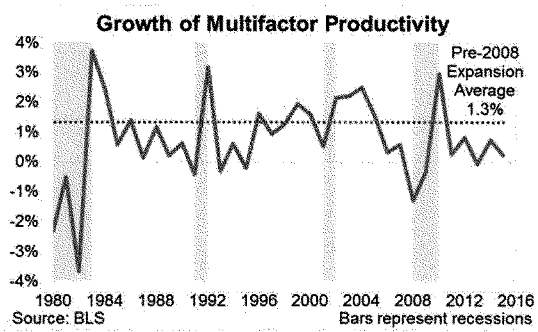
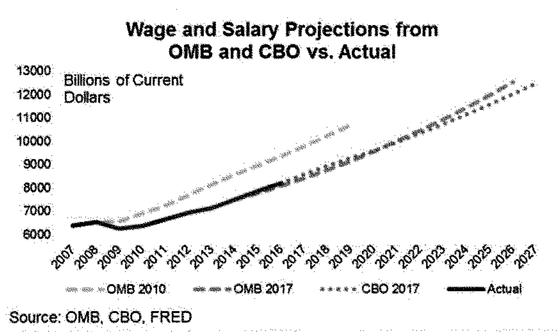
[1] "The Budget and Economic Outlook: 2017 to 2027," Congressional Budget Office, p. 40, January 2017. https://www.cbo.gov/sites/default/files/115th-congress-2017-2018/reports/52370-outlook.pdf.
[2] "The Budget and Economic Outlook: 2016 to 2026," Congressional Budget Office, p. 121, January 2016. https://www.cbo.gov/sites/default/files/114th-congress-2015-2016/reports/51129-2016Outlook_OneCol-2.pdf.
[3] CBO 2017, page 82.
[4] CBO 2017, page 83.
[5] "Multifactor Productivity," Bureau of Labor Statistics. https://www.bls.gov/mfp/

Over the course of the recovery during the Obama Administration, productivity growth sank and never recovered to the 1.3 percent average of prior recoveries, as the chart below illustrates.



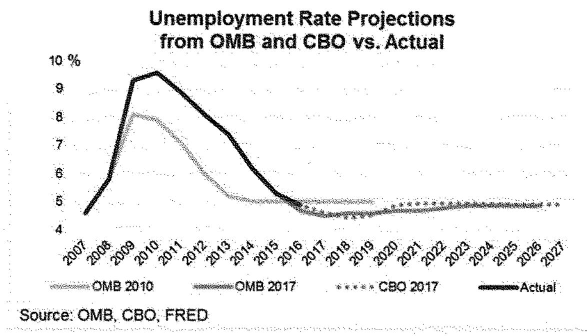
Wages and Salaries

Low levels of productivity restrain wage growth. When the Obama Administration issued its first budget in FY2010, it projected its policies would produce wage and salary growth far beyond what actually occurred, as shown by the following chart. Its FY2017 projection was much less optimistic but still somewhat rosier over the long term than CBO's January 2017 forecast. Significantly, slow wage growth not only harms workers' standard of living but also worsens budget deficits by depressing the tax base.



Unemployment

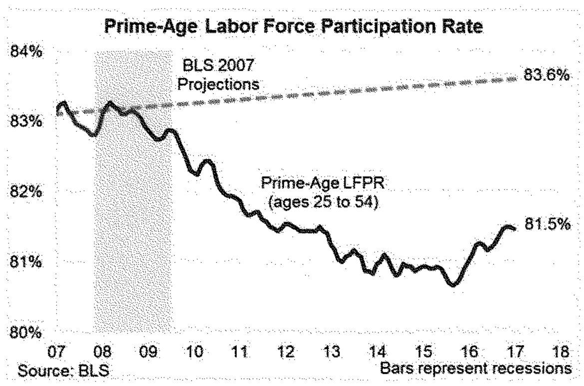
The Obama Administration also miscalculated the impact of its policies on the unemployment rate. Its FY2010 budget expected that the massive stimulus legislation passed early in 2009 would keep unemployment below 8 percent. The chart on the next page illustrates how far that projection was from what actually occurred.



The Obama Administration's FY2017 projection of unemployment is now very close to that in CBO's January 2017 baseline. However, the disturbing trend of Americans dropping out of the workforce is not reflected in the current low unemployment rate.

Labor Force Participation Rate

Economists generally expected that the overall labor force participation rate (LFPR) would decline as baby boomers retired and left the workforce. However, the only age group that has increased its LFPR in the current recovery is workers age 60 and older. Americans of prime working age (ages 25 to 54) are participating in the workforce at lower rates than they did before the recession. If the share of prime-age workers matched the rate projected by BLS in 2007, our economy would have 2.6 million more workers today.



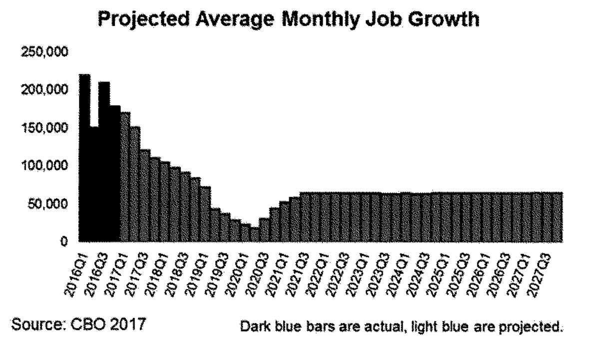
In August 2016, CBO noted that federal policies such as the Affordable Care Act (ACA) and our outdated tax code have discouraged Americans from working or seeking work.[6] A larger paycheck triggers higher tax rates for workers, and under the ACA earning more causes workers

[6] "An Update to the Budget and Economic Outlook: 2016 to 2026," Congressional Budget Office, p. 6 August 2016. https://www.cbo.gov/sites/default/files/114th-congress-2015-2016/reports/51908-2016_Outlook_Update-2.pdf

to lose insurance subsidies that help them pay for rising Obamacare premiums.[7] In other analysis, CBO estimated the ACA will reduce employment over a decade by the equivalent of 2 million full-time workers.[8]

Job Growth

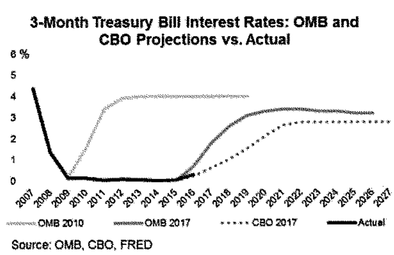
Unless Congress and the new administration change the direction of policy, CBO projects declining average job growth through 2020 and stagnant growth of roughly 55,000 jobs per month after 2021.

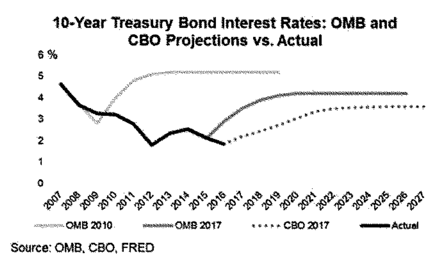


Interest Rates

Projections of higher rates of interest on Treasury bonds generally reflect economic optimism that assumes the Federal Reserve will respond to a stronger economy by raising the federal funds rate. In reality, the Federal Reserve kept interest rates at or near zero for a decade and only recently implemented small increases in 2015 and 2016.

In its FY2010 forecast, the Obama Administration assumed that interest rates would normalize quickly under its policies, which still has not occurred. The much lower than projected interest rates helped to keep the budget deficits from becoming even larger.





[7] CBO, August 2016, p. 48.

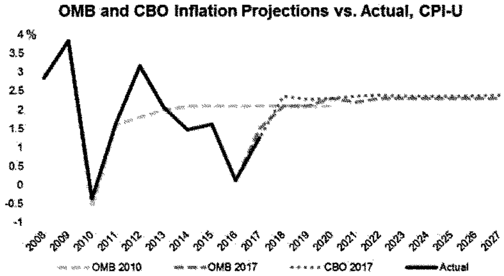
[8] How CBO Estimates the Effects of the Affordable Care Act on the Labor Market," CBO, December 2015. https://goo.gl/n9XwyW

However, as interest rates begin to normalize CBO projects that spending on debt interest will triple over the decade.[9] Further, CBO estimates that if interest rates were to shift up by 1.0 percentage point from what it assumes in its baseline projection, deficits will expand by $1.6 trillion over the decade.[10]

Inflation

Generally, strong economic growth places upward pressure on prices. In FY2010 the Obama Administration incorrectly predicted that inflation would be near the Federal Reserve's 2 percent target from 2013 to 2016. In contrast, its most recent projection closely aligns with CBO's forecast, as shown in the chart. Notably, CBO indicated that if inflation is one percentage point higher than projected, 10-year deficits would worsen by $1.2 trillion.[11]

OMB and CBO Inflation Projections vs. Actual, CPI-U



Source: OMB, CBO, Haver Analytics

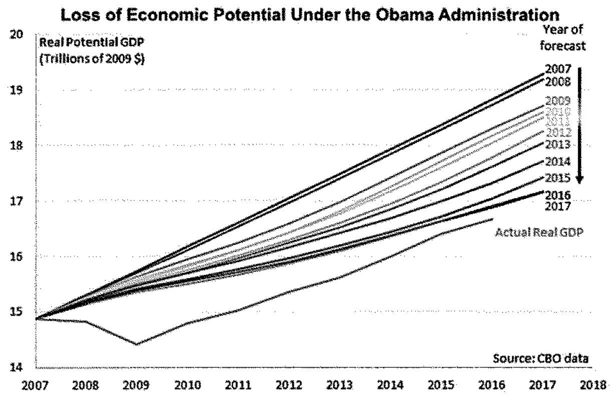
<u>Short-Term and Medium-Term Goals of President Obama Outlined in the ERP</u>

Yesterday the JEC filed its *2017 Joint Economic Report*, which responds to the Obama Administration's final ERP published in December 2016. This letter only highlights some findings, but the full report is available on the JEC website.[12]

In the near-term outlook of the ERP, the Obama Administration noted a closing output gap, which is the difference between what the economy is producing (actual GDP) and what it is capable of producing (potential GDP). However, this ignores the more disturbing trend of declining economic potential over the course of the last administration.

[9] CBO 2017, page 10.
[10] CBO 2017, p. 83.
[11] CBO 2017, p. 83.
[12] "2017 Joint Economic Report," Joint Economic Committee, February 28, 2017. https://www.jec.senate.gov/public/index.cfm?p=reports-studies&id=D28A0F27-61FF-4CBB-BC6E-E51A43F27FB0.

Each year since 2007, CBO has downgraded its projections of potential GDP, illustrated by this chart.



The JEC believes the weight of Obama Administration policies have contributed to this decline, leaving a growing reserve of untapped potential not reflected in the current output gap. In fact, the ERP's medium-term goals list many of the very policies that have dragged down America's economic potential:

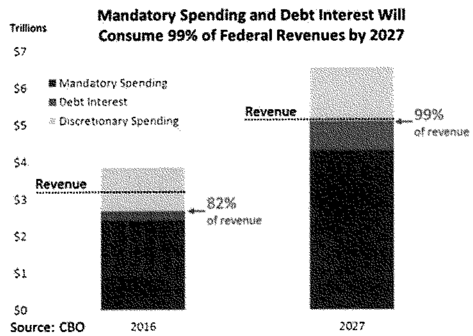
- Heavy taxation of the top earners (most of whom are business owners) and higher taxes on capital (which fuels business investment and productivity);
- Financial regulation hampering the ability of community banks to lend to small businesses and compete with larger banks;
- Increased government payments that are poorly structured for low-income Americans and tend to trap them in poverty by discouraging work and economic mobility;
- Preservation of the ACA with its higher taxes, larger bureaucracy, and disincentives to work on top of rising premium costs, and fewer health insurance choices;
- A government takeover of college financing (which contributed to rising student loan debt and higher tuition prices); and
- Overly burdensome environmental regulations that destroy American jobs and fail to address the largest environmental problems worldwide.

In addition, while policies of the last Administration failed to produce a strong economy, they did succeed in setting an unsustainable debt trajectory. In the 50 years before President Obama took office, publicly held debt averaged 35 percent of the economy.[13] Today, the ratio is more than twice that size at 77 percent.[14] Unless we change course, CBO warns that in 30 years the debt will eclipse GDP to an extent that will make a fiscal crisis much more likely.[15]

[13] CBO 2017, Figure 1-8 Supplementary Table.
[14] CBO 2017, p. 2.
[15] CBO 2017, p. 37.

Additionally, a measure of total debt (including amounts the government borrowed from trust funds like Social Security and Medicare) shows that our national debt was already larger than GDP last year at 105 percent.[16]

Growing mandatory spending programs are the major driver of deficits and debt. CBO projects that in a decade, mandatory spending and interest on the debt will consume 99 percent of all federal revenues.[17] At that point, important discretionary spending programs like national defense will be entirely deficit financed.



JEC Policy Recommendations for the FY2018 Budget Resolution

In order to boost employment, economic growth, and take-home pay, the JEC recommends that the FY2018 budget resolution accommodate the following:

1. **Restrain growth in mandatory spending programs.**

2. **Facilitate pro-growth tax reform that lowers tax rates, simplifies the tax code, and rewards work, savings, and investment.**

3. **Reduce burdensome regulations that destroy jobs and discourage entrepreneurship.**

4. **Replace the unworkable ACA with patient-centered reforms that will provide Americans with more choices and lower costs.**

5. **Empower the private sector to invest in distressed communities that have suffered from a lack of jobs and economic growth.** For example, JEC Chairman Pat Tiberi and Senator Tim Scott have introduced the bipartisan *Investing in Opportunity Act* (H.R. 828 and S. 293, respectively), which would provide tax relief for investment in "opportunity zones" selected by states.

[16] CBO 2017, p. 10 and 29.
[17] CBO 2017, p. 10.

6. **Reform programs that discourage work and economic opportunity.** For example, JEC Vice Chairman Mike Lee and Rep. Jim Jordan introduced the *Welfare Reform and Upward Mobility Act* in the last Congress (S. 3047 and H.R. 5360, respectively), which would strengthen work incentives and control spending growth in programs that have historically trapped Americans in poverty.

7. **Promote private-sector trade and investment opportunities for American goods and services in international markets that will more effectively combat global environmental problems than the Obama Administration's job-destroying climate change regulations.**

We believe these pro-growth policies would increase opportunities and the standard of living for Americans, boost our sinking economic potential, and reduce deficits that worsen under a weak economy. As the congressional budget process continues, please do not hesitate to contact us if the Joint Economic Committee can be of further assistance.

Sincerely,

Pat Tiberi

Representative Pat Tiberi
Chairman
Joint Economic Committee
United States Congress

Senator Mike Lee
Vice Chairman
Joint Economic Committee
United States Congress

United States Senate

COMMITTEE ON THE JUDICIARY

WASHINGTON, DC 20510-6275

March 13, 2017

The Honorable Mike Enzi
Chairman
Committee on the Budget
United States Senate
Washington, D.C. 20510

The Honorable Bernie 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) 2018 funding for programs within the Judiciary Committee's authorizing jurisdiction.

My priorities, as outlined below, reflect my commitment to ensuring adequate resources for essential programs, while recognizing the challenges the federal government faces. It's important for these requests to be given careful consideration, understanding the need to make difficult spending cuts to reduce the budget deficit while sustaining funding for federal programs that millions of Americans rely upon.

State and Federal Law Enforcement Programs and Initiatives

Fraud Prevention and Enforcement—Consumer fraud is on the rise, and recent incidents indicate that these types of crimes are becoming increasingly more difficult to prevent. Federal law enforcement collaboration with state and local partners is necessary to ensure just and effective punishment for those who perpetuate civil and criminal acts that defraud American

taxpayers and the federal government. In recent years, we worked together to pass the Fraud Enforcement and Recovery Act and other key provisions to strengthen tools for law enforcement officials and prosecutors to identify, prosecute, and prevent financial fraud, mail fraud, securities fraud, mortgage fraud, health care fraud, immigration fraud, and many other forms of fraud involving deception and misappropriated benefits. In addition to causing significant financial and other losses to consumers, certain types of fraud can potentially cause irreparable damage to the federal government.

Fraud prevention is most effective when state and federal law enforcement agencies have the resources they need to detect and prevent fraud. Therefore, greater investments in anti-fraud controls and effective fraud enforcement in local communities across the nation will help ensure that investigators and prosecutors have the necessary tools to effectively minimize the occurrence of fraud and recover losses faster. I ask that adequate funds be allocated to the Federal Bureau of Investigation (FBI), Secret Service, U.S. Postal Inspection Service, Immigration and Customs Enforcement (ICE), U.S. Citizenship and Immigration Services (USCIS) Fraud Detection and National Security directorate, and relevant Offices of Inspectors General (OIG) for investigation of fraud, waste and abuse, as well as the Department of Justice (DOJ) Criminal and Civil Divisions, and the United States Attorneys' Office for fraud enforcement.

Edward Byrne Memorial Justice Assistance Grants—As part of the Violence Against Women and Department of Justice Reauthorization Act of 2005 (P.L. 109-162), Congress combined the Consolidated Appropriations Act of 2005 with the Local Law Enforcement Block Grant (LLEBG) to establish the Edward Byrne Memorial Justice Assistance Grant (JAG) program. Under the JAG program, approximately $277.9 million[1] was allocated in fiscal year 2016 to support a range of program areas for states, tribes, and local governments. This funding supports necessary law enforcement initiatives to prevent and address crime, as well as, to protect law enforcement officials. I ask that the JAG program be adequately funded to enhance the level of service and law enforcement assistance provided to our citizens.

Opioids---On July 22, 2016, the Comprehensive Addiction and Recovery Act of 2016 (CARA) was signed into law. This sweeping addiction recovery bill addressed the growing heroin and opioid epidemic that has gripped the country. CARA takes a multifaceted approach in tackling drug addiction through increased prevention, education, treatment, recovery, and law enforcement efforts. CARA includes authorization of funds for a life-saving medicine, naloxone, which when administered, can reverse the effects of a drug overdose. The legislation also includes prevention awareness programs, first responder training, an expansion of prescription drug take back programs, as well as grant programs to meet the unique needs of communities in

[1] Alexia D. Cooper, *Justice Assistance Grant Program, 2016*, BUREAU OF JUSTICE STATISTICS (Sept. 29, 2016), https://www.bjs.gov/index.cfm?ty=pbdetail&iid=5764.

their battle against opioid and meth addiction, among numerous other provisions. CARA authorizes nearly $900 million over five years. These programs deserve robust funding, consistent with other budgetary constraints, in order to curb the scourge of heroin and opioids in our country.

Juvenile Justice Programs—Studies show that every dollar invested in community-based youth development and prevention programs helps to reduce delinquency and save taxpayers up to $8 in future costs. Accordingly, the Juvenile Justice and Delinquency Prevention Act of 2002 authorized the Formula Grants Program (Title II) to support state and local delinquency prevention and intervention efforts and juvenile justice system improvements. Title II provides essential funding to states, territories, and the District of Columbia to improve the functioning of their juvenile justice systems and provide alternative opportunities for youth. Without these federal funds, local communities will not have the resources to address the needs of adjudicated youth, reduce recidivism, and improve public safety—all necessary investments that are worth the cost. I ask that the Title II Formula Grant Program as well as other juvenile justice programs receive funding similar to previous appropriations.

Violence Against Women Act—In 1994, Congress passed the Violence Against Women Act (VAWA) of 1994, and reauthorized the program in 2013 with the VAWA Reauthorization Act (P.L. 113-4). VAWA funding continues to help victims of domestic violence, dating violence, sexual assault, and stalking repair their lives, and contributes to lifesaving programs and services for preventing domestic abuse. I ask that you take the authorization levels in P.L. 113-4 into consideration and fund grant programs under VAWA, including Services, Training, Officers, Prosecutors (STOP) grants, grants to assist families, especially children and youth exposed to violence, and housing assistance grants, among others, designed to assist victims in transitioning back to a safe environment. Adequate funding for these programs is important for strengthening services to victims and holding offenders accountable.

Bulletproof Vest Partnership—The Bulletproof Vest Partnership (BVP) Reauthorization Act of 2015 renewed Congress's commitment to providing funding to assist state and local law enforcement agencies with the procurement of more than 1 million ballistic 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 by using other federal grant funds. The Committee worked to have the Department of Justice deobligate $31 million and to devise a process whereby undisbursed funds will not reemerge, and the Senate has passed 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)—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 6 intelligence centers that support over 8,000 federal, state, local, and tribal law enforcement agencies; 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 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. 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, 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. 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 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 recidivism among mentally ill offenders and provide them

with access to mental health services. Although Congress reauthorized MIOTCRA at $50 million from fiscal years 2008-2013 (P.L. 110-416), the program has never been fully funded. The Senate passed legislation to reauthorize MIOTCRA at $10 million through FY 2020. I request that this program be adequately funded for FY 2018.

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 and provide assistance to victims who have been illegally transported domestically and internationally for improper purposes, including forced labor and commercial sexual exploitation. In 2013, the Senate passed legislation to reauthorize appropriations from fiscal years 2014–2017, and created new law enforcement tools to strengthen the prosecution and punishment of traffickers—making human trafficking a federal crime with severe penalties. Thanks to the funding provided under TVPA, state and local law enforcement have become more effective with combating human trafficking; and many victims have access to protective services and resources to rebuild their lives. Because of the important benefits TVPA provides to law enforcement and local communities, I request that the programs authorized under this law be adequately funded for FY 2018.

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-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 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. 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

The DOJ budget for FY 2017 was $29.2 billion for programs and operations. These expenditures cover salaries for the various entities at DOJ, including funding for attorneys, policy staff, and support staff. DOJ has vast responsibility for addressing criminal activity and detecting emerging threats in order to preserve public safety.

Federal Bureau of Investigation

The FBI's mission is to protect and defend the U.S. against terrorism and foreign intelligence threats, and enforce the criminal laws of the U.S. FBI employs over 34,000 employees in various locations across the U.S. and abroad. These employees perform the majority of the investigative and intelligence work for our nation—invaluable services that must be properly resourced. In an effort to maximize taxpayer dollars, the FBI has made it a best practice to formulate and structure its budget according to the threats that the FBI works to deter. Therefore, adequate funding is needed to ensure that the FBI has the resources it needs to address high-priority overseas extremists' threats, unsuspected attacks, and other crimes that impact public safety and American privacy rights. I request that the FBI be funded with an emphasis on their important efforts to investigate terrorism, fraud, cyber-attacks, federal crimes, and many other crimes of national security, while working to meet mission requirements at the lowest possible cost to the U.S. taxpayer.

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 Freedom of Information Act (FOIA) requestors, and reviews agency compliance with FOIA. OGIS is also helping federal agencies to better utilize technology, such as the online FOIA portals, to improve the FOIA process and their 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 abusers 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 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 with 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.

Inspectors General

The community of inspectors general (IGs) work to oversee the Federal bureaucracy and make recommendations for improvements across government—improvements that could save the American taxpayers billions of dollars. The IGs are watchdogs, continuously guarding against waste, fraud, and mismanagement in government. In February 2015, Chairman Ron Johnson I wrote to 72 IGs located in departments and agencies across the Executive Branch, requesting an accounting of all outstanding IG recommendations that have been unimplemented by the Executive Branch, as well as the aggregate potential cost savings of these open recommendations.

We received responses from all 72 Offices of Inspectors General (OIGs), and based on the information received from the IG community, the Committees have identified 15,222 open and unimplemented recommendations totaling over $87 billion in potential cost savings.[2] Many of the recommendations reviewed by the Committees have remained open and unimplemented for years, despite appearing straightforward and uncomplicated to implement. These numbers show that the Executive Branch would likely improve the effectiveness of its operations—and save taxpayer money—by implementing recommendations made by the IG community. .

Federal Paid Administrative Leave

Federal agencies have the discretion to authorize administrative leave, which is an excused absence without loss of pay or charge to leave, for personal matters, such as when investigating employees for misconduct allegations. GAO found that between fiscal years 2011 and 2013, 263

[2] STAFF OF S. COMM. ON THE JUDICIARY & STAFF OF S. COMM. ON HOMELAND SEC. & GOVERNMENTAL AFFAIRS, 114TH CONG., J. MAJORITY STAFF REP. ON EMPOWERING INSPECTORS GENERAL: SUPPORTING THE IG COMMUNITY COULD SAVE BILLIONS FOR AMERICAN TAXPAYERS 13 (Comm. Print 2016).

federal employees were on administrative leave for 1 year or more during this 3-year period, with an estimated salary cost of $3.1 billion.

The 2017 National Defense Authorization Act includes the Administrative Leave Reform Act, which caps the use of administrative leave for cases of misconduct or performance each calendar year.[3] The Act also tightened timelines to finish personal investigations—a process that would often take 6 to 18 months or longer—, but allows agencies to extend the use of leave in "extraordinary circumstances" in 30-day increments. The purpose of the bill is to limit the extended use of administrative leave, encourage federal agencies to help employees on regular duty or take other actions, such as temporary reassignment, when an employee should be out of the workplace, and require better accounting for all types of excused absences. The Office of Personnel Management as well as each agency, are required to revise their own internal procedures to reflect the new changes to administrative leave. Adequate funding is needed to oversee its full implementation at OPM and across the federal government in order to realize cost savings and reduce administrative leave.

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). The Leahy-Smith America Invents Act, P.L. 112-29, created a Patent and Trademark Fee Reserve Fund, into which any fees collected in excess of the appropriated amount are deposited. Full funding for the PTO, including access to those fees, are essential to the PTO's effective implementation of P.L.112-29 and continuing to work through the 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 Royalty 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.

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[3] S. 2943 — 114th Congress: National Defense Authorization Act for Fiscal Year 2017." www.GovTrack.us. 2016. February 27, 2017

Intellectual Property Enforcement Funding

Industries based on intellectual property (IP) account for several trillion dollars of the U.S. gross domestic product, drive more than half of U.S. exports, and employ millions of Americans. I support strong funding for initiatives aimed at fighting IP theft, particularly those undertaken by the Department of Justice for IP rights enforcement. P.L. 110-403 authorized additional funding for state and local law enforcement grants, and staffing and training for IP and high-tech crimes. 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. I recommend the Committee take into account the authorizations for these programs that will benefit our economy.

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, we 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.

Section 411 of the 2010 budget resolution items

Your letter also sought suggestions pursuant to Section 411 of the 2010 budget resolution relating to review of programs within the jurisdiction of the Judiciary Committee to eliminate waste, fraud, and abuse in program spending, giving particular scrutiny to issues raised by Government Accountability Office (GAO) reports, and to include recommendations for improved governmental performance in these views and estimates. I am pleased to provide the following in response to your request in this regard:

Department of Justice

DOJ Alternative Sources of Funding Are a Key Source of Budgetary Resources—The majority of DOJ's budget authority is provided through annual appropriations, but in some cases, DOJ has the ability to fund its programs using money it collects through alternative sources of funding, such as fines, fees, and penalties. The authority to use these sources may come from either permanent statutory authority or may be contained within an annual appropriations act. In fiscal year 2013, DOJ's alternative sources of funding comprised 15 percent of DOJ's total

budgetary resources. In 2015, the GAO examined DOJ's alternative sources of funds to determine how much of DOJ's total budgetary resources are derived from alternative sources of funding and to identify opportunities for improvements.[4]

DOJ has the authority to deposit up to 3 percent of amounts collected from civil debt collection activities in the Three Percent Fund, which are used to offset DOJ's civil debt collection activity costs. However, GAO found that DOJ does not analyze its unobligated balances by, for example, estimating projected collections or developing future year fund reserves to conduct Three Percent Fund activities. As a result, DOJ consistently had end-of-year unobligated balances that were at least twice as large as the amount DOJ reported was required to remain in the fund at the end of the year.

GAO also found that the FBI's Criminal Justice Information Services (CJIS) Division collected $396 million in fees for providing non-criminal justice fingerprint checks during fiscal year 2013. The fee included the cost recovery and automation portion but the breakout between the two portions of the fee was not explicitly communicated to stakeholders. Additionally, CJIS sets fees, in part, based on projected volume of transactions. In recent years, actual volumes have exceeded projected volumes, resulting in CJIS bringing in more than anticipated in automation fees, which has contributed to an unobligated balance of $284 million at the end of fiscal year 2013.

To address these deficiencies, GAO recommended that DOJ develop a policy to analyze unobligated carryover balances of the Three Percent Fund. GAO also recommended that the FBI publish cost recovery and automation portions of fingerprint check fees and develop a policy to identify and appropriate range for unobligated balances from automation fees. DOJ generally concurred with the recommendations, but noted concerns with developing revenue estimates for the Three Percent Fund and establishing a range of carryover balances for FBI fingerprint check fees. However, without addressing these recommendations, CJIS will not know if it is carrying over a suitable amount to meet future needs.

Justice Grant Programs—DOJ oversees several grant programs to enhance federal collaboration with state and local law enforcement agencies to effectively implement programs that improve the criminal, civil, and juvenile justice systems. The Office of Justice Programs (OJP) is DOJ's largest grant-making agency, with multiple locations and a fiscal year 2016 enacted discretionary budget of about $1.8 million for 786 positions.

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[4] U.S. GOV'T ACCOUNTABILITY OFFICE, GAO-15-48, DEPARTMENT OF JUSTICE: ALTERNATIVE SOURCES OF FUNDING ARE KEY SOURCE OF BUDGETARY RESOURCES AND COULD BE BETTER MANAGED (2015).

In three reports issued between 2012 and 2015, GAO made 17 recommendations to DOJ to enhance department-wide and OJP-specific grant administration.[5] DOJ has implemented 13 of these recommendations, but still needs to take action on the remaining 4 recommendations to mitigate the risks of unnecessary duplication in award decisions.

Since 2012, GAO has pressed DOJ to finalize policies and procedures to ensure proper coordination of grant awards to avoid duplication. For example, GAO found several instances where 2 or more agencies or programs were engaged in the same activities or provided the same services to the same beneficiaries. DOJ has taken steps to facilitate greater coordination, but has failed to make appropriate changes to its grants management manual as well as issue finalized policies and guidance to prevent overlapping awards. 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.

GAO found that OJP's Office of Juvenile Justice and Delinquency Prevention failed to properly assess the performance and effectiveness of programs that received grant funds to support children's advocacy centers, under the Victims of Child Abuse Act (VOCA) grant program. DOJ took action to improve its performance measurement capacity, including training staff and updating the performance measures. However, adequate funding is needed to help ensure that OJP continues to ensure that VOCA grant funds are used effectively to support the investigation and prosecution of child abuse.

DOJ's Handling of FBI Whistleblower Retaliation Complaints—As a watchdog of the federal bureaucracy, I continued efforts to protect whistleblowers with introduction of the *FBI Whistleblower Protection Enhancement Act*. The bipartisan bill brings the FBI's whistleblower disclosure protocols in line with all other federal law enforcement and civil service agencies. A modified version of the bill, which passed the Senate and was signed into law by the President, protects from reprisal FBI whistleblowers who disclose wrongdoing to their direct supervisors. Previously, FBI employees were not protected when they disclosed wrongdoing to their supervisors. Instead, Justice Department regulations required disclosures to be made to a limited group of senior officials even though FBI policy encourages employees to report to supervisors. As a result, FBI whistleblowers often make their initial disclosure to a supervisor, but previously had no legal protection in the event of retaliation.

I began investigating instances of alleged retaliation against FBI whistleblowers, including the use of so-called "loss of effectiveness" orders. I also asked the FBI to provide details of the legal framework governing its largely secretive aerial surveillance operations to ensure Americans' privacy rights are protected.

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[5] U.S. GOV'T ACCOUNTABILITY OFFICE, GAO-16-806T, DOJ GRANTS MANAGEMENT: JUSTICE HAS MADE PROGRESS ADDRESSING GAO RECOMMENDATIONS (2016).

Retaliation against whistleblowers presents a chilling effect on employees' willingness to make disclosures of waste, fraud, and abuse, as they are required to do by executive order. DOJ should move forward, and based on deficiencies and corrective actions identified by GAO in previous years[6], develop plans for future implementation that will bring necessary improvements. **Federal Bureau of Investigation (FBI)**

GAO has made several recommendations for improving management operations and strengthening law enforcement efforts at the FBI. The FBI has implemented many of these recommendations, but 12 remain open.[7]

FBI Criminal History Checks—In 2015 and 2016, GAO recommended that the FBI make improvements to its background check tools to better provide timely and accurate information on individuals during National Instant Criminal Background Check System (NICS) checks for gun purchases[8] as well as for criminal history checks for individuals working with vulnerable populations[9]—such as children and the elderly. GAO found that about 6,700 firearms were transferred to individuals with prohibiting domestic violence records, in violation of federal laws protecting firearm transfers to abusive individuals. The FBI does not always have access to the information it needs to determine if the person is not prohibited before the firearm transfer takes place. Often, the FBI has to use additional resources to reach out to state agencies to obtain it, which often exceeds the 3 day response period to notify the dealer about a prohibited purchaser. These criminal background checks play an important role in determining a person's suitability to carry a weapon, and aid in assessing a person's suitability for employment or to obtain a license. It's important for the FBI to establish plans and timeframes for completing all of GAO's open recommendations.

FBI and DOJ Information Sharing Opportunities to Find Missing Persons—Every year, more than 600,000 people are reported missing, and hundreds of human remains go unidentified. Two primary federal databases supported by DOJ—the National Crime Information Center (NCIC) and the National Missing and Unidentified Persons System (NamUS)—contain data related to missing and unidentified persons to help solve these cases. Senate Report 113-181

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[6] U.S. GOV'T ACCOUNTABILITY OFFICE, GAO-15-112, WHISTLEBLOWER PROTECTION: ADDITIONAL ACTIONS NEEDED TO IMPROVE DOJ'S HANDLING OF FBI RETALIATION COMPLAINTS (2015) (requested by Senator Grassley).
[7] U.S. GOV'T ACCOUNTABILITY OFFICE, REPORTS AND TESTIMONIES, http://www.gao.gov/recommendations?q=%22Department+of+Justice%3A+Federal+Bureau+of+Investigation%22&field=orgdesc_s&list=1#results.
[8] U.S. GOV'T ACCOUNTABILITY OFFICE, GAO-16-483, GUN CONTROL: ANALYZING AVAILABLE DATA COULD HELP IMPROVE BACKGROUND CHECKS INVOLVING DOMESTIC VIOLENCE RECORDS (2016).
[9] U.S. GOV'T ACCOUNTABILITY OFFICE, GAO-15-162, CRIMINAL HISTORY RECORDS: ADDITIONAL ACTIONS COULD ENHANCE THE COMPLETENESS OF RECORDS USED FOR EMPLOYMENT-RELATED BACKGROUND CHECKS (2015).

included a provision for GAO to conduct a review of NCIC and NamUS to determine if there are opportunities to improve the use of the information contained in the federal databases.[10]

GAO's recent 2016 review identified inefficiencies in the use of information on missing and unidentified persons primarily because there is no mechanism to share information between the systems, such as a notifier to inform NCIC users if related case data were present in NamUs. According to FBI officials, federal law precludes full integration of NCIC and NamUs; however, opportunities to share information may exist within the legal framework to address fragmentation and overlap without full system integration. By evaluating the technical and legal feasibility of options to share information, documenting the results, and implementing feasible options, DOJ could better inform those who are helping solve missing and unidentified person's cases and increase the efficiency of solving such cases. GAO recommended that DOJ evaluate options to share information between NCIC and NamUs. However, DOJ disagreed because it believes it lacks the necessary legal authority. DOJ already has legal authority to share information, and should work within these confines to develop an effective solution to ensure law enforcement and others have the information needed to help resolve long-term missing and unidentified persons cases.

DOJ Office of Juvenile Justice and Delinquency Prevention (OJJDP)—DOJ OJJDP, housed within OJP, awarded approximately $74 million in Victims of Child Abuse Act (VOCA) grants from fiscal years 2010 through 2013. VOCA grants are designed to help improve the investigation and prosecution of child abuse cases. However, for the 28 VOCA grants the OJJDP awarded from fiscal years 2010 through 2013, grantees expended less than 20 percent, on average, of each grant they received during the original 12-month project period. Currently, OJJDP has several administrative review and approval processes in place that have contributed to delays in the grantees' ability to begin spending their funds. Further, OJJDP's guidance on grant extensions is unclear and irregularly enforced.

To further understand these deficiencies, Senate Report 113-78 included a provision for GAO to conduct a review related to the administration of OJJDP grant programs. After conducting its review[11], GAO recommended, among other things, that OJP work with OJJDP to examine and address its administrative review processes to reduce delays in VOCA spending, establish and enforce a clear grant extension policy, and better align the VOCA performance measures with available data collection tools while also clarifying grantee reporting requirements. OJP concurred with GAO's recommendations, but has only taken steps to fully implement 1 of the 3 recommendations.

[10] U.S. GOV'T ACCOUNTABILITY OFFICE, GAO-16-515, MISSING PERSONS AND UNIDENTIFIED REMAINS: OPPORTUNITIES MAY EXIST TO SHARE INFORMATION MORE EFFICIENTLY (2016).
[11] U.S. GOV'T ACCOUNTABILITY OFFICE, GAO-15-351, VICTIMS OF CHILD ABUSE ACT: FURTHER ACTIONS NEEDED TO ENSURE TIMELY USE OF GRANT FUNDS AND ASSESS GRANTEE PERFORMANCE (2015).

U.S. Marshals Service (USMS)

GAO has made several recommendations for improving management operations and strengthening law enforcement efforts at USMS. USMS had not implemented 2 of GAO's recommendations.[12]

Ethics Violations and Improper Hiring and Promotion--Since 2015, the Judiciary Committee has been conducting an investigation into the U.S. Marshals Service's potential waste and misuse of the DOJ Assets Forfeiture Fund (AFF) as well as inappropriate hiring practices and other types of misconduct. Chairman Grassley issued a staff report finding that the former Director of the USMS violated ethics standards by recommending an individual she knew in a non-government capacity for a contractor position, exerting influence on the former Assistant Director of the Asset Forfeiture Division, who then created a new and unnecessary position for the contractor when resumes and interviews revealed he was not the most qualified candidate for the advertised position. The report also found the Assistant Director had violated ethics standards by directing subordinates to draft her SES applications. Additionally, the report detailed conflicts of interest involving the Associate Director for Operations, who formerly supervised his wife and managed a program that paid funds to a program that she oversaw. Additional findings include unlawful restrictions on employee disclosures of wrongdoing and mistreatment of whistleblowers. The report also includes recommendations for DOJ to improve oversight of the USMS hiring and promotion practices, and calls on the Marshals Service to adopt a stronger merit-based culture.

Misspending of the Assets Forfeiture Fund—The Committee continues to investigate other forms of misconduct, including in appropriate and wasteful spending, and mistreatment of whistleblowers. The Chairman has sent multiple letters to the Department of Justice and the Marshals Service seeking answers to allegations of wasteful and inappropriate expenditures of the Assets Forfeiture Fund (AFF). To this date, certain responses remain outstanding, and some are incorrect or misleading. For example, the Chairman has repeatedly asked for the justification and detailed information regarding expenditures of AFF resources on an Asset Forfeiture Academy in Houston, TX, despite the fact that training space was already available to the USMS. USMS waited months to disclose how much it spends on rent for the Academy every year, and then reported rent amounts for only half of the Academy buildout space.

Additionally, the Department of Justice Office of the Inspector General reviewed in some detail allegations of misspending. Although the OIG did not find policy or regulatory violations, it did question the necessity of some of these expenditures and noted that available guidelines do not provide sufficient clarity on allowable expenditures. Further, although the OIG did not find "any issues" with respect to USMS expenditures of an AFF category of funds dedicated to Joint Law

[12] U.S. GOV'T ACCOUNTABILITY OFFICE, REPORTS AND TESTIMONIES, http://www.gao.gov/recommendations?q=%22Department+of+Justice%3A+United+States+Marshals+Service%22&field=orgdesc_s&list=1#results.

Enforcement Operations (JLEO), questions about those expenditures remain. The OIG does not appear to have examined whether the funds were spent in accordance with statutory requirements that JLEO pay expenses incurred by state and local *officers*, not expenses incurred by *federal* officers assisting in joint operations.[13] A review of USMS budget requests for AFF/JLEO funds over the past 7-10 years, as well as allocation responses prepared by the Department of Justice, suggests that USMS may not have clarified with the Department that certain of its JLEO funds were to be used to support primarily *federal* officers and equipment. In its most recent AFF allocation submitted to the USMS, the Justice Department reduced one JLEO funding category and limited the USMS's ability to obligate those funds in another category. The Department reminded the USMS "that funds authorized under [the AFF statute] are not available for Federal agency expenses, regardless of whether those expenses support a State or local investigation."[14]

The Chairman continues to investigate these concerns as well as additional allegations of USMS wasteful and inappropriate AFF expenditures.

Whistleblower Reprisal—Since the Chairman's investigation of the USMS began in early 2015, the Chairman has received reports of potential wrongdoing from approximately 90 whistleblowers, most of whom are current or former USMS employees. Many allege reprisal for reporting wrongdoing or participating in protected activity. Their concern is well founded.

For example, in February 2017, the Department of Justice Office of Inspector General issued a report finding that senior managers in the Marshals Service Western District of Oklahoma retaliated against Deputy U.S. Marshals because they cooperated in an OIG investigation, and then lied to the OIG about their conduct.

USMS Inmate Housing Cost—Senate Report 113-78 of the Continuing Appropriations Act of 2014 included a provision for GAO to access the costs of housing federal inmates and detainees. USMS has responsibility for housing more than 50,000 federal prisoners in a combination of federal, state, local, and privately-managed facilities until their transfer to the Federal Bureau of Prisons to serve their sentence. For fiscal year 2015, USMS allowed approximately $1.65 billion to provide housing, transportation, and medical care for its prisoners; and for USMS salaries and expenses involved in prisoner security and transportation. According to the May 2016 GAO report, in fiscal year 2015, USMS spent more than 86 percent (or about $1.4 billion) on prisoner housing.[15] Despite significant decreases in total prison costs and prisoner populations between

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[13] 28 U.S.C. § 524(c)(1).

[14] Letter from K. Arnold, Director, Asset Forfeiture Management Staff, Justice Management Division, U.S. Dep't of Justice to Holly O'Brien, Assistant Director, Financial Services Division, U.S. Marshals Service (Oct.. 18, 2016).

[15] U.S. GOV'T ACCOUNTABILITY OFFICE, GAO-16-472, PRISONER OPERATIONS: UNITED STATES MARSHALS SERVICES COULD BETTER ESTIMATE COST SAVINGS AND MONITOR EFFORTS TO INCREASE EFFICIENCIES (2016).

2010 and 2015, GAO found that USMS costs per prisoner have continued to climb, reaching almost $80 per day in fiscal year 2015 compared to $55 in 2010.

Although USMS had plans to reduce prisoner operation costs and increase costs savings, it has failed because of ineffective management and flawed systems for identifying opportunities for cost efficiencies. For example, USMS does not consistently track district use of private and federal facilities, and admitted that it continues to use these facilities even though it might not have been the most cost effective approach. USMS officials stated that they continue to use these facilities to maintain relationships with law enforcement across the 94 geographic districts. As a result, USMS likely spends thousands of dollars on unneeded space, instead of pursuing other opportunities to balance its relationship with local law enforcement. GAO found that USMS's plans to save an estimated $858 million by introducing mechanisms to reduce USMS pre-detention custody were not reliable.

Former U.S. Marshals Service executives, including the former Director and former head of Prisoner Operations, have taken leadership positions at private prison contracting companies since the Judiciary Committee began its investigation in 2015.

Given the importance of balancing the federal budget and achieving great cost savings, USMS should do more to develop corrective actions that could result in actual cost savings.

Federal Bureau of Prisons

Several GAO reports assessing the Bureau of Prisons (BOP) noted that more action is needed to improve prison management, address incarceration challenges, and develop alternatives to incarceration to achieve greater cost savings.[16]

BOP's Bureau-Wide Cost Inefficiencies—In the 2014 and 2015 report, GAO found that BOP's bureau-wide cost inefficiencies amid various incarceration challenges, such as prison overcrowding and offender recidivism, have made it difficult to address BOP's rising operating costs. To better measure actions taken to address incarceration challenges, GAO made 3 priority recommendations for DOJ to 1) modify its Smart on Crime indicators to incorporate key

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[16] U.S. GOV'T ACCOUNTABILITY OFFICE, GAO-16-516, FEDERAL PRISON SYSTEM: JUSTICE HAS USED ALTERNATIVES TO INCARCERATION, BUT COULD BETTER MEASURE PROGRAM OUTCOMES (2016); U.S. GOV'T ACCOUNTABILITY OFFICE, GAO -15-454, FEDERAL PRISON SYSTEM: JUSTICE COULD BETTER MEASURE PROGRESS ADDRESSING INCARCERATION CHALLENGES (2015); U.S. GOV'T ACCOUNTABILITY OFFICE, GAO-14-821, BUREAU OF PRISONS: INFORMATION ON EFFORTS AND POTENTIAL OPTIONS TO SAVE COSTS (2014); U.S. GOV'T ACCOUNTABILITY OFFICE, GAO-14-709, BUREAU OF PRISONS: MANAGEMENT OF NEW PRISON ACTIVATIONS CAN BE IMPROVED (2014); U.S. GOV'T ACCOUNTABILITY OFFICE, GAO-13-1, BUREAU OF PRISONS: TIMELIER REVIEWS, PLAN FOR EVALUATIONS, AND UPDATED POLICIES COULD IMPROVE INMATE MENTAL HEALTH AND SERVICES OVERSIGHT (2013); U.S. GOV'T ACCOUNTABILITY OFFICE, GAO-13-429, BUREAU OF PRISONS: IMPROVEMENTS NEEDED IN BUREAU OF PRISONS' MONITORING AND EVALUATION OF IMPACT OF SEGREGATED HOUSING (2013).

elements of successful performance management, 2) improve the timeliness of the computation of sentence petition process, and 3) evaluate all 18 of BOP's national reentry programs.

DOJ initially agreed to take actions to address all three recommendations, but officials later told GAO they did not believe it would be necessary to implement all recommended changes. As of October 2016, DOJ has not provided any updates on its progress addressing recommendations 1 and 2. In regards to recommendation 3, in May 2016, BOP developed a new plan to evaluate all of BOP's national reentry programs and identify cost saving initiatives.

Incarceration Alternatives—In the 2016 report, GAO found that DOJ: (1) does not reliably track the use of some alternatives, such as pretrial release, probation, pretrial diversion programs, or court involved pretrial diversion practices (such as drug courts), that provide offenders an opportunity to avoid incarceration if they satisfy program requirements; (2) does not have reliable data on how often alternatives are used and does not measure program outcomes; and (3) does not fully track data on the cost implications of using incarceration alternatives.[17] Without this information, DOJ is unable to measure the outcomes of incarceration alternatives and determine if the programs generate actual cost savings. DOJ has not taken action on any of GAO's 6 recommendations. By taking steps to obtain outcome data and developing performance measures for the alternatives used, DOJ and BOP would be better able to determine the extent to which the alternatives are achieving their goals and objectives and what adjustments may be necessary to make them more effective.

Bureau of Alcohol, Tobacco, Firearms, and Explosives (ATF)

Today there more than 350 million firearms in the United States. Although many law-abiding citizens own guns, firearms are often used for illegal purposes, and many are involved in thousands of murders in the United States every year. ATF is responsible for enforcing certain criminal statutes related to firearms, and plays a significant role in combatting the illegal use of firearms while protecting the privacy rights of law-abiding gun owners. Part of this responsibility includes maintaining a database of firearm transaction records from federal firearms licensees (FFL)—such as firearms importers and retailers. Since 1979, Congress has restricted ATF from using appropriated funds to consolidate and centralize FFL records within the department where ATF is located. Members of Congress have raised questions about ATF's oversight of this data and compliance with this restriction.

Firearms Data Systems Noncompliance—In 2016, GAO found that ATF did not always comply with the Appropriations Act Restriction provision that restricts the agency from using

[17] U.S. GOV'T ACCOUNTABILITY OFFICE, GAO-16-516, FEDERAL PRISON SYSTEM: JUSTICE HAS USED ALTERNATIVES TO INCARCERATION, BUT COULD BETTER MEASURE PROGRAM OUTCOMES (2016).

appropriated funds to consolidate or centralize FFL records.[18] ATF also violated the Antideficiency Act by using appropriated funds for expenditures that exceeded available budget authority. As a result, AFT did not have funds available to cover the salaries or administrative expenses involved with consolidating and centralizing the records.[19] ATF has also failed to provide a report on these violations to GAO, the President, and Congress, as required by the Antideficiency Act and the Office of Management and Budget (OMB), which published requirements for executive agencies to report violations found by GAO.[20]

Drug Enforcement Administration (DEA)

In 3 reports issued in 2015 and 2016, GAO made 16 recommendations to DEA related to administering the quota process for controlled substances, providing information and guidance to registrants, and complying with guidelines for overseeing confidential informants.[21] As of June 2016, DEA had taken some actions to address these recommendations, but had only fully implemented 2 of the recommendations.

DEA Management of the Quota Process for Controlled Substances—DEA administers and enforces the Controlled Substances Act (CSA) to help ensure the availability of controlled substances, including certain prescription drugs, for legitimate use while limiting their availability for abuse and diversion. Additionally, DEA registers individuals and entities authorized to manufacture, distribute, or dispense controlled substances in accordance with the CSA, which seeks to ensure that only authorized individuals handle controlled substances. In

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[18] U.S. GOV'T ACCOUNTABILITY OFFICE, GAO-16-552, FIREARMS DATA: ATF DID NOT ALWAYS COMPLY WITH THE APPROPRIATIONS ACT RESTRICTION AND SHOULD BETTER ADHERE TO ITS POLICIES (2016) (requested by Senator Grassley, et al.).

[19] In 1993, The Treasury, Postal Service, and General Government Appropriations Act, 1994, removed the reference to the 1978 proposed rules, but expanded the prohibition to include the consolidation or centralization of portions of records, and to apply the use of funds for salaries as well as administrative expenses. This provision was included in ATF's annual appropriations through fiscal year 2011, and made permanent in the Consolidated and Further Continuing Appropriations Act in 2012. The Act states that "[t]hat no funds appropriated herein or hereafter shall be available for salaries or administrative expenses in connection with consolidating or centralizing, within the Department of Justice, the records, or any portion thereof, of acquisition and disposition of firearms maintained by Federal firearms licensees."

[20] OFFICE OF MGMT. & BUDGET, EXEC. OFFICE OF THE PRESIDENT, OMB CIRCULAR NO. A-11, PREPARATION, SUBMISSION, AND EXECUTION OF THE BUDGET §§ 145, 145.8 (2016). The Circular further provides that "[i]f the agency does not agree that a violation has occurred, the report to the President, the Congress, and the Comptroller General will explain the agency's position."

[21] U.S. GOV'T ACCOUNTABILITY OFFICE, GAO-16-737T, DRUG ENFORCEMENT ADMINISTRATION: ADDITIONAL ACTIONS NEEDED TO ADDRESS PRIOR GAO RECOMMENDATIONS (2016).

2015[22] and 2016[23], GAO reported on the DEA's protocols for determining a registrant's eligibility to handle and prescribe controlled substances. GAO found that many registrants were not aware of various DEA resources, such as manuals for pharmacists and practitioners.[24]

The CSA also requires DEA to set quotas that limit the amount of certain controlled substances that are available for use in the United States. In February 2015, GAO found that DEA had not effectively administered the quota process. GAO recommended that DEA take 7 actions to improve its management of the quota process and to address drug shortages. Currently, DEA has implemented 2 of the 7 recommendations: DEA finalized an information sharing agreement with the Food and Drug Administration (FDA) regarding drug shortages, and strengthened the quota system's internal controls.

GAO also found limitations in DEA's controls, which are designed to help ensure that individual registrants are eligible, remain eligible, and do not present issues that may increase the risk of illicit diversion.[25] Of the approximately 1.4 million individual registrations in CSA, as of March 2014, GAO found 764 registrants who were potentially ineligible because they were reported deceased by the Social Security Administration (SSA), did not possess state-level controlled substance authority, or were incarcerated for felony offenses related to controlled substances. GAO also found 100 registrants who presented issues that may increase the risk of illicit diversion, such as registrants incarcerated for offenses unrelated to controlled substances, registrants with active or recent warrants, and registrants listed as sex offenders. DEA does not have processes in place to verify its registrants' state licenses or criminal background after initial registration unless the registrant self-reports or the state notifies DEA of actions taken against its registrants. Developing processes to monitor registrant state licensure and disciplinary actions, such as verifying that registrants maintain appropriate state authority and assessing the cost and feasibility of monitoring registrants' criminal backgrounds, would help ensure that registrants maintain eligibility to handle and prescribe controlled substances and do not present issues that may increase the risk of illicit diversion.

DEA reported that it had taken some steps towards addressing these recommendations, but it has not yet fully implemented GAO's recommendations for providing information to registrants or pursuing legal action to address ineligible registrants.

DEA Confidential Sources—In September 2015, GAO reported that DEA's confidential informant policies were not fully consistent with provisions in the Attorney General's

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[22] U.S. GOV'T ACCOUNTABILITY OFFICE, GAO-15-471, PRESCRIPTION DRUGS: MORE DEA INFORMATION ABOUT REGISTRANTS' CONTROLLED SUBSTANCES ROLES COULD IMPROVE THEIR UNDERSTANDING AND HELP ENSURE ACCESS (2015).
[23] U.S. GOV'T ACCOUNTABILITY OFFICE, GAO-16-310, CONTROLLED SUBSTANCES: DEA SHOULD TAKE ADDITIONAL ACTIONS TO REDUCE RISKS IN MONITORING THE CONTINUED ELIGIBILITY OF ITS REGISTRANTS (2016).
[24] GAO-15-471, *supra* note 18.
[25] GAO-16-310, *supra* note 19.

Guidelines.[26] Consequently, DEA may not have reasonable assurance that they are complying with procedures established in the Guidelines to address the risks associated with using informants. GAO recommended that DEA update its policy and corresponding monitoring processes to explicitly address these particular Guideline provisions in order to improve oversight and handling of confidential informants. Although DEA has made the requisite changes to its policies and guidelines, my staff continues to investigate and monitor DEA's implementation of these new procedures and continued compliance.

Executive Office for Immigration Review of Asylum Applications—Tens of thousands of foreign nationals in the United States apply annually for asylum, which provides refuge to those who have been persecuted or fear persecution on protected grounds. The Department of Justice's Executive Office for Immigration Review's (EOIR's) immigration judges decide asylum application outcomes in court proceedings. The Senate Appropriations Committee report for the DHS Appropriations Act of 2015 included a provision for GAO to examine (1) variation in asylum applications outcomes over time and across courts and judges; (2) factors associated with variability; and (3) EOIR's actions to facilitate asylum applicants' access to legal resources.[27]

In 2016, GAO analyzed the outcomes of 595,795 asylum applications completed by EOIR between fiscal years 1995 and 2014, and identified outcome variation both over time and across immigration courts and judges. GAO found that certain case and judge-related factors are associated with the outcome variation of asylum applications. Additionally, GAO examined the Legal Orientation Program (LOP) and Legal Orientation Program for Custodians of Unaccompanied Alien Children (LOPC), which are legal resources that the EOIR provides to targeted populations, including asylum applicants. EOIR and its contractor use LOP and LOPC site visits, monthly conference calls, and quarterly reports to monitor these programs. However, EOIR has not established performance measures that are consistent with principles outlined in the Government Performance and Results Act of 2010 to determine whether these programs are having a measurable impact in meeting their program objectives. GAO recommended that EOIR develop and implement a system of performance measures, including establishing a baseline, to regularly evaluate the effectiveness of LOP and LOPC. EOIR concurred with GAO's recommendation, but has not taken action to address the findings.

Department of Homeland Security (DHS)

GAO has regularly reported on government operations identified as high-risk because of their increased vulnerability to fraud, waste, abuse, and mismanagement, or the need for

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[26] U.S. GOV'T ACCOUNTABILITY OFFICE, GAO-15-807, CONFIDENTIAL INFORMANTS: UPDATES TO POLICY AND ADDITIONAL GUIDANCE WOULD IMPROVE OVERSIGHT BY DOJ AND DHS AGENCIES (2015).

[27] U.S. GOV'T ACCOUNTABILITY OFFICE, GAO-17-72, ASYLUM: VARIATION EXISTS IN OUTCOMES OF APPLICATIONS ACROSS IMMIGRATION COURTS AND JUDGES (2016).

transformation to address economy, efficiency, or effectiveness challenges. In 2003, GAO designated implementing and transforming DHS as high-risk because DHS had to transform 22 agencies into one department.[28] Since that time, DHS has implemented more than 70 percent of GAO's 2,500 recommendations. Additionally, GAO has actions under way to address the remaining recommendations.

GAO's 2017 high-risk update found that DHS's efforts to strengthen and integrate its management functions have resulted in the department meeting three (and partially meeting two) of GAO's criteria for removal from the High-Risk List. Although DHS had taken steps to develop an action plan for addressing the high-risk area, of which it has issued 10 updated versions since 2011, more action is needed. More specifically, GAO found that DHS needs to make additional progress in strengthening DHS management functions (i.e., human capital, acquisition, financial, and information technology). Failure to address these issues could have serious consequences for U.S. national and economic security.

Border Patrol—To address smuggling along the U.S. southwest border, the U.S. Border Patrol developed the Consequence Delivery System (CDS)—a process to classify each apprehended alien into criminal or noncriminal categories and apply consequences, such as federal prosecution. Each Border Patrol sector ranks up to eight consequences from Most to Least Effective and Efficient to reduce recidivism and deter illegal cross-border activity in each sector. GAO's analysis of recidivism for fiscal year 2015 found that certain methodological weaknesses limited the rate's usefulness for assessing CDS effectiveness.[29] For example, GAO found that Border Patrol's methodology does not account for an alien's apprehension history beyond one fiscal year and neither accounts for nor excludes apprehended aliens for whom there is no record of removal after apprehension and who may have remained in the United States without an opportunity to recidivate. Six of nine field locations missed performance targets for application of the Most Effective and Efficient consequences in fiscal year 2015. Ensuring consistent oversight of performance management would provide greater assurance that Border Patrol is most effectively using CDS to address cross-border illegal activity.

GAO made six recommendations to strengthen the methodology for measuring recidivism, improve the use of the CDS, and ensure effective oversight of performance management. DHS concurred with all but one recommendation, which relates to strengthening its recidivism methodology, citing other means to measure CDS performance.

Federal Law Enforcement Training Center—Federal discretionary appropriations declined by roughly 12 percent between fiscal years 2010 and 2015. To better understand issues that

[28] U.S. GOV'T ACCOUNTABILITY OFFICE, GAO-17-409T, DEPARTMENT OF HOMELAND SECURITY: IMPORTANT PROGRESS MADE, BUT MORE WORK REMAINS TO STRENGTHEN MANAGEMENT FUNCTIONS (2017).

[29] U.S. GOV'T ACCOUNTABILITY OFFICE, GAO-17-66, BORDER PATROL: ACTIONS NEEDED TO IMPROVE OVERSIGHT OF POST-APPREHENSION CONSEQUENCES (2017).

agencies face in an environment of declining resources and how agencies could address them, GAO was asked to examine the specific actions agencies are taking to manage declining resources and the corresponding effects on services to the public.[30] GAO included the Federal Law Enforcement Training Centers (FLETC) in the review to assess their ability to continue achieving their mission with limited resources.

In fiscal years 2013 and 2014, FLETC reviewed its service contracts to identity potential cost avoidance opportunities. As a result, FLETC reported avoiding roughly $8 million out of $81 million in service contracts by reducing or eliminating nonessential services, such as reducing hours for the information technology (IT) service desk support and consolidating security guard services.

After conducting its review, GAO recommended that DHS should (1) ensure that FLETC finalizes its plan for an Online Campus, which would provide distance-learning opportunities and help the agency maintain capacity to provide necessary law enforcement training, and (2) direct the Director of FLETC to complete a revised strategic plan that encompasses the agency's long-term goals and objectives to address emerging challenges.

DHS Oversight of Fee Collection and Use of Funds—The uncertain budgetary environment highlights the need for DHS to effectively manage and oversee billions of dollars in fees and other collections from users of homeland security program services. DHS received $15 billion in fees and other collections across 38 programs in fiscal year 2014 to fund essential homeland security functions, such as the screening and inspection of persons and goods entering the United States. Each DHS component is responsible for administering, managing, and reviewing its respective programs to ensure that, consistent with law and policy, rates charged to users of program services will collect amounts sufficient to recover program costs and ensure efficient operations, but are not in excess of operational needs.

GAO analyzed DHS financial information for 38 programs receiving fees and other collections in fiscal year 2014, and found that only 14 programs were able to fully cover identified program costs.[31] Of the remaining 24 programs, collections for 20 programs partially covered identified program costs, and DHS did not provide cost data or we determined such data may not be reliable, for 4 programs. DHS components have taken action to address the estimated $6 billion difference between collections and identified program costs, with 6 programs comprising about 85 percent of the difference. However, DHS components did not document processes for

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[30] U.S. GOV'T ACCOUNTABILITY OFFICE, GAO-17-79, DECLINING RESOURCES: SELECTED AGENCIES TOOK STEPS TO MINIMIZE EFFECTS ON MISSION BUT OPPORTUNITIES EXIST FOR ADDITIONAL ACTION (2016).

[31] U.S. GOV'T ACCOUNTABILITY OFFICE, GAO-16-443, DHS MANAGEMENT: ENHANCED OVERSIGHT COULD BETTER ENSURE PROGRAMS RECEIVING FEES AND OTHER COLLECTIONS USE FUNDS EFFICIENTLY (2016).

managing differences and making decisions on how to address the estimated $726 million difference across the 10 remaining programs.

GAO also found that 3 of the 7 DHS components that have fee or other collection programs did not conduct such reviews for 6 of their programs. Additionally, GAO determined that DHS components had not taken recommended actions to address 9 of 20 deficiencies identified through program reviews as of fiscal year-end 2014.

GAO made five recommendations for DHS to better ensure that components document processes for managing differences in collections and costs, establish balance targets, and conduct program reviews and address identified deficiencies. This will enable Congress and others to receive necessary information to better ensure that fee and other collection programs are operating effectively and efficiently. DHS concurred with the recommendations, but has not taken action to address any of the five recommendations.

DHS Whistleblower Process Improvements Needed—The Chemical Facility Anti-Terrorism Standards (CFATS) program is intended to ensure the security of the nation's chemical infrastructure by assessing risks and requiring the implementation of measures to protect high-risk chemical facilities. The CFATS Act of 2014 required DHS to establish a whistleblower process and required GAO to review the CFATS whistleblower process.[32] In June 2015, DHS implemented an interim process to respond to whistleblower reports involving CFATS and has followed its process since then. However, DHS does not have documented processes and procedures to investigate whistleblower retaliation reports. Without documented processes and procedures for investigating whistleblower retaliation reports, DHS may not be able to effectively and efficiently investigate future retaliation reports. Additionally, GAO discovered that DHS's whistleblower telephone tip line and website, which are designed to receive CFATS whistleblower reports, provides little to no guidance about the type of information that would be most useful to DHS for addressing the reports.

As of December 2016, DHS had provided additional guidance on its whistleblower website and telephone tip line greeting to clarify the types of information that would be helpful for whistleblowers to provide to DHS. According to DHS officials, in September 2016, it initiated development of a standard operating procedure for addressing and investigating whistleblower retaliation complaints. The Infrastructure Security Compliance Division (ISCD) expects to complete a final version of the standard operating procedure by June 2017.

Immigration Benefits System—Each year, USCIS processes millions of applications for persons seeking to study, work, visit, or live in the United States, and for persons seeking to

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[32] U.S. GOV'T ACCOUNTABILITY OFFICE, GAO-16-572, CRITICAL INFRASTRUCTURE PROTECTION: IMPROVEMENTS NEEDED FOR DHS'S CHEMICAL FACILITY WHISTLEBLOWER REPORT PROCESS (2016).

become a U.S. citizen. In 2006, USCIS began the Transformation Program to enable electronic adjudication and case management tools that would allow users to apply and track their applications online. Subsequently, USCIS created a reliable updated estimate to project the Transformation Program's cost. However, USCIS has experienced program management challenges.

In May 2015, GAO reported that USCIS expected the program to cost up to $3.1 billion and be fully operational by March 2019. This includes more than $475 million that was invested in the initial version of the program's key case management component, USCIS ELIS, which has since been decommissioned. GAO evaluated the extent to which the program is using IT program management leading practices. Based on its evaluation, GAO made recommendations to DHS components and offices to improve governance and oversight of the Transformation Program.

In July 2016, GAO conducted another review to reevaluate the extent to which the program is using IT program management leading practices. GAO determined that the Transformation Program needs to improve its approach to system testing to help ensure that USCIS ELIS meets its intended goals and is consistent with agency guidance and leading practices. As a result, GAO provided twelve recommendations to improve Transformation Program management, including ensuring alignment among policy, guidance, and leading practices in areas, such as Agile software development and systems integration and testing. DHS concurred with these recommendations.

Visa Waiver Program Improvements Needed to Protect U.S. National Security—The Visa Waiver Program (VWP) allows nationals from 38 VWP countries to travel to the United States for tourism or business for up to 90 days without a visa. To prevent terrorists and other nefarious actors from traveling to the U.S., DHS requires VWP countries to, among other things, enter into information sharing agreements with the U.S. DHS must also evaluate the effect of each VWP country's participation on U.S. law enforcement, security, and immigration enforcement interests; determine whether the VWP country should continue in the program; and report its determination to Congress at least once every 2 years. Since 2011, when GAO last reviewed the VWP, DHS has improved its timeliness in reporting to Congress.[33] Nonetheless, as of October 31, 2015, GAO found that about a quarter of DHS's most recent VWP congressional reports were submitted, or remained outstanding, 5 or more months past the statutory deadlines.[34] As a result, Congress may lack timely information needed to conduct oversight of the VWP and assess whether further modifications are necessary to prevent terrorists from exploiting the program.

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[33] U.S. GOV'T ACCOUNTABILITY OFFICE, GAO-11-335, VISA WAIVER PROGRAM: DHS HAS IMPLEMENTED THE ELECTRONIC SYSTEM FOR TRAVEL AUTHORIZATION, BUT FURTHER STEPS NEEDED TO ADDRESS POTENTIAL PROGRAM RISKS (2011).

[34] U.S. GOV'T ACCOUNTABILITY OFFICE, GAO-16-498, VISA WAIVER PROGRAM: DHS SHOULD TAKE STEPS TO ENSURE TIMELINESS OF INFORMATION NEEDED TO PROTECT U.S. NATIONAL SECURITY (2016).

The study found that all 38 countries participating in the VWP have entered into required agreements, or their equivalents, to (1) report lost and stolen passports, (2) share identity information about known or suspected terrorists, and (3) share criminal history information. However, not all countries have shared information through the agreements. DHS reported that all VWP countries have reported passport information through the first agreement, but more than a third of VWP countries are not sharing terrorist identity information through the second agreement, and more than a third of the countries have not yet shared criminal history information through the third agreement. This kind of information sharing through the agreements is essential for national security.

To address these challenges, DHS plans to establish a time frame for each VWP country to reach compliance with new program requirements. DHS also reported that the department has taken steps to increase staffing at the Visa Waiver Program Office (VWPO) to address the backlog of overdue reports and ensure timely reporting to Congress. DHS also committed to providing Congress with advance notification of any delays in delivering future reports.

DHS's Use of Administrative Leave—GAO found that between fiscal years 2011 and 2015, 116 DHS employees were on administrative leave for personal matters for 1 year or more, with a total estimated salary cost of $19.8 million for this period.[35] Several factors can contribute to the length of time an employee is on administrative leave for personnel matters, such as certain legal procedural steps that must be completed before suspending or removing an employee, or time needed for completing investigations.

In September 2015, DHS issued an administrative leave policy to ensure proper and limited use of administrative leave across the department. GAO recommended that DHS evaluate the results of its administrative leave policy and share the evaluation results with the department's components. DHS has not taken steps to implement this recommendation.

DHS's Administratively Uncontrollable Overtime—In 2014, GAO analyzed Administratively Uncontrollable Overtime (AUO) payments from components that have regularly used AUO, which included U.S. Customs and Border Protection, U.S. Citizenship and Immigration Services, and Office of the Chief Security Officer.[36] GAO found that DHS components spent $512 million on AUO payments in fiscal year 2013 and $255 million through March 2014, mostly on Border Patrol agents. DHS's AUO expenditures increased from fiscal years 2008 through 2013, in part because of higher payments per earner. The average annual AUO payment per employee increased by about 31 percent, or from about $13,000 to about $17,000, from fiscal years 2008 through 2013.

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[35] U.S. GOV'T ACCOUNTABILITY OFFICE, GAO-16-342, ADMINISTRATIVE LEAVE: EVALUATION OF DHS'S NEW POLICY CAN HELP IDENTIFY PROGRESS TOWARD REDUCING LEAVE USE (2016).
[36] U.S. GOV'T ACCOUNTABILITY OFFICE, GAO-15-95, DEPARTMENT OF HOMELAND SECURITY: CONTINUED ACTION NEEDED TO STRENGTHEN MANAGEMENT OF ADMINISTRATIVELY UNCONTROLLABLE OVERTIME (2014).

In June 2015, DHS took actions toward addressing GAO's recommendations for developing a department-wide oversight mechanism, pursuant to a related DHS Directive and instruction on AUO. To ensure that the AUO Directive has been fully and appropriately executed across the department, GAO will continue to monitor the use of AUO and ensure that DHS follows through with submitting their first independent, third-party audit. GAO also believes that Congress should consider requiring DHS to report annually on its components' progress in remediating AUO implementation deficiencies.

Asylum Program Fraud Risks—Each year, tens of thousands of aliens in the United States apply for asylum, which provides refuge to those who have been persecuted or fear persecution on protected grounds. In 2015, GAO found that the total number of asylum applicants, including both principal applicants and their eligible dependents, filed in fiscal year 2014 (108,152) is more than double the number filed in fiscal year 2010 (47,118).[37] Additionally, as of September 2015, USCIS had a backlog of 106,121 principal applicants, of which 64,254 had exceeded required time frames for adjudication. As of September 2015, USCIS planned to hire additional staff to address the backlog. Based on its review, GAO recommended that DHS and DOJ conduct regular fraud risk assessments and that DHS, among other things, implement tools for detecting fraud patterns, develop asylum-specific guidance for fraud detection roles and responsibilities, and implement timeliness goals for pending termination reviews. DHS has implemented 7 of GAO's 11 recommendations. Implementing the remaining recommendations should help USCIS better address potential fraud before asylees receive other immigration or federal benefits.

DHS Handling of Unaccompanied Alien Children—More than 200,000 unaccompanied alien children (UAC) have been apprehended at the border from fiscal year 2009 through fiscal year 2014. Additionally, the number of UAC apprehended in fiscal year 2014 (about 74,000) was more than four times larger than that for fiscal year 2011 (about 17,000). Concerned about the dramatic increases and related issues, the Senate Judiciary Committee held a hearing on unaccompanied children in February of 2016. After discovering that children were being smuggled into the country and released to violent criminal sponsors, I asked DHS and the Department of Health and Human Services (HHS) about the sponsor background check and fingerprint process.

GAO conducted two investigations in fiscal year 2015. One investigation was required by the Violence Against Women Reauthorization Act of 2013, which included a provision for GAO to, among other things, examine the extent to which DHS has developed policies and procedures to screen and care for all UAC as required.[38] The second GAO investigation found that HHS could

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[37] U.S. GOV'T ACCOUNTABILITY OFFICE, GAO-16-50, ASYLUM: ADDITIONAL ACTIONS NEEDED TO ASSESS AND ADDRESS FRAUD RISKS (2015).

[38] *Id.*

take further actions to monitor UAC care by sponsors and grantees.[39] Based on its investigation and analysis, GAO made 13 recommendations for DHS, among other things, to provide guidance on how agents and officers are to apply UAC screening criteria, ensure that screening decisions are documented, develop processes to record reliable data on UAC care, and document the interagency process to transfer UAC and DHS to HHS. DHS concurred with the recommendations, but has only taken steps to fully implement 3 of the 13 recommendations.

DHS EB-5 Program—USCIS has recently taken steps intended to enhance fraud detection and mitigation activities for the Employment-Based Fifth Preference Immigrant Investor Program (EB-5 Program) and address previous GAO recommendations. Congress created the EB-5 visa category to promote job creation and capital investment by immigrant investors in exchange for lawful permanent residency and a path to citizenship. Participants must invest either $500,000 or $1 million in a business that is to create at least 10 jobs. Upon meeting program requirements, immigrant investors are eligible for conditional status to live and work in the United States and can apply to remove the conditional basis of lawful permanent residency after 2 years.

Additionally, in order to promote EB-5 investment in geographic areas that struggle to attract development, Congress authorized and the former U.S. Immigration and Naturalization Service set, the lower investment amount of $500,000 if the investment is made in a targeted employment area (TEA)—defined as either (1) an area that, at the time of investment, is either a rural area (rural TEA); or (2) an area that has experienced unemployment of at least 150 percent of the national average rate (high unemployment TEA).

GAO estimates from its review of a generalizable simple random sample of unadjudicated EB-5 Program petitions (Form I-526) that about 99 percent of the 6,652 EB-5 petitioners who filed a petition in the fourth quarter of fiscal year 2015 elected to invest in a project located in a TEA. The remaining 1 percent of petitioners elected to invest in a project that was not located in a TEA.[40]

GAO also found that about 90 percent of petitioners from the fourth quarter of fiscal year 2015 elected to invest in a high unemployment TEA, based the TEA on the average unemployment rate for a combination of census areas (e.g., tracts), as allowed under the program. Of those, an estimated 63 percent used 2 to 10 census areas, 26 percent combined 11 to 100 census areas, and the remaining 12 percent combined more than 100 census areas (percentages do not sum to 100 due to rounding).

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[39] U.S. GOV'T ACCOUNTABILITY OFFICE, GAO-16-367, UNACCOMPANIED CHILDREN: HHS SHOULD IMPROVE MONITORING AND INFORMATION SHARING POLICIES TO ENHANCE CHILD ADVOCATE PROGRAM EFFECTIVENESS (2016).

[40] U.S. GOV'T ACCOUNTABILITY OFFICE, GAO-16-749R, IMMIGRANT INVESTOR PROGRAM: PROPOSED PROJECT INVESTMENTS IN TARGETED EMPLOYMENT AREAS (2016).

GAO was asked to review actions taken by USCIS to address fraud risks in the EB-5 Program since its August 2015 report.[41] After conducting its review, GAO discovered that USCIS has incorporated select leading fraud risk management practices into its efforts, but could take additional actions to help guide and document its efforts. USCIS's risk assessments, spanning multiple years, were developed as separate documents and reports, and there is not a unifying document that consolidates and systematically prioritizes these findings. Without a fraud risk profile, USCIS may not be well positioned to identify and prioritize fraud risks in the EB-5 Program, ensure the appropriate controls are in place to mitigate fraud risks, and implement other Fraud Risk Framework components. As a result, GAO recommended that USCIS develop a fraud risk profile that aligns with leading practices identified in GAO's Fraud Risk Framework, which would provide a set of leading practices that can serve as a guide for program managers to use when developing efforts to combat fraud in a strategic, risk-based manner.

Sincerely,

Chuck Grassley

Charles E. Grassley
Chairman

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[41] U.S. GOV'T ACCOUNTABILITY OFFICE, GAO-16-431T, IMMIGRANT INVESTOR PROGRAM: ADDITIONAL ACTIONS NEEDED TO BETTER ASSESS FRAUD RISKS AND REPORT ECONOMIC BENEFITS (2016).

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COMMITTEE ON THE JUDICIARY - RANKING MEMBER
SELECT COMMITTEE ON INTELLIGENCE
COMMITTEE ON APPROPRIATIONS
COMMITTEE ON RULES AND ADMINISTRATION

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March 13, 2017

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

The Honorable Bernie Sanders
Ranking Member
Committee on the Budget
United States Senate
Washington, DC 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) 2018 funding for programs within the Senate Committee on the Judiciary's authorizing jurisdiction.

First, I ask that the FY 2018 Budget Resolution provide a 302(a) discretionary budget authority level that is at least equal to the FY 2018 spending cap mandated by the 2011 Budget Control Act. The Department of Justice (DOJ) plays an important role in not only our law enforcement efforts, but also in our national security – both domestically and abroad. I believe it is essential that the Budget Resolution provide the budget authority necessary to not only maintain, but also to strengthen these efforts.

Secondly, I want to express my deep concern about the Administration's desire to increase defense discretionary spending by $54 billion in FY 2018 at the expense of non-defense discretionary spending. It is critical to remember that not all funding for national security purposes is classified as "defense," and any cuts to non-defense funding could actually harm national security and the defense of the homeland. As you know, prosecutors, law enforcement agents, and analysts with the Department of Justice are integral components of the intelligence community, and they help provide essential coordination and communication with state and local law enforcement partners.

I also believe that there is a significant need for more, not less, discretionary budget authority for programs under the jurisdiction of the Judiciary Committee.

For example, additional budget authority is necessary to enable sustained or increased appropriations for:

National Security / Cybersecurity Efforts. The Department of Justice and federal law enforcement must continue to coordinate with other elements of the Intelligence Community as well as state and local law enforcement to protect the country from national security threats. Federal law enforcement agencies require sufficient funding to investigate, deter, and prosecute acts of terrorism and other criminal acts that undermine our national security. As we have seen recently with the efforts by Russia to influence and interfere with our electoral process, federal law enforcement and our intelligence community must work together to prevent and protect against cyberattacks. Therefore, I ask that the Budget Resolution provide sufficient budget authority to enable the Department of Justice and its law enforcement components to be fully funded in their national security efforts, including an increase in funding of cybersecurity initiatives.

State Criminal Alien Assistance Program (SCAAP). SCAAP provides reimbursement to state and local jurisdictions for the costs incurred for incarcerating undocumented criminal aliens who have been convicted of a felony or two misdemeanors. These costs to detain individuals who are here in violation of federal law place a heavy fiscal burden on states and localities and limit their ability to provide other services to their citizens. For example, California counties are routinely reimbursed for less than 10 percent of their SCAAP-related expenses. Despite being authorized at $950 million, annual appropriations for SCAAP have struggled to reach even $300 million, demonstrating the need for additional budget authority to fully fund SCAAP at authorized levels.

Gun Violence Prevention and Response. Each year, more than 30,000 people in the United States die from guns each year, and gun deaths now exceed vehicle-related deaths in 21 states and the District of Columbia. Every hour, an average of 1.2 Americans are killed in a gun-related homicide and 2.4 Americans are killed in a gun-related suicide. Last year, 1.5 times more Americans were killed in a gun-related homicide than all U.S. Service members killed in Afghanistan and Iraq since 2001. Those who object to the passage of stronger gun laws frequently claim that new legislation is unnecessary and that we simply need to better enforce existing laws. In order to effectively do so, however, the agencies whose mission it is to prevent and respond to gun violence, such as the Bureau of Alcohol, Tobacco, Firearms and Explosives, the Federal Bureau of Investigation, and the Office of Justice Programs, must be fully funded and staffed. Therefore, I ask that you provide additional budget authority to enable appropriators to provide

additional funding this year for additional ATF agents, the National Criminal History Improvement Program, the FBI's National Instant Criminal Background Check System, the National Integrated Ballistics Information Network, the Comprehensive School Safety Initiative, the VALOR Initiative, Gun Violence Prevention Research, and the National Violent Death Reporting System.

Internet Crimes Against Children Task Force Program (ICAC). The ICAC Program was established in response to the proliferation of child sexual abuse images posted online, and the use of the internet by predators to facilitate exploitation. In particular, the use of the internet to sell children for sex has escalated dramatically over the past few years. The National Center for Missing and Exploited Children reported an 846 percent increase in reports of suspected child sex trafficking from 2010 to 2015 — a spike the organization found to be "directly correlated to the increased use of the Internet to sell children for sex." The ICAC Program helps provide state and local law enforcement with the tools and training necessary to combat internet crimes against children and technology-facilitated child sexual exploitation. This multijurisdictional and multiagency network of taskforces plays a critical role in identifying, investigating, and prosecuting online crimes against children. It is essential that we prioritize funding for the ICAC program to respond to the growing problem of online sexual exploitation. I ask that the Budget Resolution provide the authority necessary to ensure this program continues to maintain its programs and develop new tools to effectively and efficiently respond to online child victimization.

Trafficking Victims Protection Act. Human trafficking continues to be a global problem with real and tragic impacts here in the United States. The federal government has an important role to play in combating human trafficking and assisting victims of trafficking. The Trafficking Victims Protection Act (TVPA) was most recently reauthorized as a part of the Violence Against Women Reauthorization Act of 2013 (P.L. 113-4). The programs authorized by this bipartisan measure seek to combat human trafficking, a modern-day form of slavery in which victims are forced into labor or sexual exploitation, through expanded prevention, prosecution, and services for victims. I request that the Budget Resolution provide the budget authority necessary for programs authorized by the TVPA to be fully funded.

Federal Law Enforcement Agency Staffing. All four Department of Justice component law enforcement agencies face significant generational attrition issues that must be dealt with before the agencies are crippled, particularly the Drug Enforcement Administration (DEA) and the Bureau of Alcohol, Tobacco,

Firearms and Explosives (ATF). At both the DEA and the ATF, more than one-fifth of their special agents are eligible to retire, while comparable levels for the Federal Bureau of Investigation (FBI) and the U.S. Marshals Service (USMS) are 15 percent and 14 percent respectively. Given the continuous calls to fully enforce existing laws, it is essential that our law enforcement agencies have the resources and staff they need to actually do so. Therefore, I ask that the Budget Resolution provide sufficient budget authority to enable increased appropriations for all four DOJ law enforcement agencies to ensure they can withstand forthcoming retirement waves.

Community Oriented Policing Services (COPS). The COPS Program enables local communities to substantially increase the number of law enforcement officers interacting with the community, working with schools, and encouraging innovative crime prevention programs. This is a vitally important resource for law enforcement agencies across the country, particularly as communities across the nation continue their work to build and maintain trust between police departments and the communities they protect and serve. 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 significantly cut. In FY10 COPS programs received nearly $791 million, but only $212 million in FY16. This represents a nearly 73 percent decrease. Grants provided to local law enforcement agencies through the COPS program also help support task forces targeting methamphetamine and opioids. Methamphetamine caused 12,447 overdose deaths between 2010 and 2014, and methamphetamine seizures at the Southwest Border increased 631 percent between 2009 and 2016. This, coupled with the DEA's 2016 National Drug Threat Assessment finding that methamphetamine is the drug that most often contributes to violent crime, necessitates that efforts to combat methamphetamine trafficking be prioritized. Effective state and local law enforcement is vital to our efforts to protect national security, combat crime, and keep our schools and communities safe. The need for support from the federal government is more urgent than ever, and I ask that the Budget Resolution reflect that urgency by providing additional budget authority in order to more robustly fund COPS programs.

Support for Local Law Enforcement. In addition to the COPS programs, the Department of Justice provides critical financial and technical support to local law enforcement agencies that have witnessed largely stagnant funding in recent years. Grant programs such as the Byrne Justice Assistance Grants, Regional Information Sharing System, Bulletproof Vests Partnership Grants, and the

Community Trust Initiative are critical to protecting local officers and improving their relations with the community. Other programs such as DNA-related and forensic science grant programs have helped local agencies dramatically reduce the backlog of untested DNA evidence kits, solve cold cases, overturn wrongful convictions, and provide justice to victims. It is essential that federal support for these efforts continue, and I ask that the Budget Resolution provide enough budget authority to not only maintain, but increase funding levels for each of these critical grant programs.

Violence Against Women. Congress must continue to support efforts to prevent and eliminate violence against women in all its forms – including domestic violence, dating violence, sexual assault, and stalking – and to assist and support victims of such violence. The most recent reauthorization of the Violence Against Women Act (VAWA)(P.L. 113-4) retained and improved the core lifesaving grant programs that are needed to end sexual and domestic violence, and to assist and support victims. These programs include Services, Training, Officers, Prosecutors (STOP) grants, Transitional Housing Assistance Grants, Rural Domestic Violence and Child Victimization Enforcement Grants, and other programs that help prevent domestic violence and provide services to victims. According to the National Network to End Domestic Violence, thousands of requests for services go unmet on any given day due to lack of resources. We must remedy that situation, and I ask that the Budget Resolution provide sufficient budget authority to enable full appropriations for these programs as authorized by VAWA.

Legal Services. I am very concerned by reports that the Administration may propose entirely eliminating funding for the Legal Services Corporation (LSC), which provides critical support and funding for legal aid organizations around the country. These LSC-funded organizations and programs provide essential legal services, particularly in hard-to-reach rural areas. As noted recently in a letter to the Director of the Office of Management and Budget by more than 150 law firms nationwide, eliminating the LSC will "imperil the ability of civil legal aid organizations to serve Americans in need" and also "vastly diminish the private bar's capacity to help these individuals." I ask that that the Budget Resolution provide budget authority to fully fund the Legal Services Corporation.

Legal Services – Immigration. I also request that the Budget Resolution provide the budget authority necessary to maintain programs that provide legal information and assistance to immigrant adults and children involved in detained removal proceedings and immigration court proceedings. The Legal Orientation Program, the Legal Orientation for Custodians of Unaccompanied Alien Children,

and other legal services programs administered through the Office of Legal Access Programs at DOJ's Executive Office for Immigration Review are important and worthwhile programs that should be expanded. Giving children the opportunity to obtain access to counsel can also help expedite immigration court proceedings and reduce the burden on our backlogged immigration courts.

Crime Victims Fund. With regard to the Crime Victims Fund, I ask that the FY 2018 Budget Resolution include neither an assumption of recessions nor any provision that would undermine the scoring benefit the Appropriations Committee receives from the unspent balance of the Crime Victims Fund. While this scoring benefit may sound like an esoteric budgeting issue, it is in fact absolutely essential to ensuring that the Appropriations Committee has the budgetary authority it needs to ensure that our federal law enforcement agencies and other critical Department of Justice programs are fully funded.

Juvenile Justice. The federal government plays an important role in supporting programs that help prevent crimes by juveniles and provide support and treatment to those juveniles that become involved in the criminal justice system. Accordingly, I ask that the Budget Resolution provide sufficient authority for full funding of Title II formula grants and juvenile justice block grants, as well as other juvenile justice programs, 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.

Drug Control / Narcotics Trafficking. The Office of National Drug Control (ONDCP) policy advises the President on drug control issues and is responsible for developing and implementing the federal drug control strategy. In 2015, there were more than 50,000 overdose deaths in America, and the rate of overdose deaths has outpaced firearm deaths, motor vehicle crashes, suicide, and homicides each year since 2009. Moving forward, ONDCP is critical to ensuring that the federal government develops and executes an effective, comprehensive, and unified strategy to prevent, combat, and reverse this alarming figure. Accordingly, I request that the Budget Resolution provide the authority necessary to adequately fund the ONDCP.

The High Intensity Drug Trafficking Areas (HIDTA) program coordinates federal, state, and local law enforcement agencies in designated areas, enabling them to effectively disrupt or dismantle drug trafficking organizations. These partners work together to balance enforcement, prevention, and treatment to effectively reduce drug abuse. Given the staggering level of drug overdose deaths

in many parts of the country, I ask that the Budget Resolution provide the authority necessary to ensure that the HIDTA program can be robustly funded.

The Drug Free Communities (DFC) program provides grants to coalitions comprised of 12 different community sectors to develop and implement local strategies to prevent and reduce youth substance abuse. In communities where DFC coalitions exist, marijuana use has decreased by 15.1 percent among middle school students and 4.9 percent among high school students since the inception of the program in 1998. Similarly, use of alcohol in funded communities has decreased by 24.4 percent among middle school students and 15.5 percent among high school students during the same time frame. In many instances, the DFC program is the only federally funded substance abuse prevention program at the community level. This program plays an essential role in stopping youth drug use before it starts, and it should be funded at the highest possible level. Accordingly, I request that the Budget Resolution provide the authority necessary for such funding.

Strictly punitive approaches for those struggling with addiction in the criminal justice system are often ineffective. Such approaches ignore the fact that addiction is often the root cause of the criminal behavior and typically contributes to increased recidivism rates. Drug courts offer a viable alternative to this approach. They are cost effective – producing an average savings of $6,744 per participant – and result in reductions in recidivism rates that range between 17 and 26 percent. Drug courts achieve these results by employing a comprehensive model that combines desperately needed substance abuse treatment with judicial monitoring for nonviolent substance abuse offenders. Given their effectiveness, I request that the Budget Resolution provide the authority necessary to expand the number of Drug Courts nationwide.

Our nation is in the midst of a public health crisis with regard to opiates. According to the Centers for Disease Control and Prevention, nearly 13,000 Americas died from heroin overdoses in 2015, up a staggering 23 percent since 2014. Communities throughout the country are struggling to effectively and comprehensively address this crisis. As such, federal investments in opioid abuse prevention, treatment, and recovery efforts are essential. Unfortunately, many of the programs that support these efforts have been consistently cut or flat-funded, while the opioid problem in the United States has increased. Therefore, I ask that the Budget Resolution provide sufficient budget authority to enable increased appropriations for opioid response programs, such as those authorized by the

Comprehensive Addiction and Recovery Act the 21st Century Cures Act, both of which were signed into law last year.

The Federal Judiciary. An independent and fully-functioning judiciary plays an important role in our constitutional system of government. Federal judges have no control over the number of cases filed in federal courts and have little flexibility in how quickly these cases must be handled. The judiciary's workload continues to increase, as it is influenced by national policies initiated in the Executive and Legislative Branches. Specialized courts, such as those presiding over bankruptcy issues also face increased workloads. At a time when both individuals and corporations need to access the resources of the bankruptcy courts, we must ensure that there are a sufficient number of judges on the federal bankruptcy bench. Congress created several temporary bankruptcy judgeships in 2005 to address surging caseloads. Currently, there are 349 bankruptcy judges across the United States, including 33 temporary bankruptcy judgeships. I expect that the Judiciary Committee will consider legislation this year to not only add additional judges in overburdened districts (such as the Eastern District of California), but also to make permanent what are currently only temporary judgeships (such as in the Central District of California and those authorized by the Temporary Bankruptcy Judges Extension Act of 2012. Therefore, I ask that the Budget Resolution provide sufficient budget authority to ensure that new and newly permanent judgeships can be fully funded in FY 2018.

Thank you again for soliciting my views and estimates in advance of your work on the FY 2018 Budget Resolution. If you have any questions about this request, please do not hesitate to contact me or have your staff contact Chan Park (Chan_Park@Judiciary-dem.senate.gov) or Josh Esquivel (Joshua_Esquivel@feinstein.senate.gov) in my office. I look forward to working closely with you to ensure that the needs of the Judiciary Committee and its counterparts within the Appropriations Committee are accommodated within this year's Budget Resolution.

Sincerely,

Dianne Feinstein

Dianne Feinstein
Ranking Member, Senate Committee on the Judiciary

DF/je/cp

United States Senate

COMMITTEE ON
RULES AND ADMINISTRATION
WASHINGTON, DC 20510–6325

March 10, 2017

The Honorable Mike Enzi, Chairman
The Honorable Bernie 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 February 8, 2017, regarding the views and estimates report for fiscal year 2018 of programs under the jurisdiction of the Committee on Rules and Administration. As Ranking Member, I welcome the opportunity to comment on the Congressional Budget Office's (CBO) January 2017 baseline estimate for programs under the Rules Committee's jurisdiction.

In particular, I would like to focus on the vital functions of the Election Assistance Commission (EAC) and the Federal Election Commission (FEC). Both of these agencies are crucial to ensuring free and fair elections and at a minimum should be funded at the CBO's baseline estimate.

The FEC is the federal agency responsible for collecting and maintaining reports on campaign contributions in federal elections and enforcing federal campaign finance regulations. Understanding what entities and persons contribute to federal candidates, political party committees, and other political committees is critical to our elections process. Facilitating financial transparency in our federal elections is a necessary function and essential to ensuring fair and open elections.

Since its creation, the EAC has provided essential assistance to state and local election officials by sharing best practices and election materials, which cash-strapped jurisdictions could otherwise not afford. Additionally, the EAC administers the country's most comprehensive election survey, Election Administration and Voting Survey (EAVS), every two years. The EAVS tracks voter registration, military voting, provisional ballots, and absentee voting, thus providing a basis for election administrators to change election administration policy to better suit the needs of voters.

The EAC and FEC are now more important than ever, as state and local election officials face the increased challenges of protecting the integrity of elections and election equipment from cyber-attacks. When the possibility of cyber-attacks came to light, the EAC played an invaluable role, working with state and local election officials, the Department of Homeland Security and

the Federal Bureau of Investigation to coordinate the appropriate responses to these threats. Additionally, with the real threat of foreign state actors interfering with the cybersecurity of our elections systems, the EAC's best practices clearinghouse function is more critical than ever before.

Full and robust funding would permit the EAC to continue to deliver critical, statutorily-mandated services with the resources needed to address the real threats and challenges to our democracy.

The CBO's baseline estimate 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 are essential. At a minimum, maintaining the full amounts set forth in the CBO's baseline estimate would permit these two agencies to deliver services critical to the oversight and administration of 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.

Sincerely,

Amy Klobuchar

Amy Klobuchar
Ranking Member

United States Senate
COMMITTEE ON SMALL BUSINESS & ENTREPRENEURSHIP
WASHINGTON, DC 20510–6350
TELEPHONE: (202) 224–5175 FAX: (202) 224–5619

March 10, 2017

The Honorable Michael B. Enzi
Chairman
Committee on the Budget
United States Senate
Washington, DC 20510

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

Dear Chairman Enzi and Ranking Member Sanders:

As Chairman 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 new Administration is advocating for policy changes to reduce the regulatory burden facing American businesses, following a prolonged period of accumulating regulations that have hindered small business formation, growth, and job creation. Promises to cut unnecessary regulations on the books and require agencies to listen to small business concerns when promulgating new regulations have bolstered optimism among small businesses and entrepreneurs. While a stable regulatory process will give businesses the certainty to plan for growth, it will take time to step back the overreaching policies of the previous Administration and to implement new regulatory procedures that will positively affect our nation's job creators.

While that process is underway, small businesses continue to struggle to gain access to capital. The SBA's lending and investment programs provide much needed assistance to entrepreneurs who would otherwise be unable to start their businesses or grow, while creating jobs and driving economic development in our local communities. Given the past need for Congress to intervene to raise the authorized loan limit for the 7(a) Guaranteed Loan Program (Advantage Loan Program), and the resultant temporary delay in lending because the limit had been reached, it is prudent to observe recent trends in lending in the Advantage Program. Based on these current trends and in the interest of preventing the need for emergency congressional intervention, I recommend a lending authorization of $30 billion for Fiscal Year 2018.

President Trump has expressed his support for efforts to decrease the size of government, which I support. Part of this effort should include the elimination of duplicative and inefficient programs at the agency level. The SBA has created initiatives to aid small businesses that are duplicative of congressionally directed programs and take up a portion of their budget that is not insignificant. I encourage the SBA to reevaluate and eliminate unnecessary spending on unauthorized programs. Small businesses will continue to receive the aid they need through congressionally directed programs and taxpayer dollars will be more wisely spent.

Sincerely,

James E. Risch

James E. Risch
Chairman

United States Senate
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March 15, 2017

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

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

Dear Chairman Enzi and Ranking Member Sanders:

In compliance with section 301(d) of the *Congressional Budget Act of 1974,* I submit the following views and estimates for the Fiscal Year 2018 (FY2018) Budget Resolution as it pertains to the Small Business Administration ("SBA" or "the Agency") and other matters under the jurisdiction of the Senate Committee on Small Business and Entrepreneurship. As Ranking Member, I appreciate the opportunity to work with you to support America's small businesses through the SBA, and I thank you for your willingness to consider the Committee on Small Business and Entrepreneurship's views as you prepare the FY2018 Budget Resolution.

FY2018 Budget Overview
America's small businesses are the engine that drives our economic growth. More than 29 million small businesses employ 57.9 million workers across the country and are responsible for creating two out of every three net jobs. They are also the leaders when it comes to innovation, producing 16 times more patents than large businesses. The SBA plays a vital role in the success of many American small businesses by providing access to credit, contracting opportunities, counseling and many other forms of assistance.

These SBA programs represent a modest investment that help level the playing field for small businesses while providing a very good return on the investment for the taxpayer. Despite representing less than one tenth of one percent of the discretionary federal budget in FY2016, SBA programs had a large impact. Last year, SBA backed $35 billion in capital to more than 75,000 small businesses and supported nearly 824,000 jobs. The SBA also helped small businesses win more than $90 billion in federal contracts, which supported more than 537,000 jobs, provided counseling to more than a million entrepreneurs and helped many small businesses reach foreign markets.

As you know, the SBA is operating under a Continuing Resolution (CR) through April 28, 2017. The short-term CR for FY2017 imposed a government-wide cut of 0.19 percent, which resulted in a reduction of nearly $2 million to SBA compared to the enacted level in FY2016.

I respectfully request that the Budget Committee support the SBA's ability to make reasonable and vital investments in the recovery and future success of our entrepreneurs and small businesses to ensure our continued economic growth. Providing sufficient levels of funding to enable SBA to support our nation's small businesses and entrepreneurs is a wise use of taxpayer dollars that fuels economic growth and creates jobs.

Access to Capital

Access to capital remains one of the major challenges facing America's small businesses. The FY2018 budget should provide sufficient support for the SBA and its lending and investment partners to reach more borrowers, administer the programs effectively and close the gap on lending to under-represented populations and under-served regions.

7(a) Loan Guaranty Program Level

SBA's 7(a) Loan Guaranty Program is the Agency's flagship capital access program and a model for public-private partnerships. It provides government-backed loans for small businesses that have repayment ability but are unable to obtain conventional bank loans. The program is zero subsidy and therefore requires no appropriation. In FY2016, more than 64,000 small business owners were approved for 7(a) loans, pumping more than $24 billion into local economies and supporting more than 500,000 jobs. For FY2017, demand for 7(a) loans is on pace to exceed $27 billion, and the industry estimates that demand could reach $30 billion for FY2018, based on a trend of annual average increases of 13 percent. I urge the Budget Committee to ensure the SBA's ability to support a program level of $30 billion for the 7(a) Loan Guaranty program.

7(a) Loan Guarantee Program Fee Waivers

To avoid a subsidy for the 7(a) Loan Guaranty program, SBA normally charges borrowers and lenders fees to cover any anticipated purchases on defaulted loans. Since FY2013, the SBA has waived fees on loans of less than $150,000 because smaller loans are critical to filling the credit gap for women and entrepreneurs from under-served populations. The waivers have proven effective at increasing loans to women and minorities, and I urge the Budget Committee to support the SBA's ability to waive fees for 7(a) loans of less than $150,000 in FY2018.

504 Loan Guaranty Program & the 504 Refinance Program

The SBA 504/CDC Loan Guaranty Program backs long-term, fixed-rate loans of up to $5.5 million to support investment in major assets, such as real estate and heavy equipment. The program has a mandate to fund projects that create or retain jobs. The program is zero subsidy and requires no appropriation. In FY2016, nearly 6,000 borrowers qualified for regular 504 loans and were able to invest more than $4.7 billion in buildings and equipment to grow their businesses and create or retain jobs. The SBA also operates the 504 Loan Guaranty Refinance program, known as 504 Refi, to help small businesses refinance existing commercial real estate and equipment debt using the Small Business Administration's 504 loan program.

Both the 504 and 504 Refi fixed interest rates offer small business owners peace of mind because they provide known, fixed costs that are critical in today's rising-rate environment. Based on the current pace of lending in both programs, a program level of $7.5 billion for each program should be sufficient to meet borrower demand.

504 Loan Processing
Last year, information technology problems related to the processing of 504 loans caused significant delays. These delays can prevent many small business owners from closing on their properties and drive up their costs. I urge the Budget Committee to support SBA's ability to improve this processing and ensure adequate staff to process loans.

Microloan Program
SBA's Microloan program provides funding to nonprofit intermediary lenders who in turn lend the funds to very small businesses and startups that are not ready for bank loans. These intermediaries help these small businesses succeed by providing training and technical assistance. In FY2016, Microloan Intermediary lenders made 4,530 loans, totaling more than $61 million in funds to small businesses and supported an estimated 17,900 jobs. Of those microbusinesses that received services and loans, 56 percent were minority entrepreneurs, 45 percent were women entrepreneurs and 41 percent were startups. Since the beginning of the program in 1992, SBA microlenders have loaned more than $840 million to small businesses that have created or retained more than 228,000 jobs. I urge the Budget Committee to support sufficient funding to leverage $44 million in microloans and $35 million for microloan technical assistance.

The Small Business Investment Company Program
The SBA's Small Business Investment Company (SBIC) program helps provide early-stage capital to entrepreneurs, helping fill the gap left by venture capital firms that tend to invest in more mature firms and with much larger amounts. In FY2016, the SBIC program supported nearly 3,000 financings in 1,201 firms, injecting $5.9 billion into fast-growing small businesses when combined with the matching private-sector capital. These investments helped to sustain nearly 112,000 jobs at no cost to taxpayers. I urge the Budget Committee to support a program level of $4 billion and to continue initiatives to increase investment funding to start-ups, women and under-served populations.

Disaster Assistance Loans
SBA provides low-interest loans to help small businesses repair or replace items lost to natural disasters. Efforts are underway to help modernize the process by transitioning to electronic disaster loan applications and distributing these materially electronically. I fully support the efforts that are underway by SBA and urge the Budget Committee to support level funding in the amount of $186.8 million for the disaster loan program.

Small Business Innovation Research and Technology Transfer Programs
The Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs help innovative small businesses meet the research and development needs of the federal government, while spurring commercialization of those innovations in the marketplace. The SBA coordinates the SBIR and STTR programs for the federal government, setting performance standards for the 11 participating agencies, tracking metrics and helping small businesses interested in opportunities. Congress recently reauthorized these programs for five years.

As part of our Committee's efforts to reauthorize the programs, we found that staffing at the SBA has not kept pace with program growth. SBA's ability to manage the programs, which now represent $2.2 billion, has been strained. A modest increase in the SBA's resources devoted to the SBIR and STTR programs would enhance the SBA's ability to work with relevant federal agencies to spur innovation among America's small businesses and create jobs.

Entrepreneurial Development
SBA's resource partner network, which includes 63 Small Business Development Centers (SBDCs) with more than 900 service delivery locations, more than 100 Women's Business Centers and more than 11,000 SCORE volunteers in 300 locations, helps foster a robust national entrepreneurial ecosystem. In order to ensure the continued success of these programs, it is critical that they have adequate resources.

Small Business Development Centers
The Small Business Development Center (SBDC) program provides targeted counseling to small businesses across the country. In doing so, the SBDC program helps small businesses create jobs and increase economic activity. According to the Association of Small Business Development Centers, between 2002 and 2015, SBDCs helped small businesses create or save more than 1.8 million jobs. SBDCs have also helped small businesses obtain over $46.6 billion in financing, and the economic activity supported by SBDCs has helped to generate more than $2.7 billion in federal revenue and $3.4 billion in state revenues. The FY2017 Continuing Resolution maintained funding at a level of approximately $116.8 million for SBDCs. Given the importance of SBDCs in serving the needs of small businesses across the country and their proven track record, I respectfully urge the Budget Committee to support $130 million for the SBDCs in FY2018.

SCORE
Originally known as the Service Corps of Retired Executives, SCORE is the largest volunteer business mentoring program in the federal government. SCORE volunteers provide 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 305 chapters, SCORE is dedicated to educating and assisting entrepreneurs and small business owners in the formation, growth and expansion of their small businesses. In 2015, SCORE helped its clients create 53,000 new businesses and nearly 65,000 new jobs. I respectfully urge the Budget Committee to support $13 million for SCORE in FY2018 to ensure that small businesses continue to receive SCORE's quality services.

Women's Business Centers
According to U.S. Census data from 2012, there are 9.9 million women-owned firms in the United States, which generate $1.6 trillion in total receipts. Since 2007, the number of women-owned businesses has increased by 2.1 million, or 26.8 percent. In fact, women-owned small businesses are growing at five times the national average. The Women's Business Center (WBC) program provides grants to more than 100 non-profit organizations across the country that provide targeted mentorship, training, technical assistance and other entrepreneurship support services to help women entrepreneurs overcome the unique barriers they face.

In FY2016, the Women's Business Centers helped more than 145,000 women start new businesses. With more than 100,000 hours of training and counseling, the program helped women entrepreneurs access nearly $100 million in capital and $39 million in government contracts. This is critical assistance considering that women-owned small businesses account for less than five percent of the total value of all conventional loans. To ensure that women entrepreneurs continue to receive the same quality counseling and training services, I urge the Budget Committee to support $21.75 million in funding for the Women's Business Center program in FY2018.

Veterans Business Development
According to the U.S. Census, veterans own 2.4 million businesses, accounting for 9 percent of all businesses nationwide. These small businesses generated $1.2 trillion in receipts and employed nearly 5.8 million people. The SBA's Office of Veterans Business Development (OVBD) supports veterans through programs such as the Veterans Business Outreach Centers, which counseled or trained over 47,000 veterans in FY2016, and the Boots to Business program, which provided entrepreneurship education at military installations to nearly 18,000 service members and their military spouses transitioning out of service. I support funding of $13.5 million for FY2018, which is equal to the FY2016 Omnibus Appropriation.

Trade Programs
SBA is dedicated to enhancing the ability of small business exporters to succeed in the global market by expanding access to financing, counseling, training and other export tools. Small businesses that gain access to the global market have the potential for vast expansion and growth.

State Trade and Export Promotion Program (STEP)
The State Trade and Export Promotion (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 program has proven successful: already, it has helped small businesses reach 85 country markets, resulting in over $1.1 billion in export sales for a return on federal taxpayer investment of 22-to-1.

As a result of this success, Congress recently voted to reauthorize this program for five years as part of H.R. 644, the Trade Facilitation and Enforcement Act of 2016. While I was pleased the FY2016 Omnibus Appropriations bill provided $18 million for the STEP grant program, I respectfully urge the Budget Committee to support full funding in the amount of $30 million.

Contracting Programs
The federal government is the largest buyer of goods and services in the world, but small businesses often have difficulty accessing the federal marketplace. SBA works across the federal government to create opportunities for small businesses across the country to sell to federal agencies. In particular, SBA holds federal agencies accountable for meeting their small business contracting goals. In FY2015, the federal government surpassed its statutory prime contracting goal for the second year in a row. SBA also administers a number of programs aimed at helping disadvantaged communities and distressed areas compete for federal contracts. I urge the Budget Committee to ensure that the SBA has adequate resources to meet these goals.

Historically Underutilized Business Zone (HUBZone) Program
The SBA's HUBZone program helps small businesses in economically distressed communities compete for federal contracts, which enable them to grow and create jobs. In New Hampshire, many small businesses and economic development officials are eager to take advantage of the program. However, insufficient staffing has led to delays in the application process that provides certification to firms. To improve the compliance and certification process, I respectfully urge the Budget Committee to support $5 million for the HUBZone program in FY2018.

Information Technology and Cybersecurity
SBA continues to face challenges with the modernization of its antiquated systems, which inhibit its ability to provide good customer service to America's small businesses. SBA also handles a large amount of sensitive data on the small businesses it assists in its regular operations. I support ongoing efforts and funding to modernize the SBA's systems to ensure that American small businesses' information is secure and to improve customer experience with the SBA.

Office of Advocacy
The Office of Advocacy is an independent office within the SBA that works to reduce the burdens that federal regulations and other policies impose on small entities and provides vital small business research for the use of policymakers and other stakeholders. The FY2017 Continuing Resolution allocated $9.1 million for the Office of Advocacy. Given the challenges of the expected increase in focus on evaluating regulatory burdens to small business, I urge the Budget Committee to support funding for the Office of Advocacy of at least $9.3 million, of which at least $3.1 million should be dedicated to research.

Office of the Inspector General
The Office of the Inspector General provides auditing, investigative and other services to assist the SBA. The FY2017 Continuing Resolution allocated $19.8 million for the Office of the Inspector General, which is a decrease from the FY2016 Budget request and the FY2016 Omnibus Appropriations Act. To meet expected demands of oversight requests, I support increased funding for the Office of the Inspector General.

Thank you for your continued support of small businesses and entrepreneurs.

Sincerely,

Jeanne Shaheen

Jeanne Shaheen
Ranking Member

United States Senate

COMMITTEE ON VETERANS' AFFAIRS

WASHINGTON, DC 20510

March 9, 2017

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 2018 (hereinafter, "FY18") budget and the fiscal year 2019 (hereinafter, "FY19") advance appropriations budget request for Function 700 (Veterans' Benefits and Services) programs.

Because the Committee has not received the President's budget request, I am limited in the detail I can provide for the FY18 budget and FY19 advance appropriation budget request. I will limit my comments to general observations and highlight areas that I believe merit focus by the Committee on the Budget.

DEPARTMENT OF VETERANS AFFAIRS
Care in the Community Program

As I have stressed publicly, a top focus this Congress must be to make health care more accessible to veterans, including through the use of Department of Veterans Affairs (hereinafter, "VA") care and care in the community. In part, this will require continued focus on non-VA care in VA's budget, as well as legislative reforms of the array of care in the community programs. In that regard, while I am pleased to see the Veterans Health Administration (hereinafter, "VHA") embracing care in the community, we owe it to veterans to ensure that the decision to receive care in the community be at the veteran's choice. Unfortunately, where a veteran receives care is still largely VHA's choice.

Going forward, there should be no "litmus test" to be eligible for care in the community. Criteria for eligibility should be whether the veteran is enrolled in VHA for care, not whether an appointment within the VA cannot be provided within 30 days or the veteran lives more than 40 miles from a VA facility. Using 30 days and 40 miles as eligibility criteria in the Veterans

Access, Choice, and Accountability Act of 2014, was a temporary fix at a time of crisis to ensure veterans received care. Also, the community network VHA uses to provide that care should be set up through a national contract or contracts, in order to ensure a provider network is available across the country. A national contract or contracts would allow VHA to monitor and report on the type of care provided in the community. Individual contracts executed at the local VA medical center level should only be entered into if the services or care is not available through the national contract or contracts.

It is not my intent to privatize VHA but rather enable VHA to leverage all means available to treat veterans. Veterans should receive the care they have earned and deserve with a provider of their choosing. I am interested in empowering VHA by making health care more available to veterans through care in both the private sector and VA. I look forward to working with the Committee on the Budget and the Administration to ensure community care continues to be available to veterans.

VA Appeals Reform

To address the unacceptable delays that veterans and their families face during the disability claims appeal process, a number of proposals were put forward last Congress, including legislation to authorize a pilot program on fully-developed appeals and legislation to comprehensively overhaul the appeals system. Although Congress took initial steps to address the appeals backlog – such as emphasizing the use of video hearings by the Board of Veterans' Appeals -- VA's appeals process must continue to be an area of focus during the 115th Congress.

In determining the best path forward, it is important to consider that the comprehensive appeals reform proposal would apply to new appeals received after the reforms are in place and the 460,000 appeals now waiting to be resolved would be processed under the current structure. VA previously acknowledged that, if that reform proposal were to be adopted without a significant infusion of new resources, VA would expect to be administering a new appeals system side-by-side with the current appeals system for nearly three decades while VA completely works through the existing 460,000 appeals. As the veterans service organizations who co-author the Independent Budget have stressed, "[u]ntil these pending appeals are properly resolved, no new appeals structure or system can be expected to be successful."

That is why we must ensure that VA has a robust plan for providing answers to those who are already waiting and for effectively implementing any legislative changes, along with thorough estimates of the resources that would be required to do both simultaneously. That, in turn, would allow Congress to ensure that any legislative reforms of the appeals system are coupled with an appropriate funding level. With that in mind, I look forward to working with the Committee on the Budget, all of our colleagues, VA, and stakeholders to ensure that the necessary pieces are in place to make reform efforts as effective as possible.

Chairman Enzi and Ranking Member Sanders
March 9, 2017
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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 Congress, VA, and stakeholders must work collectively to 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

United States Senate

COMMITTEE ON VETERANS' AFFAIRS
WASHINGTON, DC 20510

March 10, 2017

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 jurisdiction of the Committee on Veterans' Affairs (Committee). At this time, the President has not proposed a budget for Fiscal Year 2018 and 2019 advanced appropriations for veterans' programas. Given this, I am severly limited in my ability to provide detailed information on any account. Therefore, to assist in preparing these views and estimates, I have given careful consideration to the "Independent Budget for the Department of Veterans Affairs for Fiscal Year 2018" (Independent Budget or IB) prepared by three veteran service organizations (VSOs) –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 many other organizations that care deeply about veterans and their families.

On February 28, 2017, the Committee began a series of hearings where veterans service organizations provided their legislative priorities for this year as well as their perspectives on challenges facing the Department of Veterans Affairs (VA) and the veterans community across our nation. During my time on the Committee, these hearings have been invaluable in helping me better understand the legislative and budgeting priorities on which Congress should be focusing. As Ranking Member, I have restated my belief that I need to be taking my cues from our nation's servicemembers, veterans, and family members on how best we can honor their service and ensure they receive the benefits and services they have earned.

The VA received their full appropriation for Fiscal Year (FY) 2017 and advance appropriation for FY 2018 in Public Law 114-223. Providing a full-year appropriation, on time, to the VA is an important down payment to ensuring VA meets its obligations. However, veterans are impacted by, and benefit from, services of many Federal agencies that still have not received funding for FY 2017. This includes Treasury Department, who facilitate disability payments to veterans, programs at HUD for homeless veterans, Department of Labor for unemployed veterans, and many others. I urge the Committee to take a broad view of the country's commitment to supporting veterans in creating the budget for FY 2018.

Veterans and their families continue to face many of the challenges that have been identified over the last several years. Veterans still wait too long for a benefits claim decision or appeal of that decision; they often wait too long to receive health care when and where they need it; and they need better assistance in transitioning from military service to schools, finding a job, or starting a business. I remain deeply concerned about VA's ability to recruit and retain medical providers and management, particularly in rural and medically underserved communities, areas that are home to many of our National Guard and Reserve Component personnel. Based on the Government Accounability Office's December 2, 2016 report on women's care at the Veterans Health Administration, I continue to believe that women veterans do not have access to an appropriate environment of gender-specific health care at VA. Women veterans are the largest growing subpopulation of veterans, and they have higher reliance rates for VA care than male veterans. Simply put, Congress and VA must do more to ensure women veterans receive health care when and where they desire it, and that they have access to a provider trained in women's health care services.

Demand for VA's services and programs continues to rise. While we await the release of the President's Budget, I will draw your attention to specific programs and operations that must receive support in the FY 18 budget resolution for VA to have the ability to succeed. We can demand excellence and accountability from VA, but we must ensure they have the resources to provide our veterans and and other beneficiaries with the world class services Congress has promised.

Discretionary Account Spending

A. Office of Inspector General.

Over the course of the 12 months covered by its most recent *Semiannual Reports to Congress*, the VA Office of Inspector General (OIG) has issued nearly 340 program audits, health care inspections, and other evaluations and reports on a range of issue areas including patient care; benefits administration; and allegations of fraud, waste, and abuse. In addition, representatives from the OIG provided testimony on the results of their oversight work at 11 congressional hearings during this time.

The OIG must have the resources necessary to support the operations of its Office of Investigations, Office of Healthcare Inspections, and Office of Audits and Evaluations, each of which provide meaningful oversight and have been responsive to past requests of the Secretary and Congress. Additionally, the OIG is in the middle of rightsizing its staffing and office footprint. It is incumbent upon us to ensure they have the resources to sustain this effort. There is no shortage of areas that would benefit from the work of VA's OIG, however, I would specifically urge continued oversight in relation to VA's health care management of veterans with complex comorbidities including mental health conditions and pain management, wait times at VA facilities, fraud against VA's community care programs and other large contracts, efforts to adequately meet the health care needs of the growing population of women veterans, as well as collaborative efforts between VA and DoD that have the potential to improve the delivery of benefits and services to our nation's veterans. At a time when VA is again posed for for sweeping changes to its model of care, maintaining a more robust OIG is absolutely essential for

holding VA accountable to Congress, veterans, and American taxpayers. During the last half of FY16, the IG returned $55 for every dollar spent on their oversight. I believe a level of $170 million, an increase of $10 million over FY17's enacted level, will support their current operations and ensure that they can continue Inspector General Michael Missal's growth plans to 850 full time employees to provide more robust oversight.

B. Medical Services

Medical Provider Hiring and Retention from the Choice Act- Aside from addressing the immediate crisis of access to care, the *Veterans Access, Choice, and Accountability Act*, P.L. 113-146, also provided VA $5 billion in Section 801 to recruit more medical providers in order to permanently put an end to long waiting lists. In accordance with that law, the OIG has also been publishing annual reports on Veterans Health Administration (VHA) occupations with the largest staffing shortages. The OIG's third determination found that Medical Officer, Nurse, Psychologist, Physician Assistant, Physical Therapist, and Medical Technologist (six occupations due to ties) were the most critical needs. Of concern, the OIG found that many of the total gains continue to be offset by losses, and that VHA is still unable to fully implement staffing models. It is critical that funding levels for VHA include, as a baseline, all staff hired with Section 801 funds. While ensuring that VHA is funded with a sufficient number of employees, evidence shows that VHA must receive adequate resources to better retain employees. The Committee notes that Physican Assistants do not currently receive locality pay, a change that Congress can make through my bill, S.426, *Grow Our Own Directive: Physican Assistant Employment and Edication Act of 2017*. A change such as this would enable VA to be more competitive with the private sector in utilizing PAs, who are typically more cost-effective providers of health care. Further, Congress and the Administration should review the disparity in pay between clinicians in the private sector and those who treat our nation's veterans. We cannot continue to underpay physicians who are in high demand and expect VA to be able to recruit and retain the most highly qualified clinicians to serve our veterans.

Staab Decision- In 2010, Congress amended VA's statutory authority to reimburse veterans for emergency treatment in a non-Departmental facility through P.L. 111-137. Subsequently, a veteran brought suit against VA for its interpretation of the legislation, and in April 2016, the US Court of Appeals Veterans Claims found that the Congress "intended that veterans be reimbursed for the portion of their emergency medical costs that is not covered by a third party insurer and for which they are otherwise personally liable...." Staab v. McDonald, 28 Vet. App. 50, 2016 U.S. App. Vet. Claims LEXIS 542 (U.S. App. Vet.Cl. 2016). VA's regulations had barred reimbursement or payment when a veteran had any health insurance, including Medicare, employee-sponsored and private health insurance, in addition to their VA health care benefit, thus limiting VA's liability greatly. The court noted that then-Committee Chairman Daniel Akaka remarked that the 2010 law would "modify current law so that veteran who has outside insurance would be eligible for reimbursement in the event that the outside insurance does not cover the full amount of the emergency care. In essence, VA would become the payer of last resort in such cases." 155 CONG. REC. S13468 (Dec. 18, 2009).

While VA is appealing the decision, in February 2017, they estimated "the high-end estimate for the first year of implementation is $1.3 billion and the low-end estimate is $270

million. The 5-year high-end estimate is $6.9 billion and the low-end estimate is $1.4 billion." They noted that estimates could "increase if Veterans' reliance on non-VA emergency treatment grows in response to the ruling." The IB believes that the cost to VA could be approximately $1.0 billion in FY 18 and $1.1 billion in FY 19. VA has not previously included costs for this coverage in their budget requests, and VA has provided no indication how they will handle this potential liability in their budget projections going forward. Considering that observers believe VA will not win its appeal, the Budget Committee must be aware of this significant resource gap.

Community Care- The Committee does not support any form or fashion of privatizing VA. Since the temporary Veterans Choice Program matured in operation in 2015, attention has turned to how consolidate the numerous different non-VA care programs. Congress called for VA to develop a plan for the consolidation of community care programs and business processes in Public Law 114-41, the Surface Transportation and Veterans Health Care Choice Improvement Act of 2015. VA's plan sought to include some aspects of the current Choice Program, while adding elements designed to improve delivery and access to care in the community, creating a New Veterans Choice Program (New VCP). Secretary Shulkin has not yet indicated whether he will favor a new plan, but he has testified in support of consolidating VA's programs by September 2017, when the Choice Program currently sunsets. I believe that the path forward must be an integrated network of VA and community providers. This means that VA will continue to serve as the coordinator and primary provider of care, with the private sector filling in gaps. It is clear that VA provides critical and necessary services to millions of veterans who benefit from specialized care, and these services are far too important to risk by outsourcing them to the private sector.

Reaching an agreement on how to better pay for care in the community to serve veterans will require Congress and VA to get a better handle on the costs of providing such care. Before the Choice Program was implemented, VA spent roughly $7 billion a year on non-VA care. In addition, VA officials estimated when they released the plan for the New VCP that the current Choice Program, as amended, could cost as much as $6.5 billion in FY 17. Subsequently, that amount was revised to $2.9 billion, according to the IB.

Last year, the Committee, based on information from the plan, estimated that the approximate annual base to maintain the New VCP could be as much as $18 billion, which is $11 billion more than its regular discretionary non-VA care funding. In addition to costs associated with purchasing care, VA's Plan anticipated spending almost $2 billion on one-off costs for IT systems redesigns over three years to ensure care coordination.

Considering the ever increasing utilization of VHA services, and the benefit received by veterans of expanded access to community care though Choice and other VA authorities, I believe the Budget Committee must appreciate that funding levels for community care must grow to match this demand, and that prior VA budget allocations are, at best, too low to handle demand.

Mental Health- I remain concerned that the Department's investments are, despite continual funding increases,inadequate to meet the needs of our veterans – both those recently returned from combat and those facing ongoing mental health needs throughout their lives.

Mental health services encompass everything from outpatient models including peer support services that should continue to be integrated into primary care settings to acute, inpatient treatment to immediately and appropriately serve someone in a crisis situation. Such integrated care is a hallmark of VA care and is difficult to replicate in the private sector. Peer support models within VA have been shown to be very effective, and I ask that the peer support program be fully funded to expand the placement of peer support specialists in Patient Aligned Care Teams (PACT) to open another avenue to veterans for mental health support. Suicide prevention must continue to be a top priority for VA, and VA must also continue to push for appropriate ways to balance substance abuse issues and the opioid abuse epidemic with pain management needs for veterans. Judging from continued oversight reports of VA's inability to appoint veterans timely for mental health care, it is clear that funding levels of prior years are insufficient for demand. Funding allocated across care settings designed to meet the veteran where he or she most needs it is necessary for meeting the mental health needs of veterans.

Long-Term Services and Supports- Long-Term Services and Supports (LTSS) can be required by veterans regardless of cohort, and are particularly important for veterans with spinal cord injury/disease. As enrollees continue to age, appropriate utilization of LTSS through home and community-based services will help ensure 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. As a result of limitations in 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.

The provision of LTSS by VA happens in both institutional and non-institutional settings in order to best serve the veteran where appropriate. As demonstrated by the increase of nearly $116 million for FY 17 over the FY 16 enacted amount, increased investment in non-institutional settings is becoming more and more important. Aging and the changing demographics of the Priority 1a population, veterans who have a service-connected disability rating of 70 percent or higher, in particular, are expected to be a significant driver of increased LTSS. It is important to note, VA is mandated by law to provide nursing home services to Priority 1a veterans. According to VA's own Enrollee Health Care Projection Model, the Priority 1a population is anticipated to grow by 25 percent between 2015 and 2018 and 74 percent between 2015 and 2025.

I believe that increased utilization of these programs will continue for the foreseeable future and urge that funding levels for LTSS grow, as the Department continues to purchase more nursing home care.

Women Veterans- Funding to address the needs of women veterans needs to be commesureate with the growth of the population within the VA health care system.

As the number of women veterans grows, women are enrolling in VA's health care system in record numbers, nearly double the enrollment of 2001. In response to this rapid growth, VA is working to improve its access, quality, facilities, and expertise in the delivery of a range of women's health care services. This is especially important due to the steady rise in the number of women in all military services, the withdrawal of troops from Afghanistan, and the opening of combat roles to women. VA must prepare itself to deliver services to women veterans who will increasingly be sustaining injuries similar in severity and complexity to their male counterparts.

I support the IB recommendation that VA's Medical Services appropriation should be supplemented with $110 million designated for women's health care programs, in addition to those amounts already included in the FY 18 baseline. This increase in funding would help to ensure that VHA can effectively plan for and accommodate the continuing growth in the women veteran population needs by hiring providers who specialize in gender specific services. In addition, the funds could be used for retrofitting existing facilities with those types of fixtures that support women veterans' privacy and environment of care.

Reproductive Services- In 2017, Congress authorized appropriations for the remainder of FY 17 and FY 18 to provide reproductive services, to include in vitro fertilization (IVF), to service-connected catastrophically disabled veterans whose injuries preclude their ability to conceive children. According to the IB, VA estimates that less than 500 veterans and their spouses in FY 18 will use these services at a cost of under $20 million. The IB notes these services are not directly funded and recommends that approximately $20 million be provided for FY 18. Additionally, funding levels in the future must contemplate a permanent extension of this authority, as it is the proper way to honor the sacrifice of our service members.

Caregivers- Public Law 111-163, the *Caregivers and Veterans Omnibus Health Services Act of 2010* (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 30,000 family caregivers according to data provided in the FY 17 budget request.

The passage of the Caregivers Act served as an important step in ensuring the caregivers of our newest generation of veterans have the resources necessary to provide the best possible care for their loved one. Unfortunately, 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 Committee in September 2013, recognized that inequality. 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 17 budget request seeks $724.6 million for the Caregivers Program, which represents a $ 102.1 million increase from FY 16. The increase in estimated obligation for FY 17 from the advance appropriation level

is largely the result of a rise in the number of anticipated caregivers. In FY 14, VA approved 19,124 caregivers. Based on analysis of recent data, VA believes it could see as many as 36,644 caregivers in FY 17. 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 $30,000 per year. In FY 15, the cost of caring for a veteran in a VA Community Living Center (CLC) was $1002.85 per veteran per day. 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 CLC, marking a significant opportunity for long-term cost savings.

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. 52 of the 140 VAMCs had ratios of Caregiver Support Coordinators (CSC)-to-approved caregiver ratio between 1:51 and 1:10. In 22 facilities, that ratio was more than 1:100. The report also highlighted VHA's current inability to fully understand that CSC workloads were the result of limitations of the program's current IT system. It recommended the Department seek a new system. Moreover, in December, the Committee voted out S. 425, the *Homeless Veterans' Reintegration Programs Reauthorization*, which included a provision to expand access to the Caregivers Program to pre-9/11 veterans. CBO scored this provision over $3 billion. In light of this and the high demand for current services, I am requesting sufficient funding to support the Caregivers Program.

Homelessness- Since 2010, due to increased funding and dedication to homeless prevention programs, the number of homeless veterans has been cut in half. As of 2015, only 47,725 veterans remained homeless nationwide. Since 2010, more than 365,000 veterans and their family members have been permanently housed, rapidly rehoused, or prevented from falling into homelessness as a result of VA's homeless continuum of services and targeted community resources. In 2015 alone, nearly 65,000 veterans obtained permanent housing through VA Homelessness Programs and more than 36,000 veterans and their family members were prevented from becoming homeless through the SSVF program, including 6,555 children. Approximately 12,000 veterans reside in GPD programs on a daily basis in transitional housing.

These accomplishments cannot be maintained and further reductions in veteran homelessness cannot be achieved unless a sustained commitment to homeless prevention programs is made, including adequate funding for HUD-VASH, SSVF, and GPD. Further reductions in homelessness will require VA and its partners to home veterans with even more specialized needs and challenging psycho-social conditions, which may necessitate greater funding per veteran treated. Congress cannot be content with the status quo. Special attention should also be paid to legal services for veterans, which VA has said through its annual CHALENG survey are among the top unmet needs for our nations' homeless veterans. Also, because women veterans are more likely to experience homelessness, I support additional funding for SSVF grants to be provided to organizations focused on meeting the needs of women veterans.

Prosthetics- VA Prosthetics and Sensory Aids Service (PSAS) is an integrated delivery system which provides prosthetics and sensory aids to enhance quality of life. In 2015, VHA's PSAS provided 19.1 million medical items and services to 3.2 million veterans. This program has been widely recognized as a success since it directly improves patient care for veterans.

For veterans with severe disabilities, there have been incredible developments in advanced prosthetics which can significantly improve quality of life. As such, there has been a tremendous increase in demand for prosthetics and a steady rise in expenditures. I encourage VA to place significant resources toward advancing prosthetic research and broadening the program's scope to include gender-specific prosthetics. I support the additioan $320 million as proposed by the Independent Budget.

C.Medical and Prosthetic Research

Million Veterans Program (MVP)- In an effort to enhance the President's Precision Medicine Initiative, VA has decided to devote additional resources, a substantial $50 million from other programs in its research portfolio, to the MVP for FY 18. By collecting genetic samples from a million veterans over the next five to seven years, the MVP seeks to better understand how genes affect health and better understand military-related illnesses such as PTS. VA estimates that it costs around $75 to sequence each veteran's blood sample. To date, they have more than 400,000 veterans enrolled in the MVP. Both the IB and Friends of VA Medical Care and Research (FOVA), which represents a diverse coalition of national academic, medical and scientific studies, have both recommended a separate funding line of $75 million for MVP. This would allow the $50 million referenced above to be returned to the other vital programs in the research portfolio. One research program should not come at the expense of all others.

Substance Abuse Research- The national crisis of the use and abuse of prescription painkillers, such as opioids, and attendant spikes in the use of heroin is an on-going public health crisis in the United Sates. Many stories have been published in recent years focusing on the problem as it relates to servicemembers and veterans. The OIG has written a number of reports on the problem across VA. Moreover, numerous studies have shown there is a strong relationship between PTS and Substance Use Disorder in veterans. In fact, of the most recent cohort of veterans returning from Iraq and Afghanistan, about one in ten returning servicemembers seeking care at VA have a problem with alcohol or other drugs. While VA's Opioid Safety Initiative has been successful in driving down the overall number of opioid prescriptions issued at VA, more remains to be done. While I will promote substance abuse research efforts in our Committee, these efforts must be fully funded.

D. Major and Minor Construction Projects.

VA's FY 17 enacted level for major and minor construction including grants for state homes and cemeteries, was $1.03 billion. This was a significant decrease from the $1.675 billion that was requested in FY 16, mostly focused on a drop in major construction funding from $1.144 billion in FY 16 to $528 million in FY 17. As the then Under Secretary for Health, current Secretary David Shulkin explained, the Department was taking a "strategic pause" in order to examine the

recommendations of the report by the Commission on Care. Presently, VA has 24 major construction projects that are partially funded. I support the IB recommendation for funding of at least $1.5 billion for major projects in FY 18 in order to fund "the 'next phase' or fund 'through completion' all existing projects, and begin advance planning and design development on six major construction projects that are the highest ranked on VA's priority list." The IB also recommends funding minor projects at $700 million, which can be used for critical safety updates for existing facilities. Given, however, that in 2016 VA estimated that completion of all capital projects to close critical gaps identified in the Strategic Capital Investment Plan would be between $52 and $63 billion, I believe major construction should be funded to at least $1.5 billion and minor construction to $750 million, as the Committee indicated in last year's views and estimates letter.

E. Grants for State Extended Care Facilities. 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. 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.
$120 million was provided for FY 16, and $90 million appropriated for FY 17. This $90 million does not even fund the first 10 of 99 state requests for matching funds totaling over $1 billion. These appropriated amounts are barely sufficient to keep up with the annual increase in requests, not even working down the list of projects that have carried over from prior years. Therefore, while the IB recommends $300 million be provided to fund important projects through VA Grants for State Extended Care Facilities, I recommend $500 million be provided in order for VA to begin a significant move forward to provide matching funds for projects in Category I which are ready to begin construction and have appropriated funding from their states.

F. Information Technology. Information technology plays an integral role in VA's transition into an innovative, outcomes-driven, veteran-centric organization. Technology improvements are vital to the delivery of care and benefits in the 21st Century. For example, the Veterans Benefits Management System (VBMS) is the technology cornerstone of VA's efforts to transform the claims system into a paperless and electronic system. VHA's integrated electronic health record (EHR) system, first developed by VA over 30 years ago, is aging and all parties agree must be replaced in some fashion. However, VA's long-standing difficulties in managing its IT acquisitions and operations led to its placement on the GAO High Risk list for federal agencies at risk for management failures that could impact public health or safety; could result in significantly impaired service or program failure; or significantly reduced economy, efficiency, or effectiveness. GAO specifically cited these IT failures in leaving VA on the 2017 High Risk list.

The FY 18 IB budget request is for $4.36 billion for information technology across the VA—an $83 million increase over the FY17 enacted level. This level includes no funding above current service levels. The IB believes VA must be focused on modernization of existing systems through existing resources.

Congress is awaiting a final decision from VA about what direction is will take in either upgrading itsEHR, VistA, or procuring a commercial product, although Secretary Shulkin's statements almost confirm commercial procurement. I strongly believe that veterans need one record to take them through their time in DoD and VA, and support VA using the same off –the-shelf product as was purchased by DoD. The need for well-functioning, up-to-date electronic health record technology is absolutely critical as VA plans for a shift to a model of care that greatly expands its use of care in the community. Although VA and DoD have attempted to achieve interoperability, this goal has not yet been fully realized. This can limit VA clinicians' ability to readily access information from DoD records, potentially impeding their ability to make the most informed decisions on treatment options, and possibly putting veterans' health at risk. I support providing sufficient funding for VA to move to a commercial system.

Although we currently lack specific timeframes, I request sufficient funding be provided to allow VA to expand its information security operations, close out material weaknesses associated with FISMA compliance, and ensure its cyber security measures comply with federal standards and guidance. This investment in additional security elements will help VA to ensure the safety and privacy of veteran and employee information for all aspects of VA's business including administration of benefits, health care, cemetery operations, and other VA services. The importance of cybersecurity and information technology cannot be understated as VA seeks to transform its delivery of care and benefits. Therefore, I will work to ensure 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 also request that VA receive sufficient funding to ensure that it can update its patient appointment scheduling software. Presently, VA is engaged in multiple efforts to provide front-line staff with better tools. VistA Scheduling Enhancements will provide critical near-term enhancements by improving the appointment scheduling process by providing a modern graphical user interface. VA believes it will support reduced appointment wait times, improved adherence to industry standards, and elimination of manual processes, all goals the Committee supports. We also support VA's efforts to deploy self-scheduling applications that would provide for better customer service and enable veterans to choose how and where they meet their health care providers.

G. Office of Accountability Review. Accountability at VA continues to be a focus of Congress and of veterans. At VA, the Office of Accountability Review, housed within the office of General Counsel, was chartered in order to address accountability across the Department. Given this organization's critical role in reviewing and investigating allegations of misconduct by senior leaders in all areas of the organization, I urge that this group be appropriately funded. They cannot do thorough investigations at the pace expected without appropriate staffing levels, and for this reason I support an increase in the budget of General Counsel for the purposes of providing additional personnel to execute these reviews.

H. Vocational Rehabilitation and Employment. VA's Vocational Rehabilitation and Employment (VR&E) Program provides career counseling and rehabilitative services to servicemembers and veterans with service-connected disabilities in order to overcome employment barriers.

The VR&E program accepts approximately experienced participation growth rates of 7.2 percent in FY 2015, 3.8 percent in FY 2016, and 4 percent in FY 2017. For both FY 2016 and FY 2017, however, the administration held the VR&E request for direct personnel at 1,442 full time equivalent employees. In November 2016, VR&E reported that its average Vocational Rehabilitation Counselor (VRC)-to-client ratio was 1:141, though the overall goal is 1:125 VRC-to-clients. A January 2014 GAO report, entitled "VA Vocational Rehabilitation and Employment: Further Performance and Workload Management Improvements Are Needed," confirmed concerns about staffing shortages, noting varied heavy workloads nationwide and recommended that VA study staff workload and revisit the staff allocation formula.

In order to meet the demand for VR&E services and address the recommendations of the 2014 GAO report, the IB organizations recommend 266 new full time equivalent employees, three quarters of which should be dedicated to the VRCs providing direct services to veterans in order to better distribute caseloads. These staffing increases must be properly distributed to ensure that VRCs have equitable workloads among the VA Regional Offices (VARO) and VA can achieve the goal of 1:125 VRC-to-clients ratio in FY 18.

I. Education. VBA continues to work with stakeholders to ensure veterans are utilizing educational benefits in a timely and accurate manner. VA has established relationships with other federal agencies as well as the State Approving Agencies (SAAs) and VSOs to improve outreach and transparency. VA education benefits provide educational opportunities for veterans and their dependents and ensure maximum readjustment from military service to civilian life. Since 2009, VA has provided $66 billion to send more than 1.6 million veterans and their dependents to school under the Post-9/11 GI Bill program. With help from SAAs, VA conducted over 5,000 compliance surveys in FY 16 to ensure that educational programs complied with provisions of Title 38, U.S.C.

I support continuing the level of funding with at least $212 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. I also recommend VA continue to reform its compliance review process to allow early detection of fraudulent marketing or predatory recruiting practices among institutions of higher learning to ensure that veterans and their families are not wasting VA education benefits at scamming institutions. Given the critical role SAAs play in approving programs and conducting compliance surveys, I recommend they be adequately funded to reflect the magnitude of their task. Furthermore, VA should provide adequate consumer information to prospective students and sufficient consumer protection measures to students who find themselves at educational institutions that abruptly close. Far ahead of closure, VA should collaborate with the Department of Education (ED) to communicate with student veterans studying at schools that are at risk of closure in order to given them enough time to develop alternative options. Lastly, there should be robust data sharing between VA, DoD, and ED in order to allow the federal government to make better estimations about the return the nation receives from empowering veterans through education and to ensure that future administration of the GI Bill programs is more data-driven. Should endeavors may rightly require new investments in information technology systems for use by VA Education Service.

J. Compensation & Pension Personnel. Timely and accurate disability compensation decisions are a critical component of VA's mission of providing veterans the benefits they have earned. VA has made significant progress in reducing the disability compensation backlog. In January 2017, the disability compensation backlog stood at about 96,000 claims, which represents an 85 percent reduction in the backlog since March 2013. However, this is an increase of roughly 10,000 claims over the previous year. In addition to an increase in the number of backlogged claims, in Fiscal Year 2016 there was an increase in the amount of time VA takes to process a claim and the appeals workload. As the IB organizations point out, these increases can be attributed to a number of factors, including the lack of adequate resources to keep pace with demand.

While VBA has processed an unprecedented number of rating claims in recent years, VBA's disability claims inventory is continuing to rise. The claims inventory now stands at about 400,000 claims, which represents an increase of about 50,000 claims from Fiscal Year 2015. In addition, the volume of non-rating claims continue to increase: today, VBA has an inventory of about 540,000 non-rating claims. VA must have the resources necessary to address not only rating claims but the entire compensation claims workload.

Over the years, VBA has relied heavily upon mandatory overtime as a tool to address the claims workload. Mandatory overtime, however, takes a toll on VBA employees and their families. 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, demonstrates VBA'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.

In addition to the workload required to reduce the claims inventory, VBA also has a role to play in the appeals process. Prior to review by the Board of Veterans' Appeals (BVA), appeals are reviewed at individual VA Regional Offices to ensure that the issue presented upon appeal requires a judicial decision from BVA. As VBA has worked through the backlog of claims, additional work arises in the form of appeals review. Today, there are approximately 460,000 appeals pending throughout VBA and BVA, 360,000 of which are within VBA's jurisdiction. While not all of them are ripe for review, additional staff at VBA would help with both addressing the cases that are ready for review and getting more cases to that stage.

As the IB organizations point out, the recent increases in VBA personnel have not been sufficient to meet the demand of VBA's workload. The IB recommends approximately $183 million to hire 1,750 new full-time equivalent employees: 1,000 dedicated to processing appeals, 350 to address the backlog of non-rating claims, 300 to address VBA call center delays, and 100 for the fiduciary program. These hires would provide a temporary surge capacity while concurrently training employees to fill positions that occur through attrition, and I support fuding for staffing at this level.

K. Board of Veterans' Appeals (BVA). 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 as VBA, the primary Administration from which BVA receives appeals, has worked to address its own claims backlog. Since 1996, the volume of appeals received by VBA has been between 9 and 15 percent of the total claims VBA completes, indicating that a proportional increase is very likely to continue in the coming years with VBA's increased productivity.

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 step in providing greater visibility and transparency into the funding and staffing necessary to address the appellate workload, I expect additional legislative action on a simplified appeals process will be necessary for BVA to process appeals in a manner that does not force veterans to wait years for a decision.

It is vital that BVA have a sufficient number of appropriately trained staff, attorneys and veteran law judges in order to meet the current demands on the Board. For FY 17, Congress authorized BVA to increase its staffing to 922 full-time equivalent employees. BVA must be exempt from the President's hiring freeze in order for it to be fully staffed. I support the IB's recommendation of allowing BVA to hire its full complement of 922 FTEEs. I will continue to closely monitor BVA's workload and productivity, including the impact of the appeals modernization initiative on appeals decisions to determine if additional staffing increases are warranted in the future

L. National Cemeteries Administration. In order to meet the burial and access needs of our veterans and eligible family members, the NCA continues to expand and improve the national cemetery system, by adding new and/or expanded national cemeteries. This expansion of the national cemetery system will help to facilitate the projected increase in annual veteran interments and will simultaneously increase the overall number of graves being maintained by the NCA to 3.7 million in 2018 and 3.9 million by 2020.

Additionally, the NCA expects the Baltimore, Maryland; Nashville, Tennessee; Danville, Virginia; and Alexandria, Virginia national cemeteries to reach their maximum capacity cease to support first internments, though they will continue to accept second interments.With the above considerations in mind, I agree with the Independent Budget recommendation of $291 million for FY 18 for the NCA.

Grants for State Veterans Cemeteries- The State Cemetery Grant Program allows states to expand veteran burial options by raising half the funds needed to build and begin operation of veterans' cemeteries. The NCA provides the remaining funding for construction and operational funds, as well as cemetery design assistance. As of September 2014, there were 49 projects with state matching funds. Funding eight projects in FY 18 will provide burial options for an additional 148,000 veterans. To fund these projects, Congress must appropriate $46 million.

M. Transition. The Transition Assistance Program (TAP) has been the primary method of disseminating critical information to transitioning service members. I am pleased that VA, DOD, Department of Labor, and the Small Busieness Administration have worked together over this

past year to update and revise the program to ensure that our newest generation of service members and veterans are aware of available benefits and services. I will continue to evaluate the performance of these programs and the collaboration among the federal agencies to ensure veterans across the nation are provided the opportunities they deserve.

Mandatory Account Spending

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 Committee on the Budget reject the any proposal to provide a round-down of the computation of the cost of living adjustment for service-connected compensation and dependency and indemnity compensation.

Closing

I thank the Committee on the Budget for its attention to my views and estimates on the FY 18 budget and FY19 advance appropriations requests for VA 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,

Jon Tester
Ranking Member

ADDITIONAL AND MINORITY VIEWS

REPUBLICAN BUDGET PRIORITIES:
TAX BREAKS FOR BILLIONAIRES, CUTS TO MEDICARE AND MEDICAID

PREPARED BY SENATE BUDGET COMMITTEE MINORITY STAFF

Senate Republicans recently released their budget for 2018. Following the lead of previous Republican budgets written by President Donald Trump – and by Paul Ryan and Tom Price before him – the Senate Republicans' budget would make devastating cuts to programs working families rely on, while giving massive tax cuts to the wealthy.

In total, the Republican budget would cut more than $5 trillion over the next decade from education, health care, affordable housing, child care, nutrition assistance, transportation and other programs that working people desperately need.[1]

The budget would make it harder for children to get a decent education, harder for families to get the health care they desperately need, harder for families to put food on the table, harder to protect our environment and harder for the elderly to live their retirement years in dignity.

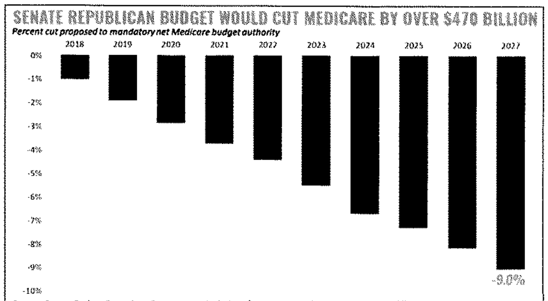
The Republican budget is a massive transfer of wealth from working families, the elderly, children, the sick and the poor to the top 1 percent.

Not only would it cut Medicaid by $1 trillion, it would also cut Medicare by more than $470 billion in order to pay for hundreds of billions in tax breaks to the wealthiest people and most profitable corporations in America. Further, the Republican tax plan this budget calls for would increase the federal deficit by $1.5 trillion over the next decade, which will likely pave the way for savage cuts to Social Security.

The top 1 percent would receive about 80 percent of the benefits of the Republican tax plan, while 30 percent of Americans making between $50,000 and $150,000 a year would see their taxes go up by an average of more than $1,000 a year at the end of the decade, according to the Tax Policy Center. The wealthiest 0.1 percent would receive an annual average tax cut of more than $1 million within 10 years under the Republican plan.

SENATE REPUBLICAN BUDGET WOULD CUT MEDICARE BY OVER $470 BILLION

Percent cut proposed to mandatory net Medicare budget authority



Source: Senate Budget Committee Democrats calculations from Senate Budget Committee Republicans FY2018 budget resolution, CBO June 2017 baseline

1 All figures in this report are from the Senate Budget Committee Democratic staff analysis. The Republican budget's unallocated discretionary cuts have been assigned to budget functions in an across-the-board manner. Unallocated mandatory cuts have not been distributed. Within budget functions, cuts to specific programs are also assumed to be made in an across-the-board manner.

Today, the United States has more wealth and income inequality than at any time since the 1920s. The top 0.1 percent owns almost as much wealth as the bottom 90 percent. According to a new report from the Federal Reserve, the top 1 percent now own 39 percent of the nation's wealth, while the bottom 60 percent own just 3.1 percent. Meanwhile, the bottom 38 percent of Americans have an average net worth of $0. Further, since the Wall Street crash, 52 percent of all new income has gone to the top 1 percent.

The Republican budget would widen the gap between the wealthiest Americans and everyone else with trillions of dollars in cuts to social programs and tax cuts for the top 1 percent.

Details of the Republican budget:

Cuts $5 trillion from programs that working families desperately need over the next decade

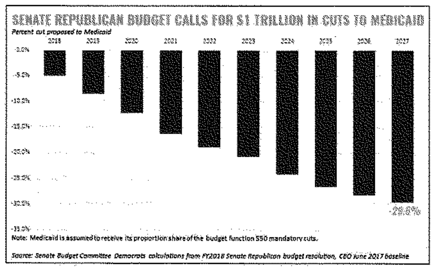
If the Republican budget's unspecified spending cuts are applied proportionately, the budget over the next decade:

- **Eliminates housing assistance** for more than 1 million families due to a $37 billion cut to affordable housing and the Section 8 rental assistance program.
- **Eliminates heating assistance** (LIHEAP) for nearly 700,000 seniors on fixed incomes, people with disabilities and families with children by cutting this program by more than $4 billion.
- **Eliminates nutrition assistance** for 1.25 million women, infants and children through a $6.5 billion cut to the WIC program over the next decade.
- **Slashes Pell Grant funding** by more than $100 billion – a 33 percent cut, making college less affordable for more than 8 million working-class students.
- **Eliminates Head Start services** for 25,000 children in an average year by cutting this program by $3 billion.
- **Cuts mandatory transportation funding** by nearly $200 billion.
- **Cuts funding for the National Institutes of Health** by $37 billion over the next decade, which would cut funding for Alzheimer's disease, cancer and other critical medical research.
- **Switches to Fair Value accounting** by continuing the policy of previous Republican budgets, making student loans appear vastly more expensive to the federal government than they are – which could dramatically raise college costs for struggling students.

Overall, the Republican budget cuts $5 trillion in non-defense, non-interest spending over the next decade, including $660 billion from non-defense discretionary programs.

Meanwhile, at a time when the U.S. already spends more on defense than the next 12 countries combined, the Republican budget lays the groundwork for an increase of $91 billion to the Pentagon for Fiscal Year 2018 alone – more than enough to provide free tuition at every public college and university in America.

Slashes Medicare, Medicaid and the Affordable Care Act



The Republican budget cuts Medicare by $473 billion and Medicaid by more than $1 trillion over the next decade, throwing millions of Americans off of health care and reneging on President Trump's campaign promises not to cut Social Security, Medicare and Medicaid.

Further, it cuts hundreds of billions of dollars in Affordable Care Act tax credits and makes it easier for Republicans to repeal Obamacare.

Paves the way for tax cuts for the wealthiest families and largest corporations and massive cuts to Social Security

The budget includes reconciliation instructions to increase the deficit by $1.5 trillion over the next decade. The Republican tax plan would:

- **Reduce the top marginal tax rate** from 39.6 percent to 35 percent, the same as it was under George W. Bush, providing a major tax cut for the top 1 percent.

- **Repeal the estate tax**, which only impacts the wealthiest 0.2 percent of Americans – just 5,200 estates a year. 99.8 percent of Americans would not receive a nickel under this proposal. Repealing the estate tax would provide a $269 billion tax break for the super-rich, including up to $52 billion for the Walton family, $38 billion for the Koch family, $12 billion for the Sheldon Adelson family, and $4 billion for the Trump family. Let's be clear: repealing the estate tax has nothing to do with protecting family farms or small businesses. This year it has been estimated that just 80 farms and small businesses paid any estate tax and their effective tax rate was just 6 percent.

- **Repeal the alternative minimum tax**, which is a backstop tax that ensures the wealthiest people in America pay taxes no matter how many breaks and loopholes they find. Without the AMT, President Trump would have paid just 3 percent of his income in taxes in 2005, according to his leaked return, rather than the 24 percent he paid – a $31 million tax break.

- **Reduce the rate on pass-through businesses**, or businesses that pay taxes via owners' personal tax returns. Reducing this rate would do absolutely nothing for 86 percent of businesses, while 74 percent of income from partnerships goes to the top 1 percent. For wealthy business owners – like President Trump – the change would reduce their tax rate from 39.6 percent to 25 percent.

- **Cut the corporate rate** from 35 to just 20 percent at a time when corporate profits are at an all-time high and corporations are sitting on $2 trillion in cash on hand. The effective tax rate for large, profitable corporations is just 14 percent, according to the Government Accountability Office. One out of five of these corporations pay nothing in income taxes.

- **Move to a "territorial" tax system for corporations**, which would exempt the offshore profits of American corporations from U.S. taxes. Each and every year, corporations are avoiding $100 billion a year in U.S. taxes by shifting their profits to the Cayman Islands and other offshore tax havens where the corporate tax rate is 0 percent. One five story office building in the Caymans is the "home" to almost 20,000 corporations. Moving to a "territorial tax system" would encourage even more corporations to move their profits abroad.

Fast-tracks oil drilling in the pristine Arctic National Wildlife Reserve

The Republican budget also includes reconciliation instructions to the Energy and Natural Resources Committee that could open the Arctic National Wildlife Refuge for oil drilling, harming the environment and making climate change worse.

Triggers "Statutory PAYGO" sequestration

The Statutory Pay-As-You-Go Act of 2010 created the "PAYGO scorecard." Whenever Congress enacts legislation that affects spending or revenue, the costs or savings are added. At the end of the year, if the total of all of the spending and saving legislation shows that Congress added to the deficit, the Office of Management and Budget is required to enact an across-the-board spending cut – a sequestration – to make up for the increase in the deficit.

Some mandatory programs – like SNAP – are exempt from this sequestration, but many are not. By law, the sequestration of Medicare provider payments is capped at 4 percent. But the possible cuts to other programs are uncapped; a large enough increase in the deficit could completely zero out those programs – and the Republicans' tax cut for the rich would be large enough to do just that.

If Republicans vote for tax cuts for the wealthy and for large corporations, they will also effectively be voting to zero out many programs that families rely on, including:

- Farm price support programs;
- Farm Security and Investment programs;
- The Social Services Block Grant;
- Citizenship and Immigration Services;
- Custom and Border Protection; and
- The Crime Victims Fund

Appendix

The Republican budget includes $5 trillion in programmatic, non-war, non-defense cuts.

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2018-2027
Enzi budget (without macroeconomic effects) above (+) or below (-) June 2017 SBC Dems adjusted baseline:												
budget authority:												
defense disc except war	0	0	0	0	0	0	0	0	0	0	0	0
NDD except war	0	-2	-44	-49	-54	-62	-70	-79	-89	-99	-110	-660
war	0	-29	-58	-85	-100	-115	-117	-119	-122	-125	-127	-998
subtotal, discretionary	0	-32	-102	-134	-154	-177	-187	-199	-211	-224	-238	-1,658
Health (550)	0	-25	-46	-71	-99	-120	-139	-171	-197	-219	-242	-1,329
Net Medicare (570)	0	-6	-12	-20	-28	-37	-48	-60	-72	-87	-104	-473
Income security (600)	0	-17	-35	-49	-62	-79	-79	-78	-83	-85	-88	-656
Social Security (650)	0	0	0	0	0	0	0	0	0	0	0	0
all other mandatory	0	-74	-90	-111	-179	-168	-194	-215	-235	-290	-325	-1,879
subtotal, mandatory	0	-122	-183	-250	-368	-404	-459	-523	-586	-682	-759	-4,337
net interest	0	0	1	-2	-9	-20	-35	-53	-74	-98	-127	-418
TOTAL budget authority	0	-154	-284	-387	-531	-602	-681	-775	-871	-1,004	-1,123	-6,412
Total outlays	0	-102	-232	-349	-474	-588	-671	-765	-864	-996	-1,116	-6,155
Revenues	0	-167	-170	-166	-165	-166	-168	-170	-172	-146	-145	-1,635
Deficits (+)	0	66	-63	-183	-309	-421	-503	-595	-692	-850	-971	-4,520
Memo:												
Program costs BA w/o defense and war	0	-125	-227	-300	-422	-466	-529	-602	-676	-781	-869	-4,997

OPENING STATEMENT OF SENATOR BERNARD SANDERS

Mr. Chairman, let me begin by thanking you for doing what no other previous Budget Committee Chairman has done: You have released your budget resolution 5 days prior to our markup. And I appreciate that very much.

At a time when the American people are dealing with the horrible mass murder in Las Vegas, when we're dealing with the incredible destruction that has taken place in Texas, Florida, Puerto Rico, and the Virgin Islands because of the recent hurricanes, people are asking, "What else can go wrong? What else do we have to worry about?"

And I am sorry to say that I have to inform the American people that they do have something else to worry about—and that is that this Republican budget we're dealing with today is, in my view, the most unfair and destructive budget in the modern history of this country. And, if it were to be passed, it would do incalculable harm to tens of millions of working-class and middle-class families.

In almost every instance this budget ignores the needs of ordinary Americans and what the American people want while at the same time it bends over backward to protect the interests of the wealthiest and most powerful people in this country and the largest campaign contributors.

This is a budget that moves this country rapidly into the direction of oligarchy. It constitutes nothing less than a massive transfer of wealth from working families, the elderly, the children, the sick, and the poor to the top 1 percent.

It is the Robin Hood principle in reverse. It takes from those in need and gives to those who are already living in incredible opulence.

Many Americans thought that we finally ended the Republican effort to throw millions of people off of the health insurance they have when we defeated their effort to repeal the Affordable Care Act. Unfortunately, if you believe that you are wrong. The Republican attempt to destroy health care benefits for millions of Americans continues in this document.

This Republican budget cuts Medicaid by more than $1 trillion over 10 years—throwing some 15 million Americans off of the health insurance they currently have.

Further, this budget does what the Senate Republicans have yet attempted to do this Congress and that is to make a $473 billion cut to Medicare.

Some of you may remember that during his campaign for president Donald Trump told the American people that he would not cut Social Security, Medicare, and Medicaid.

For example, on April 18, 2015, Trump said: "Every Republican wants to do a big number on Social Security, they want to do it on Medicare, they want to do it on Medicaid. And we can't do that. And it's not fair to the people that have been paying in for years and now all of the sudden they want to be cut."

Well, Mr. President: Tell your Republican friends around this table that they should respect your campaign promises that helped win you the election and that you will veto any legislation that breaks those promises.

Mr. Chairman, at a time of massive wealth and income inequality in this country, this budget makes a bad situation worse, by providing huge tax breaks to the very rich.

According to the Tax Policy Center, by the end of the decade, nearly 80 percent of the tax benefits of the Republican plan would go to the top 1 percent—$1.9 trillion in tax breaks.

Unbelievably, the top one-tenth of 1 percent would receive some 40 percent of the tax breaks by the end of the decade.

Donald Trump claims that his tax plan helps the middle class. But by repealing the personal exemption and the deductions for State and local income taxes, his plan increases taxes for about 30 percent of middle-class families—those that are earning between $50,000 and $150,000 a year.

By repealing the estate tax this budget would give $269 billion in tax breaks to the Walton family, the Koch brothers' family, the Trump family, and other multi-billionaire families.

And here's the rub. In order to pay for these huge tax breaks for millionaires and billionaires, this Republican budget makes savage cuts to the life and death programs that mean so much to ordinary Americans—above and beyond the disastrous cuts to Medicare and Medicaid.

If you are a lower income senior citizen, you may no longer be able to keep your home warm in the winter because of a cut of about $4 billion to the Low Income Home Energy Assistance Program.

If you are a working-class student trying to figure out how you could possibly afford college, your dream of a college education could evaporate along with 8 million other students because of more than $100 billion in cuts to Pell Grants and other student financial assistance programs.

If you are a low-income pregnant woman, please know that Republican budget would make about $6.5 billion in cuts to the Women, Infants, and Children (WIC) eliminating nutrition assistance to over 1.2 million pregnant women, new moms, babies, and toddlers in Vermont and all over America.

At a time when millions of Americans are paying 40 or 50 percent of their limited incomes on housing, this budget eliminates housing assistance for more than 1 million families due to a cut of about $37 billion to the Section 8 rental assistance program and other housing programs.

At a time when the cost of childcare has skyrocketed, the Republican budget eliminates Head Start services for 25,000 children each and ever year by cutting this program by $3 billion.

In total, the Republican budget would cut more than $5 trillion from education, health care, affordable housing, child care, transportation, and other programs that working people desperately need over the next decade.

Why are the Republicans bringing forth such an absurd budget which in almost every instance is diametrically opposed to what the American people want?

Poll after poll after poll tells us that the American people do not want us to cut Medicare or Medicaid or provide tax breaks to the wealthy or large corporations.

A recent Pew Foundation poll finds that 85 percent of Republicans and 94 percent of Democrats want to either maintain or increase funding for Medicare. But they propose cutting it by $473 billion.

Sixty percent of Americans oppose slashing Medicaid, according to Quinnipiac poll from last week. But they cut Medicaid by a trillion dollars.

A recent *Wall Street Journal* and NBC poll finds that only 12 percent of the American people believe the wealthy should receive a tax cut; while 62 percent of Americans believe the wealthy should pay more in taxes. But they are providing $1.9 trillion in tax breaks to the top 1 percent.

So how do these unfair and terribly unpopular policies come about? And that my friends takes us into a whole other area beyond the jurisdiction of this Committee. And that is the corrupt campaign finance system which enables multi-billionaire families like the Koch brothers to contribute many hundreds of millions of dollars every campaign cycle to Republican candidates.

This Republican budget is not a budget for the American people. This is a budget for the Koch brothers and for the billionaire class. This is a budget that makes the very rich much richer and does devastating harm to some of the most vulnerable people in this country. It must be defeated and replaced by a budget that works for all of us, not just the 1 percent.

Opening Statement of Senator Kamala D. Harris

NO TAX INCREASES AMENDMENT

"To create a point of order against legislation that would increase taxes on taxpayers whose annual income is below $250,000."

Mr. Chairman, Ranking Member Sanders, and colleagues, I rise to offer Harris amendment #2. I ask unanimous consent for Senator Van Hollen to be added as a cosponsor.

This amendment would ensure we are protecting middle-income families from unfair tax increases.

This budget includes reconciliation instructions that would increase the deficit by $1.5 trillion over the next decade. Despite all of that new spending, it would do nothing to help our struggling middle class.

In a new report, the Federal Reserve concluded that the top 1 percent now own nearly 40 percent of the Nation's wealth, while the bottom 90 percent own 23 percent. The Republican budget focuses on growing this imbalance between the wealthiest Americans and the rest.

According to another recent report, from the Tax Policy Center, the bottom 80 percent of households would receive only 13 percent of the tax cut in 2027. Most low- and middle-income households would likely lose more from the budget cuts than they would gain from the tax cuts.

My amendment would ensure that no additional harm is done to the people who are working harder than ever to put food on the table and provide for their families, secure a quality education for their children, and have a chance to retire with dignity.

Congress has the ability to make the tax code work for middle and low income families. Instead, the Republican budget wants to create more income inequality and transfer more wealth from the middle class to the rich and to corporations—even though one out of every five corporations pay nothing in income taxes.

The budget cuts $5 trillion from programs that working families desperately need. I hear from Californians daily requesting better housing and nutritional assistance programs. Yet, the Republican budget eliminates housing assistance for more than 1 million families and nutrition assistance for nearly 2 million women, infants and children.

This budget does very little for families and working Americans. I say we instead keep our commitment to low and middle-income taxpayers and protect them from tax hikes. I urge my colleagues to vote YES on this amendment.

VOTING ON NO TAX INCREASES (ONE MINUTE RE-INTRODUCTION)

This amendment would create a point of order against legislation that would increase taxes on taxpayers whose annual income is below $250,000.

This budget does very little for families and working Americans. Any tax reform legislation should be done in a bipartisan way and in a way that does not raise taxes on the middle class.

I urge my colleagues to vote YES on this amendment.

○