

MEMBERS' DAY

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

HEARING HELD IN WASHINGTON, DC, MARCH 6, 2013

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MEMBERS' DAY

WEDNESDAY, MARCH 6, 2013

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

The committee met, pursuant to call, at 9:04 a.m., in room 210, Cannon Office Building, Hon. Vicky Hartzler, presiding.

Present: Representatives McClintock, Hartzler, Warlorski, Rice, Van Hollen, McDermott, Cicilline, Pocan, Lujan Grisham, and Blumenauer.

Mrs. HARTZLER. This hearing will come to order. Good morning and welcome to the Budget Committee Members Day hearing.

Before we begin, as it looks like we are scheduled to have votes early this afternoon, so I ask unanimous consent that consistent with clause 4 of House rule 16, the chairman is authorized to declare a recess at any time. Without objection, the request is agreed to.

This is a hearing we hold every year to hear from our colleagues about their views on the budget. This hearing is directed by section 301(e)(1) of the Budget Act, and its intent is to bring about a forum in which members can relay their priorities for their district, for their State, and indeed for our country.

We are pleased to have a diverse group of members from both sides of the aisle who are scheduled to make presentations, and we look forward to receiving their testimony.

Before we begin, I would like to turn to my colleague, Mr. Blumenauer and see if you have any comments you would like to make.

Mr. BLUMENAUER. Thank you, Madam Chair. I look forward to hearing from our colleagues. It is interesting every year to have an opportunity for people to share with us their priorities. We all agree that it is vital to reduce the deficit over the next decade, using a steady and predictable approach. I am hopeful that we will be able to use this opportunity to look at what is in the best interests not only for our constituents, but for the country as a whole now and in the future.

Crafting a budget resolution is an exercise in demonstrating priorities. Mr. Van Hollen, were he here—he is, unfortunately, unable to be at two places at once. I know he is coming back from the Capitol and the leadership meeting—will be talking about focusing on job creation, continuing an economic recovery that we have all worked hard on the last few years.

I think it is clear that the sequester is exactly the wrong thing for the country to do right now. According to the CBO, it is going

to cost in the neighborhood of three-quarters of a million jobs in this year alone and reduce the economic growth that we could otherwise expect by about a third.

Mr. Van Hollen will be putting forth a budget alternative that my Democratic colleagues will be working with him to develop to replace the sequester with an equal amount of deficit reduction but is obtained in a more balanced way. And that will be a theme you will hear throughout these deliberations, thinking about being able to do it in a balanced and thoughtful way. The overwhelming majority of the American public, according to public opinion surveys and I think common sense, approach this hoping that we will be able in a balanced, bipartisan way to make some progress.

I look forward to participating here with you and perhaps circling back later in the day to share some of my own biases.

Mrs. HARTZLER. It sounds very good. Thank you very much, Mr. Blumenauer.

As a reminder, members will have 5 minutes to give their oral testimony, and their written statements will be submitted for the record. Additionally, members of the committee will be permitted to question the witness following their statements, but out of consideration of our colleagues' time and to expedite today's proceedings, I ask that you please keep your comments brief.

I now will call our first witness, Mr. Dennis Ross from Florida. You are recognized.

**STATEMENT OF HON. DENNIS ROSS, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF FLORIDA**

Mr. ROSS. Thank you, Madam Chairman, and thank you members of the Budget Committee for your time and opportunity today to engage in this dialogue regarding the budget.

I have introduced H.R. 239, the Zero-Based Budgeting Ensures Responsible Oversight, or ZERO, Act which requires agencies and departments to draft their budgets starting at a zero baseline instead of current funding levels as they do today. To do that, my bill requires every department under the President's budget to Congress to provide four things.

First, they must provide a description of each activity that requires an appropriation from Congress.

Second, they must cite to Congress the legal basis under which they may lawfully receive an appropriation.

Third, they must offer three alternative funding levels.

And fourth and finally, they must provide a summary of the cost effectiveness to the taxpayer for each activity that requires an appropriation from Congress.

This is to ensure that every expenditure is justified. Removing the baseline from agency and department budgets and implementing zero-based budgeting instead would get rid of the automatic spending increases that encourage increased spending.

For these reasons, I would like to speak to you about the budget process reform and the need to pass the ZERO Act into law.

As the Citizens Against Government Waste explained in their support of my bill, quote, baseline budgeting is one of the most sinister ways that politicians claim to cut spending when they are actually increasing spending. For example, if an agency's budget is

projected to grow by \$100 million but only grows by \$75 million, according to baseline budgeting, that agency sustained a \$25 million cut. That is equivalent to someone who expects to gain 100 pounds but only gains 75 pounds and then says, well, I have lost 25 pounds. The Federal Government is the only place where this absurd logic is employed.

Zero-based budgeting has been widely successful with State and local governments. Since 2008, Idaho has taken zero-budgeting one step forward and used it as a tool to prioritize programs based on statutory requirements. Under the direction of Governor Butch Otter, the Idaho Budget Bureau is identifying programs and activities outside of the central mission of the agency, eliminating or moving programs to other agencies that are not in line with the central mission of the agency and has been able to better prioritize agency resources and functions accordingly. Idaho has used zero-based budgeting for strategic planning and prioritizing, which has put agencies in a better position to make recommendations when faced with tough budget cuts.

We just took a \$42 billion across-the-board cut without any attempt to prioritize agency and department missions. Sequestration was bad policy and we could have avoided it had we addressed the cuts ahead of time. If Congress had used the zero-based budgeting application, as required under H.R. 239, and given agencies and the departments a chance to review their activities and streamline duplicative programs, we would not be in this battle of who to blame over sequestration and our finances would be better for it.

Furthermore, zero-based budgeting also has support across the aisles. Initially introduced in the 1970's, the administration then implemented a zero-based budgeting to control expenditures within the agencies' budgets. In 1976 under a Democrat-controlled Congress, appropriating committees selected independent agencies to test the applicability of zero-based budgeting, and the agency requests were available for review by the authorizing committees. Agencies were required to consider alternative levels of funding for discretionary programs, sometimes three to four alternatives, and the practice lasted until 1994. My bill requires very similar details.

With America facing \$16 trillion in debt and credit rating agencies demanding that we put ourselves on a path to pay off debt to remain creditworthy, it is time to rethink how Congress writes our budgets. If American families and businesses know how to assess their spending and programs every year, so should Congress. It is imperative that we do away with the baseline budgeting tricks and gimmicks and become better stewards of the taxpayer money.

I urge the committee to pass H.R. 239, the ZERO Act, to smoke out waste in the Federal agencies and departments and put taxpayers back in check.

I thank you for this opportunity and yield back the balance of my time.

[The prepared statement of Dennis Ross follows:]

PREPARED STATEMENT OF HON. DENNIS A. ROSS, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF FLORIDA

Thank you members of the Budget Committee for your time and for this opportunity to engage in the dialogue regarding the budget.

I have introduced H.R. 239, the Zero-based-budgeting Ensures Responsible Oversight, or ZERO Act, which requires agencies and departments to draft their budgets starting at a zero baseline, instead of current funding levels as they do today. To do that, my bill requires every department under the President's Budget to Congress to provide four things:

1. Provide a description of each activity that requires an appropriation from Congress;
2. Cite to Congress the legal basis under which they may lawfully receive an appropriation;
3. Offer three alternative funding levels;
4. Provide a summary of the cost effectiveness to the taxpayer for each activity that requires an appropriation from Congress.

This is to ensure that every expenditure is justified. Removing the baseline from agency and department budgets and implementing zero-based budgeting instead would get rid of the automatic spending increases that encourage increased spending. For these reasons, I would like to speak to you about budget process reform and the need to pass the ZERO Act into law.

As the Citizens Against Government Waste explained in their support of my bill, HR 239:

"Baseline budgeting is one of the most sinister ways that politicians claim to cut spending when they are actually increasing spending. For example, if an agency's budget is projected to grow by \$100 million, but only grows by \$75 million, according to baseline budgeting, that agency sustained a \$25 million cut. That is equivalent to someone who expects to gain 100 pounds [but] only gaining 75 pounds [and takes] credit for losing 25 pounds. The federal government is the only place where this absurd logic is employed."

Zero-based budgeting has been widely successful with state and local governments.

Since 2008, Idaho has taken zero-based budgeting one step forward and used it as a tool to prioritize programs based on statutory requirements. Under the direction of Governor Butch Otter, the Idaho Budget Bureau is identifying programs and activities outside of the central mission of the agency, eliminating or moving programs to other agencies that are not in line with the central mission of the agency, and has been able to better prioritize agency resources and functions accordingly. Idaho has used zero-based budgeting for strategic planning and prioritizing, which has put agencies in a better position to make recommendations when faced with tough budget cuts.

We just took a \$42 billion across-the-board cut without any attempt to prioritize agency and department missions and functions. Sequestration was bad policy and could have been avoided if we had addressed cuts ahead of time. If Congress had used the zero-based budgeting as required under H.R. 239 and given agencies and departments a chance to review their activities and streamline duplicative programs, we would not be in this battle of who to blame over sequestration. And our finances would be better for it.

Furthermore, zero-based budgeting also has support across the aisles.

Initially introduced in the late 1970s, the Administration then implemented zero-based budgeting to control expenditures within agencies' budgets. In 1976, under a Democratic Congress, appropriating committees asked selected independent agencies to test the applicability of zero-based budgeting, and the agency requests were available for review by the authorizing committees. Agencies were required to consider alternate levels of funding for discretionary programs, sometimes three to four different alternatives, and the practice lasted until 1994. H.R. 239 requires very similar details.

With America facing \$16 trillion in debt, and credit rating agencies demanding that we put ourselves on a path to pay off that debt to remain credit-worthy, it is time to re-think how Congress writes our budgets. If American families and business know how to assess their spending and programs every year, so should Congress. It is imperative that we do away with the baseline budgeting tricks and gimmicks and become better stewards of the taxpayer's money. I urge the committee to pass H.R. 239, the ZERO Act, to smoke out waste in the federal agencies and departments and put taxpayer spending in check.

Thank you and I yield back the balance of my time.

ADDENDUM

COUNCIL FOR CITIZENS AGAINST GOVERNMENT WASTE,
1301 PENNSYLVANIA AVENUE, N.W. SUITE 1075,
Washington, DC, February 8, 2013.

U.S. REPRESENTATIVE, *Washington, DC 20515.*

DEAR REPRESENTATIVE: Rep. Dennis Ross (R-Fla.) has introduced H.R. 239, the Zero-based budgeting Ensures Responsibility (ZERO) Act, which would require that all departments and agencies in the federal government switch from baseline budgeting to zero-based budgeting. On behalf of the more than one million members and supporters of the Council for Citizens Against Government Waste (CCAGW), I urge you to support this legislation.

Baseline budgeting is one of the most sinister ways that politicians claim to cut spending when they are actually increasing spending. The Congressional Budget Office defines the baseline as a benchmark for measuring the budgetary effects of proposed changes in federal revenue or spending, with the assumption that current budgetary policies or current services are continued without change. Baseline budgeting, therefore, builds automatic future spending increases into Congress's budgetary forecasts and tilts the budget process in favor of increased spending and taxes. For example, if an agency's budget is projected to grow by \$100 million, but only grows by \$75 million, according to baseline budgeting, that agency sustained a \$25 million cut. That is equivalent to someone who expects to gain 100 pounds only gaining 75 pounds taking credit for losing 25 pounds. The federal government is the only place where this absurd logic is employed.

H.R. 239 would require that, effective January 1, 2015, all departments and agencies of the government utilize zero-based budgeting. The ZERO Act additionally requires that each department and agency provide a description of each activity that requires an appropriation from Congress; cite to Congress the legal basis under which they may lawfully receive an appropriation; offer three alternative funding levels; and provide a summary of the cost effectiveness and efficiency to the taxpayer for each activity that requires an appropriation from Congress.

Eliminating the inflated budget baseline will force Congress to justify and account for increased spending instead of hiding behind automatic increases. I urge you to support the ZERO Act. All votes on

H.R. 239 will be among those considered in CCAGW's 2013 Congressional Ratings.

Sincerely,

THOMAS A. SCHATZ, *President,*
Council for Citizens Against Government Waste.

Mrs. HARTZLER. Thank you, Mr. Ross.

Do we have any questions for the witness?

All right. Thank you very much.

Mr. BLUMENAUER. Madam Chair, as we are waiting for our next witness, I might just share some observations that I was going to offer later in the hearing, if that is all right.

Mrs. HARTZLER. Please proceed.

STATEMENT OF HON. EARL BLUMENAUER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF OREGON

Mr. BLUMENAUER. This is one of the opportunities for us to enter into the record our own thoughts and observations before we move forward into the more formalized efforts before the committee.

I have a personal desire that—maybe it is a hope that at some point there is a chance to go back and forth on the Budget Committee not so much in terms of the way that we have done it in the past, but opportunities to really as a committee, at least informally, zero in on areas where there might actually be some agreement.

I am personally keenly interested in our being able to, in this committee, deal with some of the aspects of the defense budget. Here is an area where I think all of us decry the effects of sequestration, sort of the meat axe approach. We all agree that we want

the United States to have unparalleled military might and the ability to protect and defend this country, but I think most of us would agree that we are spending too much for the wrong people to do the wrong things.

We have a nuclear arsenal that is going to cost about three-quarters of a trillion dollars this next 10 years, and much of it is directed towards the threats of the Cold War and the former Soviet Union, long after that ceased to exist. We have probably conservatively 10 times the nuclear weapons that are necessary to deter anybody on the planet and render their country uninhabitable. We are maintaining not one, not two, but three redundant delivery systems, nuclear submarines, bombers, and land-base missiles, again far more than we need and candidly far more than we can afford. We have not used these devices in 68 years. All this redundancy piles up costs and does not help us for the threats that we face today, real threats that have resulted in having two wars. We are dealing with terrorism. We need to, I think, adjust that effort.

I hope that we stop defending east Germany from western Russia.

I hope at some point we talk about how we come to grips with the reality of an all-volunteer military and an all-volunteer military that is as large as it is now. The costs in the long run are as egregious as anything that we are facing with other entitlements, and we really have not talked about how we are going to cope with that, either right-sizing it or providing more resources.

In the area of health care—and our friend, the chairman, Mr. Ryan, has charts that talk about how the path we are on is unsustainable. But the question is how do we change that path. And there are many parts of the country where people have already not only implemented health care reform, they are accelerating it. And rather than having an ongoing debate to minimize to try and get in the way of health care reform, we should be accelerating it.

I represent a State, Oregon, where we have made a commitment to the Federal Government to reduce our Medicare spending 2 percent a year over the next 5 years, and the Federal Government takes it seriously enough to have bet \$1.9 billion that we can do it. If we did this nationally—and it is being done in private clinics and in some areas of the country—that would save more than the entire sum we are talking about in sequestration over the next 10 years.

It has been a pleasure to work with Chairman Ryan over the years on agricultural reform. I hope that we take the fact that we have not yet reauthorized the bill and that the Budget Committee might help shape some of this. I fully expect the chairman will do something dealing with crop insurance, but seeing if there are ways that we can accelerate that with direct payments with crop insurance and sending messages that we want.

And last but not least, I have talked with the chairman. I have talked to the ranking member about this committee doing something publicly about the infrastructure deficit that we face where America is falling apart. The President mentioned 50,000 structurally unsound bridges. These are things that I hope we are able

to give attention to that will make a big difference in this budget and beyond.

I appreciate the opportunity to be with you, share a few of my biases. I look forward to working with the chair and the ranking member.

And I yield back.

Mrs. HARTZLER. Thank you, Mr. Blumenauer.

Are there any questions for our witness?

All right. Thank you very much for sitting in here and helping with the hearing today.

Hello, Mr. Van Hollen.

Mr. VAN HOLLEN. How are you?

Mrs. HARTZLER. Very good. Glad you could make it. do you have any comments that you would like to make?

Mr. VAN HOLLEN. Just it is great to join with you to hear testimony from our colleagues on ideas they have with respect to the budget, how it affects our national priorities and local priorities. So thank you.

Mrs. HARTZLER. Sure, very good.

Our next witness is Representative Gene Green from Texas. So please proceed.

**STATEMENT OF HON. GENE GREEN, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF TEXAS**

Mr. GREEN. Thank you and good morning. I appreciate the Budget Committee allowing us to have this opportunity again.

I am pleased to be here today to present my views on the fiscal year 2013 budget resolution. This committee is faced with many difficult choices as it crafts this year's congressional budget. Democrats and Republicans must work together to produce a budget that simultaneously helps meet our economic, health care, energy, and social challenges.

My first concern is energy provisions. Madam Chairman, as you craft the House Budget Committee and any budget reconciliation directives, I want to state my strong opposition to any efforts to single out the oil and natural gas industry for tax increases. By repealing the existing tax incentives, we will destroy thousands of small businesses across our country. The average independent production company has only 12 employees, the definition of a true small business. The oil and natural gas industry is also one of the largest employers in our country, supporting more than 9.2 million jobs.

Madam Chairman and Ranking Member, it is important to highlight that the U.S. oil and natural gas industry does not receive tax subsidies. In fact, there is not a single targeted tax credit in the Internal Revenue Code available to the oil and natural gas industry. Yet, you would never know that given how our administration and several of our colleagues characterize the issue.

Instead, the U.S. oil and natural gas industry is allowed to take deductions to cover the cost of doing business which has been afforded to all businesses since the beginning of our country's income tax system. In return, the industry delivers \$86 million a day to the Federal Government in revenue. Any change to these tax incentives should be addressed in a comprehensive tax reform.

That said, the United States needs to continue researching and developing alternative energy sources which will lead us away from our dependence on fossil fuels. I support bills that will increase the funding to research and development projects dealing with new and cleaner energy sources, as well as provide financial incentives to produce energy from wind, solar, biomass, geothermal and other sources.

And I would like to ask that a copy of a report that was done by the Texas Alliance talking about not only oil and gas taxes, but also fracking and a number of issues be placed in the record.

Another priority in our district is the Port of Houston. Our port is the largest foreign tonnage port and the largest petrochemical port in the country. In fact, it moves the second largest amount of cargo in the country. The commerce that occurs in our port is critical to our Nation's energy and chemical sectors and to our ability to trade and move goods throughout our country.

The number one issue that faces support today and will face support in the future is maintenance dredging by the Army Corps of Engineers. In 1998, the Federal Government invested \$700 million in deepening and widening the Houston ship channel, an investment we have benefitted from tremendously. However, as the years have passed, the silt has settled and reduced the draft in the channel significantly. Today only .4 percent of the channel is dredged to its proper depth across the entire width of the channel. That is astounding and our Nation's investment is rapidly deteriorating.

We have been fortunate to get funding that we received over the past several years—last year an extra \$700,000 for maintenance dredging—for a total of just over \$24 million was included, and \$100,000 of new funding was provided towards studying the widening and deepening of the Houston ship channel to the turning basin. An increase of \$800,000 does not sound like a lot and it is not, when the dredging needs alone are near \$60 million per year. But it is good to get an increase on any program Government-wide when we are right for cuts.

I am asking you today that when this committee does write its budget, that you include as much as possible for harbor maintenance. As we confront the dual challenges of adapting policies that create jobs and reduce the debt, funding for dredging projects is an item that, while costly, will have more than a positive impact on our economy than a negative impact on our deficit.

The Texas Transportation Institute performed a study and determined that direct economic impact of the loss of a 1-foot draft costs \$373 million. The majority of this impact is lost business opportunities due to light loading of non-containerized vessels. If the dredging crisis at the port continues to worsen, this cost will quickly accelerate.

Another issue important in our area in southeast Texas is NASA. It is difficult to overstate the importance of a robust NASA program if the United States is to continue to be the world leader in space exploration. I am frustrated by the administrations' position over the last few years—and this has been different administrations—to move away from NASA-led human space flight towards commercial contracts. The multi-purpose crew vehicle program and the space launch system must be funded at current authorized lev-

els if the multi-purpose crew vehicle is to stay on track for 2014 exploration flight test and the space launch system on track for the integrated multiple purpose crew vessel flight demonstration in 2017.

Johnson Space Center is just outside our district and has a long history of being a premier NASA installation. I am proud of that legacy but concerned that NASA will disregard the law passed by Congress and move away from the programs that ensure NASA's future as the preeminent human space flight agency in the world. Maintaining a commitment to these vehicles means our country will continue to be a pioneer in science, technology, and space flight. These crucial programs must be funded at the levels authorized by Congress so that NASA has the resources necessary to meet its deadlines.

I implore my colleagues and the administration to continue to invest in our future by supporting NASA-led human space flight.

Madam Chairman, thank you for the opportunity, and I will be glad to yield back my time or answer questions.

[The prepared statement of Gene Green follows:]

PREPARED STATEMENT OF HON. GENE GREEN, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF TEXAS

CHAIRMAN RYAN, RANKING MEMBER VAN HOLLEN AND MEMBERS OF THE COMMITTEE: I am pleased to be here today to provide my views on the Fiscal Year 2013 Budget Resolution.

This committee is faced with many difficult choices as it crafts this year's congressional budget.

Democrats and Republicans must work together to produce a budget that simultaneously helps meet our economic, health care, energy, and social challenges.

ENERGY PROVISIONS

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That said, the United States needs to continue researching and developing alternative energy sources which will lead us away from our dependence on fossil fuels.

I support bills that would increase funding to research and development projects dealing with new and cleaner energy sources as well as provide financial incentives to produce energy from wind, solar, biomass, geothermal, and other sources.

PORT OF HOUSTON

Another priority in our district is the Port of Houston. Our Port is the largest foreign tonnage port and the largest petrochemical port in the country. In fact, it moves the second largest amount of cargo in the country.

The commerce that occurs at our port is critical to our nation's energy and chemical sectors and to our ability to trade and move goods throughout our country.

The number one issue that faces the Port today and will face the Port in the future is maintenance dredging by the Army Corps of Engineers.

In 1998, the Federal Government invested \$700 million in deepening and widening the Houston Ship Channel. An investment we have benefitted from tremendously.

However, as the years have passed silt has settled and reduced the draft in the channel significantly. Today, only .4% of the channel is dredged to its proper depth across the entire width of the channel. That is astounding. Our nation's investment is rapidly deteriorating.

We have been fortunate to get the funding we have received over the past several years.

Last year, an extra \$700,000 for maintenance dredging for a total of just over \$24 million was included and \$100,000 of new funding was provided toward study on the widening and deepening of the Houston Ship Channel to the Turning Basin.

An increase of \$800,000 does not sound like a lot, and it's not, when our dredging needs alone are near \$60 million. But, it is good to get an increase at all as every program, government-wide, is eyed for cuts.

I am asking you today that when this committee does write its budget that you include as much as possible for harbor maintenance.

As we confront the dual challenges of adopting policies that create jobs and reduce the debt, funding for dredging projects is an item that, while costly, will have more of a positive impact on our economy than a negative impact on our deficit.

The Texas Transportation Institute performed a study and determined that a direct economic impact of the loss of 1 foot of draft is \$373 million.

The majority of this impact is lost business opportunities due to light loading of non-containerized vessels. If the dredging crisis at the port continues to worsen, this cost will quickly accelerate.

NASA

It is difficult to overstate the importance of a robust NASA program if the United States is to continue to be the world leader in space exploration.

I am frustrated by the Administration's decision over the last few years to move away from NASA-led human space flight and towards commercial contracts.

The Multi Purpose Crew Vehicle (MPCV) program and the Space Launch System (SLS) must be funded at current authorized levels if the MPCV is to stay on track for the 2014 Exploration Flight Test-1 (EFT-1) and the SLS on track for the integrated MPCV-SLS flight demonstration, Exploration Mission (EM)-1, in 2017.

Johnson Space Center, just outside our district, has a long history of being a premiere NASA installation.

I am proud of that legacy, but concerned that NASA will disregard the law passed by Congress and move away from programs that will ensure NASA's future as the preeminent human space flight agency in the world. Maintaining the commitment to MPCV and SLS means our country will continue to be a pioneer in science, technology and space flight.

These crucial programs must be funded at the levels authorized by Congress, so that NASA has the resources necessary to meet its deadlines.

I implore my colleagues and the Obama Administration to continue to invest in our future by supporting NASA-led human space flight.

Thank you, Mr. Chairman, for the opportunity to be here and I yield back the balance of my time.

Mrs. HARTZLER. Thank you, Mr. Green.

Do we have any questions for our witness?

Okay, thank you very much for being here. I appreciate it.

Mr. GREEN. Thank you.

Mrs. HARTZLER. Now we will hear from the Honorable Steve Daines from Montana.

STATEMENT OF HON. STEVE DAINES, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MONTANA

Mr. DAINES. Thank you, Madam Chairman. Thank you for inviting me here to testify.

As I sit before the Budget Committee this morning, I am reminded of the reason I decided to run for Congress. It was not because I was having a mid-life crisis. Rather, I realized the severity

of our national financial crisis and the damaging impact it will have on my kids and my grandkids if responsible action is not taken today.

Our Federal budget has been balanced just five times in the past 50 years. This practice has resulted in our present \$16 trillion-plus debt and it is simply unsustainable.

I come to Washington with a little different resume. I spent the last 28 years in the private sector. I am not a lawyer. I am engineer, and I know firsthand how important it is not only to balance the budget which in the private sector—that is just breaking even, but actually creating surpluses. That is called a profit in the private sector. Balancing is not enough. You actually have to generate more income than you spend. Debt wears down any potential for growth and a business will ultimately collapse under its pressure.

Further, I was motivated by competition and the competitive forces of the free market. When I was in the private sector, I woke up every morning knowing that if I did not give 100 percent effort and find ways to deliver value to our customers, to be innovators, to continuously find ways to do more with less, our competitors would beat us. The companies that I worked for were held accountable for results we produced. That is far different than what we have here in Washington with a “spend it or lose it” mentality as it comes to managing the finances, and it is unfortunately very prevalent across this institution.

Balancing the budget, demanding accountability, demanding results, promoting efficiency. These principles are at the core of the success in the private sector that are also championed and adhered to by the people of Montana, which I represent. And I believe it is time to bring these common sense principles back to Washington.

I would also like to highlight that I believe the Federal Government fundamentally has a spending problem. It is not a revenue problem. As you know, the Congressional Budget Office released a study last month that found that our Federal revenues will exceed the 40-year average next year and will remain above that average throughout the next decade. This will occur even if Congress does not raise a single dollar in new taxes. I strongly support reforming our tax code to make it simpler, to make it fairer, and to promote economic growth, but I believe this should be in a revenue neutral fashion.

Federal spending, on the other hand, will remain above historic averages throughout the next decade. As all of you know, the growth in entitlement spending is the primary driver of this unsustainable spending and our escalating debt crisis. We must enact cost-saving reforms to these programs to preserve them for future generations without weakening the critical services provided to today’s beneficiaries. I have two grandmothers—each are 94 years old—that depend on their Medicare and their Social Security. This is not about touching what Gramma gets. This is about ensuring that my four kids will have something when they retire.

Lastly, as a Congress, I believe we too need to be motivated. I supported the no budget/no pay legislation passed in January and am pleased it appears to have motivated the Senate to take up a budget for the first time in 4 years.

I believe we need to take this principle even one step further—and this goes back to perhaps my private sector instincts—by tying it to a balanced budget and making the performance for pay standard permanent.

I recently introduced the Balanced Budget Accountability Act which would terminate member pay after April 15th if our respective chamber does not pass a budget that maintains a glide path to balance by fiscal year 2023. That is the idea of balance the budget within 10 years. In the private sector, if you do not produce results, you do not get paid. I think it is about time that Congress should be no different than the way it operates out in the free markets, in the private sector.

Thank you again for inviting me to testify. I look forward to working with the Budget Committee as we work to balance the budget and invigorate job creation and economic growth for this country.

I yield back my time.

[The prepared statement of Steve Daines follows:]

PREPARED STATEMENT OF HON. STEVE DAINES, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF MONTANA

Thank you Chairman Ryan and Ranking Member Van Hollen for inviting me to testify. As I sit before the Budget Committee this morning I am reminded of the reason I decided to run for Congress. It wasn't because of a mid-life crisis; rather I realized the severity of our national financial crisis and the damaging impact it will have on my children and grandchildren, if responsible action is not taken today.

Our federal budget has been balanced in only five of the past 50 years. This practice has resulted in our present \$16 trillion plus in debt and is simply unsustainable. I have 28 years of experience in the private sector, and I know firsthand how important it is not only to balance the budget—which in the private sector, we'd call breaking even—but in creating annual surpluses. Debt wears down any potential for growth, and a business will ultimately collapse under its pressure.

Further, I was motivated by competition in the free market. I used to wake up every day knowing that if I didn't give 100% effort and find ways to deliver value to our customers, to innovate, and to continuously find ways to do more with less, our competitors would beat us. The companies I worked for were held accountable for the results we produced. This is far different than the "spend it or lose it" mentality that unfortunately is prevalent throughout our federal government.

Balancing the budget, demanding accountability and results, promoting efficiency—these principles are at the core of success in the private sector, and they are championed and adhered to by the people of Montana. It is time to bring these commonsense principles to Washington.

I would also like to highlight that the federal government has a spending problem, not a revenue problem. As you know, the Congressional Budget Office released a study last month that found that federal revenues will exceed the 40 year average next year, and will remain above the average throughout the next decade. This will occur even if Congress does not raise a single dollar in new taxes. I strongly support reforming our tax code to make it simpler and fairer and to promote economic growth, but this should be done in a revenue-neutral fashion.

Federal spending, on the other hand, will remain above the historic average throughout the decade. As all of you know, the growth in entitlement spending is the primary driver of this unsustainable spending and our escalating debt crisis. We must enact cost-saving reforms to these programs to preserve them for future generations, without weakening the critical services provided to today's beneficiaries.

Last, as a Congress, I believe we too need to be motivated. I supported the No Budget, No Pay legislation passed in January and am pleased that it appears to have motivated the Senate to take up a budget for the first time in four years. I believe we need to take this principle one step further by tying it to a balanced budget and making the performance pay standard permanent. I recently introduced the Balanced Budget Accountability Act, which would terminate member pay after April 15 if our respective chamber does not pass a budget that maintains a glide path to balance by fiscal year 2023. In the private sector, if you don't produce results, you don't get paid. Congress should be no different.

Thank you again for inviting me to testify. I look forward to working with the Budget Committee as we work to balance the budget and invigorate job creation and economic growth in our country.

Mrs. HARTZLER. You actually timed your comments so that it came out exactly at 0.00. I have never seen that before. So for a new Member of Congress, you are well suited to represent your district. So thank you for your comments today. I appreciate it.

Mr. DAINES. Okay. Thanks, Madam Chairman.

Mrs. HARTZLER. Now we will take a brief recess as we wait for additional members to testify. This hearing is now in recess, subject to the call of the chair.

[Recess.]

Mrs. HARTZLER. I call this hearing back into session.

We are enjoying hearing from various members on their priorities for our budget and their thoughts about our Nation's financial condition. So we are glad that you are here today to share your thoughts. I believe on our list, the order—we had Mr. Ami Bera first. So if you would like to proceed, please go ahead.

**STATEMENT OF HON. AMI BERA, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF CALIFORNIA**

Mr. BERA. Absolutely. Thank you, Madam Chairwoman. Thank you, Ranking Member. Members of the committee, thank you for the opportunity to testify on behalf of the residents California's 7th Congressional District.

As you begin discussions towards fiscal year 2014's budget resolution, I want to call your attention to two projects of critical importance to Sacramento County: the Sacramento-American River levee system and the Folsom Dam.

Sacramento, which sits where the Sacramento and American Rivers converge near the Bay Delta, has the second highest flood risk in the United States. A flood in the Sacramento region would be devastating to 1.4 million people who live in our metropolitan area. The flood risk could result in interstate closures of I-5 and I-80 which are needed as evacuation routes, a shutdown of Sacramento International Airport, destruction of homes, hospitals, and most importantly, a tragic loss of life. Flooding could result in billions of dollars in potential damage and it could take weeks to months to pump the water out of the area.

To date, the Army Corps has identified 10 projects of national economic importance through signed chief reports. The Natomas levees are one of these critical projects. The levees date from the 1870's when farmers began building nearly 1,100 miles of protection around the Sacramento-San Joaquin Delta to control flood waters and create farmland. Today these levees are in desperate need of critical repair to help prevent a catastrophic disaster.

Robert Bea, professor of engineering at the University of California-Berkeley, warns in terms of damage, deaths, and long-term costs, a rupture of the delta levees would be far more destructive than what happened in Hurricane Katrina. This is a ticking bomb. We all witnessed the devastation caused by Superstorm Sandy this past November. However, unlike a slow-moving hurricane, a breach of the levees could occur with little or no warning.

In 2006, former Governor Arnold Schwarzenegger declared a state of emergency for California levees. He signed an executive order directing agencies to identify, evaluate, and repair critical systems. Sacramento is still waiting for these repairs.

For example, the Natomas Basin is surrounded by 42 miles of levees. 18 miles of those levees have been repaired and updated by the Sacramento Flood Control Agency. However, the final 24 miles are still slated to be completed by the U.S. Army Corps of Engineers. The Army Corps is responsible for upgrading and maintaining a vast amount of the delta levees. We need to ensure the proper amount of funding is granted to these and other projects.

Again, the Natomas levees are just 1 of 10 Army Corps of Engineer chief report projects based in locations ranging from Iowa to Florida, Louisiana to California. These 10 projects are shovel-ready and will provide on-the-ground jobs immediately once funded.

As you begin assembling the 2014 budget, I urge you—I urge this committee—to make sure the U.S. Army Corps chief report projects are given sufficient funding to maintain and protect our communities. Thank you.

Mrs. HARTZLER. Thank you, gentleman. That was very interesting.

Do we have any questions for our witness?

I will have to say this was new information to me being from Missouri. So I appreciate you coming today making us aware of this situation.

Mr. BERA. Thank you.

Mrs. HARTZLER. Thank you very much.

Now I will have Representative DesJarlais.

STATEMENT OF HON. SCOTT DESJARLAIS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF TENNESSEE

Mr. DESJARLAIS. Chairman Hartzler, Chairman Ryan, and Ranking Member Van Hollen, and distinguished members of the Budget Committee, thank you for having me here today to discuss the fiscal year 2014 budget. This is an issue of top concern to my constituents in Tennessee's 4th Congressional District.

While my district, like many others across the country, has certainly experienced its fair share of economic hardship, we are fortunate that some of the most innovative and talented small business owners this country has to offer have chosen to call the 4th District their home. These individuals and the businesses they own employ tens of thousands of hard-working Tennesseans. In fact, last Congress, my colleagues on the House Oversight Committee and I held a hearing with some of these job creators in order to identify what they are doing right now and how their successes can be replicated at a national level. But while the businesses in my district are doing their part and growing and creating jobs, the Federal Government seems more interested in putting up roadblocks to achievement than acting as a partner in ensuring their success.

Business owners from across my district certainly have no shortage of frustrations regarding their Government in Washington. Naturally these complaints will vary depending on the type of business. Some are very niche issues and others just general com-

plaints that I am sure that each of us have heard from the folks back home.

But there is one concern that I hear from nearly every single business owner in my district regardless of their industry, size of their business, or even political affiliation. That is our country's unsustainable debt.

Business owners in my district know that today's deficit spending will have to be paid for with tomorrow's tax increases. They know our reckless spending growth puts America at risk of staggering tax increases or worse, even economic collapse. This economic uncertainty is causing business owners, both large and small, in my district to hold back on hiring and capital investment. If you think about it, any successful business faces important decisions on long-term plans and outlooks, and while they can control the direction of their business, they cannot control the fiscal uncertainty of the Federal Government. This uncertainty diminishes hiring and investment which then curtails economic expansion. Further, governing through a seamlessly endless stream of CR's only exacerbates the problem. What businesses truly want is a long-term, comprehensive plan to control the deficit spending.

Since arriving to Congress I have twice supported Chairman Ryan's budgetary proposal, commonly referred to as the Path to Prosperity. I along with the vast majority of my constituents applaud the chairman for his strong leadership on this issue. Chairman Ryan put forth the common sense proposal that would put an end to the deficits so that we can start paying down our \$16 trillion-plus deficit and debt. One of the ways that he does this is through preserving and protecting Medicare so that it remains solvent for both current seniors and future generations. Not only was this plan heralded by business owners in my district as a prudent first step, our seniors appreciated that Mr. Ryan's plan kept the promises that were made to them.

Unfortunately, while the Path to Prosperity passed the House two times, the Senate refused to work with us. Rather, they let politics trump policy. As a result, we are still without a plan to control long-term spending.

Businesses in my district cannot understand why Washington continues to promise them everything but the one thing that they have asked for: certainty.

I hope the House will work its will and pass a budget that will achieve balance and provide the certainty businesses in my district need. I hope that we will find a more receptive audience in the Senate and White House during the 113th Congress than we did in the 112th. In writing this budget, I hope that the chairman will pursue the same approach that prioritizes our spending, protects our seniors, and avoids job-crushing taxes on business owners.

I simply fail to understand why the idea of putting a budget in place is viewed by some as extreme. Rather, I would argue that it is extreme to operate without a budget. We have seen what it has gotten us: 4 years of trillion-dollar deficits. If we continue to ignore the Congressional Budget Act of 1974 and its subsequent adaptations, we should simply repeal the act and stop pretending that this Congress has any desire to operate the way our constituents expect.

Mr. Chairman, members of this committee, enough is enough, and that is the message that the people of Tennessee's 4th Congressional District are asking me to transmit to this committee.

I thank you for letting me testify.

Mrs. HARTZLER. Thank you very much, gentleman. Well stated. Any questions?

All right. Thank you very much for being here today.

I am glad to welcome Mr. Nugent from Florida, who is enjoying the snow outside I am sure.

**STATEMENT OF HON. RICHARD NUGENT, A REPRESENTATIVE
IN CONGRESS FROM THE STATE OF FLORIDA**

Mr. NUGENT. Well, this is a treat I will tell you. It reminds me of where I grew up back in Chicago. But that is the reason I left that area too. [Laughter.]

Mrs. HARTZLER. We are glad you are here today.

Mr. NUGENT. Well, thank you, Chairman and Ranking Member, for the opportunity to share with you my budget priorities for Florida's 11th Congressional District.

I understand that all districts are different in their own way. Their demographics, industries, and cultures make them all unique. Florida's 11th District is no exception. Its population consists of well over 200,000 senior citizens. These citizens rely heavily on Social Security and Medicare, benefits they have earned and that they have been promised. In previous testimony before this committee, I have pledged not to change Social Security and Medicare benefits for those at or near retirement. I am here today to reaffirm that commitment.

I am also aware of the need to ensure solvency of these programs in the short, in medium, long term. If we do nothing—if we do nothing—Social Security and Medicare, as we know it, will not exist for future generations. In fact, the latest information we have from the board of trustees of Medicare indicates that if nothing is done to shore up the program, Medicare's main trust fund will be exhausted with 11 years. When that happens, any senior who is relying on a program at that time can expect the program to change significantly. The changes will be abrupt. They will be serious and they will have a negative effect on the quality of life for just about every senior citizen living in America.

To be clear, Chairman, it is the group that will include millions and millions of seniors who are already enrolled in Medicare. On the other hand, if we act now, we can keep the benefits just as they are for individuals who are already on the program, as well as for those nearing Medicare age. It is important to note that if we keep the program just as it is for those folks 55, it means the full 10 years will go by before any savings will be realized, and when the bankruptcy date is 11 years out and the savings take 10 years to kick in, we do not have any time to waste. Next year, if nothing is done, it will have to go to 56, 57, and up, and the year after that, if nothing is done, we will only be able to keep the program the same for those 58 and up. And that is as the trend goes. And to me that is totally unacceptable.

I have promised my constituents I would do everything in my power to save and preserve Medicare for as many of them as pos-

sible. And the longer Congress delays, the harder it will be to keep that promise.

I urge you to do everything you can to find a way that we can come together to save Medicare and to maintain its current form for as many people as we can without bankrupting the entire system.

I do not envy the tasks that this committee has in putting forth a responsible proposal that gets back to a balanced budget. The decisions you make will be difficult. As our \$16 trillion debt indicates, those decisions have never been more necessary than they are right now.

In my own experiences budgeting as Hernando County sheriff, I had to make tough choices that were not always popular. It sometimes meant scaling back programs that I myself started. It was not easy. However, those actions had to be taken to ensure that my office could effectively serve its core principle.

I understand the budget that you are all dealing with is a lot bigger in the numbers and the type that I worked as sheriff of Hernando County, Florida. And I know the implications are far larger and more widespread. But the underlying principle remains the same. We need to cut unsustainable spending, identify the core mission of the Federal Government, and prioritize our resources based upon that. In my opinion, keeping our promises to our seniors, making sure they are able to receive the benefits they have earned is a fundamental part of that mission.

I want to thank you again for allowing me to be here today to give you my opinion as to where we should go forward. Thank you so very much.

Mrs. HARTZLER. Thank you, gentleman.

Do we have any questions?

All right. Thank you very much for being here today and speaking out on behalf of your senior citizens in your district.

Mr. NUGENT. Thank you.

Mrs. HARTZLER. I welcome Honorable Ann Kirkpatrick from Arizona. Glad you are here today and look forward to hearing your comments.

**STATEMENT OF HON. ANN KIRKPATRICK, A REPRESENTATIVE
IN CONGRESS FROM THE STATE OF ARIZONA**

Ms. KIRKPATRICK. Thank you very much, Madam Chairman, and thank you, Ranking Member Pocan.

I really appreciate this opportunity to talk with you about the budget priorities for my district. I am here representing Arizona's District 1. It is a large, rural district that runs from the Utah border in the north all the way down to communities below Tucson in southern Arizona. My district includes some of Arizona's best known regions, peoples, and traditions: the Grand Canyon, Sedona Red Rocks, Native American tribes, the Copper Corridor, ranching, farming, and small towns.

We embrace our western and tribal traditions, but we also welcome education and innovation. District 1 includes Northern Arizona University, which is exploring new approaches to clean energy and natural resources. District 1 touches southern Arizona where

the University of Arizona has emerged as a national leader in cancer research and biotech.

A district as large and diverse as ours has many challenges, but also many opportunities. I mentioned that we have one of the great natural wonders of the world, the Grand Canyon. We also have 11 other national parks. The Grand Canyon and these parks are not only environmental treasures, they are economic drivers. The Grand Canyon brings \$700 million a year to the economy and employs 12,000 people. Overall, Arizona's national parks attract 10.5 million visitors a year. Thousands of jobs and small businesses are connected to the national park in my district.

Today I ask this committee to properly fund the National Park Service because national parks create jobs and drive our local economies.

Earlier I mentioned higher education in District 1, but I also want to raise some urgent concern about elementary schools in our district. District 1 is the largest recipient of Impact Aid in the Nation. As you know, Impact Aid compensates school districts for revenue they lost because of their proximity to federally owned, tax exempt property. Because District 1 has 12 national parks and 12 Native American tribes, a majority of this land is government-owned or controlled, and that means Impact Aid is often the primary source for funding and operating our schools. About 50 of our schools receive Impact Aid. They rely on it to pay the most basic resources and to fund a quality education for all of our children. Our schools need Impact Aid to help them manage everything from transportation to staffing, from construction to classroom size. I am asking this committee to properly fund Impact Aid because every child deserves a quality education no matter where he or she lives.

Another important priority for my District 1 is Indian Health Services. I mentioned that we have 12 Native American tribes. That means that 25 percent of the district is Native American. These are residents of some of the most remote and rural communities. Median income is about \$7,000. These folks often struggle with access to the most basic medical care and resources, and their primary source of health care is Indian Health Services.

The Indian Health Services has this important responsibility as the result of government-to-government agreements between the United States and the tribes. In District 1, IHS provides Native Americans with primary care, inpatient care, outpatient visits, and more. Nationally it provides health care to 1.9 million people belonging to 565 federally recognized tribes. IHS operates 254 health care centers, 16 hospitals, 74 health stations, and four school health centers nationally. I am asking this committee to properly fund IHS because the health care for Native Americans is not optional. It is essential.

Thank you very much.

Mrs. HARTZLER. Thank you, lady.

Do we have any questions for our witness?

All right. Thank you very much for being here today.

Ms. KIRKPATRICK. Thank you.

Mrs. HARTZLER. Representative Peters from California, thank you for being here.

**STATEMENT OF HON. SCOTT PETERS, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF CALIFORNIA**

Mr. PETERS. Thank you, Madam Chair and Representative Pocan, for giving me this opportunity to address these impacts. Thank you.

Congress failed San Diego and America last week by not working together to find a sensible alternative to the sequester. It is a piece of legislation that was intentionally crafted to be so nonsensical that Congress would be forced to do everything in its power to avoid it.

I am here today because we have a choice. We can choose to continue down this path and let the American people down or we can decide to make a change. And I hope we will view March 27th, which is the end of the continuing resolution, as an opportunity to pass a budget and not another opportunity to avoid our responsibilities.

We could turn the indiscriminate cuts in the sequester into targeted cuts that are part of a larger and balanced deficit reduction strategy, a strategy that does not cut critical infrastructure investments, stifle scientific innovation, or compromise our national defense.

Let me give you a few examples from my district in San Diego, and I have spoken repeatedly about how my district is disproportionately affected by the sequester.

The infrastructure investments we have made in the Port of San Diego have helped the port become San Diego's window to national and international commerce, as well as the main driver of our economy. The port is the fourth largest port in California and one of 17 commercial strategic ports in America. That means they are available to our military if they need to ship supplies out of them. It oversees two marine cargo terminals, two crew ship terminals, and hundreds of maritime leases to small businesses. Since 2001, the port has received almost \$22 million in Federal funding for critical infrastructure projects. That has allowed the port to hire more San Diegans and boost San Diegans' economy.

The American Society of Engineers found that with an additional investment in our ports of \$15.8 billion between now and 2020—\$15.8 billion—our national system of ports provide \$270 billion in U.S. exports and \$697 billion in GDP.

The main drivers of the San Diego economy, though, are the scientific research community and our military. In fiscal year 2012, San Diego firms received more than \$130 million from the National Science Foundation and \$850 million from the National Institutes of Health. It is these types of investments that have created hundreds of thousands of jobs, boosted our economy, and allowed San Diego to become the second largest life science cluster in the United States. The sequester could undo this progress. The immediate cuts to NIH from sequestration are 8.2 percent or equivalent to a cut of \$2.5 billion. This could result in the loss of 33,000 research-related jobs in 2013 and a \$4.5 billion decrease in economic activity. We all see innovation as one of our ways to move forward as a country, and the uncertainty caused by not having a budget reduces our national competitiveness.

The sequester threatens our border. It would cut customs and border protection work hours by 5,000 agents, increasing the time it takes to screen people and shipments. Those inefficiencies will drive up costs and also harm businesses because trade cannot move across the border, the legal trade that we need.

And almost one in four jobs in San Diego are defense-related. Nearly 25 percent of defense contractors are small businesses. Already shipbuilding and maintenance contracts have been canceled, including 10 ship repairs in San Diego. Manufacturing companies that rely on defense funding could lose 223,000 jobs, 30,000 in our county, about. Neglecting ship repairs will not only hurt morale but lead to job loss and threaten our readiness.

The Navy will be forced to put a freeze on hiring civilians. Many of them are veterans. With 11.5 percent of our communities of veterans unemployed and a shocking 25 percent of veterans between 18 and 24 still struggling to find employment, any further reduction in job opportunities for our Nation's heroes is unacceptable. We can do better.

I know that protecting these areas of investment are ideas that both Democrats and Republicans can agree on. Now is the time to ignore those party pressures and do what is right for the American people. Our fiscal problems are real, and I know you are aware of that. You have heard that, all. We need to address those in the smartest strategic way. The budget process will allow us to put aside the indiscriminate nature of the sequester and to give us an opportunity to protect our infrastructure, science and technology communities, and the military that not only are driving forces of our economy but are obviously at the root of our security as a country. We can increase revenues by closing tax loopholes, stop spending in the tax code on things we cannot afford, and we can decrease our spending on wasteful programs and cutting redundant and outdated programs and waste, fraud, and abuse.

Finding common ground does not mean we have failed. It does not mean we have abandoned our principles. Let's show San Diego and America that Congress can do its job. Let's pass the balanced budget without the sequester and address the revenue and spending challenges that we face.

I thank you both for your work and for the opportunity to appear today.

Mrs. HARTZLER. Thank you very much, gentleman.

Do we have a question? Sure.

Mr. POCAN. Great, thank you. Thank you, Representative Peters.

I understand you talked about how the budgeting process hurts San Diego specifically, but you mentioned in your testimony that it hurts American competitiveness. Can you elaborate a little bit on that, please?

Mr. PETERS. Sure. And I will just tell you the story I heard at the Salk Institute, which is one of the research institutes we are very proud of. They depend heavily on funding from the National Institutes of Health. And they explained to me that kids who are educated and want to go into science and do really high-end science—you know, you have to be almost 40 years old before you get one of those labs where you can start to compete for those grants. And then you are competing in the smartest classroom you

can imagine. Everyone is extremely smart. It is peer-reviewed. And typically only 25 percent of those grants have been funded. So you can imagine, even in good times, a 75 failure rate.

Well, now we are funding about 7 percent of those grants. And what they told me is that young people who are deciding where to do their science are looking at Congress, looking at the American Government and really asking themselves are we committed to consistent and adequate funding for scientific research.

And the problem is there are now opportunities to do those research projects in other countries that are making those investments. So we face the prospect that the next cure for a great disease or the next Qualcomm, which is in my district, or the next Google or Microsoft is invented by someone who is educated here, maybe someone who is educated at the University of California-San Diego, but who moved to China or Europe or Israel or Brazil where they are making the investments in science that they need to do the research.

It is not just a matter of the funding level now, but it is also the uncertainty caused by really the way we have not addressed our budget issue. So I think if we could get through the budget process and provide some assurance that we are going to be consistent, we are going to fund science in a consistent and adequate way, we could continue to lead the world. But we should not take that for granted. We should do our job.

Mrs. HARTZLER. Thank you very much.

Mr. PETERS. Thank you so much.

Mrs. HARTZLER. Our next witness will be Randy Neugebauer from Texas. Thank you for being here, gentleman.

**STATEMENT OF HON. RANDY NEUGEBAUER, A
REPRESENTATIVE IN CONGRESS FROM THE STATE OF TEXAS**

Mr. NEUGEBAUER. Thank you, Madam Chairman, Ranking Member, for allowing me to be here this morning.

I ask unanimous consent that my written statement would be made a part of the record.

Mrs. HARTZLER. So ordered.

Mr. NEUGEBAUER. Thank you. And I would just like to make some general reflections here because I know that your time is short.

One of the things that I think is most concerning is the direction that we are headed, and that is the reason this budget process is going to be so important not only this year but in the years to come. The example that I use when I am back in the district—because when you start talking about trillions of dollars to the American people, they do not have the concept of what a trillion dollars is. I am not sure that I do. A lot of people use a lot of analogies that you could take a trillion dollars and go around the moon twice and back to earth if you were doing them end to end and all of those kind of things.

But really, let's talk about what is important, and what is important is the analogy that I use is we have got a little family making \$27,000 a year. Unfortunately, this little family is going to be spending around \$37,000 or \$38,000 a year. So they are going to be spending \$10,000 to \$11,000 more a year than they are making.

And they just got their credit statement the other day, and they found out they owe \$166,000 on their credit card. And when I ask the people in my district how many people in the room think that family has any kind of future, nobody raises their hand. And I ask the question where do you think that family is headed, and the most prevalent answer is they are headed to bankruptcy.

And then when I tell them, well, that little family I just described to you is the United States of America, they are a little bit shocked. And what they understand is in their own budgets that a family living beyond their means is on an unsustainable path.

We have to stop that and we have to stop it now because, quite honestly, we are reaching, I think, a tipping point in this country with \$16.6 trillion in debt, whether we will ever be able to pay that back. Two things are the consequences of that.

One, we are mortgaging the future of our children and our grandchildren.

The other is that the growing share that Government is of the economy—every time the Government takes money out of the economy, that is capital that could be used to create jobs and opportunity in this country for today's generation. And so these huge deficits not only are punishing the people today, but they are certainly going to be the consequences for future generations.

One of the things that I think we have to understand is we have got to stop measuring our commitment to certain aspects of our Government by how much money we spend. We seem to make ourselves feel good when we say, well, we increased spending for that or we increased spending for this. And that is the way we say, well, we must be doing a good job because we are spending more money. But when you look—and this Budget Committee I know has done that—across the board in a number of areas of our Government, well, we have spent more money, but actually the results have been declining. We have to go back more to a results-oriented budgeting process and not a spending-oriented process.

Now, I want to make this point, and we use these analogies but I think it helps put it in perspective of how important it is that we move to a balanced budget. And I know this committee has set a goal to do that in 10 years. I think 10 years is the maximum we can wait. We may need to do it shorter. But let me let you know where we are today to put this in perspective.

Everybody understands a mortgage. Many of us have had a mortgage on our home, and the standard term on a mortgage today is you can still get a 30-year mortgage. Now, Mr. Bernanke has been buying down the yield for the Treasury. I call him a “deficit enabler” because he is keeping interest rates very low. He is making it very cheap to borrow money right now for the Government to run these deficits, but at some point in time, these rates will not be at this level.

Well, let's say the Budget Committee could wave your wand and balance the budget tomorrow. Now we have got this \$16.6 trillion that we owe. Right? So how are we going to pay that back? Well, let's do what some people could do and let's take out a 30-year mortgage and pay this back over the next 30 years. And let's go to a more traditional 30-year mortgage rate or a 30-year bond rate, which would be around 4.25. Then the question is what would the

payments be on \$16.6 trillion over the next 30 years. You are not going to like this answer. It is about \$960 billion a year, just shy of \$1 trillion. And so even if we balance the budget, for example, in the next 10 years, our total debt will be over \$20 trillion by the time we hit that. And so just alone today, if we do not do something very quickly here, it is going to take \$1 trillion out of the economy every year just to pay the debt service on what we have done.

Like this little family that is living beyond their means, we are going to have to get America back living within our means.

And one of the last points I would make here is our budget process is unfortunately broken. This baseline budgeting is not working. Here is another analogy I use with my folks in the 19th Congressional District and they get that. And I talk to them about what is a revenue neutral transaction in Washington, D.C. And what I say to them is I would like for you to give me a \$100 bill. In exchange for that, to make sure that this is a revenue neutral transaction, I am going to give you 10 \$10 postdated checks that you can cash over the next 10 years. And that is a revenue neutral transaction and there should not be anybody that would be unwilling to do that.

You know, I have not gotten one taker of that because they understand that, one, they do not know whether my check is going to be good next year or the year after that. And that is \$100 we are spending today with the promise that you are going to get \$10 a year savings over the next 10 years. And that is how we got to \$16.6 trillion.

Here is a little postscript of how important this is. You know, when I came to Congress in 2003, America was a super power. Our capital markets were the envy of the world. But just recently we had some students from Abilene Christian University in Abilene, Texas, and they came. They were college students and they came here during the inauguration as a part of their government class. And so we were on the steps of the Capitol and we were taking pictures. I then gave those students an opportunity to see if any of them had a question. The most interesting question that I received that day was a young woman from China, and her question was, Congressman, will you all be able to pay us back?

And it made me stop and reflect that the nation that was once considered the gold standard of the world—our currency still enjoys preference by many countries. But I am going to tell you that that is waning because what they realize is what people realize about that little family that is spending \$11,000 more a year than they are making and owes \$164,000 on their credit card, that that cannot remain for a long period of time.

I thank you for your time and I hope that we will begin to look at some radical ways to change the direction of our country. And we are depending on the Budget Committee to help us with that process.

With that, I yield back.

Mrs. HARTZLER. Thank you very much, gentleman. Well stated. I appreciate that.

Now we have the Honorable Ed Whitfield from Kentucky.

**STATEMENT OF HON. ED WHITFIELD, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF KENTUCKY**

Mr. WHITFIELD. Chairman Hartzler, thank you and Ranking Member Pocan. And thank you very much for giving us an opportunity to visit briefly with you this morning.

I would like to start off by saying, first of all, how much we appreciate the time and effort that all of you spend on the budget process.

I will have to say that I agree with my friend from Texas that I believe also that the budget process is broken, and I genuinely believe that one of the reasons that Congress has such a low approval rating is that many people across America perceive that if Congress cannot do its most basic task of adopting a budget, then that contributes to the impression that this is an ineffective body.

And I went back and I looked at the history of the budget process in the U.S. Congress. Of course, back in 1921, it was the first year that the President started submitting a budget to Congress. And we went through that process from 1921 to 1974, and the Congress would work with the President's budget. And then, of course, in 1974 we passed the Congressional Budget and Impoundment Control Act. And since that time, Congress has only met the deadline for passing the budget resolution six times since 1974. Congress did not adopt any budget resolution for six fiscal years, 1999, 2003, 2005, 2007, 2011, and 2012.

Now, the process that I think contributes to the feeling of the American people that Congress is so ineffective is that more and more the budget debate and the budget process has become so partisan because we use the budget to highlight philosophical differences on primarily these big mandatory spending areas, which obviously is where we have our problem. But many people, when a budget does pass, assume that all of the cuts or reductions or changes are automatically taking effect even though everyone recognizes that the authorizing committees have to come back and make those changes.

When I go to civic club meetings, people frequently—and I am sure many of you have experienced this too. They ask you why is it that Congress cannot even pass a budget. Well, probably they do not really understand it.

But I think to get to the bottom line here is the current process in my view is not working very well, and I think it is factually correct when you say that Congress has only met the deadline six times since 1974. The Congress has not even passed a budget at all for 6 years. And I think you would agree with me that the entire Congress becomes so consumed with this process each year that it interferes with our ability to authorize, do oversight, and everything else.

So my point is that even back in 1995 the GAO did a study of the history and future direction of the budget process and even at that time was pointing out the great difficulties that we face. That is why many of us way back in 1999 suggested that maybe one way that could improve the process is go to a 2-year budget cycle. And I had been told that every President since Ronald Reagan—I cannot speak emphatically that President Obama supports this, but I have heard that he is not opposed to it—would support a 2-year

budget process so that one year Congress could be totally consumed by the budget. The next year they could do the authorizing, the oversight, and so forth.

But back in 1999, we brought a budget resolution to the floor to go to a 2-year budget cycle. It was defeated on the House floor by 8 or 9 votes. Even the chairman of the Appropriations Committee voted for it. And of course, Senator Pete Domenici of New Mexico was one of the leaders.

But I would just say as one member speaking for my little group of constituents in Kentucky, 700,000 of them, it has been my experience that the budget process, the confusion, the chaos of the budget process, the lack of accomplishment of the budget process has contributed greatly to the impression of the American people that the U.S. Congress as an institution is not very effective. And it is not your all individual faults. I think it is all of our faults.

And I simply wanted to make that comment just out of a sense of frustration that I have had but, once again, want to thank you all personally for your efforts and what you continue to do. Thank you.

Ms. WARLORSKI [presiding]. Thank you, Mr. Whitfield, and your comments are duly noted.

Mr. Schneider from the great State of Illinois?

**STATEMENT OF HON. BRAD SCHNEIDER, A REPRESENTATIVE
IN CONGRESS FROM THE STATE OF ILLINOIS**

Mr. SCHNEIDER. Thank you, Madam Chairman, Congressman Pocan. It is good to see you. Thank you for this opportunity to testify today on the fiscal year 2014 budget resolution.

Let me state emphatically we have an urgent need to address our Nation's budget deficit and secure our long-term fiscal stability. This effort requires thinking beyond across-the-board, wholesale cuts or budget freezes. It necessitates that we reevaluate how every single dollar is spent.

Mr. Chairman, I join you in support of this goal but urge caution against making misguided cuts that may jeopardize our national security and global competitiveness or that disproportionately impact our most vulnerable populations: our seniors, students, and middle class families. That is exactly why we need a smart approach to deficit reduction that reduces spending and increases revenue responsibly.

We need to be smarter about how we spend taxpayer dollars. Just one example. The Federal Government spends \$18 billion on 47 separate employment and job training programs with inconsistent results. We need to refocus our Federal funding of programs that produce real substantial results, which is why I, with my colleague, Lou Barletta, introduced the America Works Act. This legislation seeks to close the skills gap between employers with job openings and job seekers inadequately prepared for the 21st century economy. And it does so at no new cost to Government. It is a smarter, more efficient use of dollars we already spend on three of our Federal worker training programs: Perkins, TAA, and WIA.

Beyond technical education, if we are to maintain our pre-eminent role in the world, it is essential that we provide all of our children with the opportunity for a quality education to help ensure

that they have the skills and capacity to be ready for success in college and career. Research shows that future success starts with a strong, early learning foundation, with crucial intellectual development occurring in the first 3 years of life. Provided with positive educational experiences during these first years, children demonstrate improved academic achievement. They are more likely to read and do math at grade level, to make constructive life choices, and to graduate from high school.

I echo the call President Obama made in his State of the Union Address for this Congress to expand access to high quality preschool to every child. Pre-K provides the foundation for a child's future success in school and helps reduce achievement gaps.

As Congress looks to reauthorize the Elementary and Secondary Education Act, we must establish a continuum of early learning so that our children, parents, and teachers are provided with the resources they need to ensure a bright future for the next generation. By investing in our children now, we are preparing a future workforce that will be able to compete in the 21st century global economy so that future medical breakthroughs, new green technologies, and other innovations are developed here in the United States rather than abroad.

If we want to promote innovation, to stimulate economic growth and put people back to work, we must also tend to our Nation's infrastructure. It is imperative for this Congress to place renewed focus on our infrastructure and that we enact a long-term, fully financed transportation authorization. Too many of our roads, bridges, and ports are in desperate need of repair. We must promote a robust, polymodal transportation system, including modernized mass transit systems. In order for our economy to operate at its optimal level, our infrastructure must as well.

In my home district, Waukegan Harbor is presently closed to commercial navigation, putting a strain on other ports and draining our local economy. Waukegan Harbor's closing hurts shipping, but so too do historically low lake and river levels that reduce and restrict cargo capacity. We must be responsible stewards of our natural resources and environment, and we must provide the Environmental Protection Agency with the resources it needs to keep our air and drinking water in our communities clean and safe and our waterways open and clear. Irresponsible cuts to this agency are short-sighted and will put our recovery at risk. We must continue to lead the world as guardians of our natural resources and environment, ensuring sustainability, and thereby ensuring our long-term prosperity and security.

Many U.S. manufacturers across the country are global leaders in sustainable technology development. These industries create high-paying, quality jobs and promise sustainable economic growth for our country. We should foster this type of innovation, not slash away at its potential.

Another area of our budget where we cannot afford to be short-sighted is foreign engagement and its associated economic assistance. As we work to address our deficit, the foreign assistance budget may seem like an easy target, but cutting it would seriously undermine our diplomatic efforts in the world. We live in an increasingly complex and dangerous world that demands U.S. leader-

ship. The foreign assistance budget provides funding for our embassies, including security for our diplomats who promote U.S. national interests around the world and demonstrate the values and principles that define us as a Nation. A strong diplomatic presence is essential to preserving the United States' positive influence and leadership in bilateral and multilateral relations with our allies and addressing the challenges with our adversaries. Understanding the fiscal challenges we face, we must also recognize that we are not going to balance the budget by slashing foreign assistance.

We are nearly a week into the sequester that went into effect on March 1st, the impact of which will begin to be felt by our constituents through, among other areas, fewer police officers on patrol in our communities, canceled Head Start services, eliminated meal services for low-income seniors. Coupled with recent reductions in spending, sequestration will slow economic growth, even risking a contraction throughout our economy. Rather than these imprudent, across-the-board cuts that in the aggregate will do harm to our constituents and our economy, both parties must come to the table to craft a comprehensive, balanced, measured approach to deficit reduction.

Mr. Chairman and members of the committee, thank you again for the opportunity to address you today to outline my priorities for the fiscal year 2014 budget.

[The prepared statement of Brad Schneider follows:]

PREPARED STATEMENT OF HON. BRADLEY S. SCHNEIDER, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF ILLINOIS

Mr. Chairman and members of the Committee, thank you for the opportunity to testify today on the fiscal year 2014 budget resolution.

Let me state emphatically, we have an urgent need to address our nation's budget deficit and secure our long-term fiscal stability. This effort requires thinking beyond across-the-board wholesale cuts or budget freezes. It necessitates that we reevaluate how every federal dollar is spent.

Mr. Chairman, I join you in support of this goal, but urge caution against making misguided cuts that may jeopardize our national security and global competitiveness, or that disproportionately impact our most vulnerable populations—our seniors, students and middle class families. That is exactly why we need a smart approach to deficit reduction that reduces spending thoughtfully and increases revenue responsibly.

We need to be smarter about how we spend taxpayer dollars. Just one example: the federal government spends \$18 billion on 47 separate employment and job training programs, with inconsistent results. We need to refocus our federal funding on programs that produce real, substantial results, which is why I, with my colleague Lou Barletta, introduced the AMERICA Works Act. This legislation seeks to close the skills gap between employers with job openings and job seekers inadequately prepared for the 21st Century economy and it does so at no new cost to the government. It is a smarter, more efficient use of the dollars we already spend on three of our federal worker training programs—Perkins, TAA and WIA.

Beyond technical education, if we are to maintain our preeminent role in the world, it is essential that we provide all our children with the opportunity for a quality education to help ensure that they have the skills and capacity to be ready for success in college and career.

Research shows that future success starts with a strong early-learning foundation, with crucial intellectual development occurring in the first three years of life. Provided with positive educational experiences during these first years, children demonstrate improved academic achievement, are more likely to read and do math at grade level, to make constructive life choices, and graduate from high school.

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Act, we must establish a continuum of early learning so that our children, parents and teachers are provided with the resources they need to ensure a bright future for the next generation.

By investing in our children now, we are preparing a future workforce that will be able to compete in the 21st Century global economy, so that future medical breakthroughs, new green technologies, and other innovations are developed here in the U.S. instead of abroad.

If we want to promote innovation, to stimulate economic growth and put people back to work, we also must tend to our nation's infrastructure. It is imperative for this Congress to place renewed focus on our infrastructure and that we enact a long-term, fully financed transportation authorization. Too many of our roads, bridges and ports are in desperate need of repair. We must promote a robust, polymodal transportation system, including modernized mass transit systems.

In order for our economy to operate at its optimal level, our infrastructure must as well. In my home district, Waukegan Harbor is presently closed to commercial navigation, putting a strain on other ports and draining our local economy.

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Irresponsible cuts to the Agency are shortsighted and will put our recovery at risk. We must continue to lead the world as guardians of our natural resources and environment, ensuring sustainability, and thereby ensuring our long-term prosperity and security.

Many U.S. manufacturers across the country are global leaders in sustainable technology development. These industries create high-paying, quality jobs and promise sustainable economic growth for our country. We should foster this type of innovation, not slash away at its potential.

Another area of our federal budget where we cannot afford to be shortsighted is foreign engagement, and its associated economic assistance. As we work to address our deficit, the foreign assistance budget may seem like an easy target, but cutting it would seriously undermine our diplomatic efforts in the world.

We live in an increasingly complex and dangerous world that demands U.S. leadership. The foreign assistance budget provides funding for our embassies, including security for our diplomats who promote U.S. national interests around the world and demonstrate the values and principles that define us as a nation. A strong diplomatic presence is essential to preserving the United States' positive influence and leadership in bilateral and multilateral relations with our allies and addressing challenges with our adversaries. Understanding the fiscal challenges we face, we must also recognize that we are not going to balance the budget by slashing foreign assistance.

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Mr. Chairman and members of the Committee, thank you again for the opportunity to address you today to outline my priorities for the fiscal year 2014 budget.

Ms. WARLORSKI. Thank you, Mr. Schneider.

Mr. Tonko?

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

Mr. TONKO. Thank you. Acting Chair Warlorski, Acting Ranking Member McDermott, and distinguished members of the Budget Committee. Thank you for allowing me the opportunity to testify before you today on the blueprint for our Nation's priorities and statement of our values: the budget.

As a former member of this committee, I know the difficult choices we all must make in putting together this document each

year, but I also know that it is our duty and, indeed, our constitutional responsibility to build this framework together. Indeed, blaming the President for failure to stop indiscriminate, across-the-board cuts known as sequestration when the authority lies entirely at our feet is little more than an excuse. The power to levy taxes and to invest those funds is exclusively our duty as the legislative branch, and we have plenty of work to do.

After 36 consecutive months of private sector job growth and over 6 million jobs added since the great recession, our economy is on its way to recovery. It would seem that our progress remains steady and consistent.

Just yesterday the financial markets closed at an all-time high. The recovery of the financial sector has been the most robust because taxpayers shored up the industry when it was on the ropes.

We all hoped that saving Wall Street would translate into recovery for Main Street, but despite Wall Street's recovery and record profits for businesses, our families and small businesses continue to struggle to make ends meet. Those who are unemployed are working more hours and taking home less pay. Too many are still unemployed or under-employed. We cannot solve the Federal Government's budget problems without first helping families' household budget problems. There are programs that we can and must prioritize in our Nation's budget that will give our hard-working families the opportunity to earn a decent living for the work that they do, programs that will grow the economic powerhouse that is the American middle class and that will lift people out of poverty and into the mainstream economy.

To that end, let me share a few words from President John F. Kennedy. These are remarks that were prepared but never delivered at the Trade Mart in Dallas, Texas, November 22nd, 1963. Our late President wrote: we cannot expect everyone, to use the phrase of a decade ago will, quote, talk sense to the American people. End quote.

Kennedy's remarks continued—and I quote—but we can hope that fewer people will listen to nonsense, and the notion that this Nation is headed for defeat through deficit or that strength is but a matter of slogans is nothing just plain nonsense. End quote.

Those words are as true as we sit here today as they were in the 1960's. By putting people back to work, we will defeat the deficit. It will not defeat us. And we know that our Nation's strength is not in slogans. It is in her people. And it is our people, their dreams, ideas, aspirations, their work, their grit, effort, education, health, liberty, and strength that we must as a Nation support and bolster through investments, investments in education that train and retrain our workers to compete in the global economy with cutting-edge skills from the trades all the way through to Ph.D.'s. We must ensure that any student that works hard and seeks a higher education is able to obtain one, no matter their financial background.

That is why I encourage increased funding for teachers, student aid, and training programs, investments in innovation that realize we are competing in a global race on clean energy and ideas. We must bolster our research and development accounts and empower

programs like APRA-E that foster new businesses and entrepreneurs.

We must invest in our infrastructure. We cannot expect to compete in the 21st century global economy with 19th or 20th century infrastructure. We must fix our structurally deficient roads and bridges and upgrade our water treatment and distribution systems which we have ignored for far too long.

But this is not enough. We must also increase accounts that support energy transmission upgrades, high-speed rail, ports, mass transit, and much more. We require the best infrastructure in the world to move our goods, our services, our information, and people if we are to remain competitive in a global marketplace.

Finally, I have long been supportive of investments we make as a nation in our natural and cultural resources. The foresight of previous generations in establishing our national parks, wilderness areas, and cultural and historical lands was a great gift to us that has paid many dividends over the years. Every generation has drawn on the environmental accounts of this Nation, and none more so than ours.

Climate change is the bill that is coming due. We must act now by making investments that will reduce the vulnerability of communities and businesses across our Nation to this threat. We cannot afford to delay any longer.

We are a great Nation. We rose to the world leadership position we hold by working together, not by pulling apart. A budget that rewards the wealthiest amongst us and asks the most from those who have least is not only unwise but unfair. It is un-American. I hope we can move past the campaign slogans and failed economic theories to address the challenges we face and do what is right and just for all our citizens.

Again, I thank you as members of this committee for the opportunity that you have allowed me today.

With that, I yield back, Madam Chair.

[The prepared statement of Paul Tonko follows:]

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

CHAIRMAN RYAN, RANKING MEMBER VAN HOLLEN, DISTINGUISHED MEMBERS OF THE BUDGET COMMITTEE: Thank you for allowing me the opportunity to testify before you today on the blueprint for our nation's priorities and statement of our values—the budget. As a former member of this committee, I know the difficult choices we all must make in putting together this document each year. But I also know that it is our duty, and indeed, our Constitutional responsibility to build this framework together.

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After thirty-six consecutive months of private sector job growth and over six million jobs added since the Great Recession, our economy is on its way to recovery. It would seem that our progress remains steady and consistent.

Just yesterday, the financial markets closed at an all time high. The recovery of the financial sector has been the most robust because taxpayers shored up the industry when it was on the ropes. We all hoped that saving Wall Street would translate into recovery for Main Street. But despite Wall Street's recovery and record profits for businesses, our families and small businesses continue to struggle to make ends meet.

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There are programs that we can and must prioritize in our nation's budget that will give our hard-working families the opportunity to earn a decent living for the work they do—programs that will grow the economic powerhouse that is the American middle class and that will lift people out of poverty and into the mainstream economy.

To that end, let me share a few words from President John F. Kennedy. These are remarks that were prepared, but never delivered, at the Trade Mart in Dallas, Texas November 22, 1963. He said, "We cannot expect that everyone, to use the phrase of a decade ago, will [quote] talk sense to the American people [end quote]." Kennedy's remarks continued, "But we can hope that fewer people will listen to nonsense. And the notion that this Nation is headed for defeat through deficit, or that strength is but a matter of slogans is nothing but just plain nonsense."

Those words are as true as we sit here today as they were in the 1960's. By putting people back to work, we will defeat the deficit, it will not defeat us. And we know that our nation's strength is not in slogans; it is in her people. And it is our people—their dreams, ideas, aspirations, work, grit, effort, education, health, liberty, and strength—that we must, as a nation, support and bolster through investments.

Investments in education—that train and retrain our workers to compete in a global economy with cutting edge skills—from the trades all the way through to Ph.D.'s. We must ensure that any student that works hard and seeks a higher education is able to obtain one, no matter their financial background. That is why I encourage increased funding for teachers, student aid and training programs.

Investments in innovation—that realize we are competing in a global race on clean energy and ideas. We must bolster our research and development accounts, and empower programs like ARPA-E that foster new businesses and entrepreneurs.

We must invest in our infrastructure. We cannot expect to compete in the 21st century global economy with 19th or 20th century infrastructure. We must fix our structurally deficient roads and bridges, and upgrade our water treatment and distribution systems which we have ignored for far too long. But this is not enough. We must also increase accounts that support energy transmission upgrades, high speed rail, ports, mass transit and much more. We require the best infrastructure in the world to move goods, services, information, and people if we are to remain competitive in a global marketplace.

Finally, I have long been supportive of investments we make as a nation in our natural and cultural resources. The foresight of previous generations in establishing our national parks, wilderness areas, and cultural and historical lands was a great gift to us that has paid many dividends over the years. Every generation has drawn on the environmental accounts of this nation, and none more so than ours. Climate change is the bill that is coming due. We must act now by making investments that will reduce the vulnerability of communities and businesses across the nation to this threat. We cannot afford to delay any longer.

We are a great nation. We rose to the world leadership position we hold by working together, not by pulling apart. A budget that rewards the wealthiest among us and asks the most from those who have least is not only unwise and unfair, it is un-American. I hope we can move past campaign slogans and failed economic theories to address the challenges we face and do what is right and just for all our citizens.

Again, thank you Chairman Ryan and Ranking Member Van Hollen and the rest of the committee for allowing me this opportunity today. I yield back.

Ms. WARLORSKI. Thank you, Mr. Tonko.

Mr. Carney? We are going to try to get through Mr. Carney's testimony and then possibly Mr. Wilson. It depends on when we are going to break for votes here. But, Mr. Carney, you are now recognized.

STATEMENT OF HON. JOHN CARNEY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF DELAWARE

Mr. CARNEY. Thank you, Acting Chairwoman Warlorski and Acting Ranking Member McDermott and members of the committee. Good morning. Thank you for allowing me to testify about what

Congress should focus on as we work to put the Nation on a sustainable fiscal path in the coming decades.

The last 2 years have been consumed by fights over deficit reduction and spending priorities. Instead of agreeing on a comprehensive plan, we have hurtled from crisis to crisis. Right now, we are on a course, frankly, that nobody wants. As people in Delaware tell me, that does not make much sense.

While it is true that we have been able achieve \$3.9 trillion in deficit reduction through this long and frustrating process, economic experts say that our current approach is not the right one. Our piecemeal efforts have yielded more than \$3 in spending cuts for every \$1 in revenue. Some of the cuts we have made, particularly through sequestration, will hurt a broad array of important programs that help grow our economy in the long term. All of the nonpartisan experts agree that more revenue needs to be part of the plan. Both sides have acknowledged that tax reform is important and necessary, and we should use it as a mechanism to avoid the sequester in a balanced way by generating revenue and implementing more responsible spending cuts.

Instead of indiscriminate cuts to important investments in education, training, infrastructure, and research in the short term, we ought to make cuts more gradually, and we ought to focus our efforts on the fundamental problem that is going to drive our deficits in the long term: rapidly rising health care costs. Between 2000 and 2030, the number of seniors will more than double, and senior receive more benefits than they pay in through Medicare by a 3-to-1 ratio today. Since 2008, Medicare Part A outlays have exceeded payroll tax revenue, and that problem will continue to worsen. So we face a serious challenge here.

But addressing this problem does not just mean dealing with the effects of an aging population. Unnecessary procedures, duplicative tests, and widely varying costs depending on the hospital or region are also real problems that must be addressed. We need systemic change, and the Affordable Care Act takes steps in this direction.

The combined effects of an aging population and rising health care costs will cause Medicare costs to nearly double over the next 10 years. That is just not sustainable. As I see it, we really have two choices as we move forward.

One is the idea that the Federal Government would provide premium support to Medicare recipients. I do not support that approach for two reasons. First, we cannot force our seniors to pay thousands of dollars each year out of pocket for premiums that they cannot afford. And second, this approach does not address the real drivers of our ballooning health care costs. It simply shifts the costs to seniors.

The right approach is to make systemic changes to our health care system that incentivizes doctors to provide quality over quantity, bringing down costs across the board. Along the way, we need to make sure that whatever we do does not harm the quality of care seniors currently receive or their ability to afford that care.

I recently joined several of my colleagues for lunch with Dr. Zeke Emanuel, former health care advisor at the Office of Management and Budget, who talked to us about several promising ideas that are worth considering as we move forward.

One is to accelerate the shift away from the fee-for-service health care system. Pilot programs within the Affordable Care Act that focus on bundled payments and accountable care organizations are showing promise. We could expand these programs and implement a countrywide change from paying for each procedure to paying for the overall delivery of care.

Second, we should ensure that Medicare is getting the best possible price for expensive medical equipment like wheelchairs and oxygen tanks. This approach is working well in some parts of the country for certain types of equipment. So we should look at enhancing its scope.

Third, we should reduce over-utilization in our health care system by promoting price transparency that allows patients to know how much their health care actually costs them, and we should tell patients which providers are delivering quality care at an efficient price.

No matter what we do, these health care challenges are going to require buy-in from all sides: hospitals, doctors, insurance companies, and providers, Democrats and Republicans, and of course, the American people. The longer we wait, the harder it will be to fix the problem. If we fail to address our health care crisis, we can cut all we want from important investments like infrastructure and education, but we will not be any closer to putting the Nation on a sustainable fiscal path.

Thank you very much for the opportunity to share these thoughts, and thank you for the great work that you do for our country as part of this committee.

[The prepared statement of John Carney follows:]

PREPARED STATEMENT OF HON. JOHN C. CARNEY, JR., A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF DELAWARE

Good morning. Thank you for allowing me to testify about what Congress should focus on as we work to put the nation on a sustainable fiscal path in the coming decades.

The last two years have been consumed by fights over deficit reduction and spending priorities. Instead of agreeing on a comprehensive plan, we've hurtled from crisis to crisis. Right now, we're on a course that nobody wants. As people in Delaware tell me: that's stupid.

While it's true that we've been able to achieve \$3.9 trillion in deficit reduction throughout this long and frustrating process, economic experts say that our current approach is not the right one. Our piecemeal efforts have yielded more than \$3 in spending cuts for every \$1 in revenue. Some of the cuts we've made—particularly through sequestration—will hurt a broad array of important discretionary programs that help grow our economy in the long-term.

All the nonpartisan experts agree that more revenue needs to be part of the plan. Both sides have acknowledged that tax reform is important, and we should use it as a mechanism to avoid the sequester in a balanced way—by generating revenue and implementing more responsible cuts.

And instead of indiscriminate cuts to important investments in education, training, infrastructure and research in the short-term, we ought to make cuts more gradually. Let's focus our efforts on the fundamental problem that is going to drive our deficit in the long-term: rapidly rising health care costs.

Between 2000 and 2030, the number of seniors will have more than doubled. And seniors receive more benefits than they pay in—by a 3 to 1 ratio. Since 2008, Medicare Part A outlays have exceeded payroll tax revenue, and that problem will continue to worsen. So we face a serious challenge.

But addressing this problem doesn't just mean dealing with the effects of an aging population. Unnecessary procedures, duplicative tests, and wildly varying costs depending on the hospital or region are also real problems that must be addressed. We need systemic change, and the Affordable Care Act takes steps in this direction.

The combined effects of an aging population and healthcare cost inflation will cause Medicare costs to nearly double over the next 10 years. That's not sustainable.

As I see it, we really have two choices as we move forward. One idea is that the federal government would provide premium support to Medicare recipients. I don't support that approach for two reasons. First, we can't force our seniors to pay thousands of dollars each year out-of-pocket for premiums that they can't afford. Second, this approach doesn't address the real drivers of our ballooning healthcare costs. It simply shifts the costs to seniors.

The right approach is to make systemic changes to our health care system that incentivize doctors to provide quality over quantity—bringing down costs across the board. Along the way, we need to make sure that whatever we do doesn't harm the quality of care seniors currently receive, or their ability to afford that care. I recently joined several of my colleagues for lunch with Dr. Zeke Emanuel, former health care advisor at the Office of Management and Budget, who talked about several promising ideas that are worth considering as we move forward.

One is to accelerate the shift away from a fee-for-service healthcare system. Pilot programs within the Affordable Care Act that focus on bundled payments and accountable care organizations are showing promise. We could expand these programs and implement a country-wide change from paying for each procedure to paying for the overall delivery of care.

Second, we should ensure that Medicare is getting the best possible price for expensive medical equipment like wheelchairs and oxygen tanks. This approach is working well in some parts of the country for certain types of equipment, so we should look at enhancing its scope.

Third, we should reduce overutilization in our health care system by promoting price transparency that allows patients to know how much their healthcare actually costs. And we should tell patients which providers are delivering quality care at an efficient rate.

No matter what we do, these health care challenges are going to require buy-in from all sides: hospitals and doctors, insurance companies and providers, Democrats and Republicans, and the American people. The longer we wait, the harder it is going to be to fix the problem. If we fail to address our healthcare crisis, we can cut all we want from important investments like infrastructure and education, but we won't be any closer to putting the nation on a sustainable fiscal path.

Thank you very much.

Ms. WARLORSKI. Thank you, Mr. Carney.

Mr. Wilson, we are going to go, and then we will vote.

**STATEMENT OF HON. JOE WILSON, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF SOUTH CAROLINA**

Mr. WILSON. Madam Chair and colleagues, thank you for the opportunity to be here today. I sincerely appreciate the opportunity to speak before you. I would like to first thank Chairman Paul Ryan for his leadership on this committee. These are difficult economic times, and I appreciate the dedicated efforts of the chairman and all of the members on their efforts.

I represent the 2nd Congressional District of South Carolina, which includes the Army's base at Fort Jackson in Columbia, as well as the Department of Energy's Savannah River site in Aiken and Barnwell Counties. Both of these installations are vital to our national security as they provide unique, one-of-a-kind resources to our country. I appreciate working together with my colleague, Congressman Jim Clyburn, as Fort Jackson is adjacent to his district, and also part of the Savannah River site is located in the district.

Fort Jackson serves as the Army's largest initial entry training facility. Between the fiscal years of 2007 and 2012, the number of soldiers who were trained at Fort Jackson ranged from 35,000 recruits to a maximum of 46,000. Due to the sequester, the Army has informed us that \$75 million of funding will be cut from Fort Jackson. This facility provides training for our men and women who selflessly serve our Nation and defend our freedoms while pro-

moting democracy around the world. These dedicated brave men and women in uniform should not be subjected to budgeting confusion. As you work to draft the fiscal year 2014 budget, please do all that you can to secure the funds necessary for the training of our men and women at Fort Jackson.

About an hour southwest of Columbia lies the Department of Energy's Savannah River site. This site is a national security asset which disposes of weapons-grade nuclear materials, conducts cutting-edge research, and supports our country's nuclear weapons missions. This site played a key role in nuclear weapons production starting in the early 1950's which led to Cold War victory. Sequestration has had a tremendous impact on the site, causing over \$100 million in cuts and over 2,000 possible furloughs.

That being said, there are concerns also about cutting funding for the mixed oxide fuel fabrication facility which currently is under construction at SRS. This facility also called MOX for the mixed oxide fuel it will create is in line for our country's means to honor our nuclear nonproliferation agreement with Russia. In the agreement made in the year 2000, each of our countries agreed to dispose of 34 metric tons of excess military-grade plutonium. This equates to over 17,000 nuclear bombs being removed from the world. Even more, this facility will convert the military-grade plutonium into commercial nuclear power rods which will power homes and businesses across the United States. The project is over 60 percent completed and currently employs 2,300 workers with another 2,000 ancillary jobs with the project.

In addition to the hard-working and dedicated employees at the facility, finishing MOX is imperative for a multitude of national security reasons. Slade Gordon, a member of the 9/11 Commission stated, quote, every dollar diverted from the MOX facility delays the effort to get rid of plutonium and delay provides more time for the material to be stolen. If we default on our end of the agreement, Russia will have no incentive to dispose of their own excess weapons-grade plutonium. I share Mr. Gordon's concerns. It is in our mutual interest for America and Russia to continue working together.

Apart from the future funding of the MOX project, sequestration has ravaged funding across the board at SRS. The environmental management side of the site will lose over \$100 million in funds, and contractors expect to furlough 2,000 employees beginning April 1st. Please keep in mind that these are completely separate from the aforementioned MOX workers. From H Canyon to the tank farms, environmental cleanup funds have been slashed. Moreover, the Savannah River National Laboratory, SRNL, cannot benefit monetarily from its inventions and does not possess a line from within the budget, making it heavily reliant upon trickle-down funding from other facilities within the DOE nuclear complex.

A significant decrease in funding for SRNL poses a direct threat to our national security as the laboratory is tasked with training all FBI forensic agents, is key to developing new military technologies implemented in the war on terror, and directly supports the environmental cleanup mission of legacy defense waste across the country.

Your committee has extremely tough choices ahead. I fully understand. I simply ask as you go through the budgetary process, you fully consider the critical national security missions of both Fort Jackson and the Savannah River site. The individuals at both installations are dedicated to serving our country and putting our national interests of the United States before themselves.

Thank you for your attention today under the stressed time that we have. But I have a full statement that I will provide.

[The prepared statement of Joe Wilson follows:]

PREPARED STATEMENT OF HON. JOE WILSON, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF SOUTH CAROLINA

I sincerely appreciate the opportunity to speak here before you today. I would like to first thank Chairman Ryan for his leadership of this Committee. These are difficult economic times and appreciate the dedicated efforts of the Chairman and Members of the Committee.

I represent the Second Congressional District of South Carolina which includes the Army's Base at Fort Jackson in Columbia, as well as the Department of Energy's Savannah River Site in Aiken and Barnwell. Both of these installations are national assets which provide unique one-of-a-kind—to our country.

Fort Jackson serves as the Army's largest initial entry training facility. Between fiscal years 07 to 12 the number of Soldiers who were trained at Fort Jackson ranged from 35,000 recruits to a max of 46,000. Due to the sequester, the Army has informed me that \$75 million of funding will be cut from Fort Jackson. This facility provides basic training to our men and women who selflessly give of themselves to defend freedom and spread democracy across the world. These dedicated individuals should not be subjected to political games. As you work to draft the Fiscal Year 2014 budget, please do everything you can to secure funds to train our men and women at Fort Jackson.

About an hour southwest of Columbia lies the Department of Energy's Savannah River Site. This site is a national asset which disposes of Weapons Grade nuclear materials, conducts cutting edge research, and supports our country's nuclear weapons missions.

Sequestration has had a tremendous effect at the Site, causing over \$100 million in funds to be cut and over 2000 possible furloughs. That being said, what further concerns me are widespread rumors that the President is considering severely cutting funding for the Mixed Oxide Fuel Fabrication Facility (MFFF) currently under construction at SRS. This facility, also called MOX for the Mixed Oxide Fuel it will create, is in line to be our country's only means to honor a 2000 Agreement with Russia which called on each of our countries to dispose of 34 metric tons of excess military grade plutonium. That equates to over 17,000 nuclear bombs being taken out of the world. Even more, the Facility will convert the military grade plutonium into commercial nuclear power rods which will power homes and businesses across the United States. The Project is over 60% completed and currently employs 2300 hundred workers with another 2000 ancillary jobs associated with the Project.

In addition to the hardworking and dedicated workers at the Facility, finishing MOX is imperative for a multitude of national security reasons. Slade Gordon, a member of the 9/11 Commission, stated that "Every dollar diverted (from the MOX Facility) delays the effort to get rid of plutonium, and every delay provides more time for the material to be stolen." If we renege on our end of the Agreement, Russia will have no incentive to dispose of their own excess weapons grade plutonium. Do you feel comfortable allowing Russia to possess such material? I do not.

Notwithstanding the future funding of the MOX Project, sequestration has ravaged funding across the board at SRS. The Environmental Management side of the Site alone will lose over \$100 million in funds and contractors expect to furlough over 2000 employees starting April 1. Please keep in mind, these are completely separate of the aforementioned MOX workers. From H-Canyon to the Tank Farms, funds have been slashed. Moreover, the Savannah River National Laboratory (SRNL) cannot benefit monetarily from its inventions and does not possess a line item within the Budget, making it heavily reliant upon trickle down funding from other facilities within the DOE Nuclear Complex. This doesn't bode well for the SRNL when all other installations are also getting cut.

Your Committee has extremely difficult choices to make. I fully understand. I simply ask that as you go through the budgetary process, you fully consider the critical national security missions being carried out at both Fort Jackson as well as the Sa-

vannah River Site. The individuals at both installations are dedicated to serving their country and putting the national interest of the United States before themselves. Please give them the tools they need to get the job done and to keep us safe here at home.

Ms. WARLORSKI. Thank you, Mr. Wilson. Duly noted.

And we will take a brief recess so members can go to the floor to vote. This hearing is now in recess subject to the call of the chair.

[Recess.]

Mr. RICE [presiding]. The hearing of the Budget Committee will come back to order.

Mr. McDermott, you are recognized for 5 minutes. I want you to keep in mind, though, that we have votes starting at roughly 12:45. So if the witnesses will be kind enough to keep their verbal comments to 5 minutes, then we can move on through this.

With that, I will start by recognizing Mr. McDermott.

**STATEMENT OF HON. JIM McDERMOTT, A REPRESENTATIVE
IN CONGRESS FROM THE STATE OF WASHINGTON**

Mr. McDERMOTT. Thank you, Mr. Chairman.

As we often hear, budgets are moral documents. They are a statement by a country about what they want their future to be and where they are going to spend their resources.

And one of the things that is lost, I think, in some of this sequester business that is going on right now—because people are looking at short-term things, who will be laid off tomorrow, who will be laid off next week, who will have a month-long furlough in the month of May. But the real damage of the sequester is that it affects the long-term investments in research that this country does.

Now, the President has said he wants to innovate our way to continue to lead the world. Our ability now to produce manufactured goods and that sort of thing is—we are in real competition around the world. But in terms of innovation, this country has led the world. It is why our universities are filled with students from outside because they want to come and learn what it is the Americans are doing or what it is in the water or whatever it is that is making us so creative and so competitive.

A huge amount of what happens in our innovation and our research and development, R&D as it is called, is from the Federal Government. Right now, we are spending \$142 billion a year. Now, it is spread out through Defense and Health and Human Services and Energy and NASA and the National Science Foundation, Agriculture, Commerce, Transportation, Interior. The National Institutes of Health is the one that I know best because of the development in Seattle of a global health industry. And we have things going on in AIDS and tuberculosis and malaria. And all these programs are funded by the Federal Government.

Now, the way it works is that the Federal Government has X number of dollars. They give it to the National Institutes of Health. Each one of the institutes, whether it is Infectious Diseases or Pulmonary Disease or whatever, gets a certain amount of money, and then they receive grants—they receive grant requests. And in the past, we were doing—about 20 percent of the grant proposals were funded. That is what we did. And in fact, we increased funding in the National Institutes of Health in 2003, and then it dropped sig-

nificantly from 2004 to 2009. And this has brought us to the point where about 6 percent of grant proposals made to the National Institutes of Health are funded. So we have dropped from 20 to 6 percent.

Now, what does that mean? Well, it is just a number. Right? No, it is not. What it means is that you have young people who spend 6-7 years. I have got a nephew who is at Harvard in virology, and he is spending 7 years to get his Ph.D. When he comes out, the expectation is that there will be grant money for which he can apply to continue the research that he has been doing while he is a graduate student at Harvard. The fact is that he is going to have a 6 percent chance out of 100 of getting his research funded.

Now, you say, well, you know, that is the luck of the draw. Right? Well, the problem with that is we have trained these people. We have trained hundreds of people in this regard, and when they come out, they got debts and they are marketable in other areas and we lose them.

Singapore is recruiting wildly. The guy who created Dolly was taken from England from one of the universities and given full—whatever he wanted in Singapore. And that is very common across the world. There are countries who are making tremendous investments in health and human services.

And the United States, in deciding in this document, is making a decision about things that are going to go on 3 and 4, 5, 7, 8 years from now. And I am already hearing from my friends on the faculty at the university that they received phone calls from NIH saying do not hire anybody. Hold off. Your grant has been approved, but we are not sure we are going to be able to give you the money. And in my view, that is like the Indian tribes in the West where we always knew when a tribe was going to end when they began to eat the seed corn. The seed corn is what you save for next year's crop. And we are, in this country, beginning to eat our seed corn when we do not fund research.

Thank you.

Mr. RICE. Thank you, Mr. McDermott.

At this time, I would like to recognize the gentleman from Minnesota, Mr. Keith Ellison, for 5 minutes, sir.

STATEMENT OF HON. KEITH ELLISON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MINNESOTA

Mr. ELLISON. Thank you, Mr. Chairman. I would also like to thank the ranking member.

The Congressional Progressive Caucus is a caucus, a collection of members, which I am here representing today to discuss our budget. The name of our budget will be The Back to Work Budget. And our budget focuses on America's number one priority which is job creation. We bring unemployment in our budget down to 5.3 percent within 3 years by including robust investments in construction workers, teachers, cops, fire fighters, and youth.

We are also fiscally responsible, reducing the deficit over the long term by nearly \$2 trillion relative to current law.

On the issue of jobs, we focus our attention not on deficit reduction, but on getting Americans back to work, which is the best deficit reduction you can have. While the U.S. economy is growing, or-

dinary Americans continue to struggle and unemployment remains unacceptably high. The Back to Work Budget creates nearly 7 million jobs in this year alone, putting Americans back to work rebuilding and repairing our country and laying the groundwork for future economic growth.

We substantially increase infrastructure investment to a level the American Society of Civil Engineers says is necessary to close our infrastructure gap. We fund modernization of at least 35,000 public schools. We help States rehire nearly 300,000 teachers who have been laid off since 2008, as well as laid-off cops, fire fighters, and other public employees. We also boost consumer demand by reinstating the Make Work Pay tax credit for 2 years and protect the struggling long-term unemployment by extending emergency unemployment compensation.

Investment. Investment, not austerity, is what our economy needs to get working again. Working families have been working harder and harder for less and less. Our budget rebuilds our economy so that it works for everyone not just a privileged few.

Also, we have been cutting core programs that Americans rely on to the bone, slashing everything from student loans to medical research to nutrition assistance. In 2011, the budget alone included \$500 million in cuts to the Women, Infants, and Children Nutrition Program; \$1.6 billion in cuts to environmental protection; \$400 million in cuts to home energy assistance; \$300 million in cuts to the Community-Oriented Policing Services program. If this year's Republican budget is like the last two, it will continue to decimate programs that protect the middle class, gutting Medicaid, and giving low-income people a ladder into the middle class.

We need to take a look at spending reductions, and we propose that we take a look at Pentagon spending. We need a sustainable Pentagon budget that reflects a sound national security strategy. Defense spending doubled over the last decade. With two wars drawing to a close, we need a leaner, more agile Pentagon to combat 21st century threats. Our budget focuses on the needs of modern warfare and national defense, simply reducing Pentagon spending to 2006 levels.

Finally, we talk about a fair tax system. We also need to replace a broken tax system that favors corporate special interests and the wealthy with one that works for all Americans. Income inequality is getting worse. Over the last 3 decades, the income of the wealthiest 1 percent of Americans rose 155 percent while the bottom 80 percent saw incomes rise just by 41 percent. And our income tax system exacerbates this inequality. Workers who earn money from wages often pay a higher effective tax rate than individuals like Mitt Romney or Warren Buffet who earn money from stocks and dividends.

Our budget gets rid of the tax preference for investment income, an approach President Reagan signed into law. It also creates fair tax rates for millionaires and billionaires, enacts a financial speculation tax, and eliminates corporate tax subsidies for oil, gas, and coal companies.

This approach is supported by the American people. In a recent polling comparing the Republican budget plan to replace the sequester with the Progressive Caucus plan, nearly twice as many

people supported the Progressive Caucus plan. In fact, 47 percent of Republicans who participated in this survey preferred the Progressive Caucus plan to the sequester.

Americans want Congress to ask the wealthiest and corporations to pay a fair share in order to protect the security of millions of Americans to get health care and other assistance in the social safety net when people face tough times. Americans want Congress to focus on getting them back to work now rather than gutting the very investments we need to grow our economy.

Thank you.

Mr. RICE. Thank you, Mr. Ellison.

The chair now recognizes Mrs. Donna Christensen from the Virgin Islands.

STATEMENT OF HON. DONNA CHRISTENSEN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF VIRGIN ISLANDS

Mrs. CHRISTENSEN. Thank you, Chairman Rice, members. Good afternoon. Thank you for the opportunity to testify on this important budget which will set the stage, I think, for whether this country continues to lead or becomes a secondary player. The latter I know we all agree is unacceptable.

First of all, I would recommend the Congressional Black Caucus budget to the committee. In brief, the CBC budget would cancel the sequester, offer several options for raising a significant amount of revenue. We invest in education, infrastructure, housing, job training, and modernize our military. It includes Assistant Leader Clyburn's 10-20-30 program that ensures a portion of funds in all programs will be targeted to distressed communities. In it, we strengthen Social Security, Medicare, Medicaid, and all of the safety net programs, and we still reduce the deficit. Once it is finalized, I hope that the committee would accept it as part of my testimony.

I also want to address a few specific areas.

First is the Affordable Care Act. Regardless of what position any one of us may have taken on the bill, it is now the law of the land, and it must be fully funded. It is not only a moral imperative, but it is an economic imperative that the access to health care that this bill promised be fulfilled for the over 30 million Americans who are now uninsured. There are many scientifically sound reports that demonstrate the savings that would be realized by the preventive care and the expanded access to treatment, whether it is diabetes care, prevention of end-stage renal disease, or early heart disease care or others. The new approaches to care tied to payment reform, such as the Accountable Care Organization or medical homes and others, will likewise realize savings in lives and in costs. And the health equity provisions that were included through the work of the Tri-Caucus which will reduce health disparities are more savings. As a frame of reference, a recent report by the Urban League found the excess health care costs annually due just to disparities is about \$82 billion per year.

The work of the Patient-Centered Outcome Research Institute that the ACA created also promises to improve health care and outcomes which will further result in improved health and health care savings.

This is not an all-inclusive list. There are other provisions that will also improve the health of our residents and the health of our economy. Not only should both be our goal, but we should also be determined to change our poor standing in health internationally. Although we spend more on health care than any other industrialized country, we are 37th in health status and 40th and 41st in infant and maternal mortality. We can change this shameful standing by just eliminating health disparities.

For the health and well-being of our fellow Americans and to reduce the escalation of health care spending, we cannot afford to not fully fund and implement the Affordable Care Act.

Secondly, I want to refer you to H.R. 6482 introduced in the last Congress by Congressman Burgess and myself and which will be reintroduced this year. It would amend the Congressional Budget Act of 1974 respecting the scoring of preventive health savings. If we scored savings, including outside of the customary 10-year window, I do not believe we would be having the budget battles with the gridlock over deficit reduction that is currently paralyzing the Congress and holding back our recovery.

Third, I want to speak to the concerns of the offshore territories. We are often left out of important programs or underfunded at levels that do not allow us the benefits that the States realize. Our allotment for LIHEAP is a good example where the .1 to .5 percent allotment for all of the territories does not make a dent in the Virgin Islands where the cost of our electricity is over 50 cents per kilowatt. And some seniors and low-income families are already going without electricity. An excerpt from a CRS memo is included in my written testimony which illustrates this point.

Our residents do not benefit from SSI. Medicaid is capped and underfunded with an unfair match. We are left out of important education, health care, labor, and other programs that inhibit our ability to provide the services our residents need and deserve. I remind the committee that we are Americans who serve our country in the armed forces alongside of our fellow citizens from the 50 States and in greater numbers per capita than many States.

Lastly, I want to alert the committee to legislation we have recently reintroduced for the fourth time. It is H.R. 374, the Derek Hodge Virgin Islands Improvement Act of 2013. This legislation which creates a new IRA based in the Virgin Islands has the potential to raise revenue for the Virgin Islands but also an even more significant amount of revenue for the Federal Treasury. In this time of extreme economic distress in the U.S. Virgin Islands, I hope we can get it passed this year to provide needed relief at home, as well as to help this Congress provide a needed offset where it may be needed or help our efforts to reduce the deficit.

I thank you again for the opportunity to testify.

Mr. RICE. Thank you, Mrs. Christensen.

The chair recognizes the gentlewoman from Connecticut, Mrs. Elizabeth Esty.

**STATEMENT OF HON. ELIZABETH ESTY, A REPRESENTATIVE
IN CONGRESS FROM THE STATE OF CONNECTICUT**

Ms. ESTY. Thank you, Mr. Chairman and members of the committee. I appreciate the opportunity to testify today on the fiscal year 2014 budget resolution.

As the committee prepares this year's budget resolution, I want to emphasize the need for smart cuts to reduce the deficit while maintaining important investments in priorities that reflect our values as a country. That means supporting the hard work and innovation of American businesses that are creating jobs and helping to bring back our economy.

Throughout a tough economy, manufacturers and small businesses in Connecticut and across the country have been innovating and making major strides. In my district, I have heard from manufacturers, small business owners, and labor leaders alike a shared sense that we are finally on the verge of better days. Mr. Chairman, their struggles and hard work to make it through the recession are about to pay off.

But now they are concerned that this Congress may inexplicably ruin their gains by making dangerous, across-the-board cuts. My friend, John Herrity, President of the Connecticut State Council of Machinists, put it perfectly when he said that after all the progress our manufacturers have made, quote, to lose all that momentum just defies common sense. Now more than ever, we must preserve investments in American products and the highly skilled employees who make them.

And now more than ever, we need to make smart investments in our infrastructure. These investments will create immediate jobs in construction and engineering industries, and investments in our transportation infrastructure will allow our businesses to move their products and services to market more efficiently and lay the foundation for future economic growth. A major complaint I have heard from businesses in Connecticut is the time and money they lose from delays caused by congestion and gridlock. Washington budget politics should not add to that gridlock.

Additionally, now is the time to make strategic investments in research and development so that we continue to lead in cutting-edge technologies and new products people around the world want and need.

Our budget should also reflect our commitments to our seniors. More than 125,000 people in my district receive Social Security. More than half a million people in Connecticut rely on Medicare. Many seniors in my district are concerned about the future of these critical programs and they have every reason to be, having seen proposals out of Congress in recent years to privatize Social Security and voucherize Medicare. I urge you to reject proposals that would end Medicare as we know it. It would be a mistake to endanger these programs and break long-held commitments to our seniors instead of adopting common sense reforms to preserve and strengthen Social Security and Medicare for current and future generations.

With increases in severe weather affecting Connecticut and many other parts of the country, we also need to ensure that families have the support they need to survive and get by. This winter and

for several past winters, Connecticut has endured historic winter storms. We must fund home energy assistance programs like LIHEAP for families across the country who are struggling to stay warm. LIHEAP serves around 120,000 households in Connecticut, and this critical program has already received drastic cuts in recent years. Before sequestration, Federal funding for LIHEAP in Connecticut stood at \$72 million, down from \$98 million in 2011. We face additional cuts if sequester goes through. During harsh winters, it is not right to leave families struggling to heat their homes and to keep their children safe from the weather. We need to make LIHEAP funding a priority in 2014.

Finally, I would like to emphasize the need for funding to help prevent gun violence. As a Representative for Newtown, Connecticut and as a mother, I feel a special responsibility to help meet the needs of that community and to the parents who have suffered such unimaginable horror. Gun violence is costing lives in cities and towns across the country and it is a national crisis. Again, budgets reflect our priorities and I think we can all agree that fewer priorities are greater than protecting the lives of our children. I urge the committee to restore funding for public safety and law enforcement initiatives to reduce gun violence. We need funding for research on the causes of gun violence, for mental health, and for States to upload their information to the national data system.

We can and should start with easy, smart cuts and revenue increases. There are already several proposals on the table that I support to repeal subsidies for big oil and big gas, eliminate outdated subsidies for agriculture, and to enact a Buffett rule so that the wealthiest are paying their fair share. It is certainly not an exhaustive list and we have a lot of work to do, but the American people are frustrated, and rightly so, with our punting responsibility to make these tough choices. We need to get acting doing our jobs so the American people can get back to doing theirs.

Thank you for your time and attention and thank you for your hard work.

[The prepared statement of Elizabeth Esty follows:]

PREPARED STATEMENT OF HON. ELIZABETH H. ESTY, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF CONNECTICUT

Thank you, Mr. Chairman, Ranking Member Van Hollen, and members of the Committee. I appreciate the opportunity to testify today on the fiscal year 2014 budget resolution.

As this committee prepares this year's budget resolution, I want to emphasize the need for smart cuts to reduce the deficit while maintaining important investments in priorities that reflect our values as a country. That means supporting the hard work and innovation of American businesses that are creating jobs and helping to bring back our economy.

Throughout a tough economy, manufacturers and small businesses in Connecticut and across the country have been innovating and making major strides. In my district, I've heard from manufacturers, small business owners, and labor leaders alike, a shared sense that we're finally on the verge of better days.

Mr. Chairman, their struggles and hard work to make it through the recession is about to pay off, but they're now concerned that this Congress may inexplicably ruin their gains by making dangerous, across-the-board cuts.

My friend John Harrity, President of the Connecticut State Council of Machinists, put it perfectly when he said that after all the progress our manufacturers have made, "to lose all that momentum just defies common sense." Now more than ever,

we must preserve investments in American products and the highly skilled employees who make them.

Continuing to construct two Virginia-class submarines a year, a recent gain championed by my friend Congressman Joe Courtney, has both helped boost our nation's defense and helped manufacturers save and create jobs in Connecticut. This effort has included the work of around 120 suppliers in my own district—high tech manufacturers like Ward Leonard Electric Company in Thomaston and Jonal Laboratories in Meriden who are making top-quality, cutting edge products. We should do right by our national security and our manufacturers and maintain funding for the construction of two Virginia-Class subs a year.

Our budget should also reflect our commitments to our seniors. More than 125,000 people in my district receive Social Security. More than half a million people in Connecticut are on Medicare. Many seniors in my district are concerned about the future of these critical programs, and they have every reason to be—having seen proposals out of Congress in recent years to privatize Social Security and voucherize Medicare. I urge you to reject proposals that would end Medicare as we know it. It would be a mistake to endanger these programs and break long-held commitments to our seniors instead of adopting commonsense reforms to preserve and strengthen Social Security and Medicare for current and future generations.

With increases in severe weather affecting Connecticut and many other parts of the country, we also need to ensure that families have the support they need to survive and get by. This winter and for several past winters, Connecticut has endured historic winter storms. We must fund home energy assistance programs like LIHEAP for families across the country who are struggling to stay warm.

LIHEAP serves around 120,000 households in Connecticut, and this critical program has already received drastic cuts in recent years. Before sequestration, federal funding for LIHEAP in Connecticut stood at about \$72 million, down from \$79.5 million in 2012 and down from around \$98 million in 2011. Connecticut will now face additional cuts as sequestration cut LIHEAP nationally by \$185 million. During harsh winters, it's not right to leave families struggling to heat their homes and keep their kids safe from the weather. We need to make LIHEAP funding a priority in 2014.

Finally, I want to emphasize the need for funding to help prevent gun violence. As the Representative for Newtown, Connecticut and as a mother, I feel a special responsibility to help meet the needs of that community and to the parents who have suffered such unimaginable horror. But gun violence is costing lives in cities and towns across the country. It's a national crisis.

Again, budgets reflect our priorities, and I think we can all agree that few priorities are greater than protecting the lives of our children. The Budget Committee should restore funding for public safety and law enforcement initiatives to help reduce gun violence. In addition, funding for research into the causes of gun violence, for mental health, and for the states to improve the upload of criminal records into the National Instant Criminal Background Check System to keep guns out of the hands of criminals.

We can and should start with easy, smart cuts and revenue increases—there are already proposals on the table that I support to repeal subsidies for big oil and big gas, eliminate outdated subsidies for agriculture, and to enact a "Buffet Rule" so that the wealthiest are paying their fair share.

That's certainly not an exhaustive list of the cuts we can make, nor are the programs I've discussed an exhaustive list of what I believe we can and should fund. But I respectfully urge all to keep in mind, as you write this budget resolution, that we were elected to make decisions that are in the best interest of the American people. We can't keep punting the responsibility of making tough choices when it comes to our budget, as this Congress did by allowing mandatory across-the-board cuts to go through on March 1.

Our constituents are looking for us to do our job, so that they can do theirs. Let's pass a budget that reflects our values as Americans.

Mr. RICE. Thank you, Mrs. Esty.

The chair recognizes the gentleman from Connecticut, Mr. Joe Courtney.

**STATEMENT OF HON. JOE COURTNEY, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF CONNECTICUT**

Mr. COURTNEY. Thank you, Mr. Chairman. And first of all, I want to compliment my colleague from Connecticut. This is her

maiden presentation before the House Budget Committee, and I compliment on her great testimony and associate myself with her, again, broader range of issues that definitely affect our great State.

My focus here this morning really is to talk about one issue which is Medicare. This is a committee which last year and apparently this year again seems to be the place where the strongest effort is being made, in my opinion, to butcher a program which has done so much in terms of raising life expectancy for seniors since it was enacted in 1965, signed into law by Lyndon Johnson out in Independence, Missouri, the first cards issued to Harry Truman and Bess Truman, and has also in my opinion helped create a health care system that again has done great things in terms of pediatric—excuse me. Not pediatric care but care for seniors and people on disability.

In essence, what the committee proposed last year was to take this program, basically convert it into a private health insurance program for people aged 55 or less, and raise the age of eligibility to people aged 67. Again, if we go back to 1965, we had a private health insurance market for seniors in this country. The problem is only half of seniors either had the means or could satisfy the risk analysis that insurance companies imposed on any book of business that they have. And obviously, people over the age of 65 are a high-risk population in this country.

The genius of Medicare was to create a universal pool of tens of millions of seniors, spread risk out, create a standard premium, provide a payroll tax system of revenue. And again, the results are clear. Life expectancy has been added by a factor of 8 years for Americans since the passage of the Medicare law.

Despite the fact that we have had ups and downs in terms of its financial strength measured by the trustees for Medicare, we are now at a place where this committee last year and apparently this year is using budget reasons as an excuse to, again, fundamentally restructure this program despite the fact that even in the last year, we have seen tangible progress in terms of the financial solvency of this program. Doug Elmendorf testified through CBO just a few weeks ago that the projected baseline for the next 10 years for Medicare was actually going to be \$230 billion less than the year before.

And I brought with me, Mr. Chairman, a chart prepared by Standard & Poor's which shows why this is happening. The per capita expenditure on Medicare which, again, going back just to 2008, was running probably three times higher than the inflation rate, has dropped dramatically. And actually this number has even gone down since this chart was prepared just in the last few months or so. We are seeing a historic drop in terms of per capita spending for Medicare. Why is that happening? Mr. Elmendorf has told us it is for structural reasons created by the Affordable Care Act. Whether it is hospital readmission penalties, that again is changing dramatically hospital practices just in the last 3 years, equalization of payments for Medicare Advantage which is saving the taxpayer billions of dollars without endangering access to Medicare Advantage, and prevention and wellness programs covering cancer screenings, closing the donut hole, smoking cessation, annual checkups. These are all working. And Standard & Poor's

chart, which I just showed you, demonstrated that. And it is working without, again, damaging people's eligibility or access to this program or the scope of their benefits.

We can do more. There is no question we can do more. And again, thoughtful people on the right and the left are already having serious conversations and discussions about the fact that it is time to phase out fee-for-service over the next 8 or 9 years. Hospitals are ready for it. Providers are ready for it. This is what will work. Raising the eligibility age, kicking 65- and 66-year-olds off of Medicare, according to CBO, would save about \$113 billion. But the damage it would do to employer programs— and I was with a shipyard in my district, EB, Electric Boat, which has some older workers who actually would like to maybe move on in terms of retirement, but they are frozen by the fact that their retirement benefits—their health benefits are something that they do not want to concede and let up. If we push that retirement eligibility age for Medicare to age 67, you are going to create job block in the older sectors of our population and not allow our workforce to refresh itself and creating new opportunities for younger people.

We can do better. We can save more money than any of these proposals that have been put forth in terms of privatizing Medicare or raising the age of eligibility. Coming from the insurance capital of America, we know a little bit about insurance in this country, and there are better ways that we can, again, save money, which is a clear challenge in terms of demographics in this country, without, again, damaging the basic structure of a program which has transformed the lives of seniors over the last 47 years.

And with that, I yield back.

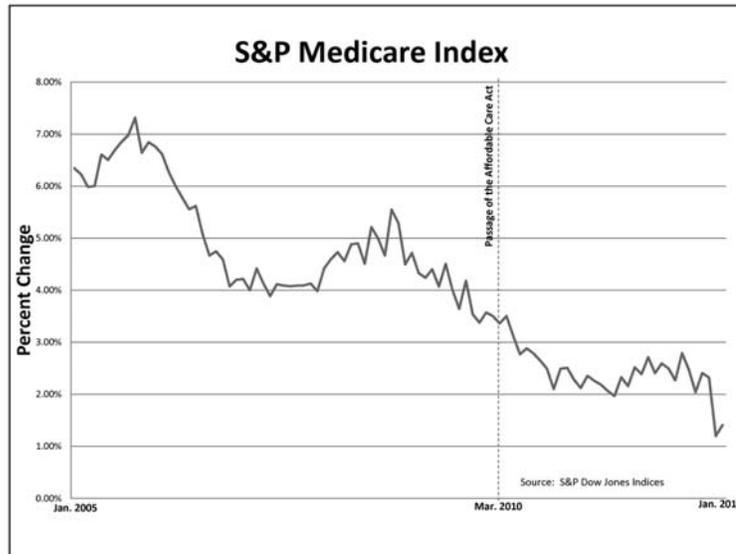
Mr. RICE. Yes, sir.

Mr. CICILLINE. Thank you, Mr. Courtney.

Mr. Chairman, I would ask unanimous consent that a copy of the graph shown by Mr. Courtney be included in the record.

Mr. RICE. No objection?

[The graph provided by Joe Courtney follows:]



Mr. RICE. Thank you very much, Mr. Courtney.

The chair now recognizes for 5 minutes the Honorable Mr. Connolly from Virginia.

STATEMENT OF HON. GERALD E. CONNOLLY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF VIRGINIA

Mr. CONNOLLY. Thank you, Mr. Chairman, Mr. Cicilline, members of the committee. It is great to be back at the Budget Committee. I served in my first term here on the Budget Committee, and I have sat through this session as a members of the committee in terms of members' comments. And so in light of that experience, I will not read my prepared statement, and with permission, I will enter it into the record.

I will only make two points, echoing everything my colleagues have said, but I want to make two points. And I understand, given the partisan division here and in the Congress, these two points will fall on deaf ears, but I still think they are worth making.

One is that sequestration and the pending Ryan budget, like the previous two Ryan budgets, only this one is going to be worse, constitute a disinvestment in America. We are disinvesting in R&D. We are disinvesting in education. We are disinvesting in infrastructure, and we are disinvesting in human capital. No great country stays great when it does that. China is not doing that. And we will pay a price a generation hence for these disinvestments.

And so it seems to me every budget represents our values, and the budget that is about to come before the floor I fear does not represent these values and will do harm to our country in the long run.

The second point I want to make is on behalf Federal employees. Just today, you know, we considered a rule and later today we are going to vote on a continuing resolution that will freeze salaries for Federal employees for the third year in a row. Now, we have al-

ready changed the compensation package, the retirement benefit package, for prospective Federal employees. We have frozen their salaries for 2 years, and they have already contributed over \$100 billion to debt reduction. The only employee group, working group, in America that was asked to do that.

We face a crisis. 47 percent of Federal employees are eligible for retirement in the next decade. How will we recruit and retain the talent we need, the skilled workforce we need for the future? It, after all, serves our constituents. Every one of us will feel that pinch over time in our respective districts.

Public service is a noble calling. Most Federal employees do a superlative job. They work hard. They work long hours. They provide quality skills on behalf of our constituents. They deserve our respect, and I urge that, whatever we do in the next budget, we try to reflect that respect, that dignity, and not ask them to continue to be the only group in America to make a sacrifice in the name of the national debt.

And with that, Mr. Chairman, I thank you for your hard work and Mr. Cicilline. And thank you so much for giving us this opportunity today.

Mr. RICE. Thank you, Mr. Connolly, for putting up with me.

The chair now recognizes the gentlewoman from Nevada, Mrs. Titus.

**STATEMENT OF HON. DANA TITUS, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF NEVADA**

Ms. TITUS. Thank you, Mr. Chairman and ranking member. I also want to thank Chairman Ryan and Ranking Member Van Hollen for holding this hearing and for their hard work to resolve our Nation's fiscal challenges.

It is important that we remember the Federal budget is more than a theoretical document that is only debated in Washington with no impact on families throughout the United States. Instead, the Federal budget is a blueprint for our Nation's future. It is a statement of our national priorities. Our budget should be a path forward for a strong middle class and jobs for every person who is looking for a chance at the American dream.

The choices we make here determine if a family in Las Vegas is living paycheck to paycheck or is saving money for their children's education. Our budget determines if States like Nevada will become the Saudi Arabia of solar power and home to thousands of clean energy jobs that cannot be outsourced or if we will continue to rely on fossil fuels that harm our environment and create jobs overseas instead of here at home.

Accordingly, I would like to take the few minutes I have today to highlight what I believe should be the pillars of our budget. First, we must make it very clear that we will preserve and protect Medicare and Social Security. We cannot change these programs in any way that will break the safety net that has sustained the most vulnerable in our society. I do not support raising the retirement age for Social Security recipients because I do not feel it is fair to ask the construction worker building the next great resort on the Las Vegas Strip to work 2 more hours in the blazing sun so we can protect tax breaks for billionaires. And I will not support turning

Medicare into a voucher program because I do not think it is fair to ask a senior in District 1 to choose between medicine and food so we can continue to provide tax breaks for big oil.

Second, our budget should be a serious investment in our Nation's ability to compete well into the 21st century. The Silver State is also the solar State with more than 300 sunny days a year. The development of this renewable energy source is smart policy in a number of ways. Congress should continue supporting funding for our State energy programs which leverage funds in support of renewable energy projects and energy efficiency programs. Our budget should preserve the solar Investment Tax Credit, which is particularly important to developing large solar projects. The extension of the ITC will give the solar energy industry the long-term certainty that is so vital to any business sector.

We should make investments in infrastructure and energy efficiency by continuing incentives for utilizing green building practices. We should also prioritize reducing energy usage in older construction with retrofit programs for office buildings, retail stores, schools, and homes.

And when it comes to building an economy geared toward middle class growth, it is essential that we also invest in our critical infrastructure and transportation systems. Our roads, railroads, and airports are central to America's economic success, and we must make them a priority.

Congress must continue to support the FAA's NextGen implementation that is at the heart of modernizing our air traffic control system. It will lead to increased safety for the flying public while also reducing fuel costs and increasing efficiency for our airlines.

Our railroad infrastructure also remains critical to our economy. I believe that development of a high-speed rail is a challenge that we must take on. Congress must work with private industry and the States to advance high-speed rail projects that hold so much promise for the job creation and economic success we need.

In the end, the most crucial investment we can make for the future of our Nation is in the next generation of Americans. We must make education a top priority and give our children the skills and training they need to be the innovators of the future. In short, we cannot afford to be penny wise and pound foolish when it comes to supporting education and research and development.

Again, I thank you for your attention, and I look forward to working with you and our colleagues on both sides of the aisle to produce a budget that takes a balanced approach to improving our economy and investing in our Nation's future. Thank you.

[The prepared statement of Dana Titus follows:]

PREPARED STATEMENT OF HON. DINA TITUS, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF NEVADA

Thank you, Mr. Chairman and Ranking Member. I want to also thank Chairman Ryan and Ranking Member Van Hollen for holding this hearing and for their hard work to resolve our nation's fiscal challenges.

It is important we remember that the federal budget is more than a theoretical document that is only debated in Washington, with no impact on families throughout the United States.

Instead the federal budget is a blueprint for our nation's future; it is a statement of our national priorities. Our budget should be a path forward for a strong middle class and jobs for every person who is looking for a chance at the American Dream.

The choices we make determine if a family in Las Vegas is living paycheck to paycheck, or saving money for their children's education.

Our budget determines if states like Nevada will become the Saudi Arabia of solar power, and home to thousands of clean energy jobs that cannot be outsourced. Or, if we will continue to rely on fossil fuels that harm our environment and create jobs overseas instead of here at home.

Accordingly, I want to take the few minutes I have today to highlight what I believe should be the pillars of our budget.

First, we must be clear that we will preserve and protect Medicare and Social Security. We cannot change these programs in any way that will break the safety net that has sustained the most vulnerable in our society.

I do not support raising the retirement age for Social Security recipients because I do not feel it is fair to ask a construction worker building the next great resort on the Las Vegas Strip to work two more years in the blazing sun so we can protect tax breaks for billionaires.

And, I will not support turning Medicare into a voucher program because I do not think it is fair to ask a senior in District One to choose between medicines and food so we can continue to provide tax breaks for Big Oil.

Second, our budget should be a serious investment in our nation's ability to compete well into the 21st Century.

The Silver State is also the Solar State, with more than 300 sunny days a year. The development of this renewable energy source is smart policy in a number of ways.

Congress should continue supporting funding for our State Energy Programs which leverage funds in support of renewable energy projects and energy efficiency programs.

Our budget should preserve the Solar Investment Tax Credit which is particularly important to developing large solar projects. The extension of the ITC will give the solar industry the long-term certainty that is so vital to any business sector.

We should make investments in infrastructure and energy efficiency by continuing incentives for utilizing green building practices. We should also prioritize reducing energy usage in older construction with retrofit programs for office buildings, retail stores, schools, and homes.

When it comes to building an economy geared toward middle class growth, it is essential that we invest in our critical infrastructure and transportation systems. Our roads, railroads, and airports are central to America's economic success, and we must make them a priority.

Congress must continue to support the FAA's NextGen implementation that is at the heart of modernizing our air traffic control system. It will lead to increased safety for the flying public while also reducing fuel costs and increasing efficiency for our airlines.

Our railroad infrastructure also remains critical to our economy. I believe that development of high speed rail is a challenge we must take on. Congress must work with private industry and the states to advance high speed rail projects that hold so much promise for job creation and economic success.

In the end, the most crucial investment we can make for the future of our nation is in the next generation of Americans. We must make education a top priority, and give our children the skills and training they need to be the innovators of the future.

In short, we cannot afford to be penny wise and pound foolish when it comes to supporting education, and research and development.

Again, thank you for your attention. I look forward to working with you and our colleagues on both sides of the aisle to produce a budget that takes a balanced approach to improving our economy and investing in our nation's future.

Mr. RICE. Thank you, Mrs. Titus.

The chair recognizes for 5 minutes the gentleman from Arizona, Mr. Barber.

**STATEMENT OF HON. RON BARBER, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF ARIZONA**

Mr. BARBER. Thank you, Mr. Chairman and ranking member. I am pleased to be here today to bring to your attention some funding needs that are critical in my district in southern Arizona and to the Nation.

I agree that spending must be reduced to address our budget deficit and national debt. I have five grandchildren and I do not want their future weighed down by the debt that we have created. I am sure I join with millions of parents and grandparents across the Nation who feel this way.

There is no doubt that spending must be reduced to address our national debt, but spending across the board, spending mandated by sequestration, is not the way to make the kind of responsible and fact-based spending cuts that this Nation needs.

Let me talk about the impact on our State, my district, and on the Nation. Sequestration is already taking its toll. Because Arizona is on the U.S.-Mexico border, sequestration cuts are especially serious, and those consequences, if allowed to continue for long, will degrade the security of our entire Nation. In a letter this week to Arizona Governor Jan Brewer, the Department of Homeland Security Secretary, Janet Napolitano, wrote: reductions mandated by sequestration will necessitate furloughs, hiring freezes, and the elimination of overtime pay for a significant portion of our front-line law enforcement personnel which will impact negatively on staffing levels in Arizona.

This is not the right way to go. Reduced overtime and furloughs on CBP border patrol agents will result in diminished capability and capacity to detect and interdict illicit activities along southern Arizona's border with Mexico, one of the most porous areas of the border in the whole Nation. It will also reduce the income of these agents by 20 percent. That is the wrong way to treat these brave men and women who put on the uniform every day to protect the homeland.

So first and foremost, Mr. Chairman, before we make any decisions about spending for the future, we must give the American people certainty and reverse the sequester before the full impacts are felt by the American families, businesses, and our economy. We must work immediately to adopt a bipartisan and balanced budget package.

Moving forward, Mr. Chairman, we must clearly show our commitment to a more secure border with Mexico. We have made improvements but there are many yet to be made. As only one of nine members with a border district on the southwest border, I know firsthand that many of the people I represent still feel unsafe in their own homes. That is not right. No American should feel unsafe in their homes because of incursions from across the border. We need robust funding for agents, technology, and communications on the border.

We must also make new investments in our ports of entry to improve infrastructure and to increase staffing levels to ensure that the ports are secure and that legal commerce flows expeditiously.

Mr. Chairman, let me now speak about defense. Among the 50 States, Arizona ranks fifth nationally in the number of employees in defense-related jobs. More than 42,000 Arizonans work in the aerospace or defense industry jobs, and the industry is responsible for more than 153,000 indirect jobs in our State. Raytheon Missile Systems in Tucson, for example, manufactures Tomahawk, Maverick Sidewinder, and many of the other missiles that we need in our current conflicts. Raytheon also partners with Israel on the

Iron Dome protection system that is essential to Israel's safety and security.

Also in my district, we have two military installations that are essential to our national security: Davis-Monthan Air Force Base and Fort Huachuca. I am very proud to represent these patriotic service members and their families and our civilian workforce that works in Department of Defense-related jobs.

We must protect these assets that are so critical to our national defense and security. Morale in the armed forces has been seriously affected by the uncertainty in the cuts imposed by sequestration. By making robust investments in our national defense, we will ensure our readiness and security while dispelling economic uncertainty and creating new economic growth.

Southern Arizona is also home to over 85,000 veterans. America's veterans have made every sacrifice we have asked of them to protect our Nation and protect our freedoms. As we set our budget priorities for this fiscal year and each one after that, we must honor the promises that we have made to our veterans.

And finally, many Americans come to my district from other parts of the country to retire. As a result, we have over 128,000 seniors living in my district. They have invested all of their working lives in a retirement income and medical care assurances in Social Security and Medicare. They are concerned and I am concerned about the long-term solvency of these programs. But we know for a fact that Medicare is solvent till 2024, Social Security till 2033. We have time to do the right thing to continue their solvency without making drastic cuts or privatizing these critical systems and services.

Mr. Chairman, I want to thank you for the opportunity to discuss the fiscal challenges facing our Nation. They cannot be overstated. But neither can we afford to shrink from our responsibilities—

Mr. RICE. Mr. Barber—

Mr. BARBER [continuing]. To stop investing in this Nation's future.

Thank you, Mr. Chairman.

[The prepared statement of Ron Barber follows:]

PREPARED STATEMENT OF HON. RON BARBER, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF ARIZONA

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE ON THE BUDGET: Thank you for inviting me to be with you this morning to address some funding needs that are critical to my district in Southern Arizona.

First of all, Mr. Chairman, I would like to discuss the impacts that the sequestration has had on my state and on my district. And I mean the very real impacts that already have occurred.

Because Arizona is on the U.S. Mexico border, sequestration consequences are especially serious. And those consequences—if allowed to continue for long—will degrade the security of our entire nation.

In a letter this week to Arizona Governor Jan Brewer, Department of Homeland Security Secretary Janet Napolitano wrote that, "Reductions mandated by sequestration will necessitate furloughs, hiring freezes and elimination of overtime pay for a significant portion of our frontline law enforcement personnel, which will impact staffing levels in Arizona."

Reduced overtime and furloughs of CBP Border Patrol agents will result in a "diminished capability and capacity to detect and interdict illicit activity along Arizona's border with Mexico."

So first and foremost, Mr. Chairman, before we make any decisions about spending for the future we must give the American people certainty and reverse the se-

quester before the full impacts are felt by American families, businesses and our economy. We must work immediately to adopt a bipartisan and balanced budget package.

Spending must be reduced to address our national debt. But the across-the-board cuts mandated by sequestration are not the way to make the kind of intelligent, fact-based spending cuts that this nation needs.

Mr. Chairman, moving forward, our budget must clearly show our commitment to a more secure border with Mexico.

We have made improvements in securing our border—but the job remains unfinished.

As one of only eight members in the House representing the Southwest border and as a member of the Homeland Security Committee, I know that we still have more to do so the people who live and work along our southern border feel safe in their homes and on their land.

That is not the case today in some areas of my district—and in other areas of the border.

We need robust funding for agents, technology and communications at the border.

We also must make new investments in our ports of entry to improve infrastructure and increase staffing to ensure that the ports are secure and commerce flows.

Mr. Chairman, I would like to turn now to defense.

Among the 50 states, Arizona ranks fifth nationally in the number of employees in defense-related jobs.

More than 42,000 Arizonans work in aerospace or defense industry jobs and the industry is responsible for more than 153,000 direct, indirect and induced jobs.

Our aerospace industry, from the workers at the plant, to the pioneering scientists and engineers at the drafts board, work tirelessly to provide this country the ability to meet any threat, around the world, and here at home.

Raytheon Missile Systems in Tucson manufactures Tomahawk, Maverick Side-winder and many other missiles. Raytheon also partners with Israel on the integral Iron Dome protection system that is imperative to Israel's safety and security.

In addition to our state's thriving defense industries, southern Arizona is home to two major military installations and an Air National Guard Wing:

- Davis-Monthan Air Force Base in Tucson
- the Army's Fort Huachuca in Sierra Vista
- And the 162nd Fighter Wing of the Arizona Air National Guard just across my district line

I am proud to represent these brave service men and women, their families, and our civilian workforce in Southern Arizona.

Pilots at Davis-Monthan train every day in A-10s so that they can provide close air support for our soldiers when deployed overseas, flying low and slow and picking off insurgents.

Soldiers at Fort Huachuca learn human intelligence tactics to provide us with critical insights in the field on our enemy's capabilities, to help find the vulnerabilities that will turn the tide of war.

Pilots at the 162nd fighter wing of the AZ Air National Guard train foreign allies and build future relationships that strengthen our global security and international partners.

By making robust investments in our national defense we will ensure our readiness and security while dispelling economic uncertainty and creating new economic growth.

Southern Arizona is also home to over 85,000 veterans. America's veterans have made every sacrifice to defend our nation and protect our freedoms. As we set our budget priorities this fiscal year and each one after it, we must honor the promises we have made to our veterans and ensure that they receive the compensation, health care, educational opportunities, and employment assistance that they deserve.

Our budget must also honor and reflect our commitments to seniors who have put in a lifetime of hard work, helping to make our economy grow and make our nation strong. They deserve a safe, healthy and secure retirement. I represent nearly 130,000 seniors and am committed to protecting and preserving Social Security and Medicare for the seniors in my district and for generations to come. I oppose any efforts to phase out Social Security and Medicare or proposals to replace these programs with privatized systems that jeopardize the livelihood of the millions of seniors who depend on them.

Mr. Chairman, thank you again for this opportunity. The fiscal challenges facing our nation cannot be overstated. But we can neither afford to shirk from our responsibilities nor can we stop investing in this nation's future.

I look forward to working with all of my colleagues—from both sides of the aisle—to reach a fair, balanced and bipartisan approach to sequestration.

And I look forward to working with all of my colleagues in putting our nation on a solid financial footing so we can face our challenges with the strength that can come only from lowering our debt.

Thank you.

Mr. RICE. Thank you very much, sir.

The chair recognizes the Honorable Mr. Salmon from Arizona.

**STATEMENT OF HON. MATT SALMON, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF ARIZONA**

Mr. SALMON. Thanks a lot, Mr. Chairman and members of the committee.

I would ask for unanimous consent to have my written testimony entered into the record.

Mr. RICE. Without objection.

Mr. SALMON. Thank you, Mr. Chairman.

This is my second opportunity to serve in Congress. I served back in—I started in 1994 to the year 2000. We had some fiscal issues then. In fact, when I first came to Congress, I think we had about \$135,000,000 deficit, and I was apoplectic about that because I was concerned that we were mortgaging our children's future away then.

But, boy, how times have changed. In the last decade since I have been gone, we went from a \$1.789 trillion budget in the year 2000 to a \$3.796 trillion budget this year, 53 percent higher than it was when I was here.

Mr. Chairman, I do not think that is responsible. I believe that we have got to pay as we go just like every American family has to do, just like every American business, every hospital, every church. Nobody spends the way that we spend like drunken sailors on shore leave. And I think that we owe the American public a little bit more.

In fact, last year in our budget, 43 cents out of every dollar that we spent was borrowed and we continue to borrow like there is no tomorrow. In fact, I have heard jokes about some families saying that they tried to use their MasterCard to pay off their Visa bill. It seems like that is what we are doing time and time again.

But there will be a comeuppance. There was a commercial that used to run when I was a kid. It was the FRAM man, and he used to say you pay me now or you will pay me a lot more later. Well, that is where we are at. We see the calamities that are happening across the water in Greece and we think that could never happen to us. But, Mr. Chairman, it can. If we do not get our fiscal house in order, there are going to be a lot more people hurt a lot worse than—people are talking about the sequester that is hurting people's lives. Well, the fact is if we do not do something now, people will be hurt a lot worse, and the longer we punt this thing, the more difficult it is going to be to dig our way out.

So, Mr. Chairman, I came back to Congress—actually I left voluntarily. I did a term limit pledge and I left after three terms. I came back to Congress not just because I like Washington, D.C. I came back because I really do believe that we have got to fundamentally change the way we do things. We just had our fifth grandchild last year, and as I look into that precious baby's eyes

and I think what kind of future is that baby going to have if we do not get our financial house in order right now.

And so, Mr. Chairman, my biggest goal is to balance this budget as quickly as we possibly can and to start paying down the debt. And I think that in order to do that, we ought to look at everything. No sacred cows. And we ought to cut out things that are not big priorities. I think that we ought to look at something that we tried back when I was in Congress before with the Contract with America. We identified three cabinet-level agencies that we were willing to get rid of. The Federal Department of Commerce has not had a Secretary of Commerce in over a year. Well, if it is so easy to do without a Secretary of Commerce for a year, maybe it is easy to do without the whole Department of Commerce. What value are they really adding?

I also believe that we ought to take a look at our taxation policies. We are driving companies overseas. If we really want to fix things, then let's stop having the most oppressive, high corporate tax rate in the entire world. Right now, we are at 35 percent. It is the highest corporate tax rate in the world. President Obama has said that that policy is actually hurting American businesses and driving them overseas. Well, let's take him up on it. Let's lower the corporate tax rate to about 25 percent or lower and let companies repatriate into this country without penalizing them. Let them come back to this country and bring their assets.

Marco Rubio said something I think that is very appropriate. He said we do not need more taxes. We need more taxpayers.

Now, the goal is to run the Government. I understand that. We want to run the Government. We want to take care of this country. But let's stop confusing what our goals are. It seems like sometimes our goals are to punish people for being successful. How about we reward people for being ingenious? And that means in Government too. If we find better ways of doing things, cheaper ways of doing things, we ought to reward agency heads for doing that and the people that work in those agencies for finding better ways, more cost effective ways to do things.

I also would like to change the way we do our budgeting in general. This baseline budgeting to me is for the birds. No company, successful company, looks at what they got last year and says, well, you will get that plus some next year regardless of how effective you were at spending that money and how effective you were at achieving your goals. Let's try to move toward a baseline budget and reward people for getting the job done. I understand that with our food stamp program, we actually have a bonus program where we bonus people, we bonus States for the amount of people that they pay out welfare to or give out food stamps to. How about we reward people for getting folks off of food stamps and getting them into jobs instead of rewarding people for growing Government?

Mr. Chairman, I can see that my time is just about expired, but I would just like to inject a little bit of common sense back into the equation and do things like the rest of America has to do it: pay as we go and not borrow our way into oblivion.

Thank you very much.

[The prepared statement of Matt Salmon follows:]

PREPARED STATEMENT OF HON. MATT SALMON, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF ARIZONA

Chairman Paul Ryan, Ranking Member Chris Van Hollen, Members of the House Budget Committee, good morning and thank you for calling this hearing for Members to come and share their concerns with the current fiscal health of the United States and express our hopes for the future direction of our Federal budget. I appreciate the opportunity to participate in this year's Members' Day and I look forward to working with the members of this committee to bring common sense spending reforms to the 113th Congress.

REVIEWING CURRENT FISCAL CONDITIONS

As many of you know, from 1995 through 2001, I was honored to represent the people of Arizona in this esteemed body. When I left, adhering to my three term limit pledge, a Republican Congress had worked with a Democrat President, Bill Clinton, to change our budget trajectory from endless deficits to a budget surplus of \$236 billion in 2000. We also accomplished many government reforms that not only made government more efficient and less expensive, but also lifted the heavy and costly burden of government regulations, mandates and taxes. We released America's greatest asset: our entrepreneurs who created jobs and wealth that benefited the whole country and enabled us to balance our budget. It is important to note that those reforms and spending reductions did not come easily. In fact, as many of you remember, we actually shut the government down for 28 days while we haggled, argued and ultimately found a compromise. As painful as it was, the budget show down of 1995, set the stage for the prosperity that followed.

Now, let me be clear, I am not advocating a budget shut down. I'm illustrating that the choices we faced back then were tough, but we did it. Now, we as a Congress face an even more enormous challenge; but in the end we must be responsible, lead, and make tough choices in order to confront those challenges and emerge a better nation. Just as in the 90's, this will be hard. Because of the enormity of our current fiscal situation it will require that we work together and make those difficult choices that will allow our country and our economy to emerge better than before.

The economy's performance, both short term and long term, depends heavily on how we conduct our fiscal policy. The fiscal challenges facing this Congress are not new. It is important that we put the federal budget on a sustainable, long-term path that promotes economic growth. We've proven before that a divided government can act in a fiscally responsible way, and, the need is far greater than ever now. To put it in perspective, total government spending in outlays in 2000 was \$1.789 trillion—today, that number is 53% higher (\$3.796 trillion). Even more concerning, in just four years (2008 to 2012), government spending increased by over 21%. That is simply unsustainable.

Some have tried to say that we need a "balanced" approach that increases taxes again on the American people. I reject that premise. This year, according to CBO, the government is expected to have the highest revenues in the history of this country; yet, we will still have a budget deficit of about \$850 billion. This is proof: we have a spending problem. As Senator Marco Rubio has said before, "We don't need more taxes. We need more taxpayers."

COMBATTING GOVERNMENT DUPLICATION, REDUNDANCY, AND WASTE

First and foremost, this Congress must start reducing the actual size of the government. In order to do that, we must begin to identify and consolidate redundant programs. According to a recent report, if the government would even just follow the recommendations given to them by the duly appointed Inspectors General, we could save an additional \$67 billion. That is just scratching the surface.

Also, important to solving short-term budget deficits is the elimination of purely wasteful government spending. Some of the more ludicrous examples include: (1) \$27 million on Moroccan pottery classes; (2) \$4.5 billion on improper food stamp payments; and (3) \$25 billion each year to maintain vacant federal properties. In a time where average American families are tightening their belts and looking for ways to stretch their stagnant or diminishing paychecks, it seems insulting that the Federal government dumps billions of dollars each year into inefficient (and often times pointless—i.e.: \$947,000 for food on Mars, the planet) government pork.

To prove that we are serious about cuts, we should have a top down review of our government. We need to seriously look into reducing the number of agencies and departments. As the annual GAO study shows, there's duplication and ineffective

programs throughout the government. One easy example is the duplication that exists between the Department of Education and the Department of Labor.

It is critical that the U.S. government treat its budget like any normal family or business would. Congress should be allocating our resources based on needs and benefits, rather than history.

ADDRESSING FUTURE FISCAL CONCERNS (MANDATORY SPENDING/MEDICARE)

While finding and eliminating government waste is critical, that alone will not address the looming long-run budgetary crisis. We must tackle our mushrooming entitlement programs. One necessary step to reduce our long-run spending is to begin tackling our mushrooming entitlement programs—most importantly, Medicare. The dramatic growth in Medicare spending and the accumulation of total future obligations are weighing down the program. One solution I have advocated for would be, over time gradually increasing the retirement age for both Social Security and Medicare to 72. With Americans living longer, healthier lives it makes sense to raise the retirement age in order to preserve these programs' solvency. Just by raising the retirement age to 70, the Business Roundtable estimated a savings of \$300 billion in Medicare spending and an extension of Social Security's solvency for 75 years. Failing to act to reform and therefore save these entitlement programs is irresponsible. In fact, if we don't act now, there may not be enough resources in the systems to provide promised services to the couple retiring today.

ZERO-BASED BUDGETING

Finally, to help Congress reduce wasteful spending, I advocate we adopt a zero-based budgeting process. Through this approach, every line item of the budget must be approved versus just the year to year changes. With zero-based budgeting, we can begin to properly identify and eliminate wasteful and obsolete programs while bringing a new level of transparency to our constituents. By justifying each line item in the Federal budget, we can begin to truly identify where the Federal government has overstepped its constitutional authority, created duplicative or ineffective programs and thereby reduce spending while transferring power back to the States where it belongs. Zero-based budgeting would enable us to start lowering our deficit, bringing us towards a balanced budget within ten years (FY2024).

BALANCED BUDGET AMENDMENT

Balancing the budget should be the number one priority of every Congress, especially the 113th. This is why I hope the House Budget committee will support a balanced budget amendment. With a balanced budget amendment, Congress would finally be held accountable for reckless spending using our grandchildren as collateral. It is our responsibility as Members of Congress to ensure a brighter future for our future generations.

PAY-FOR-PERFORMANCE LEGISLATION

This responsibility to our constituents is why I suggest adopting legislation requiring a pay cut should Congress fail to pass a budget that balances within 10 years. When I go back to the district to meet with constituents, the number one complaint is the lack of progress Congress has made in the past two years in balancing the budget. Pay-for-Performance legislation would add the extra incentive some may need to find common-sense, effective budget reductions.

TAXATION POLICY

When trying to balance the budget, some of my colleagues in Congress have suggested higher taxes on corporations and individuals. I cannot stress how opposed I am to this proposition. As it stands now, the United States has the highest corporate tax rate of 39.2 percent (Japan is now at 36.8 percent after their recent cut). Having a corporate income tax rate well above the 25 percent average of other developed nations in the Organization for Economic Cooperation and Development (OECD) puts us at a large disadvantage when competing for new investment. To bring more jobs back to American shores and restore a friendly economic environment for businesses to prosper, we must act to reduce our corporate tax rate. Reducing the corporate income tax rate is a bipartisan effort, supported openly by President Obama on his website and in recent press conferences. We must lead our nation back towards the path of prosperity by incentivizing companies to move back to the U.S. and bring much needed jobs, research and development, and growth with them.

CONCLUSION

Again, I thank the Committee for their time, and for the warm invitation from Chairman Ryan and Ranking-Member Van Hollen. I hope the House Budget Committee takes into consideration my thoughts on how to address government waste, long-run mandatory spending, the benefits of a zero-based budgeting process, the need for a balanced budget amendment, and my ideas on Pay-for-Performance legislation to help incentivize a balanced budget. In addition, I urge my colleagues on the Budget Committee to take to heart my suggestions to lower corporate income tax rates in order to help further stimulate our sluggish economy. I look forward to working alongside this great committee as the House brings the FY 2014 budget to the House floor for a vote.

Mr. RICE. Thank you, Mr. Salmon, very much.

The chair recognizes the gentleman from Kentucky, Mr. Barr.

**STATEMENT OF HON. ANDY BARR, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF KENTUCKY**

Mr. BARR. Thank you, Mr. Chairman. Mr. Chairman, I want to thank the committee for the opportunity to share with you some of the budget priorities I hold for the coming year and which I am here to emphasize on behalf of the people of the 6th Congressional District of Kentucky.

As a new Member of the House, I strongly support the call of the American people to reduce Government spending and bring the national debt under control. As I have traveled around my district, people have consistently told me that restoring fiscal responsibility is their number one priority and that they sent me to Washington to force the Government to live within its means. Accordingly, I am committed to cutting spending, reducing the size of Government, promoting economic growth, and putting our budget on a path to balance.

Today I would like to talk about a number of things, namely entitlement reform so that these programs can be sustainable for the future, a permanent fix to the sustainable growth rate for physicians, properly budgeting for natural disaster relief, keeping taxes low to encourage economic growth, and the importance of ensuring a strong national defense in a tough budget environment.

Our debt is currently \$16.7 trillion. It was \$16.4 trillion when I took office only 8 weeks ago, and we all know that the debt, even with the \$620 billion tax increase the President got at the start of the year, will continue to skyrocket in the coming years if nothing is done to reform our Government.

Mandatory spending has consumed a growing share of our Nation's budget over the years, and the trend, if left unreformed, will only make our budget crisis worse. In 1972, mandatory spending accounted for 37 percent of the budget. 30 years later in 2012, nearly 58 percent of our spending is devoted to mandatory programs. If the status quo spending is left unreformed, the reality is that the growth in mandatory spending programs will continue to consume an increasing share of our budget and squeeze out our ability to devote resources to other important priorities. In fact, the anticipated growth in health care spending, other entitlement spending, and the interest on the national debt is projected to consume 100 percent of Federal revenues in the next 15 years. This means that every single dollar of spending that Washington puts towards discretionary programs in the future would be adding to the debt. This puts our children and grandchildren in an unaccept-

able and untenable position. So we need to reform Medicare and our other entitlements if we want to maintain the ability and flexibility to invest in other important priorities without adding to an unsustainable debt.

As part of comprehensive Medicare reform, we have to reform our payment policies without diminishing seniors' access to physicians. I hope the committee can encourage efforts to repeal the current sustainable growth rate formula. This, of course, was originally developed to control the amount that Medicare will pay for health care services. However, it has proven to be an ineffective drain on our budget that gets worse each year that it is left unresolved. Further, the uncertainty each year of whether Congress will come up with a fix causes tremendous anxiety for physicians. It harms their ability to budget properly for their practices and jeopardizes their ability to take in and treat more seniors. Rather than reimburse per service provided, we need to replace the SGR with a program that incentives quality, efficiency, and access. This will provide certainty for health care providers that is permanent and durable and allow them to get back on focusing on patients, helping patients heal while reining in out-of-control overall costs in health care.

Another reform that I would like to encourage the committee to focus on is the need to properly budget for natural disaster relief. Anytime a natural disaster strikes, I share the sympathy of all Americans and support a prompt and compassionate Federal response where needed. But rather than add to the debt every time we face a difficult decision, I believe we should work to find ways to budget for and pay for natural disaster aid packages. This means adequately prefunding disaster relief accounts bringing disaster spending under spending caps and additional reforms to ensure that disaster relief designation is being appropriately applied. I am willing to work with the committee on a number of potential reform proposals to improve how we pay for disaster relief.

I would also like to emphasize the importance of focusing on economic growth when it comes to discussing taxes. While many in Washington are short-sightedly calling for another round of tax increases on top of the \$620 billion that the President pushed for in January, I strongly believe that this is the wrong approach. Raising taxes will only further weigh down the economy and slow job creation efforts in the private sector. And we know that additional revenue is never actually dedicated to deficit reduction. Instead, it is always used to finance more Government. It is always used as an excuse to not reform Government.

The bottom line is that tax increases are a lousy deficit reduction strategy. If we want to maintain the most vibrant, dynamic economy in the world, I believe we must reform the tax code in ways that broadens the base, gets serious about simplification and closing tax loopholes, and lowers and consolidates marginal rates. This approach will enable American businesses to better compete and provide much needed tax relief to American families.

Finally, I would like to talk about defense and national security. Defense spending represents approximately 18 percent of the Federal budget yet has been forced to absorb nearly half of the spending reductions occurring in the past 2 years. Given our military's

already disproportionate contribution to deficit reduction, I encourage the committee to use its tools to ensure that our military has the resources it needs to properly defend the American people. We must always ensure that our military's readiness is not compromised by an inability in Washington to reform our mandatory spending objectives.

Thank you very much. I would like to thank the committee for the opportunity to present my priorities in the coming year. I look forward to working with the committee. Thank you very much.

[The prepared statement of Andy Barr follows:]

PREPARED STATEMENT OF HON. ANDY BARR, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF KENTUCKY

Mr. Chairman, I want to thank this Committee for the opportunity to share with you some of the budget priorities I hold for the upcoming year, and which I am here to emphasize on behalf of the Sixth District of Kentucky.

As a new Member of the House, I strongly support the call of the American people to reduce government spending and bring our national debt under control. As I have traveled around my district, people have consistently told me that restoring fiscal responsibility is their number one priority, and that they sent me to Washington to force the government to live within its means. Accordingly, I am committed to cutting spending, reducing the size of government, promoting economic growth, and putting our budget on a path to balance.

Today, I'd like to talk about a number of things—namely, entitlement reform so that these programs can be sustainable for the future; a permanent fix to the sustainable growth rate physician fee schedule; properly budgeting for natural disaster relief; keeping taxes low to encourage economic growth; and the importance of ensuring a strong national defense in a tough budget environment.

SPENDING AND ENTITLEMENT REFORM

Our debt is currently \$16.7 trillion. It was \$16.4 trillion when I took office only 8 weeks ago, and we all know that the debt—even with the \$620 billion tax increase the President got at the start of the year—will continue to skyrocket in the coming years if nothing is done to reform our government.

Mandatory spending has consumed a growing share of our nation's budget over the years, and the trend, if left unreformed, will only make our budget crisis worse. In 1972, mandatory spending accounted for 37 percent of the budget; thirty years later, in 2012, nearly 58 percent of our spending was devoted to mandatory programs.

If the status quo spending is left unreformed, the reality is that the growth in mandatory spending programs will continue to consume an increasing share of our budget and squeeze out our ability to devote resources to other priorities. In fact, the anticipated growth in health care spending, other entitlement spending, and interest on the debt is projected to consume 100% of federal revenues in the next 15 years.

This means that every single dollar of spending that Washington puts towards discretionary programs in the future would be adding to the debt—this puts our children and grandchildren in an unacceptable and untenable position. So, we need to reform Medicare and our other entitlements if we want to maintain the ability and flexibility to invest in our other programs, without adding to an unsustainable debt.

SUSTAINABLE GROWTH RATE

As part of comprehensive Medicare reform, we have to reform our payment policies without diminishing seniors' access to physicians. I hope the committee can encourage efforts to repeal the current Sustainable Growth Rate method, also known as the SGR physician payment schedule. The SGR was originally developed to control the amount that Medicare will pay for healthcare services; however, it has proven to be ineffective and a drain on our budget that gets worse each year it is left unresolved. Further, the uncertainty each year of whether Congress will come up with a fix causes tremendous anxiety for physicians—it harms their ability to budget properly for their practices, and therefore jeopardizes their ability to take in and treat more seniors.

Rather than reimburse per service provided, we need to replace the SGR with a program that incentivizes quality, efficiency, and access. This will provide certainty for healthcare providers that is permanent and durable, and allow them to get back to focusing on helping their patients heal, while reining-in out of control overall costs in healthcare.

PROPERLY BUDGETING FOR NATURAL DISASTER RELIEF

Another reform that I'd like to encourage the committee to focus on is the need to properly budget for natural disaster relief. Any time a natural disaster strikes, I share the sympathy of all Americans and support a prompt and compassionate federal response where needed. But rather than add to the debt every time we face a difficult decision, I believe that we should work to find a way to budget and pay for disaster aid packages. This means adequately pre-funding the disaster relief accounts, bringing disaster spending under the spending caps, and additional reforms to ensure that the disaster relief designation is being appropriately applied. I am willing to work with the committee on a number of potential reform proposals to improve how we pay for disaster relief.

KEEPING TAXES LOW TO ENCOURAGE ECONOMIC GROWTH

I'd also like to emphasize the importance of focusing on economic growth, when it comes to discussing taxes. While many in Washington are shortsightedly calling for another round of tax increases—on top of the \$620 billion that the President pushed for on January 1—I strongly believe this is the wrong approach. Raising taxes will only further weigh down the economy and slow down job creation efforts in the private sector. And we know that the additional revenue is never actually dedicated to deficit reduction—instead, it is always used to finance more government; it is always used as an excuse not to reform government. The bottom line is that tax increases are a lousy deficit reduction strategy.

If we want to maintain the most vibrant, dynamic economy in the world, I believe that we must reform the tax code in a way that broadens the base, gets serious about simplification and closing tax loopholes, and lowers and consolidates marginal rates. This approach will enable American businesses to better compete and provide much-needed tax relief to American families.

STRONG NATIONAL DEFENSE

Finally, I'd like to talk about defense and national security. Defense spending represents approximately 18 percent of the federal budget, yet has been forced to absorb nearly half of the spending reductions occurring in the past two years. Given our military's already disproportionate contribution to deficit reduction, I encourage the committee to use its tools to ensure that our military has the resources it needs to properly defend the United States and keep its citizens safe in the future. We must always ensure that our military's readiness is not compromised by an inability in Washington to properly set spending priorities.

Protecting the military from disproportionate and discriminatory cuts is important in Kentucky's Sixth District, where the Blue Grass Army depot provides essential munitions to the Defense Department and the U.S. warfighter overseas.

I'd like to thank the committee for the opportunity to speak here today. I am eager to support your efforts to reduce the size of government, promote economic growth, and put our nation's budget on a path to balance in the near future.

Mr. RICE. I thank the gentleman for his testimony. Are there any questions?

Seeing none, thank you.

The chair now recognizes the gentlelady from New Mexico, Ms. Grisham, for 5 minutes.

STATEMENT OF HON. MICHELLE LUJAN GRISHAM, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW MEXICO

Ms. LUJAN GRISHAM. Mr. Chairman, Ranking Member, thank you for having me here today and to have the opportunity to talk about some issues that are important to my constituents. I would like to talk about the nexus between job creation and the health care system and how the choices made by this committee on both

areas can secure a strong future that produces long-term economic growth.

Although the economy continues to recover, it has been far too slow in creating jobs. In fact, if the economy continues to grow at the same pace as the last 18 months, it will take another 10 years for the labor market to fully recover. We cannot afford to wait that long. And the millions of individuals and families in need of a job cannot wait either.

I believe we need to strengthen and invest in critical infrastructure like the health care system as a key way to create jobs here at home and to protect our most vulnerable citizens. According to a 2012 Bureau of Labor Statistics study, the health sector is going to be the leader in job growth throughout the rest of this decade. The BLS projected the health sector to create 4.3 million jobs by 2020, a 30 percent, while the rest of the economy creates jobs at a 13 percent rate. It is no surprise that the health care providers are major employers in my district, including Presbyterian Health Care, Lovelace Health System, Molina Health Care, and the University of New Mexico Hospital. Simply put, health care services and delivery is where the jobs are.

Unfortunately, the budget path chosen by this committee in the recent past has put this job growth in jeopardy. Medicare is going to suffer \$11 billion in cuts due to sequestration. In addition, it plans to turn Medicare into a voucher program and block grants Medicaid to States. This is exactly the wrong approach.

The continuing resolution does not include a requested \$949 million to implement health insurance exchanges under the Affordable Care Act which are scheduled to begin enrolling participants in October of this year. Funding is needed for IT infrastructure to process eligibility verifications, call centers, and other assistance to help individuals and small businesses select and enroll in health plans. These cuts and proposed changes will have a devastating effect in my district and on each of those providers I mentioned who will lose critical funding in fiscal year 2013 and 2014, translating into further loss of jobs and lifesaving medical care to New Mexicans.

For example, Presbyterian is expected to lose \$10 million. UNM Hospital could lose between \$10 million and \$20 million in funding. Lovelace will lose upwards of \$5 million. They also have a low occupancy rate, around 65 percent, and are losing a Medicaid contract.

At the same time, New Mexico is experiencing a 12-month job growth rate of negative .9 percent, including a rate of negative .4 percent in December, equaling a loss of 3,200 jobs.

While the Veterans Administration programs are exempted from sequestration budget cuts, veterans themselves are not protected. VA facilities are not easily accessible, particularly in rural and frontier States such as New Mexico, and veterans often must rely on Medicare or Medicaid for health and long-term services. To the extent that access to care is impacted by cuts to Medicare or Medicaid, veterans are also impacted.

I want to also highlight the unprecedented cut to Indian Health Services, which is permanently authorized by the Affordable Care Act. IHS is reliant on Medicare and HHS for their funding and is persistently underfunded. And now this year IHS will get twice the

cuts. The sequester will cut \$198 million from IHS services, \$22 million from IHS facilities, and \$3 million from the special diabetes programs for Native Americans. But we must keep in mind that IHS also receives funding from Medicare and will experience a 2 percent decrease in these payments. This will make it much harder for IHS to deliver the services and care to their populations. The cuts will also make it harder for people in rural areas to access the care they need.

Let me close with this. In between serving my constituents here in Congress and at home, there is one special constituent, my mother, for whom I also serve as her primary caregiver. And like many other adult children that serve as caregivers for their parents and their adult disabled children, we navigate the health care system together to get them the care and support they need. But caregiving requires time and many have to spend personal resources in order to make sure their loved ones get the services that they need. Cutting Medicare and Medicaid will put additional financial pressure on millions of family caregivers and threatens their short-term and long-term financial security.

Mr. Chairman and Ranking Member, we can undo the damage done to job creation and make a concerted effort to strengthen our investments in health care with the 2014 budget. I look forward to working with you on a balanced approach to find solutions that will solve these problems. Thank you.

[The prepared statement of Michelle Grisham follows:]

PREPARED STATEMENT OF HON. MICHELLE LUJAN GRISHAM, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF NEW MEXICO

Mr. Chairman, Ranking Member Van Hollen, thank you for having me here today and to have the opportunity to talk about some issues that are important to my constituents.

I would like to talk about the nexus between job creation and the health care system, and how the choices made by this committee on both areas can secure a strong future that produces long term growth.

Although the economy continues to recover, it has been far too slow in creating jobs. In fact, if the economy continues to grow at the same pace as the last 18 months, it would take another ten years for the labor market to fully recover. We cannot afford to wait that long, and the millions of individuals and families in need of a job can't wait either.

I believe we need to strengthen and invest in critical infrastructure like the health care system as a key way to create jobs here at home and protect our most vulnerable citizens.

According to a 2012 Bureau of Labor Statistics study, the Health sector is going to be the leader in job growth throughout the rest of this decade. The BLS projected the Health sector to create 4.3 million jobs by 2020—a 30% increase—while the rest of the economy creates jobs at a 13% rate.

It is no surprise that health care providers are major employers in my district, including Presbyterian Healthcare, Lovelace Health System, Molina Healthcare, and the University of New Mexico Hospital. Simply put, health care services and delivery is where the jobs are.

Unfortunately, the budgetary path chosen by this committee in the recent past has put this job growth in jeopardy. Medicare is going to suffer \$11 billion in cuts due to sequestration, in addition to plans that turn Medicare into a voucher program and block grants Medicaid to states this is exactly the wrong approaches.

The Continuing Resolution does not include a requested \$949 million to implement health insurance exchanges under the Affordable Care Act, which are scheduled to begin enrolling participants in October of this year. Funding is needed for IT infrastructure to process enrollments and payments, eligibility verification, call centers, and other assistance to help individuals and small businesses select and enroll in health plans.

These cuts and proposed changes will have a devastating effect in my district and on each of those providers I mentioned who will lose critical funding in FY13 and FY14, translating into further loss of jobs and lifesaving medical cuts for New Mexicans services—for example:

- Presbyterian is expecting to lose \$10 million because of sequestration.
- UNMH could lose between \$10-20 million in funding. They recently announced that they finished the previous quarter with a \$5 million dollar loss. While they think they can make up that loss throughout the year, the additional cuts they will experience because of sequestration will make it hard without cuts to services and jobs.
- Lovelace will lose upwards of \$5 million. They also have a low occupancy rate around 65% and are losing their Medicaid contract, which represents a third of their revenue, putting jobs and services to the whole community at risk.

At the same time, New Mexico is experiencing a twelve month job growth rate of negative 0.9%, including a rate of negative 0.4% in December equaling a loss of 3200 jobs.

Veterans will suffer because they are not protected by the proposed cuts to healthcare. VA facilities are not easily accessible, particularly in rural and frontier states such as New Mexico. It is difficult for a disabled veteran to travel hundreds of miles to the closest VA facility. Veterans often rely on Medicare or Medicaid for health and long-term care services. Cuts to Medicare or Medicaid will hurt veterans.

I also want to highlight the unprecedented cut to Indian Health Services, which was permanently authorized by the Affordable Care Act. IHS is reliant on Medicare and HHS for their funding and is persistently underfunded. And now this year, IHS will get hit twice by the cuts. The sequester will cut \$195 million from IHS Services, \$22 million from IHS Facilities and \$3 million from SDPI.

But we must keep in mind that IHS also receives funding from Medicare, and will experience a 2% decrease in those payments. This will make it much harder for IHS to deliver the services and care to their populations. These cuts will also make it harder for people in rural areas to access the care they need.

Let me close with this. In between serving my constituents here in Congress and at home, there is one special constituent, my mother, for whom I also serve as her caregiver. Like many other adult children that serve as primary caregivers for their parents and disabled adult children, we navigate the health care system together, to get them the care and support they need.

But caregiving requires time and many have to spend personal resources in order to make sure their loved ones get the care they need. Cutting Medicare and Medicaid will put additional financial pressure on millions of caregivers and threatens their short term and long term financial security.

Mr. Chairman, Ranking Member Van Hollen, we can undo the damage to job creation and make a concerted effort to strengthen our investments in health care with the FY2014 budget. I look forward to working with you to find a balanced approach. If we close corporate tax loopholes, cut subsidies to big oil and reduce Medicare and Medicaid prescription drug costs, we can invest in our healthcare infrastructure, prevent cuts in services and cut the budget deficit. We need to get it right today, or it will be a missed opportunity for years to come.

Mr. RICE. Thank you for your testimony.

Are there any questions?

If not, thank you very much.

The chair now recognizes the gentleman from Washington, Mr. Larsen, for 5 minutes.

STATEMENT OF HON. RICK LARSEN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WASHINGTON

Mr. LARSEN. Thank you, Mr. Chairman, Mr. Ranking Member, and thanks for the opportunity to testify on the need to invest in our economic future to create jobs and opportunity in this country and in northwest Washington State.

At the beginning of each Congress, I write a set of goals that guide my and my office's actions. These goals create a focal point for my office and they are a daily reminder of what is important for my district and for our State. My number one goal is to invest in the foundation of long-term economic growth that creates jobs

and opportunity in the Pacific Northwest. It is with this goal in mind that I come here to advocate for essential programs that promote growth and opportunity.

40 percent of all jobs in Washington State are linked to foreign trade. More than 8,500 Washington State companies exported their products in 2010. 91 percent of those were small- and medium-sized businesses with fewer than 500 employees. So when we export our products around the world, we create jobs at home.

As a result, I urge this committee to fully fund the State Trade and Export Promotion program, or STEP, which helps States work with small- and medium-sized businesses to find new markets and overcome hurdles to exports. Although STEP is a pilot program, it has a proven track record that helps businesses grow and create jobs in our State. Washington State received less than \$1.5 million in Federal funds for STEP in fiscal year 2012. But that small pot of money went a long way. Our STEP activities have helped over 400 businesses and helped generate more than \$200 million in export sales. Unfortunately, Congress did not appropriate funds in fiscal year 2013, but I urge this committee to restore funding to STEP this year.

The U.S. Commercial Service is another effort that is essential in helping our businesses export. Inexperienced firms look to the Commercial Service for advice and guidance when they want to export their products. The Commercial Service facilitated \$54 billion in U.S. exports in 2011, helping 18,500 companies, including 317 companies in Washington State. I urge the committee to fully support the U.S. Commercial Service.

Growing our exports will only work if manufacturers are strong. So I urge this committee to adequately fund the Manufacturing Extension Partnership, or MEP, which helps small- and medium-sized U.S. manufacturers become more profitable and productive and is known in my State as Impact Washington. MEP helped create or keep more than 60,000 high-wage jobs in the U.S. last year. For every \$1 of Federal investment, MEP generates nearly \$20 in new sales growth and \$20 in new client investment, translating to \$2.5 billion in new sales annually. In Washington State last year, MEP created or saved more than 1,500 jobs.

Mr. Chairman, we need a next generation of highly skilled workers to maintain our strength in manufacturing and trade, and that is why I ask you to fully fund post-secondary education programs that invest in our students. The Pell Grants program and the Carl Perkins Career and Technical Education Act help today's students to gain the skills they need to become tomorrow's workers. As the price of higher education continues to increase, we need to make sure that students and their families keep their access to college and training programs that allow them to get the best jobs. Pell Grants help 8,500 students and families that I represent in the 2nd District of Washington State. Many of these students and the 5.5 million students who receive Pell Grants nationwide could not afford college without Pell Grants. Higher education, whether at a 4-year university, a 2-year community college, a 2-year technical college, is a young person's best path to a higher salary and great opportunities. Loans and grants through the Carl Perkins Education Act help students get critical job skills that they can use to get

jobs. In northwest Washington, 949 students use Perkins Grants and Perkins Loans to gain skills in advanced manufacturing, engineering, and nursing.

With that, Mr. Chairman and Ranking Member, I appreciate the opportunity to testify before you today, and I encourage this committee to invest in what I see as the foundation of long-term economic growth that creates jobs and opportunity in this country. Thank you.

[The prepared statement of Rick Larsen follows:]

PREPARED STATEMENT OF HON. RICK LARSEN, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF WASHINGTON

CHAIRMAN RYAN/RANKING MEMBER VAN HOLLEN, AND MEMBERS OF THE COMMITTEE: Thank you for the opportunity to testify on the need to invest in our economic future to create jobs and opportunity in Northwest Washington state.

At the beginning of each Congress I write a set of goals to guide my and my office's actions. These goals create a focal point for my office and are a daily reminder what is important for my district and Northwest Washington. My number one goal is to invest in the foundation of long-term economic growth that creates jobs and opportunity in the Pacific Northwest. It is with this goal in mind that I come here to advocate for essential programs that promote growth and opportunity.

Forty percent of all jobs in Washington state are linked to foreign trade. More than 8,500 Washington state companies exported their products in 2010. Ninety-one percent of those were small and medium-sized enterprises with fewer than 500 employees. When we export our products around the world, we create jobs here at home.

I urge this committee to fully fund the State Trade and Export Promotion (STEP) program, which helps states work with small- and medium-sized businesses to find new markets and overcome the hurdles to exports. Although STEP is a pilot program, it has a proven track-record of helping businesses grow and create jobs in Washington state. Washington state received less than \$1.5 million in federal funds for the STEP program in Fiscal Year 2012. This small pot of money went a long way. Washington state's STEP activities have helped over 400 businesses and helped generate more than \$200 million in export sales, bringing a huge benefit to our overall economy. Unfortunately, Congress did not appropriate funds in Fiscal Year 2013 for this program. I urge this committee to restore funding to STEP this year.

The U.S. Commercial Service (USCS) is another effort that is essential in helping our businesses export. Inexperienced firms look to the Commercial Service for advice and guidance when they want to export their products. The Commercial Service facilitated \$54 billion in U.S. exports in 2011, helping 18,500 companies nationwide, including 317 companies Washington state. I urge the committee to fully support the U.S. Commercial Service.

Growing our exports will only work if our manufacturers are strong. I urge this committee to adequately fund the Manufacturing Extension Partnership (MEP), which helps small- and medium-sized U.S. manufactures become more profitable and productive, and is known in my state as Impact Washington. MEP helped create or keep more than 60,000 high wage jobs in the United States last year. For every one dollar of federal investment, MEP generates nearly \$20 in new sales growth and \$20 in new client investment, translating to \$2.5 billion in new sales annually. In Washington state last year, MEP created or saved more than 1,500 jobs.

We need a next generation of highly skilled workers to maintain our strength in manufacturing and trade. That is why I ask you to fully fund post-secondary education programs that invest in our students. The Pell Grants program and the Carl D. Perkins Career and Technical Education Act help today's students to gain the skills they need to become tomorrow's workers. As the price of higher education continues to increase, we need to make sure that students and their families keep their access to colleges and training programs that allow them to get the best jobs. Pell Grants help 8,500 students and families I represent in the Second District of Washington state. Many of these students, and the 5.5 million students who receive Pell Grants nationwide, could not afford college without Pell Grants. Higher education, whether at a four-year university, a two-year community college, or at a two-year technical college, is a young person's best path to a higher salary and great opportunities. Loans and grants through the Carl D. Perkins Act help students get critical

job skills that they can use to get jobs. In Northwest Washington, 949 students use Perkins Grants and Perkins Loans to gain skills in advanced manufacturing, engineering, and nursing.

With that Mr. Chairman and Ranking Member, I appreciate the opportunity to testify today and I encourage the Committee to invest in what I see as the foundation of long-term economic growth that creates jobs and opportunity.

Mr. RICE. Thank you for your testimony.

Are there any questions? Mr. McDermott?

Mr. MCDERMOTT. Tell me, Mr. Larsen, what you think the impact of sequester will be on your district. You have got a number of military establishments there and other research facilities and so forth. Tell me what you expect from that.

Mr. LARSEN. Well, thank you, Mr. Ranking Member.

With regard to the sequester, what we do know is that about 1,200 civilian employees at the naval bases in the district will be furloughed.

Mr. MCDERMOTT. Is that a 1-day furlough or month-long furlough?

Mr. LARSEN. Well, up to 22 days total each between now and the end of the fiscal year. That is what we do know.

We also know that housing authorities in my district are making decisions now about which folks do not get vouchers, making the waiting lists longer because of the impact of the sequester. We know that 10,000 fewer seniors—I am sorry—seniors in Snohomish County receive 10,000 fewer meals delivered to them who currently receive their meals through the Meals on Wheels program through the Snohomish County Senior Services.

So there are impacts that we all read about in the paper, and there are impacts that no one is covering. But the fact of the matter is there are real impacts to middle class folks, to seniors due to the sequester.

As a result, it does seem more reasonable to replace it with a more balanced approach. It would still include cuts. It would include reductions in spending growth over 10 years, and it would also include tax revenue. That seems reasonable to me. There does not have to be a lot of vitriol about that. It just seems that if you want to address the impacts, that you can take a more balanced approach to it and still achieve the deficit reduction goals that most of us all share.

Mr. MCDERMOTT. I was waiting to hear if you would say anything about airports.

Mr. LARSEN. I can do that too.

Mr. MCDERMOTT. What is that?

Mr. LARSEN. I can address airports if you would like.

Mr. MCDERMOTT. Well, my understanding is that the FAA has closed some smaller airports because they feel like they cannot cover them with the kind of folks that you need to have to make an airport safe.

Mr. LARSEN. There are really two categories here. There are what we call contract towers, and then there are FAA towers. So the contract towers are those that are operated through contracts with other groups, private groups, and the FAA has come out with a list of about 249 contract towers with the potential of being closed. About 100 of those will be closed. And that list has gone

out, and many of those are smaller airports around Washington State.

In addition to that, on the next list, the additional list, are other airports that are currently FAA-operated towers, including Paine Field in Snohomish County. And it is on the list because it falls below—I will be as quick as possible, Mr. Chairman. It falls below the number of operations that FAA has identified as being eligible for closing. The issue with Paine Field, however, is not only is there a lot of general aviation operations, it is also the home of the Boeing facility where we manufacture. Most of the Boeing airplanes in the world are manufactured in my district. And as well, it is a major hub for repair. It is a repair station operated by a different company. And these are large platform airplanes that have to fly in and out. If you close that tower, you are going to slow down operations. You are going to slow down the efficiency of Boeing operations and as well of the repair station operations, and that will have a ripple impact throughout the entire Northwest economy, which obviously has a large dependency on our aerospace suppliers.

Mr. MCDERMOTT. Thank you.

Mr. RICE. Thank you for your testimony, Mr. Larsen.

The chair is pleased to recognize the gentleman from Illinois, Mr. Foster, for 5 minutes.

**STATEMENT OF HON. BILL FOSTER, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF ILLINOIS**

Mr. FOSTER. Thank you, Mr. Chairman and Ranking Member, for the opportunity to speak before the committee today.

So as this committee prepares its budget for fiscal year 2014, I urge you to consider the differences between the fraction of investment that our country makes with the idea of maximizing economic growth and the fraction of the investments our country makes because of the kind of people we are. There are things like military investments, taking care of our elderly that, if viewed honestly, do not have any economic return on investment, and yet we have to make these. There are other investments that we make because of the long-term and short-term economic growth.

And so I would like to highlight the importance of preserving our investments in the highest payoff activities that our government is involved in, namely education and research and development. Both of these have, obviously, been severely threatened by the sequestration and other budget cuts that are talked about.

My district in the Chicago area spans two great scientific centers, Argonne National Laboratory and Fermi National Accelerator Laboratory where I worked for 20 years. The economic impact of Argonne and Fermi Lab in Illinois is estimated to be more than \$1.3 billion annually and has historically and will in the future have enormous spinoff benefits throughout our country. Projects in the pipeline at these labs hold even more promise for revitalizing our energy and manufacturing sectors.

For example, the Argonne National Laboratory was recently selected for an award of \$120 million over 5 years to establish a new batteries and energy storage hub, which is a very serious and well thought-out effort, competitively bid and won by Argonne National

Lab in an effort to achieve revolutionary advances in battery performance. They are targeting battery improvements in excess of a factor of 5, which will make battery driven cars a reality and an economic reality as well as a theoretical one.

This project like many others that could and will create new industries and support thousands of jobs now faces an uncertain future. By some estimates, the cuts from sequestration to R&D will result in the loss of 600,000 jobs over the next 3 years, and we would not only lose these near-term R&D jobs, we will see the ripple effects in communities, and we will see the long-term damage from the loss in economic competitiveness in our country.

With wages as a record low percentage of the economy, it is not time to retreat or to stop investing in American innovation which supports the high-wage activities. We need to maintain this competitive advantage now and more in the future.

And the second subject that I would like to highlight is the issue of donor States and the redistribution of wealth among the States in our country. Illinois is one of many donor States, that is, a State that is under financial distress in no small part because of the fact that Illinois only receives back about 75 cents for every dollar in taxes that it pays to the Federal Government. There are many other States in a similar situation. In Illinois' case, this multiplies out to about \$1,600 per person in Illinois and roughly \$20 billion for the entire State. If even a fraction of this money returned to the State, we would not have a fiscal crisis in Illinois at this moment.

So Illinois and other donor States can no longer afford to continue subsidizing the recipient States to the extent that they do. I urge the leadership of this committee to craft a budget that replaces the mindless cuts of the sequester with sensible investments that maximize the return on investment of Federal investments instead of mindless cookie cutter cuts and also one that begins to address the imbalance of donor and recipient States. While there are areas where cuts are reasonable and necessary, it is unreasonable and irresponsible to make these deep cuts in programs like investments in research and development that do provide a high return on investment and are already underfunded.

Thank you. I will yield back my time.

[The prepared statement of Bill Foster follows:]

PREPARED STATEMENT OF HON. BILL FOSTER, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF ILLINOIS

I'd like to thank the Chairman and Ranking Member for the opportunity to speak before the Committee today.

As this committee prepares a budget for fiscal year 2014, I urge you to reverse the devastating cuts to education and R&D that have been enacted by sequestration.

The Chicago area is home to three scientific centers: Fermilab, Argonne National Laboratory, and the University of Illinois' National Center for Supercomputing Applications.

The economic impact of Argonne and Fermilab in Illinois is estimated to be more than \$1.3 billion annually, resulting in a twenty percent return on investment for the federal government.

Projects in the pipeline hold even more promise for revitalizing our energy and manufacturing sectors.

- For example, the Argonne National Laboratory was recently selected for an award of up to \$120 million over five years, to establish a new Batteries and Energy Storage Hub, in an effort to achieve revolutionary advances in battery performance.

This project, and many others that would create new industries and support thousands of jobs, now face an uncertain future.

By some estimates, the cuts from sequestration to R&D will result in a loss of 600,000 jobs over the next three years.

- We won't only lose these R&D jobs, but we'll see ripple effects in communities. Tax receipts and consumer spending that would otherwise have helped grow our economy and create thousands of jobs, will be extinguished.

When wages as a percentage of the economy, are at an all-time low, it's not the time to retreat and stop investing in American innovation. We need to maintain a competitive advantage now more than ever.

What's more, as a donor state, Illinois isn't responsible for our national debt, and shouldn't be forced to shoulder even more of the burden.

- Illinois currently spends \$1 in taxes to every 75 cents it receives in federal funding. This discrepancy accounts for \$20 billion a year flowing out of the state and redistributed to others.

- Illinois and other donor states can no longer afford to continue subsidizing recipient states at the expense of our own economies.

I urge the leadership of this Committee to craft a budget that replaces these mindless, across the board cuts with a responsible and balanced alternative. While there are areas where cuts are reasonable and necessary, it is unreasonable and irresponsible to make deep cuts to programs, like investments in research and development, that provide a high return on investment and are already underfunded.

Thank you.

Mr. RICE. Thank you for your testimony.

Any questions?

Seeing none, thank you for your testimony, Mr. Foster.

The chair sees no more witnesses. If there is no objection, the committee will take a brief recess with the intention to adjourn when votes are called.

[Recess.]

Mr. RICE. The chair sees no further witnesses, and if there is no objection, the committee will stand adjourned.

[Additional statements submitted for the record follow:]

PREPARED STATEMENT OF HON. JULIA BROWNLEY, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF CALIFORNIA

As we look toward the Fiscal Year 2014 budget, Congress has a tremendous responsibility to work together to find a balanced approach that addresses our budget deficit, while allowing for smart and strategic investments toward our long-term economic growth.

In this testimony, I will address two very specific examples in Ventura County where smart investments would yield significant economic growth not only in my district, but smart investments across our great nation.

I proudly represent Ventura Harbor, which is one of our nation's ten largest fishing harbors. Ventura Harbor serves a critical role in my county's infrastructure and economy, and it requires regular maintenance to ensure its efficient use, but the funds appropriated to maintain Ventura Harbor have repeatedly fallen short of what is needed.

In fact, according to the Army Corps of Engineers, nearly 1,000 federal ports and harbors across the nation have not been adequately maintained due to inadequate budget requests and appropriations despite the funding being available through the Harbor Maintenance Trust Fund.

We cannot grow our economy if we are not keeping these critical components of our infrastructure operational and I would ask the committee to fully appropriate the funds needed to maintain the ports and harbors in my district, and across the country.

Another important economic driver in Ventura County is agriculture.

Altogether, farming and farm-dependent businesses provide an estimated 31,000 jobs in Ventura County, generate \$2.1 billion in revenue, and occupy more than 28% of my county's land.

However, Ventura County farmers are constantly under threat from invasive species and diseases that threaten our crops and our family farms.

Most recently, citrus farms—that account for nearly 40% of harvested acreage in my district—are facing a new battle against the devastating and deadly disease-spreading Asian Citrus Psyllid which is a disease to citrus without any remedies.

Citrus growers in Florida have been fighting this deadly pest for years, and economists estimate the disease caused more than \$4.5 billion in economic damage and more than 8,200 jobs since it was discovered in 2005. We, as a nation, should offer learned and preventive solutions to ensure we never replicate the same economic disasters that our sister state has endured.

We need to ensure our own federal agencies that provide essential services to safeguard our country's agriculture industry from destructive invaders get the resources they need to protect the farms and farmers across the country and in a district like mine where agriculture is the life blood and the historical fabric of communities like Oxnard, Camarillo, Filmore, and Santa Paula.

Our nation's economic recovery depends on a vibrant agriculture industry—how could we possibly turn our backs on a pest that has almost destroyed an industry in Florida and not use our knowledge to proactively fight a deadly crop-destroying pest in other parts of our country? We must protect my county's economic vitality, which if it were destroyed, could take at least a decade or more to recover.

These are only two examples of many where our priorities can lead to economic opportunities or economic destruction, not only in Ventura County, but across the nation. I urge this committee and my colleagues to address our budget priorities using a balanced approach that allows us to invest in our future economic growth.

PREPARED STATEMENT OF HON. CHERI BUSTOS, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF ILLINOIS

Thank you Chairman Ryan and Ranking Member Van Hollen for the opportunity to testify before the House Budget Committee today.

I'm here today to talk to you about the first piece of legislation that I introduced as a member of Congress last month that has picked up support among both my Democratic and Republican colleagues. That is a bill called the Government Waste Reduction Act.

Before I talk about the specifics of the bill, let me start by telling you a little bit about why I introduced this bill and why I think it is so important. Like so many people across my region of Illinois, I learned at a young age that balancing the family pocketbook and living within our means is a question of values.

While some advocate getting our fiscal house in order by balancing the budget on the backs of the middle class, I think this is the wrong approach. I also think the across-the-board, automatic spending cuts known as sequestration that took effect on March 1, and that could harm vital interests in my district, like the Rock Island Arsenal, are also the wrong approach. That is why I have been against sequestration from the very beginning.

What we need to do is to come together in a bipartisan fashion and work on a replacement to sequestration. We need to focus on common sense solutions that would reduce the deficit while preserving the important programs that so many middle class people across Illinois rely on.

The Government Waste Reduction Act does just that. The bipartisan bill moves forward on recommendations the Government Accountability Office (GAO) made in reports issued in 2011 and 2012 that would reduce duplication in government, save taxpayer money, enhance revenue, and root out waste. Some estimates suggest that just implementing these GAO recommendations would save the government 200 to 300 billion dollars.

Here is how the bill works. This bill establishes the Independent Government Waste Reduction Board tasked with implementing these GAO recommendations. The Board would consist of 15 Members, 6 determined by the House, 6 by the Senate, and 3 by the Administration.

The Members would develop detailed and specific proposals related to the GAO recommendations, and they would be required to submit a legislative proposal that implements the recommendations. This proposal would then come to Congress for an up or down vote. Nothing in the proposal could cut benefits for veterans, members of the Armed Forces, or for seniors.

Here are some highlights from the GAO report that might be good places to start when looking for cost savings.

- The federal government has 47 job training programs, 44 of which overlap. Simply consolidating these programs that overlap can save taxpayer money while not impacting program quality.

- Our federal approach to surface transportation is described by GAO as “fragmented, lacks clear goals, and is not accountable for results.” There are over 100 programs and 5 agencies within the Department of Transportation that are involved in surface transportation. Again, looking at ways to smartly consolidate some of these programs would save money while not impacting quality.

- Finally, our “fragmented” approach to food safety has been described as “an inefficient use of resources.” The Department of Agriculture, the Food and Drug Administration, and an additional dozen or so agencies are involved in food safety in some way. We should look at ways to smartly consolidate these programs where it makes sense.

As you can see, unnecessary duplication in government programs leads to inefficiencies and the loss of taxpayer money. My bill will serve as a bipartisan starting point for efforts to reverse this trend and lower our deficits in a responsible, common sense way that protects the middle class people of Illinois and our nation.

Thank you again, Mr. Chairman, for the opportunity to testify today.

PREPARED STATEMENT OF HON. JUDY CHU, CHAIR,
CONGRESSIONAL ASIAN PACIFIC AMERICAN CAUCUS (CAPAC)

Thank you for the opportunity to submit testimony on behalf of the Congressional Asian Pacific American Caucus (CAPAC). I am honored to have the opportunity to share some of the issues that are facing the Asian American and Pacific Islander (AAPI) community and ways that Congress can address our community’s concerns.

CIVIL RIGHTS

Civil Rights Enforcement

The Civil Rights Division of the U.S. Department of Justice is critical to protecting the rights of all Americans. Unfortunately, the AAPI community continues to face a variety of issues: hate crimes are on the rise, voting rights are under attack, and employment discrimination is rampant. DOJ’s Civil Rights Division is critical in combating these problems.

According to the FBI, 6,628 hate crime incidents involving 7,699 offenses were reported by law enforcement agencies in 2010.ⁱ Nearly half of the attacks were racially-motivated, with anti-AAPI bias accounting for 5.1 percent of the incidents (up from 3.4 percent in 2008). Anti-Muslim bias now accounts for 13.2 percent or reported incidents (up from 7.5 percent in 2008).ⁱⁱ Without the proper resources, the Civil Rights division of the U.S. Department of Justice will be unable to ensure that hate crime offenses are aggressively investigated and prosecuted.

AAPIs continue to face discrimination at the polls and numerous barriers that disenfranchise certain communities.ⁱⁱⁱ With more resources, the Civil Rights division can expand efforts to protect citizens’ voting rights by addressing voting rights violations.

A record number of Muslim workers in the United States have experienced alleged employment discrimination, including claims that co-workers called them “terrorist” or “Osama” and employers barring them from wearing religious garb or taking prayer breaks.^{iv} Muslims make up less than 2 percent of the United States population, but they make up about one-fourth of the 3,386 religious discrimination claims filed with the Equal Employment Opportunity Commission in 2009. Many of these practicing Muslims are of Asian descent. The Civil Rights division must be funded fully to increase efforts to eradicate this type of discrimination.

Community Relations

Not only must we protect our civil rights, but we must foster an environment where all citizens feel respected and accepted. The Community Relations Service (CRS) in the Department of Justice can help promote these types of attitudes. CRS serves as the Department’s “peacemaker” for community conflicts and tensions arising from real or perceived discriminatory practices based on race, color, or national origin and helps communities prevent and respond to alleged violent hate crimes committed on the basis of actual or perceived race, color, national origin, gender, gender identity, sexual orientation, religion or disability. To carry out its goal, CRS implemented several strategies and programs including an Anti-Racial Profiling Program and Sikh Cultural Awareness program. We support full funding for CRS.

IMMIGRATION

Immigrant Integration and Citizenship

The Office of Citizenship plays a key role in immigrant integration by leading initiatives to promote citizenship awareness; supporting national and community-based

organizations that prepare immigrants for citizenship by providing grants, educational materials, and technical assistance; and building collaborative partnerships with state and local governmental and non-governmental organizations to expand integration and citizenship resources. This office must be fully funded to support immigrant integration efforts, including funding for new programs supporting English language acquisition and citizenship education.

We strongly support this request because these funds will greatly benefit the AAPI community and are critical to the success of the United States. Immigrants who integrate into U.S. society go on to become informed voters, active community members, innovators, entrepreneurs and job-creators.

The Office of Citizenship has already helped thousands of people prepare to become citizens through Congress's support and it has helped to reinforce the network of excellent state service providers around the country. Strong support for integration programs boost human potential and make us a stronger nation.

Office of Civil Rights and Civil Liberties

We also support funding for the Department of Homeland Security's Office of Civil Rights and Civil Liberties. It is important for the AAPI community that OCRCL—which oversees the 287(g) and Secure Communities programs—has the funding to support proper oversight and training so that ICE is not a conduit for discriminatory and abusive law enforcement practices.

EDUCATION

Early Education Programs

For many Asian Americans and Pacific Islanders, achievement gaps begin well before kindergarten. Multiple studies have shown that investing in quality early learning programs can yield a significant return-on-investment by reducing the costs of special education, high school dropouts, teen pregnancy, crime, incarceration, and dependence on social services later in life, and increasing the likelihood of college attendance and completion. Nearly 13% of Asian Americans and Pacific Islanders live in poverty,^v and certain subgroups such as the Hmong and Tongans have poverty rates of 29.9% and 18.1% respectively.^{vi} Access to early childhood education is critical to breaking this cycle and giving children a chance to succeed. For this reason, it is critically important to the AAPI community that our budget protect funding for Head Start, the Early Learning Challenge Fund, Child Care and Development Block Grants, and IDEA Part C grants to expand access to high-quality early childhood education.

English Language Learners

One of the primary education challenges facing Asian American and Pacific Islander students are language barriers due to the high rates of limited English proficiency (LEP) within the AAPI community. Hispanic and Asian children are much more likely to be limited English proficient and linguistically isolated than non-Hispanic black and white children.^{vii} Approximately 24 % of all LEP students are Asian American.

In addition, many AAPI students come from homes where English may not be the primary language spoken. As a result, many of these students enter school with limited English proficiency, and it may take several years for them to develop the language skills needed for academic success. According to the Census Bureau, the four languages spoken by the largest LEP populations after Spanish are Chinese (6%), Vietnamese (3%), Korean (2.5%), and Tagalog (1.9%). In addition, Southeast Asian immigrant and refugee communities report drastically higher rates of limited English proficiency than the general U.S. population. While only 8.7% of the U.S. speaks English "less than very well," the rate is much higher for Southeast Asian populations: 39% for Cambodians, 37% for Hmong, 38% for Laotians, and 52% for Vietnamese Americans.

The English Learner Education program is the Department of Education's primary program for serving English language learners and providing critical resources to help AAPI students develop and improve their English language acquisition. Therefore, CAPAC requests that funding for this critical program remain intact.

Higher Education

Although Asian Americans are sometimes portrayed as universally excelling in school, disaggregated data shows that a large number within the community fall well below national averages with respect to both income and education. While AAPIs had the highest overall college graduation rates (44 %) of any group of students in 2000, certain subgroups have much lower rates of degree attainment. Only 13.8 % of Pacific Islanders, 13.8 % of Vietnamese Americans, 5.8 % of Laotian Amer-

icans, 6.1 % of Cambodian Americans, and less than 5.1 % of Hmong Americans successfully completed college.

In addition, a large proportion of AAPI students are from low income backgrounds, the first in their families to attend college, and struggle to secure the financial resources to support themselves while in school.^{viii} Based on analysis of the National Postsecondary Student Aid Survey (2008), AAPIs also have greater financial need than other racial groups when taking into account expected family contribution and total aid. To increase degree attainment, institutions must recognize the unique needs and challenges that exist within the AAPI community, and begin addressing factors that are contributing to the low completion rates among these groups.

AANAPISI Program

The authorized Asian American and Native American Pacific Islander-Serving Institution (AANAPISI) program was created to designate Minority Serving Institutions that support low-income Asian American and Pacific Islander students with a variety of targeted services to help them overcome barriers to a college degree and put them on a path to success. The AANAPISI federal program is unique because it acknowledges the distinctive challenges facing AAPI students in college access and completion. It is important to our community that the committee provides \$5 million in discretionary funding to the AANAPISI program to ensure that the higher education needs of underserved AAPI students are met.

TRIO Program

Likewise, TRIO programs provide hundreds of thousands of students with the necessary support to enroll in and graduate from college and, ultimately, help narrow the gap between low-income, first-generation students and their peers. Adequate funding for TRIO programs is essential to helping the estimated 4,700 AAPI participants pursue and complete postsecondary education.

HOUSING

Housing Counseling Assistance and Foreclosure Relief Programs

Housing counseling programs that are able to work with the community in a linguistically and culturally appropriate manner have been essential in assisting AAPIs in navigating through various housing opportunities and the foreclosure crisis. In fact, AAPIs make up a substantial portion of the population in 6 of the 10 U.S. cities with the highest foreclosure rates.

While homeownership rates between 2008—2009 for AAPIs have held steady at 59%, some sub-populations have experienced major declines. Hmong homeownership rates dropped from 50% to 42%, Bangladeshi homeownership rates dropped from 48% to 42%, and Korean homeownership rates from 51% to 49%.^{ix}

A study by the Asian Real Estate Association and the UCLA Asian American Studies Centers saw AAPIs experience a significant loss of equity following the national foreclosure crisis.^x The average loss from 2007 to 2009 was \$42,900 for Asian Americans and \$47,000 for Native Hawaiians and Pacific Islanders. The national equity loss during that same period was \$9,100.

Financial and foreclosure assistance is also much needed in AAPI communities. AAPIs who defaulted on their mortgage loans were more likely to enter into foreclosure because they were not aware of alternative options like loan modifications. They were also at a higher risk of predatory lending and scams.

In order to assist these homeowners, we must first consider how to best reach and serve these communities. The AAPI community is comprised of two-thirds immigrants and refugees, represents 50 ethnic groups, and 100 language groups. Furthermore, there are nearly a million Native Hawaiian and Pacific Islanders. With these diverse needs, it is critical that there is support for housing counseling organizations—organizations that have built trust and rapport with minority and immigrant communities and can provide linguistically and culturally appropriate services to these constituencies. Housing counselors can provide these services only if they receive the proper funding to do so.

Community Development Block Grants (CDBG)

Generally speaking, HUD programs are critical to our local communities and create opportunities for some of our most vulnerable populations. In particular, the Community Development Block Grants are important to the AAPI community because they provide funding to improve housing, living environments and economic opportunities for those with low and moderate incomes.

There is no question that the economic crisis has had a tremendous impact on wealth. In the AAPI community, this impact has been more pronounced since house-

holds have lost 54% of wealth between 2005-2009—primarily through the loss of wealth in property.^{xi} The loss of wealth has put significant restraints on the AAPI community's ability to revitalize their neighborhoods.

Likewise, poverty rates have steadily increased within the AAPI community. Some parts of the community are living at 38% poverty rates and have larger than average households. Poverty has forced many AAPIs who were once homeowners to become renters. At the national level and for seven metropolitan areas, Asian homeowners live in overcrowded conditions at a greater proportion than the total population.

That is why the Community Development Block Grant is vital to the AAPI community since the formula for awarding grants takes into consideration a community's poverty rate, population, and presence of overcrowding. These funds must be protected to rehabilitate, improve, and restore our communities.

Native Hawaiian Block Grants

One in five Native Hawaiians and Pacific Islanders live in poverty. They are a population at high risk of foreclosure who continue to experience adverse treatment as renters comparable to Hispanic and African American renters.

The Native Hawaiian Block Grants have been vital for new construction, rehabilitation, acquisition, infrastructure, and various support services for Native Hawaiians. More specifically, these grants provide affordable housing assistance to low-income native Hawaiians eligible for residence on Hawaiian Home Lands. We must continue to provide this vital assistance by funding the Native Hawaiian Block Grant at previous levels.

HEALTHCARE

Access to healthcare remains a key issue for many AAPIs. 15.1% of Americans are uninsured, but that rate is higher for certain AAPI groups. In particular, South Asians, such as Bangladeshis (22.5%) and Pakistanis (22.9%), and Southeast Asians, such as Cambodians (21.3%), Hmongs (15.9%), Laotians (18.5%), Thais (19.9%), and Vietnamese (18.7%).^{xii}

Affordable Care Act

The Affordable Care Act will provide these individuals and their families with improved access to affordable healthcare and essential health care services. Under the new law, Medicaid coverage will be expanded to cover children and adults with incomes up to 13.3 % of the federal poverty level. Almost 1.3 million AAPIs will be newly eligible for Medicaid. This Medicaid expansion will provide coverage to many AAPI individuals and families who would otherwise go without quality, affordable health coverage.^{xiii,xiv} To ensure that health insurance is affordable, the law will also provide refundable tax credits to offset a portion of the cost of health insurance premiums. It is estimated that close to 1.5 million AAPIs will be eligible for premium tax credits to purchase coverage.

These coverage expansions should have a significant impact on AAPIs with low or moderate incomes. It is critical that the FY 2014 Budget fully funds the Affordable Care Act to ensure that we are on track to providing health coverage to the neediest members of the AAPI community.

Community Health Centers

For far too long, the health challenges of AAPIs have gone unnoticed and the dangerous effects of this lack of knowledge and awareness have been deeply felt by the community. Among some Pacific Islanders, 20 percent of births are pre-term. Deaths from breast cancer are four times higher among some Asian-born women compared to their U.S. born counterparts. Rates of vaccine-preventable liver and cervical cancer among the Hmong community in California are 3 to 4 times higher than those of other Asian American groups.

One important way to address these disparities is to fund community health centers. Community health centers provide quality, cost-effective services, and are often the first in line to provide affordable care to the communities they serve. These centers play a critical role in expanding access by serving as a trusted safety net for AAPI communities and providing culturally and linguistically competent services to address some of the key barriers confronting AAPIs. Community health centers bring healthcare providers, services, and facilities to areas that are not often covered by other providers. We urge the committee to provide adequate funding for community health centers.

Hepatitis B

Among the most serious conditions affecting the AAPI community is hepatitis B, an infection of the liver and the leading cause of liver cancer worldwide. About 1.3-1.5 million people in the U.S. are chronically infected with hepatitis B, with approximately 5,000-6,000 people dying each year from hepatitis B related liver disease or liver cancer. Over half of the chronic hepatitis B cases and resulting deaths in the U.S. are concentrated among AAPIs. What is tragic about these deaths is that they are completely preventable with a vaccine that has been available for 20 years, but a lack of funds, limited patient and provider awareness, as well as heightened stigmas, have precluded many AAPIs from seeking the screenings and treatment needed to prevent these unnecessary deaths.

We must protect funding for testing initiatives, surveillance, and the viral hepatitis coordinator programs to increase awareness and vaccinations for Hepatitis B.

Addressing Sequestration

Sequestration comes at a time when major federal health initiatives are underway, including rapid implementation of the Affordable Care Act. If sequestration remains in place, the ACA's Prevention and Public Health Fund, the best tool the nation has to fight chronic diseases and improve the nation's health, would be slashed by 7.6 % or \$76 million—greatly harming community health programs already under way. I urge my colleagues to protect this funding for preventive initiatives that benefit AAPIs and all Americans.

TERRITORIES

The Office of Insular Affairs (OIA) carries out the Secretary's responsibilities for U.S.-affiliated insular areas. These include the territories of Guam, American Samoa, the U.S. Virgin Islands (USVI), and the Commonwealth of the Northern Mariana Islands (CNMI), as well as the three Freely Associated States (FAS): the Federated States of Micronesia (FSM), the Republic of the Marshall Islands (RMI), and the Republic of Palau. OIA is the primary federal program aimed at combating the economic and fiscal problems in the insular areas.

Any reductions in OIA funding will translate to cuts to vital projects which foster development of the insular areas in accountability, financial management, tax systems and procedures, insular management controls, economic development, training/education, energy, public safety, health, immigration, labor, and law enforcement. I am requesting that the committee protect funding to the Office of Insular Affairs.

ENDNOTES

ⁱUS Department of Justice, Federal Bureau of Investigation, 2010 Hate Crime Statistics.

ⁱⁱUS Department of Justice, Federal Bureau of Investigation, 2010 Hate Crime Statistics.

ⁱⁱⁱMeeting the Challenge: National Platform for Advancing Justice. Policy Priorities & Recommendations for Achieving Equity, Equality, and Justice in Asian American & Pacific Islander Communities." <http://www.advancingequality.org/attachments/files/391/Platform—for—Action.pdf>

^{iv}Greenhouse, Steven. "Muslims report rising discrimination at work," The New York Times. 23 September 2010. <http://www.nytimes.com/2010/09/24/business/24muslim.html?r=3&pagewanted=1&ref=business>

^v"Asian Americans and Pacific Islanders- Facts, not Fiction," The Steinhardt Institute for Higher Education Policy, NYU. 2008.

^{vi}"American Community Survey," US Census Bureau. 2009.

^{vii}<http://www.urban.org/uploadedPDF/311230—new—demography.pdf>

^{viii}"Federal Higher Education Policy Priorities and the Asian American and Pacific Islander Community" The Asian and Pacific Islander American Scholarship Fund. 2010.

^{ix}U.S. Census Bureau Data, 2008, 2009.

^xAsian Real Estate Association of America. "AAPIs Experience Significant Loss of Home Equity," AsianWeek.

^{xi}Pew Research Center, "Wealth Gap Rises to Record Highs Between Whites, Blacks and Hispanics," July 2011.

^{xii}American Community Survey, 2009.

^{xiii}"How Health Reform Helps Asian Americans," Families USA, September 2010.

^{xiv}How Health Reform Helps Native Hawaiians and Other Pacific Islanders," Families USA, September 2010

PREPARED STATEMENT OF HON. DANNY K. DAVIS, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF ILLINOIS

Chairman Ryan, Ranking Member Van Hollen and members of the committee, I thank you for holding today's hearing affording Members of Congress an opportunity share our principal interests regarding the Concurrent Resolution on the Budget for Fiscal Year 2014.

It's no secret that I have and will continue to advocate for programs that empower individuals to be self-sufficient. Programs like the:

- Second Chance Act, a bi-partisan approved reentry process that brings together a "bucket of resources/services" vital to removing barriers to successful reintegration. At its current funding level, the program cannot begin to service the roughly 700 thousand citizens released annually, of whom 400+ are returning parents, seeking a second chance in life. Indeed, for every cut made to the Second Chance Act, key provisions like housing, skill development and job placement, mental health and substance treatment and prevention and mentoring are being compromised. These reductions are hindrances to reducing recidivism and increasing public safety.

- Health Disparities: Services are needed to address health disparities in the United States to provide access to quality health care for African Americans and other historically underserved communities, particularly those families living with Sickle Cell Disease (SCD). This disease is an inherited blood disorder that is a major problem in the United States. There is an estimated 72,000 Americans live with the disease. More than 2.5 million Americans have the Sickle Cell Trait, including 1 in 12 African Americans. The average life span of an adult with SCD is 45 years. Rep. Danny K. Davis will reintroduce the Sickle Cell bill, "To extend for 5 years the authorization of appropriations for the sickle cell disease prevention and treatment demonstration program," in the 113th Congress. Funding this national program will improve the lives of SCD patients through disease management programs to help them live longer, healthier lives while supporting research toward a comprehensive cure and providing community education about this disease and its treatment options.

- Education Priorities: To improve the well-being of our citizens and our nation's competitiveness in a global economy, our Budget must invest heavily in the education of our youngest citizens, from preschool to graduate school. This investment is necessary to build the early childhood education system, to improve school readiness, to reduce achievement gaps among students from different backgrounds, and to improve graduation rates. To this end, we must maintain strong funding for Head Start and Early Head Start, K-12 education, Title I, the Individuals with Disabilities Education Act, and for critical college preparation programs such as TRIO and GEAR UP. We must increase funding for Pell Grant to help low-income students succeed in college. No youth should be denied the opportunity to go to college; the federal Pell Grant is the federal program that helps low-income students access and succeed in college. Further, we must support under-resourced institutions that educate and support large percentages of low-income students, such as Historically Black Colleges and Universities, Minority Serving Institutions, and community colleges. We must invest in education and training, including Transitional Jobs programs, the Workforce Investment Act Adult Program, Employment and Training Services, and Trade Adjustment Assistance programs. If we do not invest in education and training, our citizens suffer and our nation suffers.

- Children Budget: Given that children make up a quarter of our nation's population and form the foundation of our nation's future, I ask that the Committee consider examining the federal investment in children and children's programs within the Budget. Accounting for federal dollars in this way will help us understand how well we are making the health and well-being of our children a national priority. Without this analysis, policymakers and the public are limited in our ability to know how children fare in funding proposals. Precedent already exists for examining the federal budget based on key areas of interest, including spending on programs related to homeland security, meteorology, climate, and drug control. By creating a children's budget at the federal level we can bring a renewed attention to children's issues and programs and guarantee a fair look at our national investment priorities.

Mr. Chairman, I am always concerned about the amount of money that we spend for defense and other military purposes. We never allocate what I feel is appropriate and greatly needed for adequately investing in training opportunities for disadvantaged individuals prepare them for today's global service-oriented society. Let alone the core problems associated with poverty and criminal justice issues such as substance abuse and crime.

In closing, we cannot ignore racial and economic divisions that continue to beset our nation's cities accompanied by rising inequality in social domains such as the quality of family and neighborhood life, equal access to education and health care, employment opportunities, and political participation. Together, we must embrace a comprehensive agenda to that ensures the well-being and safety of our children and

Thank you very much and I yield back the balance of my time.

PREPARED STATEMENT OF HON. SUZAN K. DELBENE, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF WASHINGTON

Chairman Ryan and Ranking Member Van Hollen, I thank you for the opportunity to testify before the House Budget Committee on the fiscal year 2014 budget resolution and its impact on Washington state and the nation.

Like many families across my district, I have been disappointed by Congress' inability to address our nation's fiscal challenges. Moving from one manufactured crisis to the next and budgeting 60 or 90 days at a time is not the way to govern. I am deeply troubled by Congress' failure to stop the indiscriminate budget cuts known as sequestration, which must be replaced by a balanced, responsible approach to deficit reduction. It is time for us to craft policy that reduces our deficit and encourages job growth, not job losses.

Businesses and families deserve a responsible, long-term budget that provides them with the clarity and visibility needed to plan and invest for the future. Every day we fail to provide this certainty is another day we are damaging our economy. We must draft a budget that cuts wasteful spending while protecting investments that preserve and create jobs. We need to cut the federal programs that we know are not working, and strengthen those programs that provide working families with the opportunity for success.

The key priorities I identify here are centered on accelerating our economic recovery. As a businesswoman and entrepreneur, I know that government can build the foundation for long-term economic growth with smart policies and targeted investments. I am hopeful that this Congress will be able to do better than it has in the past, and I appreciate the opportunity to share a number of my priorities for the 2014 budget resolution.

For America to stay competitive in the global market, we must provide high-quality educational opportunities to all our students. I strongly urge this Committee to invest in our nation's education system by providing adequate funding for early learning, elementary and secondary schools, public universities and career and technical education programs. Rising tuition costs are making it increasingly difficult for low- and middle-income families to afford a college education for their children. The erosion of funding for workforce training programs is hurting our efforts to build a strong manufacturing base here in the U.S. These are trends we must reverse. It is vital that we fully fund the Pell Grant program and other forms of student aid to ensure that all students have the opportunity to get a great education and acquire the skills needed to compete in a global economy.

I also urge the Committee to protect our investments in health care, which includes sufficiently funding the agencies charged with implementing the Affordable Care Act. We must invest in key programs that keep Washingtonians healthy, including the Prevention and Public Health Fund, mental health services for military families, and funding for the Indian Health Service, which helps deliver quality care to tribal nations in my district.

Another priority for this Committee must be funding for our nation's local infrastructure. All of our states have roads, railways, ports or bridges that are in desperate need of repair. In my district we have heavily-traveled rural roads and a major interstate that require significant maintenance and safety upgrades. Investing today in this aging infrastructure, which acts as a lifeline to our local economy, will promote economic growth and ultimately save us money in the long run. As the most trade-dependent state in the nation, Washington's local economy is particularly reliant on a safe, working transportation system that efficiently moves people and goods. To get our economy back on track, it is essential that we provide adequate federal funding for these important projects.

It is also imperative that this Committee continue our investments in research and development at the National Institutes of Health, the Department of Agriculture, the National Science Foundation and other federal agencies. The research and development projects funded by federal agencies will generate significant economic activity and help spur job growth in both the public and private sectors. Farmers in my district, for example, depend on the innovative research conducted at Washington State University with USDA funding to help improve efficiency, assure food safety and combat pests and diseases. Federally-funded research conducted at the University of Washington has led to innovations that inspired new start-up companies in the technology and life sciences industries, which are the source of many jobs in the southern part of my district. Without a doubt, basic research is a key component of an innovative and entrepreneurial economy, and is essential for the U.S. to remain a global leader in the medical, technological and agricultural discoveries of tomorrow.

Finally, I hope that this Committee will demonstrate its commitment to federal programs that millions of Americans depend upon for their health care and income security. Medicare, Medicaid, Social Security and veterans' benefit programs all offer federal assistance to some of the nation's most vulnerable communities. Deficit reduction must be achieved in a commonsense way that doesn't just shift costs to our seniors or those with disabilities.

Chairman and Ranking Member, I thank you again for the opportunity to testify. As you begin work on the fiscal year 2014 budget resolution, I urge you make wise choices that cut unnecessary spending but preserve the investments that are vital to our long-term economic growth.

PREPARED STATEMENT OF HON. MARCIA L. FUDGE, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF OHIO

Thank you Chairman Ryan and Ranking Member Van Hollen for the opportunity to submit testimony for the record. My testimony will focus on those programs in the budget that are most crucial to ensuring that the needs and concerns of my constituents are a part of the roadmap this committee sets for our future.

SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM

Our economy is slowly improving, but not fast enough when it comes to our low-income families. The essential and life-saving Supplemental Nutrition Assistance Program (SNAP) is the cornerstone of the nation's nutrition safety net, helping prevent millions of Americans from going without food. SNAP recipients are some of the most vulnerable among us with the average household earning an income of only 58.5% of the federal poverty guideline, and 83% of all benefits going to households with a child, an elderly person, or a disabled person.

In recent years, SNAP has been the bearer of several mischaracterizations. It should be acknowledged that the recent increase in SNAP can be attributed to a record number of food insecure people in America, which in turn was directly related to the economic downturn and high unemployment. In fact, the number of unemployed people increased by 94% from 2007 to 2011, and SNAP responded with a 70% increase in participation during this time period. SNAP participation growth has begun to flatten out as unemployment slowly begins to fall. The Congressional Budget Office has predicted that SNAP participation will begin to decline in 2015, with unemployment and SNAP participation returning to near pre-recession levels by 2022.

Funding SNAP is a critical and sensible investment in hunger prevention and relief. Research has shown that hunger increases health care costs, lowers worker productivity, harms children's development, and diminishes children's educational performance. If the SNAP program is reduced, millions of children, people with disabilities, the elderly, and struggling, working families will be severely harmed. As a result, our country will witness more hunger and food insecurity, soaring health costs, and poor educational outcomes. Simply put, our citizens cannot afford cuts to a program that has consistently put food on their tables. We must sufficiently fund SNAP to ensure the program can carry out its charge of providing food assistance to low-income households.

THE EMERGENCY FOOD ASSISTANCE PROGRAM

The Emergency Food Assistance Program (TEFAP) provides food commodities at no cost to low-income Americans in need of short-term hunger relief through organizations like food banks, pantries, soup kitchens, and emergency shelters. TEFAP has been viewed as a role model of public-private partnership because food banks combine it with private donations to maximize benefits beyond the budgeted amount for the program. However, as successful as the program has been, food banks and the like are still struggling to provide food to those in need. In 2012, in my home state of Ohio, there were 8.6 million visits to emergency food pantries.

Many of our food banks and pantries rely heavily on the commodities provided by TEFAP. Last year, 37 million people, one in eight Americans, received emergency food assistance through the nation's food banks. This figure represented a 46% increase in the number of clients served between 2006 and 2010. Food pantries are no longer simply being looked at as a means to meet temporary acute food needs; they now have become part of many households' long term strategy to supplement monthly shortfalls in food. It is imperative to sustain the program though full funding for mandatory commodities given the steady demand for food assistance. There should also be a clarification of the Secretary of Agriculture's authority to purchase bonus commodities in times of high need for emergency food relief. Upholding this

broadly supported bipartisan program demonstrates our country's commitment to the fight against hunger.

PELL GRANTS

The Federal Pell Grant Program provides need-based grants to low-income undergraduate and certain post baccalaureate students to promote access to postsecondary education. For Fiscal Year 2011-2012, in my home state of Ohio, there were 343,822 Pell Grant recipients, receiving a total of \$1,124,927,585. With the assistance of Pell Grants, 45,450 students were able to attend colleges and universities located in my Congressional district.

Too many students are forced to either forgo a college education or take on enormous sums of debt. The benefits of a college education cannot be overstated. According to the Bureau of Labor Statistics, the median weekly income for an individual with a bachelor's degree was \$1,038 in 2010 whereas the median weekly income for an individual with only a high school diploma was \$626 a week.

No American child should be denied the opportunity to go to college and the Federal Pell Grant is the single largest source of federal grant aid supporting students in college. Any reduction to this program would make it difficult for many Americans to afford the cost of a higher education. We must continue to make the investment in our student's education in order to prepare them for the jobs of tomorrow. Pell grants are a major part of the educational investment we make in the lives of many low-income students. We must provide sufficient funding to this program to ensure the maximum grant amount is available to all eligible students.

HEAD START

Head Start is a federal program that promotes the school readiness of children from low-income families, ages birth to 5, by enhancing their cognitive, social and emotional development. Head Start programs ensure that children who are at high risk of failure are provided a world class preschool education along with other comprehensive services that give them a better, healthier start in life. These children enter school prepared for a formal education, and their parents, who are also in a high risk category, are offered interventions in a wide range of life skills. As a result, the parents leave their Head Start experience far better prepared for parenting and their own successes.

In Fiscal Year 2011, 964,430 children nationally were enrolled in Head Start programs. Of these 964,430 children, 4,842 of the children and families reside in my Congressional district. The investment our country makes in the Head Start program ensures that many of our nation's most vulnerable students start school ready to succeed. It is crucial to our future that we continue to support Head Start funding.

PROMISE NEIGHBORHOODS

Promise Neighborhoods significantly improve the educational and developmental outcomes of children and youth in our most distressed communities. Promise Neighborhoods carries out this mission by helping create communities where our youth can have access to great schools and strong systems of family and community support. In doing so, our children and youth will be prepared to attain an excellent education and successfully transition to college and a career.

Promise Neighborhood dollars originated through the Obama Administration's attempt to replicate the success of the Harlem Children's Zone in Harlem, New York. Since Promise Neighborhood's origination, the Administration has awarded both planning and implementation grants to various neighborhoods. While many communities are currently benefiting from these dollars, there are many more applicants across the country with strong developing neighborhoods that need federal support. Many of these neighborhoods have continued the goals and mission of a Promise Neighborhood even though they have not received Federal funding. I strongly encourage the Budget Committee to invest in our high-risk neighborhoods by continuing to support Promise Neighborhoods.

NATIONAL INSTITUTES OF HEALTH

Nested under the Department of Health and Human Services, NIH is one of eight health agencies of the Public Health Service and encompasses 27 separate Institutes and Centers. NIH's mission is to "seek fundamental knowledge about the nature and behavior of living systems and the application of that knowledge to enhance health, lengthen life, and reduce the burdens of illness and disability." Guided by their mission, NIH is regarded as the most powerful economic engine that annually

invests more than \$31 billion in medical research for the American people. Not only does NIH serve as the primary founding source for the research medical community, academia, and small business, but it is also the underpinning for the entire U.S. biomedical industry.

The U.S. biomedical industry annually exports an estimated \$90 billion in goods and services and employs 1 million U.S. citizens with wages totaling an estimated \$84 billion. As our workforce continues to diversify and grow, it will be critical to create viable employment opportunities that reach all Americans. NIH does just that, by endowing research in all 50 states and the District of Columbia. In Fiscal Year 2011, NIH-funded research supported an estimated 432,000 jobs in the U.S. and generated \$62 billion in new economic activity—more than double the taxpayers' investment. In order to create a sustainable local and national economy, we must remain committed to advancing technology, pursuing scientific innovation, and promoting cutting edge research.

In addition to their role as an economic catalyst, NIH's research greatly impacts the lives of everyday citizens. This includes individuals diagnosed with diseases such as diabetes, cancer, heart disease, immune-mediated diseases, and Alzheimer's, as they are in dire need of treatment as they pursue healthy and productive lives. It would be detrimental to reduce NIH funding given the agency's substantial contribution to the U.S. economy through job creation and research. NIH creates jobs, saves lives, reduces health costs, and strengthens the nation. We must do all we can to protect its funding.

JOB CORPS

Job Corps has and continues to play a pivotal role in the success of our nation's youth. It is the largest career technical training and education program for low-income students ages 16 through 24. For 45 years, Job Corps has been America's premier drop out recovery program. Over 85% of its graduates find jobs, enroll in higher education, or enlist in the military. It is the most rigorously evaluated and accountable job training program in the Department of Labor's Employment and Training Administration. A program designed to assist our low-income youth learn a career, earn a high school diploma or GED, and find and keep a good job must be strongly supported. The Job Corps program must be adequately funded to ensure our youth have the opportunity to succeed.

NATIONAL INFRASTRUCTURE BANK

The current condition of the infrastructure in the U.S. is particularly lackluster. Our country spends less than 40% of what it needs to meet its infrastructure needs. It has been estimated that more than \$250 billion is needed annually for the next 50 years just to bring transportation infrastructure up to par. Nearly 700,000 bridges in the U.S. are structurally deficient. One-third of our roads are in poor, mediocre, or fair condition. Repairing the nation's crumbling infrastructure is not just a safety issue: it is an economic issue. It has been established that infrastructure projects create immediate jobs. According to the Federal Highway Administration, for every \$1 billion spent on highway and bridge construction, nearly 25,000 jobs are created. The concept of a National Infrastructure Bank has received broad bipartisan support and it is critical it be funded.

GRADUATE MEDICAL EDUCATION

Direct Graduate Medical Education (GME) payments help fund the teaching costs of residency programs, such as resident salaries and benefits, faculty salaries and benefits, and administrative overhead expenses. Under GME, the Children's Hospital Graduate Medical Education (CHGME) program assists freestanding children's hospitals by providing funding to assist residents at these facilities. Since CHGME came into existence, many children's hospitals, including those located in my Congressional district, have been able to train the next generation of pediatricians.

According to the Centers for Medicare and Medicaid Services (CMS), there are over 1,030 teaching hospitals that directly employ over 2.5 million people. Often time, these teaching hospitals are among the largest employers in their communities. Additionally, teaching hospitals are major economic engines—generating business, employment and tax revenue in the regions they serve. It will be vital to maintain the funding for GME payments as we continue to prepare our next generation of doctors who can offer reasonable and accessible health care through the Affordable Care Act.

Again, thank you for the opportunity to address the Committee. I respectfully request that the budget priorities I have outlined be given full consideration and included in the record.

PREPARED STATEMENT OF HON. TULSI GABBARD, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF HAWAII

Mr. Chairman, Ranking Member Van Hollen, and members of the committee, I appreciate the chance to testify before you today.

My testimony today is guided by the principle that deficit reduction should not increase unemployment and poverty, nor harm the disadvantaged. In Hawaii, we understand that we are all in this together and that each of us must be part of the solution. We recognize that spending cuts that would disproportionately fall on the backs of most vulnerable here and abroad will damage the very fabric of our communities.

As we all know, we face many fiscal and economic challenges, and as a nation, we will have to make some difficult decisions to put our budget on a more sustainable path. Meeting these challenges requires a balanced approach. We cannot cut our way to prosperity and we cannot ask the least among us to solve our nation's fiscal crisis.

I cannot overstate the importance of the defense industry as a driver of our economy in Hawaii. Reductions in defense spending must be responsible and cannot come at the expense of our military readiness. We must bring our troops home from Afghanistan and continue the transformation of our military into an agile force for good that can meet the growing and evolving threats of today, as opposed to the conflicts of yesterday.

Foreign aid also plays an important role in addressing the complicated and numerous issues affecting the United States' interests abroad. The small investment we make—historically, just one percent of our budget—is critical in preventing the need for military interventions across the globe. Programs like the National Guard State Partnership Program require minimal expense with a great return on investment by building positive relationships and through cultural and military exchanges.

After waging war for more than a decade overseas, our nation must do more to ensure that the brave men and women who have served receive the support, benefits and opportunities they so richly deserve. By providing the necessary funding, and instilling additional efficiency, we can reduce the lengthy backlog at the Department of Veterans Affairs. We should do all that is within our power to make sure the transition from servicemember to veteran and civilian is seamless. The social cost of failure is too great.

I support a plan that combines common sense tax reform with pragmatic spending cuts that don't disproportionately affect our middle class families or seniors. This balanced approach will allow us to make investments now which will promote economic prosperity, growth, and innovation while also strengthening our national defense and upholding our responsibilities to our kids, our seniors, and our communities.

Making smart investments in the short term will not only grow our economy and create good jobs for the middle class, it will reduce future costs. Strategic spending on infrastructure, defense, and the development of the green energy technologies of tomorrow will save the taxpayer billions in energy costs and will cement America's status as the world's leading innovator. Acting now to strengthen our social safety net by focusing on prevention allows us to spend less on the back end for our social ills. Finally, investing in the education of tomorrow's leaders is the best investment we can make to ensure a strong and stable economy and future for all people.

Thank you.

PREPARED STATEMENT OF HON. WILLIAM R. KEATING, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF MASSACHUSETTS

Mr. Chairman, Ranking Member Van Hollen, thank you for the opportunity to testify before the Budget Committee.

My constituents on Cape Cod, the Islands of Nantucket and Martha's Vineyard and the South Shore of Massachusetts have strong opinions about how their taxpayer money should be spent. Moreover, many are concerned about the divided atmosphere in Congress and across the board cuts that will impact thousands of families across Massachusetts. Further, the long-term costs of this manufactured crisis on healthcare, education, security and US competitiveness in the global arena are still yet to be seen, but are worrying many of my constituents. I am here to communicate their views.

When I testified before the committee last year, I focused on the importance of women's safety and healthcare, community block grants, drug abuse prevention and job creation. Since then, there have been many positive developments including the passage of the Violence Against Women's Act just last week and the restoration of

over 140 critical positions at the Otis Air National Guard Base. Some of my proposals—like tax credits to hire veterans returning from Iraq and Afghanistan—have found consensus and been implemented. Yet, job creation and employment protections for jobs going overseas still remain on the top of my list of priorities. For this reason, I urge the Budget Committee to be weary of shortsighted austerity that will eliminate job-creating initiatives and compromise our safety for the sake of immediate savings. Further, I would urge a proactive solution to this budgetary crisis. Mr. Van Hollen, I wholeheartedly support and have cosponsored your bill to replace the sequester with smart, targeted cuts to the oil and gas industry as well as refocusing direct payments to large, corporate farms.

Most importantly, I would urge the Committee to protect our budget from impeding the growth of the renewable energy sector, marine technologies as well as job training and workforce development initiatives.

My district, particularly the South Coast, is inexorably linked to the ocean. Throughout the 19th century, what is now my district was the heart of the global whaling and fishing industries. Today, we are in the midst of a disaster as our fishermen wait for supplemental relief. I know that relief is not under this Committee's jurisdiction, but I would urge for funding toward NOAA's National Marine Fisheries' Service be devoted to cooperative research efforts between scientists and fishermen. The cost of monitoring by NOAA should not have to fall on the backs of our fishermen.

We can create more opportunities by harnessing our Nation's rich coastal and marine resources. Our region is perfectly suited to cultivate the marine and renewable energy industries—and benefit from the multiplier effect of the jobs they will produce. My district alone is poised to supply our country with 20% of its offshore wind energy needs.

Last month, I had the pleasure of bringing together various federal agencies and local development groups in New Bedford to conduct the first meeting of the New Bedford Terminal Working Group.

The construction of South terminal is estimated to expand business output by \$44 million and generate \$19.2 million of additional household income in Bristol County over a two year period; General operations are expected to increase business output by \$15.6 million and generate \$5.6 million in additional household income each year.

Further, construction and maintenance of the 130-turbine installation of Cape Wind is expected to provide an increase of \$457 million in business output and generation of over \$160 million in household income across the state over an estimated three-year construction period;

And it doesn't end there.

Various transportation options, including SouthCoast rail, and potential job training opportunities will incorporate our academic facilities with the men and women from New Bedford's fishing industry and other industries and serve as a model for coastal communities throughout the country.

I am testifying here today because this budget is intricately linked to the future of my district.

I am concerned that unexempted programs under sequestration, which include programs directly linked to South Terminal and related developments in New Bedford like the EPA, SBA and the Army Corps, will suffer. I urge this committee to safeguard investments that have already been made to increase innovation and grow our economy. I hope that we can communicate and realize the potential of certain projects for our country while admitting to the repetition and waste of others.

Further, I would urge the Committee to take a second look at the importance of conservation programs like the Prescott Grant Program and others that protect our marine resources.

These programs not only safeguard a very unique National resource but also attract tourism and create jobs in areas that are only seasonally productive. In this regard, I would also like to take a moment to ask to maintain funding for program like the Small Business Innovation and Research Program and the Navy's Defense University Research Instrumentation Program, which will help promote undersea technologies as well as others both domestically and abroad.

Finally, I would like to talk about something that is at the heart of my public service career: combating substance abuse. It is a sad fact that 1.7 people die a day in Massachusetts from opiate-based drug overdoses. And, the effects of addiction can be seen throughout our country.

As a former DA, I am a strong proponent of drug courts and SAMHSA funding to assist those working to prevent abuse and overdose. The Drug Court Discretionary Grant program helps to develop treatment drug courts that integrate sub-

stance abuse treatment, mandatory drug testing, and transitional services for non-violent, substance abuse suspects.

The American people understand: this is the year of budget constraints. My testimony not only reflects the priorities of the Ninth Congressional District of Massachusetts, but echoes the messages I have heard from across the country.

We must ensure that this budget incorporates effective funding decisions that encourage efficiency but do not overlook the critical needs of Americans of all backgrounds.

Thank you, Mr. Chairman.

U.S. CONGRESS,
Washington, DC, March 11, 2013.

Hon. PAUL RYAN, *Chairman*; Hon. CHRIS VAN HOLLEN, *Ranking Member*,
Committee on the Budget, 207 Cannon House Office Building, Washington, DC
20515.

DEAR CHAIRMAN RYAN AND RANKING MEMBER VAN HOLLEN: Thank you for your invitation to submit comments regarding the budget for fiscal year 2014. For the first time since I have taken office in 2009, this Congress has an opportunity to draft its budget without being in the midst of the financial crisis of 2008. Slowly but surely, a recovery shows signs of taking hold across the country. For the third consecutive year, real GDP rose in 2012 by 1.5 percent. Housing prices have finally stopped their free fall and actually rose 9.7% year-over-year in January, the largest gain since 2006. Just last week, the Department of Labor announced that our economy added 236,000 jobs as the unemployment rate dropped to 7.7%.

As the recovery strengthens, much work remains to maintain its momentum and protect our gains. My state of New Mexico continues to suffer from 6.7% unemployment, a rate that exceeds the state unemployment rate for the decade before the crisis. New Mexicans have given back much to our country, through the search for scientific knowledge at our national labs to the proud tradition of service in our nation's armed forces. When our county has needed us, New Mexicans have been there. The people that I have talked to in my travels around the state do not want and do not expect to be handed something for nothing. They want to work, to have a sense of purpose, to be able to provide for their families. But too often of late those opportunities have not been there for them. That is why I urge the members of this committee to come together with a focus on the concerns that are most pressing in the lives of the people we are honored to represent. With many issues needing our attention, let us not lose focus on the need to spur job creation and get our economy moving.

For the past two years, the House has devoted much attention towards the cause of deficit reduction, but at the expense of our current need to create new jobs and our long-term need to invest in education and innovation. House Republicans have conditioned the full faith and credit of the United States government upon the sequester's imposition of arbitrary budget cuts to even the most critical programs. Despite reports that the sequester could lead to the loss of 750,000 jobs and cut our economic growth by a third, the House has yet to pass a plan to prevent it this Congress and has not even publicly announced an intention to negotiate with the Senate or President Obama on a more balanced plan. Most alarmingly, the past two House budgets have asked seniors and the less fortunate to shoulder the largest burdens of deficit reduction, and House Republican leadership has asked that this be a prerequisite for ending the sequester as well.

As we all know, the nation's long-term budget deficit remains to be a concern. After a decade of raising inadequate tax revenue, fighting two of the longest wars in our history, and suffering the greatest financial crisis in almost 80 years, the nation's fiscal surplus rapidly deteriorated and the debt increased once again. As we look towards the future, there are troubling signs on the horizon—an aging population having to make do with an inefficient and expensive health care system, an economy struggling to provide opportunities for the long-term unemployed, and a resistance to making the investments we need to spur innovation and growth. For the past two years, this committee has attempted to respond to these issues with budget resolutions that avoid confronting them in favor of shifting responsibility onto seniors and low-income Americans. Instead of addressing the root causes that threaten to increase our health costs at an exponential rate, this committee has proposed benefit cuts to Medicare recipients that would make our system more expensive for everyone and weakened the support of Medicaid for low-income and disabled Americans. Instead of working to stabilize the economy and increase opportunities for unemployed workers and struggling businesses, this committee has proposed extreme and rapid cuts that sap our economy of its vitality and force the uncertainties of an unending series of “cliffs.” Instead of taking advantage of historically low interest

rates to rebuild America with new infrastructure and education resources, this committee has sought indiscriminate cuts to even our most vital programs in the name of deficit reduction.

As this committee prepares a budget resolution for the next fiscal year, I urge you to come together to reduce our current budget deficits in a balanced way that rejects benefit cuts to our crucial entitlement programs or budget cuts for programs that benefit the country in ways that far outweigh their deficit impact. A number of our colleagues in the House, including Ranking Member Van Hollen, have made proposals to do this, and I urge the committee to heed their advice to attain balanced deficit reductions and avoid the harmful job losses of the sequester. We must work towards a sustainable path for our federal budget, but we cannot force our seniors, veterans, military families, and least fortunate Americans to shoulder the largest share of the burdens of deficit reduction.

With the growing number of troops coming back from Afghanistan and those who have served in Iraq and past conflicts, it's important to deliver care and services to the individuals and families who have earned it. It is irresponsible to allow the sequester to threaten the quality of life for our military families while their spouses or parents are away from home to fight for our country. While much of the VA is exempt from the sequester, we must ensure that moving forward we fund the VA at adequate levels so that we can address the increasing number of troops coming home, while providing adequate care to veterans currently in the system.

The United States also must abide by its treaty responsibilities to the sovereign people of tribal nations. Under the sequester, tribes could lose almost \$130 million, impacting areas such as human services, law enforcement, BIE schools, economic development and natural resources. Specifically, for the Indian Health Service, sequestration could result in about 3,000 fewer inpatient admissions and 804,000 fewer outpatient visits provided by IHS and Tribal hospitals and clinics. In addition, some key education programs could feel the impact of sequestration immediately. Many school districts qualifying for Impact Aid receive a high percentage of their overall funding from federal sources and use the money during the current school year. Sequestration would eliminate about \$60 million for this program, which serves approximately 113,000 Native students. Many of these schools are counting on federal funds to meet the basic needs of students and to pay teacher salaries this spring, potentially forcing districts to make wrenching, mid-year adjustments. There are smarter and more balanced ways to achieve deficit reduction without placing this burden on the backs of those who need help, and tribal communities should not be disproportionately affected by budget cuts.

We must also look forward and invest in our nation's education system, which can mean a stronger America for generations to come. If our goal is a better economy—education is how we get there. As global competition in the development of advanced technologies increases, our country risks losing its preeminence in the global community for innovation in the sciences, mathematics, and engineering. As a Congressman from a minority-majority state, I well aware of the severe shortage of Hispanic and Native American students in science, mathematics and engineering fields. The continuing under-representation of Hispanic and Native American STEM students and the growing shortage of scientists, mathematicians and engineers require serious investment in the development of STEM education pipelines for minority communities. The higher education needs of our Native American and Hispanic students can be unique, and Tribal Colleges and Universities and Hispanic Serving Institutions provide vital educational opportunities for these under-represented communities. As you draft the next budget, I urge you to reverse the painful cuts to education programs that make it even more likely that New Mexicans from Tribal or minority communities or those who are living in poverty will drop out of school. These cuts to education funding are cuts to our nation's long-term future, and I urge you to hold them harmless from the sequester and future cuts.

We must protect research and development as these drive our long-term security and prosperity. In particular, our national laboratories possess unique and valuable capabilities and perform some of the most important research for the nation. The two national laboratories in my home state of New Mexico, Los Alamos and Sandia, also provide crucial national security expertise, including advanced technologies for cyber security. By directing investments towards the research and development projects done by the labs at Los Alamos and Sandia, we will reap enormous benefits down the line. The labs are working on new technologies that will make America safer, more energy-efficient, and environmentally sustainable. We must invest in their research capabilities as a source of jobs today and of innovation for the future. In order to reap the full rewards of these research investments, we should fund technology maturation programs that encourage promising new technologies, often

in partnership with private entities. Without this important step many promising technologies are left undeveloped.

Investments in clean energy are important to the future of our economy and the energy security of our nation. Over the past four years, the renewable energy sector has begun to expand and the cost of energy produced from renewable and clean sources has become more affordable. Despite what some critics say, the DoE's guaranteed loan program and other Federal governments programs have been successful in helping develop clean energy. In fact, the government has had a long and successful history of investing in research and development projects that spur new technologies—the Internet being a prime example. We must continue investing in our energy future and investments in clean energy are no exception.

It is my hope that Congress passes a new Farm Bill with long term budget priorities. While we continue to operate under the 2008 Farm Bill, funding for Rural Development programs and drought insurance programs is crucial. Rural Development provides direct investments to help agricultural producers, small businesses, tribes and rural areas build local economies. In addition, many of our traditional agricultural producers in New Mexico, including acequia communities, have been impacted by drought and we must ensure that assistance is available for those who need it. During the past two years New Mexico's dairy industry has been hit hard by the flawed Dairy Product Price Support Program's pricing system. We can fix these issues by finally passing a Farm Bill similar to those passed by the U.S. Senate and the House Agriculture Committees during the 112th Congress and must not lose sight of the needs of our agricultural producers during the current budget process.

Finally, substance abuse is one of the most pressing public health concerns facing our nation. According to the 2010 National Survey on Drug Use and Health, an estimated 22.6 million Americans aged 12 and older had abused illegal drugs over the past month. In New Mexico, our communities in particular know the impact of illicit drugs and overdose. For many years New Mexico has been among the states with the highest rates of substance abuse. A strategy to combat substance abuse must include a range of approaches including prevention, treatment, and law enforcement elements, and it cannot be done in a purely top-down approach. It will require all of us to work together to coordinate federal, state, county, and local government responses and this Committee must ensure that we have the resources for this important work. The impact of the sequester will already severely limit resources to families, communities, and organizations committed to tackling substance abuse through prevention and treatment—and additionally impacting the fight by hampering law enforcement's ability to pursue criminals who would illegally market prescription or illicit drugs. Our budget priorities must reflect our priorities for safe and healthy communities, which requires the resources to combat and treat substance abuse.

Thank you for your attention to these important issues as you craft the Fiscal Year 2014 budget. Investing in priorities that will create jobs and strengthen the middle class are critical to our efforts to build a sustainable economy and federal budget. I urge you to work to make these investments while seeking a balanced approach to deficit reduction.

Respectfully submitted,

BEN RAY LUJÁN,
Member of Congress.

PREPARED STATEMENT OF HON. GLORIA NEGRETE MCLEOD, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF CALIFORNIA

Thank you Mr. Chairman, ranking member and members of the committee. I appreciate the opportunity to provide written testimony on the budget and the related programs that will be impacted as a result of cuts to vital services.

The budget should reflect the ideals of compassion, fairness and equality that Americans proudly share. When the budget proposals are set forth by this committee, I would ask that it reconsider any further cuts that would negatively affect our children, seniors, veterans, and small businesses.

As a member of the Agriculture's Subcommittee on Department Operations, Oversight, and Nutrition, I want to ensure our children and students receive the best nutritional options available through programs such as SNAP. More than half of children in my district receive free or reduced lunch. Further cuts to federally funded programs such as those put forward would threaten the ability to adequately feed our nation's children.

I want to highlight the Women, Infants, and Children program, known as WIC, which provides nutritious foods, nutritional education and referrals to health and other social services to participants at no charge. WIC serves low-income mothers and young children who are at nutrition risk.

My district comprises one of the highest WIC participation populations in California with more than 56,000 case loads in October of 2012 alone. Participation in WIC results in positive health outcomes for women, infants, and children while saving tax payer money. For every dollar spent on pregnant women in WIC there is a significant return in Medicaid savings for newborns and their mothers.

My district is reflective of the country's fastest-growing population of people aged 65 and over. With the increase of seniors, the need for in-home and community-based services also grows. Yet the programs that finance these services have received no increased funding for the past several years. I urge you to consider the long term impacts budget reductions will have to our nation's senior population.

Through the reductions of the Medicaid program, states could be forced to substantially reduce or eliminate Medicaid home care, home health, and adult day services. These cuts would result in seniors using more expensive services, such as hospitals and nursing homes.

Programs that are meant to sustain a senior's independence such as the Older Americans Act programs have been underfunded for many years. In view of the growing numbers of seniors who need these services and their cost-effectiveness, I urge this committee to increase funding for supportive senior services such as the National Family Caregiver Support Program and Meals on Wheels which help older individuals with care needs to receive services that enable seniors to remain in their own homes.

Lastly, we should continue to support the Small Business Administration and find ways to make it easier for small businesses to create jobs while not generating fiscal uncertainty in our economy through adverse policy making. The success of our overall economic recovery depends on how well small businesses fare because more than 2/3 of the jobs created in the United States come from small businesses.

There are economic indicators suggesting that the local economy in my district and the surrounding area is improving. This is particularly important for my district cities that faced some of the highest unemployment rates in the nation during the past recession. Small businesses are beginning to hire again and the Inland Empire is experiencing an increase in the high-tech job sector. Many of these high-tech jobs are also high-paying, making it essential that this industry continues to stimulate further economic growth in the Inland Empire.

In closing, I ask that my recommendations be considered in the coming weeks as the federal budget is negotiated. The American people want us to solve our differences and create a balanced budget however it should not be at the expense of seniors, children, and small businesses.

Thank you.

PREPARED STATEMENT OF HON. MARKWAYNE MULLIN, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF OKLAHOMA

CHAIRMAN RYAN, RANKING MEMBER VAN HOLLEN, AND MEMBERS OF THE COMMITTEE: Following the enactment of President Obama's sequester, and the failure of Congress to come together to resolve our budget crisis, it is necessary now more than ever for us to find commonsense solutions to our fiscal problems. Members of Congress on both sides of the aisle have agreed that some cuts are necessary in order to reduce our national deficit, although the lack of consensus on how much and where to cut have led to the painful, across-the-board cuts that we are now experiencing. These widespread, untargeted cuts hurt good programs and cause unintended consequences, affecting our troops, federal employees, contractors, and everyday Americans.

It is the responsibility of Congress to do everything in our power to find the most effective, least painful cuts in order to put our country back on the path of fiscal stability. In a federal government that has grown in size as much as ours, surely we can find many areas of duplication, waste, and abuse to cut first.

I would like to draw to your attention one particular area where savings can be found. Each year, the Federal Government makes roughly \$115 billion in improper payments to individuals, contractors, and organizations annually. These payments are made in excess of what should have been paid and are often made to ineligible Medicare, Medicaid, Disability Insurance recipients just to name a few. Astoundingly, our government has made improper payments in excess of \$100 billion in each of the past four fiscal years. Reported improper payments for FY2012 reached \$108 billion, although a Government Accountability Office (GAO) report found that not all agencies have developed improper payment estimates for all of their programs, likely pushing the real total of improper payments even higher.

Before cutting funding for things like our military's operations and maintenance accounts that ensure our troops are well trained and supplied, I would urge you to

first reduce the amount of waste in government, including the billions lost in improper payments.

PREPARED STATEMENT OF HON. ROBERT PITTENGER, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF NORTH CAROLINA

Thank you Mr Chairman for allowing me the time to testify today before the House Budget Committee.

Peter Orszag, former budget director for President Obama, recently told a gathering of freshman Representatives that “unless you deal with the debt, you’re playing games with the country. Unless you deal with entitlements, you’re playing games with the debt. You better go fix it.”

For too many years, our leaders have irresponsibly put off the tough decisions necessary to place our country on sound financial footing. Even President Obama seems to be ignoring the problem, as he never even mentioned our \$17 trillion debt during his inaugural address and State of the Union speech.

American taxpayers deserve and expect an accountable government, not a bloated bureaucracy in need of credit counseling. Each passing year makes the decision more difficult and the changes more painful. Medicare will be insolvent by 2024, which means we are rapidly squandering any chance to fix the problem.

Our \$17 trillion debt, which currently results in \$220 billion in annual interest payments, is a drag on our economy, deterring our ability to create jobs for American families. Reforming entitlements must be done to help our economy grow today and provide for the future

Any plan to reform entitlements must preserve the current benefits promised to this generation, while providing ample opportunity for the next generation to prepare. However, we must be strong and take action. We can enact a responsible plan to preserve these important safety nets for future generations, or we can do nothing and watch as American families suffer even more after Medicare and Social Security collapse.

PREPARED STATEMENT OF HON. MARTHA ROBY, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF ALABAMA

I want to thank the esteemed Chairman and the members of this Committee for the opportunity to share my thoughts on the budget situation. Thank you for your continued hard work on this most important issue.

As Thomas Jefferson wrote, “The whole art of government consists in the art of being honest.” I fear that too often our government fails to meet that basic standard. We’ve seen it from past Congresses, from past Administrations, and, indeed, from the current Administration. I believe I speak for the majority of the people in my district who are, frankly, tired of the misleading statements, scare tactics, and intellectual dishonesty that is so common in this Administration’s words and deeds.

We’ve witnessed this strategy most recently during the ongoing dialogue about the Budget Control Act’s automatic cuts known as sequestration.

Let me point out three basic observations about sequestration. First, sequestration will have a range of very important consequences for our government and our national defense. Second, the federal budget generally, and sequestration specifically, are complicated issues foreign to the overwhelming majority of Americans. Third, even if unfamiliar with the specifics, everyday Americans care deeply about the fiscal and national security of our country.

Together, these basic facts emphasize why it is so important that we, the elected leaders of this country, take every reasonable step to accurately inform the public about the policies and procedure of its government. It’s hard enough for the elderly or hardworking parents or young people getting started in their careers to follow the actions of the federal government. Injecting misleading information in the public debate only makes matters worse.

This Administration should be ashamed of its response to sequestration. Spreading unsubstantiated rumors, making threats and withholding critical information in order to scare the American people is not leadership. Perhaps the pettiness of this Administration’s behavior was best symbolized last week when they announced the White House would be closed to the public for tours due to sequestration. The stuff of Lincoln and Churchill, this is not.

Regarding the larger budget situation, it is obvious that we need to continue our effort to rein in spending and reduce the size of the federal government.

Thanks to the leadership of many in this chamber, we have made significant progress under rather difficult circumstances. The House has stemmed the tide of reckless spending that washed across the federal government in 2009 and 2010. Our

efforts continue to right-size government effectively, which is why I come before you today.

There is a smarter way to cut federal spending than the automatic across-the-board cuts of sequestration. I am specifically worried about the disproportionate cuts that the military is being forced to endure: roughly one half of the cuts will affect defense accounts that make up less than 20 percent of the federal budget. That is a fact people across the country need to understand. As I mentioned, people in my district are truly concerned about the consequences of this policy—especially in areas near Ft. Rucker and Maxwell Air Force Base.

I am convinced that we can do better. This week, the House passed legislation to keep the government operating through the end of the fiscal year and to allow the Pentagon some flexibility to allocate the required cuts to areas that will have less impact on national defense and operational capabilities. That is a good first step.

I sincerely hope that this Committee will take the next budget resolution as another opportunity to alter the disproportionate cuts of sequestration. It is time to reprioritize these cuts and stop balancing our fiscal future on the back of our military. These men and women and their families who have dedicated their lives to this country deserve better than to be treated as pawns in a game of political brinksmanship.

In doing so, I hope the Committee will continue to recognize that our country must address the true driver of future debt a serious problem that we must tackle: mandatory spending.

Let me offer one other note about honesty. I remain committed to finally ending the practice of using budget gimmicks to distort the truth about federal spending. Next week, I plan to re-introduce the Honest Budget Act, an important piece of legislation that would address some of the most common accounting tricks used by politicians to hide the truth, confuse the public, and run up the national debt. This approach is endorsed by numerous conservative groups, including the Heritage Foundation, Citizens against Government Waste, and Americans for Tax Reform.

I strongly support approval of the Honest Budget Act in its entirety, and I welcome any future hearings this Committee may hold to examine its various provisions. That said, I believe a great deal of good would result from the Budget Committee adopting the underlying principles of this legislation while it considers the House budget resolution.

Finally, Mr. Chairman, I hope you know that I am proud of your stated intent to balance our nation's budget. As we all know, it will not be easy to fight those long addicted to spending, taxing, and borrowing. They are well entrenched in Washington, and they will not cede easily. But, I hope you will count me as a partner in your efforts to restore fiscal sanity and commonsense to our federal government.

Again, thank you for this opportunity to testify. I look forward to working with each of you in the future.

PREPARED STATEMENT OF HON. JANICE D. SCHAKOWSKY, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF ILLINOIS

Thank you, Chairman Ryan and Ranking Member Van Hollen, for giving me the opportunity to testify on your committee's consideration of the Concurrent Resolution on the Budget for Fiscal Year 2014.

It's been said before many times—and it remains true—that budgets are moral documents. How we choose to allocate our resources is a direct reflection of the values we hold and the goals we hope to achieve to advance our nation and its people.

As you begin work on this year's budget resolution, I encourage you to look with a clear eye towards the state of our economy, American workers, and the nation as a whole.

Yesterday, the Dow Jones Industrial average hit an all-time high, completing a full-scale comeback since the depths of the Great Recession—more than doubling since hitting a low in March 2009.

Major corporations are seeing record profits, and the extremely rich are seeing their incomes and wealth grow.

But those successes are not universally shared. Inequality is at its highest point since the Great Depression, unemployment is stuck hovering around 8 percent and wages are stagnant—as they have been for decades—for most American workers.

I'd like to quote a New York Times article from earlier this week:

“So far in this recovery, corporations have captured an unusually high share of the income gains. The U.S. corporate sector is in a lot better health than the overall economy. And until we get a full recovery in the labor market, this will persist.”¹

That quote is not from some liberal commentator—it’s from Ethan Harris, the co-head of global economics at Bank of America Merrill Lynch.

In early 2009, the President and Democrats took action to put a trampoline under the falling economy and boost it back up. The American Recovery and Reinvestment Act was a success, creating up to 3.6 million jobs, stopping the economic freefall, and bringing us out of a recession. But when Republicans took the House majority in 2011, they halted any further action to create jobs and immediately put in place efforts to cut spending, without regard to the potential economic effects. Their resistance to raising a single dime more from the wealthiest Americans lasted for two full years—and prompted multiple fiscal crises along the way, including holding the debt ceiling hostage in order to force through cuts. Finally, two months ago, we were able to come to an agreement to address the so-called “fiscal cliff” with a combination of spending cuts and revenue increases.

But the damage has been done—too many Americans remain out of work, too many are working part-time jobs when they want to work full-time, and too many have seen their wages stay the same or even drop in recent years. And if we don’t act responsibly to repeal or replace the sequester, another 750,000 jobs will be lost, according to the Congressional Budget Office.

We are at a critical moment here. Not just whether we will replace the sequester, but what it will be replaced with? Not just whether we address our fiscal challenges, but how?

When crafting a budget that meets the true needs of our nation, we need to ask the following questions: Does it create jobs? Does it address inequality? Does it raise revenues in a fair way? Does it protect the vital benefits of Social Security, Medicare, and Medicaid? Does it preserve and boost investments that build the middle class, including education, job training, infrastructure, scientific and medical research, and renewable energy? Does it make smart cuts that target true waste, not opportunity?

At the most basic level, we should not craft a federal budget that makes everyone else’s budgets—workers, seniors, state and local governments, small businesses—worse.

We should pass a budget that meets those tests and never pass one that doesn’t. I hope as you work to craft your budget you will look at proposals that I have offered, including the Emergency Jobs to Restore the American Dream Act, the Fairness in Taxation Act, the Public Option Deficit Reduction Act, and the Corporate Tax Fairness Act. I also encourage you to look at the Balancing Act, which I offered with other members of the Progressive Caucus, as an alternative to the dangerous sequester cuts. The principles these bills are based on are what the American people say they want—job creation, more revenues from those who can afford to pay—including millionaires and wealthy corporations shipping jobs overseas, and smart spending cuts, including cuts in military spending that eliminate out-dated weapons systems and refocus our resources on 21st-century threats. Those are the principles that should be reflected in this year’s budget.

Thank you for your consideration and your time.

PREPARED STATEMENT OF HON. CAROL SHEA-PORTER, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF NEW HAMPSHIRE

Chairman Ryan, Ranking Member Van Hollen, and Members of the Committee, thank you for the opportunity to submit testimony on the fiscal year (FY) 2014 budget resolution and to share my concerns and priorities.

As of March 1st, sequestration has taken effect across the nation, and with it, the \$85 billion budget decrease required by the Budget Control Act of 2011. These sudden enormous and untargeted cuts across all government and military programs and departments will shock our recovering economy, both in New Hampshire and throughout the nation. Sequestration will cut essential services and investments, impacting everything from law enforcement and defense to education, medical research, infrastructure improvements, and nutrition programs. These government programs and departments “promote the general welfare” (U.S. Constitution, preamble) and are critical to ensure public safety, economic growth and prosperity, and national security. Sequestration cuts are bad policy and bad for the American people. Any cuts made to vital programs, departments, and infrastructure must be

¹ http://www.nytimes.com/2013/03/04/business/economy/corporate-profits-soar-as-worker-income-limps.html?hp&_r=0&pagewanted=all

made in a targeted and gradual manner in order not to inflict severe harm on the American citizens they serve. As you consider the FY 2014 budget resolution, I hope you will work to replace these arbitrary cuts with a balanced plan that responsibly cuts spending and removes unnecessary tax breaks for special interests.

The cuts to the Department of Defense budget are destructive and indiscriminate, and when added to the cuts of the last several years, will weaken our national defense by making our active duty military and reserve components less able to accomplish their mission.

Located at the eastern edge of the First Congressional District, the Portsmouth Naval Shipyard (PNSY), with a workforce of over 5,000, has both an essential defense mission and an enormous impact on the region's economy. Both military readiness and the regional economy are threatened by these drastic sequestration cuts.

The readiness of the U.S. Navy and the Shipyard will be impacted in a number of adverse ways.

- The Office of Management and Budget has announced that the Navy's budget, which governs the four remaining U.S. public shipyards, including the PNSY, will be reduced by \$4.3 billion in 2013, with a terrible impact on naval readiness.

- The PNSY budget for 2012 was approximately \$667 million, which means a projected \$52,693,000 in cuts from the 2013 fund allotment for both payroll and operations.

- According to a statement released by the Secretary of the Navy, the \$450 million in repairs required by the U.S.S. Miami will be delayed due to sequestration.

- PNSY performs critical repair, refit, and nuclear refueling work on Virginia-class submarines. Timelines for the work are scheduled years in advance and planned carefully to ensure maximum efficiency. Sequestration makes it extremely challenging to meet submarine availability schedules and deadlines. These sequester cuts will ultimately impact the ability of the U.S. submarine force to carry out its national defense mission. I'd like to note that the People's Republic of China built 4 submarines in 2011 and 6 in 2012, while we are only managing 2 per year. In order to maintain our naval security, we must ensure that every submarine we have undergoes, and completes necessary refits on schedule, which will be a near-impossible goal under the capricious delays caused by sequestration.

There are also threats to the long-term effectiveness and performance of the Shipyard's civilian workforce.

- According to the Public Affairs Department at PNSY, all civilian employees will be furloughed. PNSY will limit administrative furloughs for Shipyard workers to 176 hours (approximately 22 workdays). Furloughs will commence on April 25, 2013 and will continue for 22 weeks, ending on or after September 21, 2013.

- In accordance with the Chief of Naval Operations' directives, there is currently a civilian hard hiring freeze (including both internal and external hiring) in effect for the Shipyard.

- The hard hiring freeze means that workers who retire, move away, or leave for any reason, cannot be replaced. Yet with tight work schedules and highly skilled workers required to get the job done, any reductions in workforce will soon have detrimental impacts on readiness, on the ability to get the job done on schedule, and the ability to deploy the submarine.

- The civilian workers will have to endure a sudden, unbudgeted 20% pay cut. In addition to the demoralizing and unsettling impact of the uncertainty caused by sequestration, they may be unable to meet mortgage payments, their children's college tuition or other financial commitments. It is absolutely unfair to target these skilled and essential national defense workers in this way. It is also counter-productive. The newer, younger members of the workforce may just leave for a more certain job—an especially damaging possibility to readiness given the hiring freeze.

In addition, the cascading economic impact of the cuts to PNSY will seriously damage the economy of the First Congressional District of New Hampshire. Over 2,000 of my constituents work there, and in 2011 (latest figures available), the civilian payroll was \$408.4 million, the military payroll was \$40.5 million, and \$8.5 million in PNSY purchased goods and services benefitted the New England economy. In New Hampshire the 2,137 civilian employees were paid a total of about \$151 million. The vast majority of those employees live in the First Congressional District.

In order to keep our national defense strong, I ask you to restore the budget of the Portsmouth Naval Shipyard to the funding level that existed prior to implementation of the defense sequester.

Sequestration cuts will adversely affect the readiness and personnel of New Hampshire's highly active, highly successful Air National Guard (ANG). The cuts would take a significant toll on Pease Air Guard Base, home of New Hampshire's only Air National Guard Unit, the 157th Air Refueling Wing.

These cuts will have an adverse effect on the personnel and the regional economy.

- The New Hampshire National Guard's 212 permanent ANG Military Technicians (MILTECHs) and 202 permanent Army National Guard (ARNG) MILTECHs, many of whom are based at the First District's Pease Air Guard Base, will face 22-day furloughs with a resultant 22% salary cut.

- The National Guard expects these pay cuts to negatively impact the economies of communities where MILTECHs are based, such as the greater Portsmouth area.

- These reductions may also result in highly trained MILTECHs leaving the force, leaving behind a less experienced and less capable unit.

These cuts also pose a threat to the readiness of the Guard and its ability to respond quickly and effectively when called into duty.

- The National Guard anticipates that furloughs of permanent MILTECHs will directly correlate to reduced training and unit readiness.

- The National Guard has announced a MILTECH hiring freeze, which will also directly correlate to reduced training and unit readiness.

- The National Guard has announced that all temporary MILTECHs, including New Hampshire's 18 temporary ANG MILTECHs and 14 temporary ARNG MILTECHs, may face termination. Temporary MILTECHs fill positions left empty when permanent MILTECHs deploy. They play an essential role in maintaining unit equipment readiness in the absence of permanent MILTECHs. Termination of temporary MILTECHs may prevent the National Guard from meeting congressionally-mandated technician end strength floors established in P.L.112-239.

- The ANG as a whole is expected to cut flying hours and weapon system sustainment by as much as 18%, leaving bases like Pease at unacceptable readiness standards by the end of FY 2013.

The New Hampshire National Guard is a key component of our national defense and emergency response capability, and I ask you to restore its budget to the funding level that existed prior to implementation of the sequester.

The First Congressional District's numerous defense contractors, large and small, will also be harmed by the sequester.

- Prime contractors in NH-01, including BAE Systems and L3 Insight Tech Inc., received \$529 million in contracts from the Defense Department for FY 2012. \$4,179,100 could be cut from New Hampshire's military procurement budget for FY 2013.

- According to the Aerospace Industries Association, if a solution to sequestration is not found, 2,705 private sector New Hampshire jobs in industries that benefit from military procurement will be at risk.

While the larger of the prime contractors will survive, suppliers and subcontractors are likely to go under, as the primes cut back their orders, resulting in more job losses as the impact spreads. The House Committee on Appropriations also reports that 1,004 other New Hampshire civilian employees can also be furloughed, taking approximately \$6 million in lost wages out of their pockets and out of the New Hampshire economy.

In conclusion, I implore the members of this committee to develop a reasonable, responsible budget for FY 2014 that eliminates the indiscriminate and damaging cuts found in the Budget Control Act. I thank you for your time and consideration.

[Whereupon, at 1:32 p.m., the committee was adjourned.]

