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THE PRESIDENT'S FISCAL YEAR 2023 BUDGET PROPOSAL

HEARING

BEFORE THE

COMMITTEE ON THE BUDGET
UNITED STATES SENATE

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SECOND SESSION

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THE PRESIDENT'S FISCAL YEAR 2023 BUDGET PROPOSAL

WEDNESDAY, MARCH 30, 2022

U.S. SENATE,
COMMITTEE ON THE BUDGET,
Washington, DC.

The Committee met, pursuant to notice, at 11:00 a.m., via Webex and in Room SD–608, Dirksen Senate Office Building, Hon. Bernard Sanders, Chairman of the Committee, presiding.

Present: Senators Sanders, Murray, Stabenow, Whitehouse, Warner, Merkley, Kaine, Van Hollen, Luján, Padilla, Graham, Grassley, Crapo, Toomey, Johnson, Braun, Scott, Romney, and Kennedy.

Staff Present: Warren Gunnels, Majority Staff Director; and Nick Myers, Republican Staff Director.

OPENING STATEMENT OF CHAIRMAN SANDERS

Chairman SANDERS. Okay. Let us get to business.

Let me thank everyone for being here this morning, and let me thank Senator Graham for his efforts, and mostly let me thank Shalanda Young, our new OMB director for being here and congratulate her on her official appointment. You have been doing the job for a year and now you got the title, right?

As we begin this hearing, let us be very, very clear. A Federal budget is more than just a huge spreadsheet of numbers. Federal budget speaks to who we are as a nation and where we want to be in the future. It speaks to whether or not we can go beyond the needs of the lobbyists, whether we can go beyond the needs and the power of wealthy campaign contributors who have so much influence over what goes on here in Capitol Hill, or whether we can finally address the needs of the tens of millions of working families, middle-income people, low-income people, who are struggling every single day to take care of their families. That is really what this whole debate is about. Which side are we on?

So let me just take a moment to describe what I believe to be some of the major crises in our country today and how the President's budget responds to these crises.

Today, in our country, the very, very wealthiest people are becoming phenomenally wealthier, while at the same time over half of the people in this country are living paycheck to paycheck. I know that is not a reality we talk about terribly much, but in fact that is the simple truth. Millions of American workers are trying to get by on $8 an hour, $9 an hour, $12 an hour, all of which, to my mind, are starvation wages. Nobody, no matter what state you are living in, can get by on those wages.

In his State of the Union speech, President Biden called on Congress to increase the Federal minimum wage to $15 an hour. That is a step forward. We should go further. The Federal minimum wage has been stuck at $7.25 an hour for 13 years—13 years—and if the minimum wage had increased at the rate of productivity, since 1968, it would not be $7.25 an hour. It would be $23 an hour. The time is now for Congress to raise the minimum wage to a living wage.

Today, in America, we have more income and wealth inequality than we have had in 100 years. I understand we do not talk about it. I understand the corporate media does not talk about it, but that is the reality. Today, in our country, the two wealthiest people now own more wealth than the bottom 42 percent of our population, 130 million Americans—2 people, 130 million Americans. Does anybody think that is what America is supposed to be about? I do not think so.

During this terrible pandemic, which within a few weeks will have claimed 1 million American lives, when thousands of essential workers died doing their jobs, over 700 billionaires in America became nearly $2 trillion richer. And let me say this. While we hear a whole lot of talk lately in terms of the horrific war in Ukraine, about the need to take on the oligarchs in Russia, something which I very strongly support, anyone who thinks we do not have an oligarchy right here in American is sorely mistaken.

Today, in America, multibillionaires like Elon Musk, Jeff Bezos, Richard Branson, are off taking joyrides on their rocket ships to outer space. They are buying $500 million superyachts. We talk about the yachts that Putin's friends have. Well, guess what? They have them too here, in this country, living in mansions with 25 bathrooms.

In his budget, the President has proposed a 20 percent minimum tax on those who are worth at least $100 million. This is an important step forward, and I congratulate the President for doing that. We should go further though.

In 2020, I introduced a 60 percent tax on the obscene wealth gains billions made during the pandemic, legislation I will soon be reintroducing and which is precisely what the American people want. They understand. You do not have to be an economist to understand this. They understand there is something fundamentally wrong with so few have so much and so many Americans have so little.

Now I understand that some of my colleagues get very nervous when we talk about wealth distribution. Oh, my goodness. Cannot talk about that. But here is the reality, and that is that over the last 45 years in this country there has been a massive—massive—redistribution of wealth. The problem is it has gone in precisely the wrong direction.

According to the RAND Institute, not a particularly progressive organization, since 1975, $50 trillion—that is a T—$50 trillion in wealth has been redistributed from the bottom 90 percent to the top 1 percent, primarily because corporate profits and CEO compensation has grown much faster than the wages of ordinary workers.

But it is not just income and wealth inequality that we must address. It is economic and political power. As we discussed in a hearing in this Committee last month, three—one, two, three—Wall Street firms control over $21 trillion in assets, which is basically the GDP of the United States of America, the largest economy on Earth. Three companies control hundreds and hundreds of companies, three Wall Street firms. If that is not a problem, I do not know what a problem is.

In terms of health care, over 70 million Americans today are either uninsured or underinsured. Sixty thousand people die each and every year because they cannot get to a doctor on time because they do not have insurance, do not have the money for copayments or deductibles. We remain, my friends, the only major country on Earth not to guarantee health care to all people as a human right, and yet we pay the highest prices in the world for health care.

In his budget, the President has proposed a substantial increase in investments in mental health—enormously important—pandemic preparedness—my God, I hope we can pass that. We have to pass that—the Indian Health Service, and research into finding a cure for cancer and other life threatening diseases. All of those ideas are enormously important. We have got to pass them. We have got to go further than that.

An overwhelming number of Americans, the vast majority of the population, want us to expand Medicare to cover dental, hearing, and eyeglasses. In the richest country on Earth senior citizens should not have teeth rotting in their mouths.

Further, as a nation we should understand what every other major country does. Health care is a human right, not a privilege. The function of a rational health care system is to provide health care to all in a cost-effective way, not to allow private insurance companies and private drug companies to make obscene levels of profit. And I am happy to inform members of this Committee that in early May we will be having a hearing, right here, in this Committee, on the need to pass a Medicare-for-all single payer program. According to the Congressional Budget Office, Medicare-for-all—this is the CBO—Medicare-for-all would save the American people and our entire health care system $650 billion each and every year. So I say to all my conservative friends, who are worried about the expenditure of taxpayer money, work with us. Pass a Medicare-for-all single payer program.

But health care reform must not only address the private health insurance companies but the greed of the pharmaceutical industry. Year after year, decade after decade, we are talking about the outrageous costs of prescription drugs in this country, the huge profits of the drug companies. The President has proposed, and I agree, that Medicare must negotiate prescription drug prices with the pharmaceutical industry, which is exactly what the Veterans Administration has done for 30 years. If Medicare does that, we lower the cost of prescription drugs by 50 percent. Not bad.

Do we have the courage to take on the hundreds of millions of dollars in lobbyists, who are all over Capitol Hill telling us that we have got to protect the profits of the industry, or do we stand with the patients and the ordinary Americans who are sick and tired of paying these outrageous prices?

And then there is the existential threat of climate change. I do not know what to say about that. Scientists tell us we have a handful of years to transform our energy system or we are not going to have much of a planet to leave our children and grandchildren. And I hope that we very much have the capability of taking on the greed of the fossil fuel industry and saving this planet for future generations.

Now I understand that my Republican colleagues want to blame inflation on President Biden and the enormously successful American Rescue Plan, but let us be clear. The problem is not that a low-income worker got a 50-cent raise last week and a $1,400 check from the Federal Government over a year ago. That is not the problem. To a significant degree, pathetically, large corporations are using the war in Ukraine and the pandemic as an excuse to raise prices significantly, to make record-breaking profits. This is taking place at the gas pump, at the grocery store, and virtually every other sector of the economy. That is why, in my view, we need a windfall profits tax and why this Committee will be holding a hearing on Tuesday of next week to deal with the unprecedented level of corporate greed that is taking place in America today.

I think we can all agree that we are living through an extremely difficult moment in American history. The question before us is whether we will stand with the working families of this country and protect their interests or whether we stand with the big money interests, the large multinational corporations and the wealthy campaign contributors who, decade after decade, have enormous influence over both political parties.

Now the President has done his job and submitted his budget to us. It is up to Congress to review it, pass the proposals that make sense, and improve upon them. As Chairman of the Senate Budget Committee I will be doing everything I can to pass a strong and robust budget reconciliation bill that works for working families, not the 1 percent.

With that let me now recognize the Ranking Member of this Committee, Lindsey Graham.

OPENING STATEMENT OF SENATOR GRAHAM

Senator GRAHAM. Thank you, Mr. Chairman, and here is the other view. The world is on fire, and if you do not believe me, turn on your television, inflation is rampant, and we are more dependent on bad actors for our energy needs than ever. This budget takes all three problems and, I believe, makes it worse.

President Biden ran as a steady hand on national security. How is that working out? He ran as a centrist, consensus-building candidate. Unfortunately, I do not believe that has materialized either, that not only his budget proposals but his economic proposals on the domestic front would be the largest power grab in modern American history.

The budget—more spending, more taxes, more debt, at a time we need to go in the other direction. The budget regarding the defense needs of this country is woefully inadequate and dangerous. When you look at over the next decade of how much we spend on defense, you have to ask yourself, I mean, the threats we face, are they getting smaller or larger? Look at what is going on in the world today.

We have Putin dismembering a democracy called Ukraine in front of us, committing war crimes on industrial scale, and all of us, in a pretty bipartisan fashion, have condemned him, and I appreciate that.

There is an effort ongoing to do a new Iranian nuclear deal, giving the Ayatollah, who I think is a religious Nazi, more cash and very little in return. You have China being a bad actor all over Asia, threatening to invade Taiwan and rewriting the world map. You have got Rocket Man in North Korea shooting missiles into the sea by the day, and trying to get some attention out there. And you have Chinese buildup of their military.

You have the re-emergence of terrorism in Afghanistan, from that debacle. ISIS and al-Qaeda now have a safe haven. And you have got an invasion of illegal immigrants coming across our border, and if you repeal Title 42 deportation authority regarding COVID, then you will have just an absolutely overwhelming wave of legal immigration this summer.

So those are the threats we face today, and I do not think they are getting better any time soon.

In terms of spending, in the President's budget, non-defense spending goes up 11.3 percent from 2022 to 2023. Defense goes up 4 percent. Now given the threats we face, does that make any sense? The answer is no.

Over a 5-year window here, non-defense spending goes up 4.5 percent and defense spending goes up 2.2 percent. I do not know what my friends on the other side are looking at, but I do not see the world getting safer any time soon, and we had one heck of a fight to increase defense spending in the last omnibus negotiations, and everything I see on the world stage is deteriorating, and we need more defense spending, not less.

Percentage of GDP spent on defense. The Chairman said something I agree with. Budgets reflect who you are and what kind of country you want to have and what kind of world we are in. So by 2032, we will be spending 2.4 percent of GDP on defense. That will be a historic low. And again, as you look in the out years in the next decade, with China developing hypersonic weapons capability, aircraft carriers, Putin trying to rewrite the map of the Earth, the Iranians trying to develop ballistic missiles, North Korea being a bad actor, do you really believe that we should have the lowest spending GDP-wise on defense in the history of the country in the next decade? I do not.

We are going to triple the amount of money we pay on interest over the next decade, so $1.1 trillion by fiscal year 2032 will just cover the interest payments.

This budget also is about values. In this budget, we do away with the Hyde protections. Most Americans oppose taxpayer-funded money in the area of abortion. That has been the policy of the country for decades. This budget eliminates that restriction, so taxpayer dollars can be spent on abortion. I think that is against the will of the American people.

So what have we laid out here? We have laid out a budget that does not recognize the threats we face, today and in the coming years, on defense, we have laid out a budget that is going to explode the amount of interest we pay on the debt, and we all should be working to go the other way. In this budget we do away with tax advantages that oil and gas companies have to explore for new oil and gas that we own. I find it odd that we are asking the Organization of Petroleum Exporting Countries (OPEC) nations to produce more, talking to Venezuela, and maybe encouraging Iran to produce more oil and gas as we shut down our ability in this country to produce oil and gas. Count me in on the climate change front, but count me out when it comes to making our nation more dependent on foreign oil and gas. That is just a reality we face.

So, Mr. Chairman, I think what we have here is a different view of the world in which we live, the priorities we should have in terms of how to defend the nation, and this effort to make us more energy-dependent is going to, I think, make the world a more dangerous place. As we are trying to get off oil and gas supplied by Russia and Iran and other bad actors, we are shutting down American production. Inflation is rampant. If this budget ever became law what you are paying at the gas pump would go up dramatically because our ability to produce oil and gas here at home would be virtually non-existent if this budget became law. If we spend all this money, particularly on the domestic side, the inflationary problems we have today only get worse.

So with all due respect, I think everybody on this side of the aisle will oppose this budget, and I would like to have an actual vote on the budget. I would like to see how many of my Democratic colleagues would vote for this budget.

So I welcome a debate on the floor, and a vote on this budget as presented, and I hope we can agree on that, that this is something that should be debated and voted on.

Thank you, Mr. Chairman.

Chairman SANDERS. Thank you, Senator Graham.

Our witness today is Shalanda Young. She was, as I think we all know, confirmed several weeks ago in a strong bipartisan vote to her position, and we welcome her for being with us today. Thank you very much for being here.

STATEMENT OF THE HONORABLE SHALANDA D. YOUNG, DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET

Ms. YOUNG. Thank you. Chairman Sanders, Ranking Member Graham, members of the Committee, thank you for the opportunity to testify today on President Biden's fiscal year 2023 budget.

Under the President's leadership, our country has made historic progress in the face of unprecedented challenges. We created more than 6.5 million jobs in 2021, the most our country has ever recorded in a single year. Our economy grew at 5.7 percent, the strongest growth in nearly 40 years. The unemployment rate has fallen to 3.8 percent, the fastest decline in recorded history. And the deficit is on track to drop $1.3 trillion, the largest ever one-year decline.

This progress was not by accident. It is a direct result of this President's strategy to combat the pandemic and grow our economy from the middle out and the bottom up. The President's 2023 budget details his vision to expand on that progress and deliver the agenda he laid out in his State of the Union, to build a better

America, reduce the deficit, reduce costs for families, and grow the economy from the bottom up and the middle out.

Since taking office, the President has put forth proposals to Congress that would lower health care, childcare, energy, and other costs for families, reduce the deficit, and expand our economy's productive capacity. The budget reflects his commitment to working with Congress to pass legislation that achieves those goals.

This budget advances a bipartisan unity agenda, including proposals to combat the opioid epidemic, tackle the mental health crisis, support our veterans, and accelerate progress against cancer. I would like to point out that all of those proposals are on the nondefense side of the ledger. It builds on the bipartisan funding bill Congress passed earlier this month and makes key investments in the American people, from expanding economic capacity and improving our public health infrastructure to combating the climate crisis and advancing equity, dignity, and security for all Americans.

And during what will be a decisive decade for the world, the budget strengthens our military and leverages America's renewed strength at home so our nation is prepared to meet pressing global challenges and manage crises as they arise.

With robust investments in our diplomatic and development agencies, the national security budget as a whole will deepen partnerships and alliances and position the United States to compete with China and any other nation from a position of strength. As we have seen over the past month, our renewed partnerships and alliances have been vital to countering Russian aggression, and I would like to thank Congress for the supplemental funding to support Ukraine and our regional partners.

The budget makes these investments in a fiscally responsible way, reducing deficits by more than $1 trillion and improving our country's long-term fiscal outlook. That is because the budget's investments are more than fully paid for through tax reforms that ensure corporations and the wealthiest Americans pay their fair share. That includes a new proposal requiring the richest Americans to pay a tax rate of at least 20 percent on all of their income, including investment income that currently goes untaxed. The budget also fulfills the President's promise that no one earning less than $400,000 a year will pay a single penny in new taxes, and it would reduce deficits to less than half of last year's levels as a share of the economy, while keeping the economic burden of debt low.

Overall, the budget puts forward an economically and fiscally responsible path, addressing our nation's long-term fiscal challenges while making smart investments that will produce stronger growth and broadly shared prosperity for generations to come.

Thank you for allowing me to testify and for the opportunity to be here, and I look forward to your questions.

[The prepared statement of Ms. Young appears on page 33]

Chairman SANDERS. Thank you very much, Madam Director.

I want to pick up on a point that you made regarding tax policy. As I understand it, in 2020, 55 large, multinational corporations paid nothing—zero, not a penny—in Federal income taxes after making $40 billion in profits. The effective tax rate of billionaires in America is now 8 percent, which is lower than what a nurse, teacher, firefighter, or truck driver pays.

What is the President trying to do in his budget to address this outrageous inequity?

Ms. YOUNG. So many of the people you just referred to—nurses, teachers, firefighters—pay at least double of what the effective tax rate is for billionaires and those that make more than $100 million. So the President believes, very strongly, that billionaires and those worth more than $100 million, should pay what firefighters, teachers, and nurses pay as their effective tax rate.

Chairman SANDERS. During your presentation you mentioned the issue of mental health. I think we have long had, in this country, a mental health crisis, without enough practitioners. Clearly, the pandemic has made a very bad situation worse.

Last year we lost some 100,000 Americans to drug overdoses. What, in this budget, are you presenting to us that will deal with the mental health crises facing America?

Ms. YOUNG. Mr. Chairman, we certainly hope, as the President mentioned in the State of the Union, this brings all sides together. And the President believes that mental health, for example, should be covered just like physical health. So our proposal is that insurance companies have to cover mental health services as they do any other ailment that Americans suffer.

Chairman SANDERS. Madam Director, the scientific community is fairly clear. You know, we get distracted by the terrible war, Putin's war in Ukraine. We get distracted by a lot of things, but climate change is real, and what scientists tell us, if we do not act extremely boldly in transforming our energy system in the next few years the planet we leave future generations becomes increasingly unhealthy and uninhabitable.

What does the President have in his budget to deal with climate?

Ms. YOUNG. Mr. Chairman, the President would invest over $40 billion to deal with the climate crisis, as he has called it. That includes our commitment to ensure that the poorest countries in the world can also step up and meet these challenges. This is a global problem, and if we do not deal with this domestically and in an international fashion we will not meet the goals necessary before we reach a point of no return.

Chairman SANDERS. The American people are disgusted by the reality that we pay the highest prices in the world, by far, for prescription drugs. What is the President proposing that we do to lower the cost of prescription drugs in this country?

Ms. YOUNG. So the President has been clear. He continues to believe that Congress should send him a package, a legislative package, that reduces the cost of prescription drugs, reduces the cost of childcare for families, reduces health care costs, and this budget leaves a revenue space in which to do that, including the savings—we do not have to spend anything; we actually save money—if we lower the cost of prescription drugs.

Chairman SANDERS. During the American Rescue Plan we did something, I think, extraordinarily important, and that is extended and expanded the child tax credit for working class parents. That expired in January. The child poverty rate skyrocketed by 41 percent, bringing us back to one of the highest childhood poverty rates of any major country on Earth. What is the President proposing we do to address child poverty in America?

Ms. YOUNG. You heard from the President in the State of the Union. He continues to believe that the child tax credit should be extended. You are absolutely right. It brought down the poverty level substantially for children in this country. The President, from his own lips, has recommitted to supporting that effort.

Chairman SANDERS. Director Young, thank you very much. Senator Graham.

Senator GRAHAM. Good morning, Ms. Young.

Ms. YOUNG. Good morning.

Senator GRAHAM. Would you support a vote on the Senate floor regarding the President's budget?

Ms. YOUNG. Thank you, Senator Graham. As a former long-time staffer on the Hill I would not deign to tell the Senate how to conduct its business.

Senator GRAHAM. Okay. Well, I just would ask the Chairman, let's have a debate on the budget and vote on it, and I think that would be good for the country.

Are you in the chain of command or decision-making process regarding changing Title 42 deportation policies?

Ms. YOUNG. I certainly keep up with the policy discussion. I also know, and know you know, that Title 42 has also been brought up in the courts, so this might be decided by the Judicial branch on how to deal with Title 42 at the border. But I am a part of discussions because there are budgetary consequences.

Senator GRAHAM. Right. So let us set the courts aside for a moment because we cannot deal with that.

Is there a movement in the Biden administration to change Title 42 policies?

Ms. YOUNG. Senator Graham, you know any decisions or conversations with have with the President, I——

Senator GRAHAM. Well, I mean, I read about it in the paper.

Ms. YOUNG. Yeah. I will not discuss anything decisional we talk to the President about. But what I will point to is in this budget there is a 5 percent increase for the Department of Homeland Security, including additional agents. Look, we have a pattern of migration, and we are preparing to ramp up for a traditional pattern of additional people coming across the border.

Senator GRAHAM. My question is, do you support eliminating Title 42 deportation authority?

Ms. YOUNG. I do not have a personal opinion. I believe, from a resource position, of putting forth enough money to deal with a historic pattern.

Senator GRAHAM. Do you believe our border is more secure today than it was two years ago?

Ms. YOUNG. Senator, I strongly believe that we are putting forward a proposal that does more than a physical infrastructure. I believe there is bipartisan support for the technology options we are putting forward, and we ask you to take a close look at that.

Senator GRAHAM. Do you believe things are going well here at home and abroad?

Ms. YOUNG. I believe I read out some statistics I will revisit. The strongest economic——

Senator GRAHAM. No, that is just, I mean——

Ms. YOUNG [continuing]. Growth in 40 years last year.

Senator GRAHAM. Yeah. I would just say, with all due respect, things are not going well here at home and abroad, and policies do matter. And I think the explosion you see at the border is about to get worse if we repeal Title 42 authority.

On the defense side, do you think this is a dangerous world, getting increasingly more dangerous?

Ms. YOUNG. You and I talked about this, and it absolutely is, and it has gotten worse with the Russian aggression since we last talked.

Senator GRAHAM. Yeah. So in this budget we will be spending 2.4 percent GDP on defense, at the end of the next decade. Given the threats we face, does that make sense?

Ms. YOUNG. If you allow me to be a little wonky here——

Senator GRAHAM. Okay.

Ms. YOUNG [continuing]. We do budgets 10 years. You require that of us. Defense usually plans on a 5-year basis, the future years' defense budget. So we absolutely do ramp up in accordance with that. And the rest of the 5 years is mechanical and I am sure we will revisit that in future years.

Senator GRAHAM. Yeah. You know, I have a lot of respect for you, and I voted for you enthusiastically. But not being wonky, this budget puts us on a path to spend less on defense, GDP-wise, in the modern history of America, and we are going to spend more on domestic spending at time when the world is literally coming apart. China is developing hypersonic missile capability. Their military is growing by leaps and bounds. You have seen what has happened in Ukraine, and I think Putin is not going to stop there, unless somebody stops him. The Iranian nuclear threat is going to reemerge again.

So I would just say, on the defense side, this budget has got it all wrong. That is just my opinion.

On inflation, how much of information increases are driven by energy costs?

Ms. YOUNG. It is a fair amount and it has increased since Russian aggression.

Senator GRAHAM. Yeah. In this budget you eliminate tax advantages for oil and gas companies when it comes to exploring for America on oil and gas. Is that correct?

Ms. YOUNG. That is correct.

Senator GRAHAM. Yeah. Are you aware of the calls by President Biden to get OPEC to produce more oil?

Ms. YOUNG. Senator, not in my lane.

Senator GRAHAM. Well, apparently he has called for, we are talking to Venezuela, we are talking to Saudi Arabia. We are even entertaining having Iran produce more oil and gas, and we are going out of the oil and gas business here. While I believe climate change is real, I think this budget would make the problems at the pump enormously worse, and I would like to urge the Chairman to bring the budget to the floor, dedicate some time, and let us talk about it and vote on it.

Thank you very much.

Chairman SANDERS. And thank you for staying within the five minutes, and I will ask everybody to do the same. You are right on time. Senator Murray.

Senator MURRAY. Thank you very much, Mr. Chairman. Director Young, good to see you. Thank you for joining us and for all the work that you and your staff went into delivering this really strong budget.

I was really pleased to see the President's budget lay out a plan that would lower costs for Washington State families and prioritize important investments that will help our communities succeed in the present and in the future, all by asking for giant corporations and the wealthiest to pay their fair share.

Now we have made solid progress, as you outlined, in rebuilding our economy from the pandemic, including the historic job growth, but it is clear, when I listen to people back in Washington State, that we have a lot more work to do, and the status quo is not working for working families, which is why Democrats have put forward really bold solutions as part of our reconciliation package, including our plans on childcare and pre-K.

I wanted to ask you, both as a new mom and as the nation's budget official, can you speak to how the Democrats' childcare plan, which is fully paid for, would lower costs for families?

Ms. YOUNG. One is the proposal the President put forward last year, Senator, and does this year, we believe to be fiscally responsible. We should pay for our proposals. We do that, and you have laid out how. We also believe that one way to deal with inflationary pressures is to deal with pocketbook issues, including childcare. Many families pay an exorbitant amount of their percentage of income just to take care of their child, and it is, we believe, one of the barriers to bringing women back into the workforce. So our proposal says families should not pay more than 7 percent of their income on childcare costs.

Senator MURRAY. I appreciate that and totally agree, and I think that proposal is absolutely critical to helping people get back into the economy, working again, and raising the economy for everyone.

This budget includes a lot of other important investments, from sustained public health and preparedness funding, putting us on a path to doubling the maximum Pell grant to support students, to a strong infusion of funds to support critical family planning work and boosting the supply of affordable housing.

I want to make clear how important I believe it is for Congress to prioritize making those types of investments and to also start working on completing the fiscal year 2023 bills right away. I am sure you agree.

Finally, I just want to raise a couple of critical issues from my state. I have raised these with you before. First, on the Hanford site. I am extremely disappointed again this budget would roll back the really important progress we have made to advance cleanup at Hanford. The proposed funding cuts in this budget would be totally unproductive, delaying the cleanup mission even further. I will be working to build upon the investments we made in the 2022 omnibus. I hope the Administration will partner with me on that effort.

Ms. YOUNG. And, Senator Murray, the reduction is a point of timing. The omnibus was finished recently. We absolutely want to work with you to at least maintain the levels secured in the omnibus.

Senator MURRAY. This is really critical funding so I hope we can continue this discussion.

And before I close, salmon recovery. I was really pleased to see, in the budget, strong funding for the National Oceanic and Atmospheric Administration (NOAA) and continued funding for direct recovery and habitat restoration, including the Pacific Coastal Salmon Recovery Fund. Saving our salmon is absolutely essential to Washington State's economy and to our cultural heritage. It is really an urgent undertaking. So I look forward to working closely with you on that as we make sure that the Federal Government is doing its part.

Ms. YOUNG. I happened to work for a Washington Stater for two years——

Senator MURRAY. I do remember that, yes.

Ms. YOUNG [continuing]. And have visited up and down the Puget Sound, and I understand the importance to the citizens of Washington State, especially our tribal partners, and you have an ally in me in ensuring salmon recovery in the Northwest.

Senator MURRAY. Thank you. Thank you very much, Mr. Chairman.

Chairman SANDERS. Thank you, Senator Murray. Senator Grassley.

Senator GRASSLEY. Thank you, Mr. Chairman. Congratulations on your appointment.

The President has touted his budget as fiscally responsible. It is not responsible. He attempts to take credit for cutting this year's deficit by $1.3 trillion. That is mainly the product of pandemic-era spending coming to an end. In fact, most of this so-called deficit reduction results from the President and majority in Congress going on a $2 trillion liberal wish list spending spree, stoking the flames of inflation.

So in the end, then, taking credit for deficit reduction resulting from discontinuation of irresponsible spending is comparable to an arsonist taking credit for containing a fire by refraining from dousing it with more gasoline. Even worse, the only reason the President and majority have not thrown more gasoline on the flames of inflation is because people like Manchin and Sinema had had enough and refused to go along. If the President and most of his party had their way, this year's deficit and future year deficits would be hundreds of billions of dollars higher.

Notably, the President's reckless tax and spending spree, which Democrats spent all of last year working to pass, is just a footnote in this budget. Yet even assuming the reckless tax and spending spree is not going anywhere, the President's budget still includes unprecedented levels of spending, of tax hikes, and deficit and debt.

Under the President's budget, spending would average 23.4 percent of our economy over the next 10 years. Historically, this is a level of spending previously only seen for brief periods in response to a recession or a national emergency or war. Moreover, his budget includes $2.5 trillion of tax increases that I think is going to be a job-killer.

Despite record levels of tax hikes, the budget fails to balance or even put our debt or deficit on a sustainable path. Our annual deficit, the amount that we would spend each year beyond what we take in as revenue, would exceed $1 trillion in each of the next 10 years, and reaches $1.8 trillion in 2032. Moreover, our public national debt climbs to 106.7 percent of our economy, which would be the highest recorded level of debt in our nation's history.

So while the President provides lip service to fiscal responsibility, his budget is the same old tired liberal tax-and-spend agenda with red ink as far as the eyes can see.

Director Young, the President has touted his budget as reducing the deficit by $1 trillion. However, his budget does not account for any of the spending or tax hikes in his so-called Build Back Better plan. Instead, it establishes a reserve fund for its enactment on a deficit-neutral basis. From this, is it safe for me to assume the Administration would oppose, then, any revised version of the Build Back Better plan that CBO does not score as deficit-neutral?

Ms. YOUNG. Senator Grassley, thank you for that. We are putting forth goals for legislation the President still calls on. It needs to reduce costs for the American people, it needs to expand the productive capacity of our economy, and it needs to reduce the deficit. We are holding enough revenue, we believe, to do a version of the proposal, as Congress works on the legislation. But what you see here, in the budget, is an effort not to get in front of those negotiations. But we are. We believe it is fiscally responsible to hold enough revenues to allow those conversations to go forward.

Senator GRASSLEY. So yes, if such a plan, a revised plan, comes out it is yes, that it would have to be budget neutral?

Ms. YOUNG. At least budget-neutral, and the President's personal goal is that it be deficit-reducing.

Senator GRASSLEY. Okay. My last question will have to be this. I have got 18 seconds.

Even without inclusion of any spending or tax increases from Build Back Better, government spending and revenue are projected to be at a near-record high under the President's budget. Is the President still going to push for a revised version of Build Back Better to be enacted? If so, how much more spending and tax can the American people expect? Is it $1 trillion or more, $2 trillion more, et cetera?

Ms. YOUNG. Senator Grassley, the President remains committed to a bill that reduces childcare, health care, energy costs. But he does believe it should be paid for through tax reform.

Senator GRASSLEY. Okay. Thank you, Mr. Chairman.

Chairman SANDERS. Thank you. Senator Stabenow.

Senator STABENOW. Well thank you very much, Mr. Chairman, and Ms. Young, it is wonderful to see you again. I so appreciate all of your hard work, and I very much support the budget that the President has put forward. And I will be happy to vote on it, so I appreciate it.

Let me first start, though, by saying that just like President Obama inherited the biggest financial crisis since the Great Depression and had to dig our country out of it, President Biden inherited a mess. He inherited a mess. Over 424,000 people died of COVID before he was even sworn in. And if there had been competent, responsible actions by the Trump administration at the very beginning, this would be a very different story for Americans.

President Biden also inherited a $7 trillion—trillion—increase in our nation's debt from just four years in the Trump administration, and he inherited a global economic shutdown that we have not seen in our lifetime that has led to supply chain breakdowns and prices rising. As horrible as it is to see the inflation we have, I am not surprised, Mr. Chairman, to see, when we are trying to get the economy going again, that this has happened. And I appreciate all the efforts on supply chains to get things up and going again, and our focus, as a caucus, to bring down costs.

The President's budget builds on the strongest economy in decades, as you said, by making investments that will help create jobs, will lower costs for people, and reduce our deficit. So I believe this budget is worth celebrating.

But unfortunately, I know Republican colleagues today, Mr. Chairman, will demonize the budget. So I think it is important to look at what the alternative budget proposal is, that they will support, from the Republican side. So our Republican colleague, Rick Scott, who is on the Senate Budget Committee, a member of the Republican leadership, has offered us key pieces of a Republican budget, what would they do if they were in the majority.

So under their plan, all Federal laws sunset in five years, and, of course, if you think about it, the implications of that are shocking. I mean, that would mean an end to Medicare and Social Security, an end to Medicaid, which provides health care coverage for 86 million Americans, including our seniors and nursing homes. It would mean the end of the Veterans Administration, taking away all the health care and other support for people who have served our country. Under this Republican plan, middle-class families would see their taxes go up $100 billion this year alone. In Michigan, 38 percent of my constituents would see a tax increase. And there is so much more in here. I could go on and on.

You know, President Biden has a great expression that I think is fitting for today. He says, "Show me your budget and I will tell you what you value." And through his budget request we know President Biden's values and Democratic values and who we are fighting for. And thanks to Senator Rick Scott, the head of the Senate Republican Campaign Committee, we also know what Republican colleagues value.

So let me now turn to the specifics in the budget. This President has proposed the largest increase in support for mental health and addiction services ever—ever—since President Kennedy signed the Community Mental Health Act in 1963, which was his last official bill-signing. And so I want to say thank you to him through you. Thank you for working with me. Thank you for working with Senator Blunt and I on our bipartisan efforts to expand community behavioral health clinics across the country, evidence based, bipartisan efforts, now being fully implemented in 10 states. And I want to thank you for expanding this across the country. It is so needed, and certainly COVID has shown us the incredible needs that families have.

So, Ms. Young, could you talk more about why the budget proposes a nationwide expansion of this bipartisan program?

Chairman SANDERS. You have 30 seconds to do it.

Ms. YOUNG. With 30 seconds I want to thank Senator Stabenow and Senator Blunt for their tireless efforts to address what really is a crisis, the mental health crisis. The budget proposes reforms to health coverage that I spoke about earlier, and makes major investments to the mental health workforce. This comprehensive set of proposals will improve access to mental health treatment and strengthen the mental health provider workforce to respond to what is absolutely a crisis.

Senator STABENOW. Thank you. Thank you, Mr. Chairman.

Chairman SANDERS. Thank you very much. Senator Toomey.

Senator ROMNEY. He is not here, so Senator Romney, I think.

Chairman SANDERS. Is Senator Toomey here virtually? [No response.]

Chairman SANDERS. I have, on the Republican side, Senator Scott next.

Senator ROMNEY. Senator Romney is next.

Chairman SANDERS. All right. In that case, Senator Romney.

Senator ROMNEY. Thank you. Thank you. Thank you. I appreciate you being here, but I am going to come over to this point. This is a slide—I do not know whether you have seen this, Mr. Chairman. I am sure you have and other members have. This shows the debt held by the public. It is not total debt. This is debt held by the public in our country, historically, going back to 1900, and where we are today. And the debt held by the public is approximately 100 percent of the GDP of the country.

The last two countries that got into real trouble and had an almost collapse of their currency and their debt were Greece and Italy. Greece reached almost the same number, about 105, and Italy about 108 or 109 percent of GDP.

If you look at the budget that you have provided to us, you take us to 200 percent debt as a percentage of the GDP. Now I do not know what you all believe that does. I am just going to make sure the Chairman also gets a chance to see that, which is, here is the level of debt that Italy had. Greece got into financial distress. We are at 100 percent of GDP right now. According to this budget, we get to 200 percent of the GDP of our debt held by the public.

Now I am a financial guy, and I know that if something like that happens there will be economic calamity. People will stop loaning money to the United States. Interest rates will go through the roof. We are not talking about going up to 2, 3, 4, 5 percent. We are going up to like what happened in Greece and Italy.

So at some point there is a dramatic departure from what we have all experienced. I do not know what that point is. I asked financial people who really have more financial than myself, where does it happen? When is it that we hit the cliff? Do you have a sense of what level of debt you just cannot go beyond as a percentage of GDP, debt held by the public? Do you have any sense of what that is?

Ms. YOUNG. And, Senator, if I can, what I have is the percentage of GDP is about 106 percent in 2032. So I just wanted to start with a difference in a fact here.

Senator ROMNEY. This goes out to 2050.

Ms. YOUNG. Our budget goes to 2032.

Senator ROMNEY. The CBO takes it all the way out.

Ms. YOUNG. We believe the way to look at debt is what it costs to service the debt. We believe that remains at a historic low rate and does not crowd out other investments. So we do not end up in the same situation as you saw in other countries.

Senator ROMNEY. I see. So you just look at how much it costs——

Ms. YOUNG. To service the debt.

Senator ROMNEY [continuing]. To service the debt. So what would you have said that every other country that has gotten to this level that has an economic collapse, that they were just wrong?

See, what happens is when people are afraid you cannot pay back the debt because of how high it is as a percentage of your economy, they start asking for a higher interest rate. And when they do so, the amount you are having to spend to service the debt gets to be back-breaking. Every major civilization that has gone down this path has ended up having their currency no longer become the reserve currency of the world and have economic collapse. We simply cannot continue on a road of adding $1 trillion of debt every year.

Let me look at the other slide. Oh, it is probably behind me. Oh, there it is. My colleague is behind me.

In every single year in your 10-year forecast you are showing deficits of over $1 trillion a year. I do not know how, when the economy is doing well, we can keep adding $1 trillion a year to the debt without at some point reaching calamity.

And so does the Administration have a plan to deal with this? Is there some way we can stop these trillion-dollar annual deficits and putting us on a road to financial distress?

Ms. YOUNG. Senator, we are doing it—$1.3 trillion in deficit reduction this year.

Senator ROMNEY. Well, I am sorry. The Democrats passed a massive COVID bill. COVID was an extraordinary event, and we passed a lot of money to help people through that. Is there any reduction in spending that the Administration has proposed other than COVID spending in this new budget?

Ms. YOUNG. COVID spending costs are just as any other spending, and this President, had he not done the American Rescue Plan (ARP), many economists, including Moody's, who——

Senator ROMNEY. I——

Ms. YOUNG [continuing]. Days ago believed we would be in a double-dip recession.

Senator ROMNEY. I am all in favor of COVID spending. I think ARP and the amount of money that was sent to states, when states did not need it—I mean, I think these numbers just—round about, California had a $60 billion surplus last year, and ARP sent them $40 billion more. And the waste in ARP, as well as other programs, is unbelievable.

But I know my time is up. I make the point that if you look at what you are doing over this budget, you are seeing that all of the increases in mandatory programs, the massive increases in mandatory programs, and if we are ever going to get a handle on our debt we are going to have to find a way to either increase revenue, which I do not favor, or find a way to adjust our long-term benefits, not for current retirees but for young people coming along. We have got to be able to find a way to balance these programs or we are going to find ourselves in a heap of trouble.

Ms. YOUNG. And, Mr. Chairman, if I could say——

Chairman SANDERS. Senator Whitehouse.

Senator WHITEHOUSE. Thank you, Chairman. On the continuing subject of economic calamity, and with respect to climate change, have most of the world's major central banks warned about a carbon bubble that could burst and damage the world economy?

Ms. YOUNG. You and I have talked about this. I believe around 18 percent retraction is an estimate out there that would be catastrophic to economies.

Senator WHITEHOUSE. And separately, have Freddie Mac, the big American mortgage company, and others, warned of a coastal property values crash related to climate and sea level rise that would cascade through the entire national economy?

Ms. YOUNG. Senator, I know you know this more than anyone, given the state you are from. But it is an absolute crisis waiting to happen.

Senator WHITEHOUSE. And are those not both the sort of economic crises that come on suddenly, with a sudden collapse? It is the nature of bubbles and crashes when things go wrong, that it happens catastrophically and dramatically, is it not?

Ms. YOUNG. That is correct. But we do know it is coming, which is why we have to do something about it.

Senator WHITEHOUSE. Precisely. Thank you for making that a point in this hearing.

With respect to mental health, does the Administration agree that children's mental health and addiction-related mental health issues, recovery, and police encounters with individuals involved in mental health crises are three important places to focus new investment in mental health?

Ms. YOUNG. Thank you for asking that. The mental health proposal does many things. It not only is the right thing to do for those suffering from mental health issues but it helps in our community violence issues, and it also helps with our addiction issues. So there are many reasons to make major investments.

Senator WHITEHOUSE. With respect to the billionaire minimum income tax, I would just like to propose to you that you keep your mind open to the prospect of the so-called Buffett rule, supplementing the billionaires' minimum tax.

It has very broad support and it relates to people who make—it starts when you are making over $1 million a year and it kicks in fully when you are making $3 million a year, and it is, again, a basic minimum tax, to make sure that people who have those kinds of resources are not paying a lot of lawyers and lobbyists and tax advisors to end up paying lower tax rates than firefighters and nurses and teachers.

Ms. YOUNG. We will absolutely keep that in mind.

Senator WHITEHOUSE. And my last point, again coming from Rhode Island and speaking on behalf, I think, of many coastal states, we have discussed this already but the U.S. Army Corps of Engineers has a very significant account that is called its Inland and Coastal Spending Account. And it has run an average of $1.36 billion for inland projects, compared to $113 million for coastal projects. So for every dollar that this fund sends to inland flooding projects it has only a penny—only a penny—or less available for coastal flooding projects. And this is obviously a matter of great concern not just to Rhode Island but to coastal states everywhere. I think our friends from Louisiana are seeing the highest rate of coastal loss and erosion of any state in the country.

And the fixation of the Army Corps only on inland flooding, with sea level rise and storm surge making the risk to coastal communities so much worse is something that I would urge this Administration to address. It is not addressed in this budget. I think as a policy matter we need to figure out how to get more revenues to coastal communities to deal with the threats that they are looking at, that a decade ago, 20 years ago, people would have thought were unfathomable, but are now so real that entities like Moody's are baking that into their rating for communities' debt.

Ms. YOUNG. And, Senator, I have told you privately and I will tell you publicly, we will talk to Army Corps about this. But also you have my commitment to talking to and working with the Appropriations Committee. The budget is the beginning of the process, so we have a long way to go before this is enacted into law.

Senator WHITEHOUSE. Dollars for inland compared to pennies for coastal does not seem fair.

Thank you, Chairman.

Chairman SANDERS. Thank you very much. Senator Toomey.

Senator TOOMEY. Thank you, Mr. Chairman. The President's budget message to Congress states, and I quote, "Critically, my budget would also keep our nation on a sound fiscal course," end quote. But that is just flat-out false. Our nation is not on a sound fiscal course, and it has not been for quite some time. After reviewing this budget request it is clear to me that the President's budget would worsen our nation's fiscal health.

The Biden budget proposes $72.7 trillion of total spending and $58.3 trillion of total revenue over the next 10 years. That results in $14.4 trillion of total deficits. Publicly held debt balloons in this budget, from over $23 trillion currently to $40 trillion by 2032, and that assumes no recession, no unforeseen emergency spending like the trillions in COVID relief of 2020.

If you want to really gauge whether this budget actually restores fiscal sanity we ought to compare it to current law, at least for a starting point. Specifically, CBO's July 2021 budget baseline is a good place to start. Let us look at total deficits from a comparable time period, 2022 to 2023 in the Biden budget versus what is projected under current law.

So under current law, CBO says that the cumulative deficit over this period of time will be $12.1 trillion. The Biden budget calls for $14.1 trillion. So how does making the 10-year budget deficit window worse, by $2 trillion, despite huge tax increases, how does that put us on a stable or sustainable path?

President Biden's boastful claim about reducing the 2021 and 2022 deficits compared to 2020 is completely disingenuous and totally context-free. In 2020, Congress passed five bills to respond to the public health and economic crisis posed by COVID. The unprecedented emergency spending of those bills resulted in $3.1 trillion of budget deficit for 2020 alone.

Of course, it is important to remember that money was intended to be spent in 2020. Then the Democrats come along and pass the bill in March 2021, full of partisan policy priorities almost completely unrelated to COVID, and they add $2 trillion to our deficits, at a time when there was no economic justification, no need for that massive spending.

Now our Democratic colleagues brag about the 2021 deficit being lower than 2020, but completely omit that their partisan bill actually made the 2021 deficit $1.2 trillion worse than it otherwise would have been, and that that bill has subsequently proven to be a significant contributor to the 40-year high inflation that our country is experiencing. The decline from 2020's record-high deficit should be attributed to the expiration of the extraordinary, unprecedented spending that was in response to COVID.

I have plenty of other reasons to reject the claim that this budget is somehow fiscally responsible. It calls for a 14 percent year-over-year increase in non-defense. This big, massive increase in the Federal bureaucracy and the welfare state, well beyond even current inflation. Meanwhile, the budget calls for an inflation-adjusted cut to our defense budget. The budget calls for only a 4 percent nominal increase in spending, which is an unrealistic and dangerous level, considering inflation running much higher than that and a very dangerous situation around the world that we are reminded of continuously.

It also, of course, proposes nothing at all to address the looming insolvency and the generally unsustainable growth of Social Security, Medicare, and Medicaid, which now account for 50 percent of total spending.

It also hides the true cost, yet again, of the various tax-and-spend proposals featured in the so-called Build Back Better plan, some version of which is still contemplated by the Administration.

So Director Young, let me ask you a couple of questions about tax hike, because there are a lot of tax hikes proposed in this bill. Do you know what percentage of the country's total income the top 1 percent of wage-earners earn, approximately?

Ms. YOUNG. Senator, we know that, for example——

Senator TOOMEY. Look, I have got almost no time. Do you know the answer to that question? It is a very specific question.

Ms. YOUNG. I think the specific thing we would like to highlight is that 400 of the richest people in this country are worth more than $150 million——

Senator TOOMEY. I know you have got lots of talking points, but I did ask a specific question. Since you refuse to answer it, I will answer it. The top 1 percent of wage earners earn about 20 percent of all the earned income in America.

Do you know what percentage of the total Federal income tax burden those same people pay?

Ms. YOUNG. We know what percentage of their income they pay, and it is——

Senator TOOMEY. The answer is 40 percent. So the top 1 percent make about 20 percent of all the income, pay about 40 percent of all the taxes, and you and the President's budget say that that is not their fair share, that their fair share must be much higher.

So, Mr. Chairman, my point in this is, I am quite sure that we will not hear what the fair share would be, if paying twice the proportion of the income earned is not a fair share, and it makes middle-class Americans wonder just what kind of tax increase you are going to hit them with to make them pay their so-called fair share.

Chairman SANDERS. I would just remind Senator Toomey that most of the billionaires in this country do not earn wages. They make their money elsewhere.

Senator Warner.

Senator WARNER. Thank you, Mr. Chairman. And as someone who probably——

Chairman SANDERS. Make it a little bit louder if you could, Mark.

Senator WARNER. As someone who had been blessed and lucky enough to fall into that 1 percent, I think I am paying a fair share, but I agree with the Chairman. The truth is our system allows massive amounts of wealth accumulation. We have seen it dramatically during COVID, and we have got to find a way that some of the wealthiest Americans in our country do pay their fair share. And, you know, I believe the focus of some of the President's proposal is not even actually on the 1 percent but the 1/10th of 1 percent, and I think the numbers there, in terms of share of wealth and amount of taxes paid, unfortunately, are pretty dramatically different.

Director Young, first of all it is great to call you "director," not "acting director," and I appreciate the very important work you have done. I want to get to two questions during my time.

You know, we all know that one of the things that is driving inflation is a shortage of housing supply. Home prices, we know, have more than doubled. Rents are up about 14 percent. But we know there are still enormous, particularly on low- and moderate- and particularly low income housing, enormous amounts of shortages in this area. It is one of the reasons why, on the Banking Committee, where I work with Senator Toomey and Senator Brown and others, we have looked at this issue.

I was glad to see, in the President's budget, that you took on the issue of affordable housing supply, and obviously will be discussing this with the Department of Housing and Urban Development (HUD). But can tell me a little bit more, Director Young, about the Administration's proposal here on housing supply, particularly for low-income Americans?

Ms. YOUNG. Thank you, Senator Warner, and I know you have worked hard on this issue. What we found is we often put proposals that dealt with the demand side—vouchers—and we would often look at the statistics, the vouchers were not used. What we really have in this country is a supply issue in affordable housing. This bill would invest $50 billion through direct spending, incentives to state and locals to improve many of the barriers there are to building affordable housing, and also tax credit system that would encourage the building of affordable housing.

Senator WARNER. I appreciate that and look forward to working with you and HUD on this issue.

I want to take my last two minutes and go to an issue that is also near and dear to my heart but kind of nerdy, and that is questions around the Technology Modernization Fund (TMF). I think if we look back at, frankly, working with Secretary Mnuchin, where we had to be very creative, and actually the Chairman and I had, I think, a better plan on income replacement during COVID, that would have been fairer and more balanced. It is not often that the Chairman and I find such complete agreement.

But instead we ended up with a fairly blunt instrument put forward by the Trump administration of a $400-a-week plus-up on unemployment insurance. And it was arbitrary, and a lot of that was due to the fact that we did not have the technology to be able to do the kind of income replacement that some of our European partners did instead.

We continue to underinvest. And while I think the Administration has moved forward a bit on Technology Modernization Fund, I hope we can add more to this. If we are going to make Federal Government more efficient and more transparent and hit the goals of following the money, we are going to need IT systems that match 21st century. IRS is a classic example. We have talked about that a lot.

But can you talk a little bit? We made some progress in the American Rescue Plan, but can you talk about the IT and technology modernization needs that you have to oversee from OMB?

Ms. YOUNG. So quickly, the TMF, we were oversubscribed. The ARP provided $1 billion. We received about $2 billion in applications from agencies who are in desperate, dire need of technology upgrades. The government is not keeping up. It makes us less safe to foreign actors, including some terrible breaches we have seen in the recent past. Also, we are not providing the services that the American people deserve.

Senator WARNER. Well, I appreciate that, and again, the Chairman and I worked on, I thought, a more direct plan to help Americans. I hope we can still put some of those plans in place going forward, so if we ever have the kind of crisis we had around a COVID-type experience we have a more efficient system in place.

Thank you, Mr. Chairman.

Senator KAINE [presiding]. Thank you. Senator Braun.

Senator BRAUN. Thank you, Mr. Chairman.

Ironically, it was right after I got here Senator Warner and I had a discussion about what is that level of government spending at the Federal level that would be acceptable to his side of the aisle. He always referred to the Europeans.

I want to cite a couple of statistics. On our revenue side, if you go back 50 years, we average 17 to 18 percent of our GDP. High rates, we have lower economic growth. Low rates, like pre-COVID, through the Trump tax cuts, we had better economic growth. But it almost immutable that we are there.

This budget, I think, is at 25 percent of current GDP. I mean, that is a quantum leap, even above the European model. And you have got record taxes embedded into it as well.

And I have got several questions for you so please keep them as short as you can. Do you have an ideal rate that you would like to see the Federal Government as a percentage of our GDP?

Ms. YOUNG. Revenues or debt?

Senator BRAUN. Spending.

Ms. YOUNG. We believe as long as you are putting forward proposals to pay for that spending we should not look at the percentage of GDP, but you should pay for your proposals.

Senator BRAUN. Are you willing to go to a European level where a government would get that much larger and try to force the system to pay a tax rate that it has never been able to do in past history to support it?

Ms. YOUNG. We believe we should invest in the American people as a percent of GDP. Non-defense, we talked about a lot, remains below the historic GDP level.

Senator BRAUN. And I think we all do too. It is just that you cannot do it on this paradigm that goes broke in the long run.

Do you know what interest rates were roughly back in 1978, say for a home mortgage?

Ms. YOUNG. I was 1, so you will excuse me if I do not remember that.

Senator BRAUN. You would not remember it. That is true. I will tell you, it was 10 percent, and early into the '80s they got up to right under 20 percent, and that was due to the evil that has been unleashed, inflation, currently. It took interest rates into that level to get inflation back to where you take the tax that robs everyone back in order. That is something that we need to be concerned about, because currently we are at 8 percent, and even pre-COVID we were at 2.5 percent, it was stable, and that is something that we need to be worried about.

Where do you think, when it comes to the size of the—not the revenue size, which we have talked about, on spending? Do you think that it needs to be reprioritized in any way? Because currently this budget is calling for, I think, a 14 percent increase on domestic spending, only 4 percent on defense.

Ms. YOUNG. Thank you so much——

Senator BRAUN. It seems out of proportion.

Ms. YOUNG. Thank you for that. I will remind everyone the non-defense side includes our commitment to our veterans, the FBI, the Department of Homeland Security. There are absolutely critical—the State Department—critical security elements in the non-defense side.

Senator BRAUN. So I think then, with the short amount of time we have left, it comes back to the theme of what I think Senator Romney was talking about, and many. For as many people, in my short time here, that come to the Federal Government, expect it to have its house in order. And when you are proposing something that would go way beyond, I think, what most other Senators on the other side of the aisle would think that is sustainable, a Federal Government 25 percent of our GDP, how do you think we can do that, be there for all the people that do look to it, when you have got like the Medicare trust fund that completely goes bust here in 4.5 years, Social Security, which we have actuarially known, the same thing, paying into since the Depression era, here in about 11 years? How does that all work out to where any of this will be there for the people that need it the most down the road?

Ms. YOUNG. Senator, we may disagree on how the President wants to pay for his proposals but he believes the way to deal with this is to invest in the American people while also asking the wealthiest and corporations, many of whom do not pay any tax in 2020, to pay at least what firefighters, nurses, and teachers pay, as a part of their tax income.

Senator BRAUN. So, in summary then, I think it looks like he thinks the solution, long-term, is to change our economy into one driven by the Federal Government, that is going to be larger than even the European economies that at least balance their budgets, and you are going in the face of historical data that we are the unique system where we generate the most prosperity of any country, and there is no arguing about it, it needs to be looked at who is benefitting from it, would share a lot of ideas I think that would be similar in terms of trying to make that more broadly felt. It runs the system into the ditch in the long run because it defies history in that you will never be able to pay for it, and to me that is a bad plan.

Thank you.

Senator KAINE. Director Young, good to have you with us. Congratulations on your recent confirmation.

I want to highlight some points that you made in your opening but that I think bear repeating. Current trends. Jobs are booming. When the President was inaugurated, unemployment was at 6.4 percent. Today it is 3.8 percent. More than 7 million jobs have been created in 13 months.

Number two, the economy overall is growing. Our economy grew by more than 5.5 percent from the end of 2020 through the end of 2021, the best year for growth in the last four decades in America, and we have strong opportunities in 2022 as well.

Workers are taking advantage of tight labor markets to switch jobs and getting raises. Wages are growing faster than they have in years, and in particular, wages for many people who work in some of our lower-paid sectors have done particularly well.

So these are three very, very strong economic trends. I do not hear enough discussion of them, but that just means we need to talk about them more.

There is a fourth trend that is troubling, and that is the inflation trend. We are seeing higher inflation than we have. It is often connected to an economy that got constricted pretty significantly in supply chains that got disrupted during COVID. The economy is coming back with strong demand and the supply has not completely caught up to it, and so those disruptions are a significant reason for inflation.

But I guess what I want to applaud you for is I think you put a budget on the table that tries to take advantage of the three strong trends and accelerate them but also offers us some thoughts about how we can deal with the fourth trend.

So on that issue of inflation, the challenge that we are grappling with, is inflation a problem that is unique to the United States right now?

Ms. YOUNG. It is absolutely a global trend. The pandemic was a global issue. We see most countries coming out of the pandemic with the same inflationary pressures.

Senator KAINE. What are the key features of the President's budget to try to help deal with inflation, or in particular, just pocketbook costs that Americans are experiencing, both kind of in the near term and then down the road?

Ms. YOUNG. And I want to remind everyone that the Fed really, and the wisdom of our system, put monetary policy outside of the political process. So they really have a lot of the tools with which to deal with inflationary pressure and they are using them. This President believes in ensuring he does not interfere with the Fed decisions.

But what we are trying to do, from the Administration, we are asking you to take a look at, is improve our supply chain issues. We have seen the issues around the ports in this country where ships are backed up. That is why—thank you for the infrastructure bill—we are putting resources into our port systems. We are also working to get more truckers on the road. We have an issue driving things to stores. That is increasing inflationary pressures.

We are also investing in the Federal Trade Commission (FTC) and Department of Justice Antitrust Offices to ensure there is competition in this country. We believe lack of competition raises prices.

So those are the things we are asking you to take a look at as part of this budget to deal with inflation. And one more, sir. The President continues to call on Congress to send him a bill that lowers costs for Americans, lowers childcare costs, lowers health costs, lowers energy costs.

Senator KAINE. If we can lower childcare costs, if we can lower cost of prescription drugs, if we can lower health care premiums, I mean, these are three of the big-ticket items that take a bite out of people's pocketbooks. We need to do that, and I am very committed to working with my colleagues together to do it.

The last issue I will ask you about, Director Young, is mental health investments and also criminal justice investments. I had a series of meetings last week with communities in southwest Virginia that really suffered with gun violence issues. You know, it is a point of sadness for me that after having dealt with a lot of gun violence issues as a mayor and then as a governor we have not been able to do anything credible on gun safety during the time that I have been in the Senate. It is my hope that we will.

But setting that aside, talk a little bit about some of the criminal justice investments that this budget would make to help us deal with crime issues, but also the mental health investments that the budget would propose as we are dealing with the aftermath of two very difficult years for most Americans.

Ms. YOUNG. Thank you, Senator Kaine. The President made clear in his State of the Union he believes the police are a key to dealing with our violence issues in our communities. But he also believes they need to be community-oriented, deep into the communities. This budget invests $2.3 billion, a 32 percent increase, for the Department of Justice over 2021, to address gun violence. We also invest $1.7 billion, almost a $250 million increase, for the Bureau of Alcohol, Tobacco, Firearms, and Explosives (ATF) to follow the guns. Guns often end up in the hands of criminals.

So this budget also believes we are putting forth an issue for community violence reduction, not just the Department of Justice (DOJ) but the Department of Health and Human Services (HHS).

We need those wraparound services. And I think you have heard us talk about our big mental health push to ensure that mental health coverage is treated the same way as physical coverage. All of those things are interrelated.

Senator KAINE. Thank you, Director. I will next call on Senator Scott and return the chair to the Chair. Thank you, Chair.

Senator SCOTT. Thank you, Chair. Good morning, Director Young.

Ms. YOUNG. Good morning.

Senator SCOTT. You see the number behind me, the budget, the $5.8 trillion. Do you have any idea what the budget was, by chance, 20 years ago?

Ms. YOUNG. I do not.

Senator SCOTT. It was $1.4 trillion, 20 years ago. So how much do you think the population has increased in 20 years? What is your guess?

Ms. YOUNG. Percentagewise, 20 percent.

Senator SCOTT. Yeah, 16. So think about this. The budget is up four-fold and the population has only gone up by 16 percent. How does that make any sense?

Ms. YOUNG. Senator, I think many people would tell you, included in that number, the bulk of that number is Medicare, Medicaid, Social Security. We have structural issues in this country, including the aging of our population. And you are right. The President is not putting forth a proposal that would cut those benefits. He is not going to do that.

Senator SCOTT. So how do you think it is sustainable? I mean, four-fold, with the population increase, and in your budget the population has increased in the last year 1/10th of 1 percent, and your budget is up 7.4 percent, overall. I mean, when do we not just stop working?

Ms. YOUNG. Senator, this budget is fully paid for. I understand if you disagree with the way the President pays for it through taxing the wealthiest and corporations.

Senator SCOTT. I am just talking about the numbers——

Ms. YOUNG. He is paying for the investments in this budget.

Senator SCOTT. The numbers are staggering.

Ms. YOUNG. Most of the increase is because of our entitlement programs. And you are right. The President is not going to put forth a budget that cuts those benefits.

Senator SCOTT. So what is Consumer Price Index (CPI) now?

Ms. YOUNG. CPI is close to 7 percent.

Senator SCOTT. Yeah, 7.9 percent. And producer price index (PPI), 10 percent. All right. So in your budget you think that within a few months it is going to go down to 2.9 percent. Do you have data that would suggest this is going to go down to 2.9 percent, like that?

Ms. YOUNG. No, Senator.

Senator SCOTT. Every month that President Biden has been in office the inflation has increased. It has not gone down. It has increased.

Ms. YOUNG. You are absolutely right, and what I was going to say is to get a budget to you to start this lovely dialogue we locked those inflation and interest rate numbers in November, and inflation has absolutely changed since that happened. Our long-term forecasts, however, do remain in line with private forecasters.

Senator SCOTT. So what is going to change? What are you doing? As an example, probably the biggest problem we have got right now is energy prices. What in this budget is going to get energy prices down? If energy prices do not come down we cannot get inflation down, period.

Ms. YOUNG. One, I will remind everyone energy prices, prices at the pump, are market driven. We are a capitalist society. The market decides the amount. It has gone up by $1 since Russian aggression. The President has called on oil and gas companies to ensure that they are pricing things fairly.

Senator SCOTT. Ms. Young, with respect, you know, it went up before the invasion too.

Ms. YOUNG. But one dollar since.

Senator SCOTT. It went up over $1 before the invasion. I mean, it was not caused because of the invasion.

So you talked about the Federal Reserve. The Federal Reserve has indicated it is going to raise interest rates this year, right? And so if they are going to increase interest rates this year, what is the duration of the Federal debt right now? Do you know?

Ms. YOUNG. We have talked a lot about that. We do not typically use that term in budget and economy that I believe you are referring to how long it pays off the debt. That has as much to do with the policies made in this Congress as anything else. So I do not think that is a phrase that many of us use in budget terms.

Senator SCOTT. I think we use in budget in Florida. We used it—how long is our debt out? So locked in our debt so we could lock in our interest rates, and my understanding is under your budget you do not lock in interest rates, and so you are subject to this increase that the Federal Reserve is going to do in interest rates this year. Is that not right?

Ms. YOUNG. Well, as a reminder, the Federal Government is different than state governments. We can carry debt. We budget very differently than state budgets.

Senator SCOTT. But you could lock it in. You could lock in the duration of your debt so you know exactly what interest expense was going to be. And you decide not to do it because short-term rates right now are a little bit lower than long-term rates.

But what are you going to do when interest rates go up? I mean, how are you going to pay for this?

Ms. YOUNG. You will be happy to know our budget actually does include an assumption that interest rates go up.

Senator SCOTT. Not by much.

Ms. YOUNG. In line with private forecasters.

Senator SCOTT. So we have got $30 trillion worth of debt, and you are projecting another $14 trillion worth of debt. What is the max? I mean, you are taking it to almost $45 trillion in the next 10 years. When does this end? When can we not pay this anymore?

Ms. YOUNG. Again, the bulk of this is entitlements. And you are right. The President is not forward a proposal to cut those, and we believe the debt is manageable as long as the cost of service——

Senator SCOTT. Ms. Young. You are the OMB director. You have to fix these things. You cannot just say it is not going to matter. You have to fix it. Thank you.

Chairman SANDERS [presiding]. Thank you very much. Senator Van Hollen.

Senator VAN HOLLEN. Thank you, Mr. Chairman. Thank you, Madam Director, for your testimony. Congratulations on your bipartisan confirmation vote, and thank you for working with the President to put forward a budget that will help grow our economy but do it in a way that is more inclusive, so we have greater prosperity and greater shared prosperity.

And I just want to emphasize a couple points in the budget that have been covered already but I think they bear repeating. First of all, the initiative to reduce the cost of prescription drugs. You know, the Senator from Florida was talking about how we can make savings in some of these programs. We could save the Medicare system money by giving Medicare the ability to negotiate the price of prescription drugs. Is not that true?

Ms. YOUNG. Some estimates are $600 billion, as high as $800 billion in savings.

Senator VAN HOLLEN. Right. So this is a win-win, right? We can reduce the cost of prescription drugs for American consumers and we can save money in Medicare.

Ms. YOUNG. Correct.

Senator VAN HOLLEN. I also applaud the provisions in the budget to reduce the cost of quality childcare. This is something that is hitting every American family. We need to get on top of this. We have proposals that we presented here in the Congress. Unfortunately, our Republican colleagues have not joined us in supporting those measures. If they did, we could get this done right away.

I also, you know, continue to listen to my Republican colleagues on the deficit issue, and at the same time they talk about the deficit they are opposing the measures in this budget to increase revenue by asking the biggest multinational corporations to pay more by closing international tax loopholes. Is that not how you do it in the budget?

Ms. YOUNG. That is correct.

Senator VAN HOLLEN. And do you not ask billionaires and very wealthy people to contribute more to the country?

Ms. YOUNG. Correct.

Senator VAN HOLLEN. Right. So, you know, people want to have this both ways. I was here on this Committee when Republicans passed a $2 trillion tax cut, mostly for the very wealthy and big corporations, that increased our deficit. And now today I hear complaints about the deficit but opposition to provision to raise funds by asking the very wealthy to pay a little bit more.

I want to also commend you especially with respect to some of the education investments in this budget. One of the things I have tried to do for many, many years was to have full funding for our schools, especially our neediest schools, through Title I. And in this budget I think you would double the allotment for Title I compared to what we just passed in the omnibus. Is that correct?

Ms. YOUNG. We go a little further. We ask for about $19 billion more between discretionary and mandatory. But I want to thank you and everyone else for the $1 billion investment in Title I. We have not seen that level of increase since I have worked on that program, for many years, so thank you.

Senator VAN HOLLEN. Well thank you for pushing that, and the President. We have got to do even more, and I applaud you for putting some mandatory funding in. I think this may be the first time ever we have seen a President propose mandatory funding. My view is our education funding should be as certain as funding for other mandatory programs, because we need to make sure that our kids and our schools know that money will be there, year for year, at the levels that are necessary.

Let me just now turn to the issue of the apportionment process. And one of the things I have worked to do on a bipartisan basis is to improve accountability in the budget process by requiring the Executive to report on the apportionment, the spending and timing of spending of monies that Congress has appropriated. And you are moving forward on that process, are you not?

Ms. YOUNG. We are. We met the first timeline. The Approriations and Budget Committees have access to the system.

Senator VAN HOLLEN. Thank you. No, I know no Executive really likes Congress to interfere in this way. I do not see it as interference. I see it as a very important public disclosure process. I was glad that this Committee supported that provision on a bipartisan basis years ago, and we included this provision, as you know, in the omnibus.

And I want to remind people that this would have been really important during the Trump administration's time when they withheld money for weapons for Ukraine. So for months they secretly withheld money that this Congress appropriated to help in the defense of Ukraine. In fact, they withheld it for so long that they violated the law. That is what the Government Accountability Office (GAO) found, that they violated the law by withholding monies that had been appropriated by the Congress. And I think as we reflect on the current moment in Ukraine, it is important to remember that episode. And I am pleased that we now have in place measures that would address that issue through the disclosure process.

Thank you, Mr. Chairman.

Chairman SANDERS. Thank you, Senator Van Hollen. Senator Luján.

Senator LUJÁN. Thank you, Mr. Chairman. To our Ranking Member as well, thank you for holding this important hearing today. Ms. Young, thank you for being here. It has been an honor to work with you and to learn from you throughout the years. Mr. Chairman, I had the great honor of learning from Shalanda not just during my time now in the Senate but during my time in the House. So Director Young, congratulations on this very important appointment.

While there are many positive aspects to the budget, I am going to zero in on some areas that I think that the Congress must improve upon as we get into appropriation season and we are working on the next what I would hope is not an omnibus but that we pass this in regular order, if you will.

Director Young, last year President Biden released an infrastructure plan, and that infrastructure plan pointed out that he was requesting $18 billion to upgrade and replacing aging Veteran Affairs (VA) facilities. Now I know you are not the VA Secretary, but is it important to me to raise these issues because there has been a recent announcement that because of the passage of the MISSION Act, which is being pointed to for the reason for this new document that came to Congress, 174 closures of Community-Based Outpatient Clinics (CBOCs) across America, in every state, 4 in New Mexico in Hispanic and Native American communities.

And I am not okay with this. I am going to find every way that I can to stop this from happening. So, hence, you are the first person I have the honor to visit with, and so you are going to get the brunt of this, and I apologize for that.

I know you are looking at this particular budget. Is it correct that you asked for $300 billion for the VA?

Ms. YOUNG. We are asking for $135 billion for the VA, their top line in discretionary.

Senator LUJÁN. And what is that increase? What is the percentage?

Ms. YOUNG. About a 29 percent increase from the 2021 level.

Senator LUJÁN. So that is important to note that there was an increase here.

Of that, I believe, is it $3 billion for infrastructure?

Ms. YOUNG. Yes, sir.

Senator LUJÁN. So if it is $3 billion for infrastructure, I just want to encourage the team that worked with you for this specific budget part submission just to look at the infrastructure package, which asked for $18 billion.

Now, continuing to sleuth I was able to find some other documents looking at the needs that exist for the VA, and in one of those documents, which is called the "Annual Strategic Capital Investment Planning Process," the estimate was $72 billion to $88 billion for capital infrastructure over the next 10 years to maintain and enhance infrastructure for the VA. That is much more than the $18 billion that was even requested, which would have been a good start. But I think even though testimony and through newsletters, and publications, the VA Secretary said it is only a down payment, and that is referring to the $18 billion.

Now, if there would have been a significant showing in the Bipartisan Infrastructure Bill, which I also supported, I do not know that we would have these 174 potential closures, and there is a claim that there are going to be 255 replacement facilities for these 174 closures by the VA. No one has told me of the ones coming to New Mexico, so my veterans are going to have to try to find care somewhere, in a state that has a shortage of primary care physicians in 32 of 33 counties, and a shortage of mental and behavioral health physicians in every one of our 33 counties. And we are not different than the rest of America. So you see where I am going with this.

I want to see what we can do to fix this, to get us back on track, to address this. I am going to work with my colleagues, Democratic and Republican, being a freshman and junior Senator, to stop the closure of these CBOCs. Our veterans deserve better, and especially with a budget that is $5.8 trillion. I think that we can do better. So I am going to be pushing on this and I am going to be vocal about this.

Now I want to thank you for the work that you are doing in the area of mental and behavioral health. You have been out several times and you have explained those provisions very clearly. And I just want to encourage the Administration and us as members of the Senate and the Congress to continue to push. One of my colleagues did say this—I think it was Senator Sanders—"This was bad before. It is only gotten worse," and it has. We are losing too many brothers and sisters in our communities, family members, and across America, and we have got to fix that and make that so much better.

So, Ms. Young, well, I will submit these questions to the record, to adhere to time. I look forward to learning more from you, seeing how we can get in front of this with VA closures, but continuing so we can also increase investment in mental and behavioral health availability.

And with that, Mr. Chairman, I yield back. Thank you.

Chairman SANDERS. Thank you, Senator Luján. Senator Padilla.

Senator PADILLA. Thank you, Mr. Chair. Hello. We speak again.

For a second, I just want to echo what Senator Luján and others have mentioned in terms of uplifting and prioritizing the mental health and behavioral health elements of the proposed budget. As Senator Sanders put it well, it was an epidemic before the pandemic and it has only been exacerbated since. So a lot more to work on there, and I would ask that we particularly be mindful of how we work in partnership with state and local governments, particularly those who have also stepped up and committed funding through their budgets, that has leveraged programs, that has leveraged precious resources to maximum effect. And I look forward to working with you on that.

Mental health needs and shortfalls across the country, not just in my home state of California, is not the only factor but it is a significant factor in the homelessness issues that we are experiencing today, coupled with housing affordability crisis. I also want to thank you for the levels of funding for housing in the proposed budget.

Similar to mental and behavioral health, the pandemic has underscored the need for affordable, safe, and supportive housing. And over the last two years especially, many have lost their housing, whether they struggled to keep up with rent payments or mortgage payments, despite our assistance programs, and these hardships—no surprise—hit especially hard on communities of color, low-income families, Americans with disabilities, and other historically marginalized communities.

Affordable housing is essential infrastructure. And I know other Senators have talked about housing, including Senator Warner. But I just wanted to underscore that we have an ongoing need for robust Federal funding for housing programs, more urgent now than it has ever been. I will call attention to my Housing For All Act that I introduced several weeks ago, that builds on proven solutions that have been developed at the state and local level, effective in terms of addressing housing, but with respect to unique challenges and opportunities in communities across my state, and you can apply that to communities across the country. So building on proven successful models through these investments I think is a smart way to go.

So in lieu of asking you a question on that I just wanted to highlight and underscore my appreciation for that.

Now a question, not unique to California but probably disproportionately to the West, an issue of wildfires and disaster preparedness. As we have spoken on a couple of occasions, in California and across the West we continue to see how the climate crisis is leading to more frequent and more severe wildfires. And although we have made progress in recent years in increasing funding levels for Federal land management agencies, Americans living in the West still need more support to truly address the growing problem. And that is both financial resources as well as personnel, to try to prevent or mitigate the impact of wildfires. I cannot help but notice that from 2019 to 2021, the U.S. Forest Service, which is the Federal Government's primary wildland fire agency, saw its firefighter ranks drop by more than 20 percent. In California it is a loss of 1,000 employees.

So I was pleased to see the budget includes $1.8 billion for the Forest Service and the Department of Interior to strengthen our Federal firefighting workforce, increase capacity, and improve firefighter compensation. It is long overdue. But we know that is just a drop in the bucket.

So, Director Young, can you discuss how these funds will address the firefighter workforce shortage and help chip away at the huge backlog of hazardous fuel reduction and post-fire landscape rehabilitation projects?

Ms. YOUNG. And I would also like to point out the $1.8 billion is a $560 million increase. As you say, it is a start. It is not a finish. We also are upholding the President's commitment to make sure firefighters make a minimum wage of $15. We think that will also help with recruitment. And I know this an issue of importance to Senator Merkley, who is not here, but one thing we also support is National Guard being used in a lot of these areas. We know that recruitment will take a long time to build up, so our National Guard presence has been a lifesaver, literally, for a lot of communities. So we remain committed to doing that as well.

Senator PADILLA. Thank you very much.

In closing, Mr. Chair, I know the topic of inflation and interest rates back in the '70s and '80s came up earlier in the hearing. I would just like to note for the record that from 1969 to 1974, there was a Republican President; from 1974 to 1977, there was a Republican President; from 1977 to 1981, yes, there was a Democratic President; and from 1981 to 1989, there was a Republican President. So I am happy to have these debates about the economy and interest rates.

Chairman SANDERS. Senator Padilla, thank you. I want to thank Ms. Young for appearing before the Committee today. Her full written statement will be included in the record. As information for all Senators, questions for the record are due by 12 noon tomorrow, with signed hard copies delivered to the Committee clerk in Dirksen 624. Emailed copies will also be accepted. Under our rules, Ms.

Young will have 7 days from receipt of our questions to respond with answers.

With no further business before the Committee, this hearing is adjourned.

[Whereupon, at 12:46 p.m., the hearing was adjourned.]

ADDTIONAL MATERIAL SUBMITTED FOR THE RECORD

[Prepared statement and responses to written questions submitted for the record follow:]

TESTIMONY OF
SHALANDA D. YOUNG
DIRECTOR
OFFICE OF MANAGEMENT AND BUDGET
BEFORE
U.S. SENATE COMMITTEE ON THE BUDGET

March 30, 2022

Chairman Sanders, Ranking Member Graham, Members of the Committee:

Thank you for this opportunity to testify on President Biden's Fiscal Year 2023 Budget.

Under the President's leadership, our country has made historic progress in the face of unprecedented challenges. We created more than 6.5 million jobs in 2021, the most our country has ever recorded in a single year. Our economy grew at 5.7%, the strongest growth in nearly 40 years. The unemployment rate has fallen to 3.8%, the fastest decline in recorded history. And the deficit is on track to drop by more than $1.3 trillion this year, the largest-ever one-year decline.

This progress was not an accident. It is a direct result of the President's strategy to combat the pandemic and grow our economy from the bottom up and the middle out.

The President's FY 2023 Budget details his vision to expand on that progress and deliver the agenda he laid out in his State of the Union address—to build a better America, reduce the deficit, reduce costs for families, and grow the economy from the bottom up and middle out.

Since taking office, the President has put forth proposals to Congress that would lower health care, child care, energy, and other costs for families, reduce the deficit, and expand our economy's productive capacity. The Budget reflects his commitment to working with Congress to pass legislation that achieves these goals.

This Budget advances a bipartisan unity agenda—including proposals to combat the opioid epidemic, tackle the mental health crisis, support our veterans, and accelerate progress against cancer.

It builds on the bipartisan funding bill Congress passed earlier this month and makes key investments in the American people: from expanding economic capacity and improving our public health infrastructure, to combating the climate crisis and advancing equity, dignity, and security for all Americans.

And during what will be a decisive decade for the world, the Budget strengthens our military and leverages America's renewed strength at home so our nation is prepared to meet pressing global challenges and manage crises as they arise. With robust investments in our diplomatic and development agencies, the national security Budget as a whole will deepen partnerships and alliances and position the United States to compete with China and any other nation from a position of strength. As we've seen over the past month, our renewed partnerships and alliances have been vital to countering Russian aggression in Europe, and I'd like to thank Congress for the supplemental funding to support Ukraine and our regional partners.

The Budget makes these investments in a fiscally responsible way—reducing deficits by more than $1 trillion and improving our country's long-term fiscal outlook.

That's because the Budget's investments are more than fully paid for through tax reforms that ensure corporations and the wealthiest Americans pay their fair share. That includes a new proposal requiring the richest Americans to pay a tax rate of at least 20 percent on all of their income—including investment income that currently goes untaxed. The Budget also fulfills the President's promise that no one earning less than $400,000 a year will pay a single penny in new taxes. And it would reduce deficits to less than half of last year's levels as a share of the economy, while keeping the economic burden of debt low.

Overall, the Budget puts forward an economically and fiscally responsible path forward—addressing our country's long-term fiscal challenges while making smart investments that will produce stronger growth and broadly shared prosperity for generations to come.

Thank you for the opportunity to appear before the committee today, and I look forward to your questions.

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Questions for the Record

For Shalanda Young

"The President's Fiscal Year 2023 Budget Proposal"

March 30, 2022

Senate Budget Committee

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Senator Crapo

This proposal does not contain plans to ensure the solvency of the Social Security and Medicare Trust Funds, among others. What steps would the Administration support to extend solvency for Medicare Part A and Social Security, in particular?

The Administration is fully committed to ensuring that Americans receive the Social Security and Medicare benefits that they have earned and we look forward to working with Congress in a bipartisan manner to address the long-term challenges of the Trust Funds.

Senator Crapo

The Department of Justice's policy points include funding for the Bureau of Alcohol, Tobacco, Firearms and Explosives to "increase regulation of the firearms industry." Combined with recent, non-public guidance from the Bureau, this suggests that the Administration will be attempting to suppress legal, law-abiding industries again. A recent Administration, through Operation Chokepoint, sought to diminish the firearms industry through regulatory action not authorized by Congress. How can we be confident that this "increased regulation" is not just a frivolous attempt to unduly target lawfully operating businesses?

ATF's mission is to protect communities from violent criminals, criminal organizations, the illegal use and trafficking of firearms, the illegal use and storage of explosives, acts of arson and bombings, acts of terrorism, and the illegal diversion of alcohol and tobacco products, with a central value of upholding the Constitution and the laws of the United States in the pursuit of justice, including the Second Amendment. As part of this mission to prevent the illegal use and trafficking of firearms, ATF regulates Federal firearm licensees (FFLs), or businesses and individuals licensed for legal commerce in firearms. This regulatory oversight is vital to ensure that firearms don't fall into the wrong hands, while protecting the Second Amendment rights of law-abiding FFLs and American citizens.

Senator Crapo

The economic forecasting seems wildly different from private forecasts. Given difficulties discussed earlier this week, would OMB consider using data that is closer to the release of the Budget Request?

The Administration's forecast was in line with those of outside forecasters in November 2021 – including the Congressional Budget Office and the average of a panel of over 50 private forecasters known as the Blue Chip Economic Indicators – when economic assumptions needed to be finalized for Budget preparation. The Budget production process is time-intensive, which prevents OMB from using more recent data in the Budget request. OMB produces a yearly mid-session review (MSR), as mandated by Congress, which typically provides an updated assessment of economic assumptions and other developments on current budget proposals.

Senator Graham

The Administration's last budget estimated that Consumer Price Index inflation would be 2.0% in 2021. Actual fourth-quarter-to-fourth-quarter inflation was 6.7% that year, and in February prices were 7.9% higher than they were a year prior. What changes to your internal modeling have you made to improve the accuracy of your inflation forecasts?

The Administration's forecast in the FY 2023 Budget was in line with those of outside forecasters in November 2021 when the forecast was finalized – including the Congressional Budget Office and the average of a panel of over 50 private forecasters known as the Blue Chip Economic Indicators. Factors such as the Omicron wave and Russia's further invasion of Ukraine impacted these projections, and external forecasters have since November updated their inflation forecasts as new data have been collected and analyzed. OMB produces a yearly mid-session review (MSR), as mandated by Congress, which typically provides an updated assessment of economic assumptions and other developments on current budget proposals.

Senator Graham

I understand the budget assumes that the COVID-19 public health emergency and the various temporary policies linked to it will expire after June of this year. How would the deficit projections in the budget change if the emergency declaration was extended another 6 months? Another 12 months?

For baseline estimation purposes, the Budget reflects a planning assumption that the COVID-19 public health emergency will expire after June 2022. This planning assumption does not reflect a policy decision. Should conditions related to the pandemic and public health emergency change relative to that planning assumption, spending estimates will be updated at Mid-Session Review.

Senator Graham

The revenue proposals in the budget are estimated relative to a baseline that incorporates all revenue provisions of Title XIII of H.R. 5376 (as passed by the House of Representatives on November 19, 2021), except for the changes to the deduction for state and local taxes (SALT) in Sec. 137601. This is an unusual departure from traditional practice that raises several questions.

a. Why score the budget's revenue policies against a baseline that includes provisions in H.R. 5376 that have not been enacted and that are not included in the budget's baseline revenue projections?

b. Would the estimated increase in revenue from the budget's proposed tax policies be higher or lower if they were scored against a traditional current law revenue baseline? By how much?

c. Why selectively assume Sec. 137601 is not enacted when the section's changes to the SALT deduction would surely interact with the budget's proposed income tax changes?

d. Are the budget's spending proposals estimated relative to a baseline that incorporates all of the spending proposals in H.R: 5376? If not, why treat revenue estimates one way and spending estimates another?

The Budget was scored against a traditional baseline. As you note, the Budget presents a deficit-neutral reserve fund for legislation that would lower health care, child care, energy, and other costs for families and expand our economy's productive capacity. The Budget would preserve the revenue from proposed tax and prescription drug reforms for that legislation. Therefore, the additional Budget revenue proposals are scored on top of those reforms so as not to double-count the savings. There are far fewer interactions on the spending side among policies that might be considered in the reserve fund and those otherwise proposed in the Budget.

Senator Graham

Please provide a comparison of the 2023 discretionary request by cabinet departments and major agencies to 2022 enacted levels through passage of the Consolidated Appropriations Act, 2022 (P.L. 117-103). Please provide this information in a format similar to the Office of Management and Budget's summary table (S-8) in the administration's Budget of the U.S. Government volume.

The summary comparison of base discretionary funding that was presented in the 2023 Budget request was based on CBO's estimate for the Consolidated Appropriations Act, 2022 (Public Law 117-103; CAA) since OMB had not yet had time to complete its own scoring of the CAA. OMB is currently working to finalize its own score of the CAA and believes this would be a better estimate for comparisons of its 2023 request at lower levels of aggregation, such as agency totals. OMB will provide an updated summary table S-8 once it finishes its scoring of the CAA.

Senator Graham

The President's budget calls for nearly $34.7 billion in changes in mandatory programs (CHIMPs) to be enacted as part of the 2023 appropriations cycle. Please provide the budget authority and outlay effects for each account captured by this proposal on an annual basis for the period 2023-2032. How does this level of CHIMPs compare to those enacted as part of the Consolidated Appropriations Act, 2022 (P.L. 117-103)?

The attached table provides the budget authority and outlay effects for the period 2023-2032 for each proposed 2023 CHIMP. OMB has not yet had time to complete its own scoring of the Consolidated Appropriations Act, 2022 (Public Law 117-103; CAA). OMB is currently working to finalize its own score of the CAA, including the budget authority and outlay effects of enacted 2022 CHIMPs. OMB will provide an updated comparison to enacted 2022 CHIMPs once it finishes it scoring of the CAA.

10-Year Scoring of Discretionary Changes in Mandatory Programs (CHIMPs) - 2023 President's Budget

(Budget Authority (BA) and Outlays in millions)

		2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	10-year Total*
Agriculture and Rural Development:												
Department of Agriculture												
Farm Security and Rural Investment[1]												
Transfer of Administrative Funding to Farm Production and Conservation Business Center												
	BA..................	-60	---	---	---	---	---	---	---	---	---	-60
	OL..................	-38	-11	-9	-1	-1	---	---	---	---	---	-60
Farm Production and Conservation Business Center[1]												
	BA..................	+60	---	---	---	---	---	---	---	---	---	+60
	OL..................	+48	+9	+3	---	---	---	---	---	---	---	+60
Child Nutrition Programs												
Farm to School Grants (Sec. 726)												
	BA..................	+12	---	---	---	---	---	---	---	---	---	+12
	OL..................	+12	---	---	---	---	---	---	---	---	---	+12
Institute for Child Nutrition (Sec. 735)												
	BA..................	+1	---	---	---	---	---	---	---	---	---	+1
	OL..................	+1	---	---	---	---	---	---	---	---	---	+1
TOTAL, Agriculture and Rural Development												
	BA..................	+13	---	---	---	---	---	---	---	---	---	+13
	OL..................	+23	-2	-6	-1	-1	---	---	---	---	---	+13
Commerce, Justice, Science:												
Department of Commerce												
Promote and Develop Fishery Products and Research[1]												
Transfer to Operations, Research, and Facilities												
	BA..................	-349	---	---	---	---	---	---	---	---	---	-349
	OL..................	-349	---	---	---	---	---	---	---	---	---	-349
Assets Forfeiture Fund (Sec. 220)												
	BA..................	-100	---	---	---	---	---	---	---	---	---	-100
	OL..................	-60	-20	-20	---	---	---	---	---	---	---	-100
Crime Victims Fund (Sec. 214)												
Obligation Delay[1]												
	BA..................	-2,396	+2,396	---	---	---	---	---	---	---	---	---
	OL..................	-958	+359	+120	+120	+359	---	---	---	---	---	---
Transfers to Office of Inspector General												
	BA..................	-10	---	---	---	---	---	---	---	---	---	-10
	OL..................	-4	-3	-2	-1	---	---	---	---	---	---	-10
Department of Homeland Security												
Immigration Examinations Fee[1]												
Transfer to Executive Office for Immigration Review												
	BA..................	-4	---	---	---	---	---	---	---	---	---	-4
	OL..................	-4	---	---	---	---	---	---	---	---	---	-4
TOTAL, Commerce, Justice, Science												
	BA..................	-2,859	+2,396	---	---	---	---	---	---	---	---	-463
	OL..................	-1,375	+336	+98	+119	+359	---	---	---	---	---	-463
Financial Services and General Government:												
Postal Service												
Postal Service Fund[1]												
Appropriation of Funds												
	BA..................	+291	---	---	---	---	---	---	---	---	---	+291
	OL..................	+291	---	---	---	---	---	---	---	---	---	+291
Transfer to the Postal Regulatory Commission and the Office of the Inspector General												
	BA..................	-291	---	---	---	---	---	---	---	---	---	-291
	OL..................	-291	---	---	---	---	---	---	---	---	---	-291

10-Year Scoring of Discretionary Changes in Mandatory Programs (CHIMPs) - 2023 President's Budget

(Budget Authority (BA) and Outlays in millions)

		2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	10-year Total*
Federal Deposit Insurance Corporation												
Deposit Insurance Fund[1]												
Transfer to the Office of Inspector General												
	BA	-48	---	---	---	---	---	---	---	---	---	**-48**
	OL	-48	---	---	---	---	---	---	---	---	---	**-48**
TOTAL, Financial Services and General Government												
	BA	-48	---	---	---	---	---	---	---	---	---	**-48**
	OL	-48	---	---	---	---	---	---	---	---	---	**-48**
Interior and Environment:												
Department of the Interior												
Miscellaneous Receipts, U.S. Fish and Wildlife Service												
	BA	+1	---	---	---	---	---	---	---	---	---	**+1**
	OL	+1	---	---	---	---	---	---	---	---	---	**+1**
TOTAL, Interior and Environment												
	BA	+1	---	---	---	---	---	---	---	---	---	**+1**
	OL	+1	---	---	---	---	---	---	---	---	---	**+1**
Labor, HHS, Education:												
Department of Health and Human Services												
Child Enrollment Contingency Fund (Sec. 519)[1]												
	BA	-19,860	+19,860	---	---	---	---	---	---	---	---	**---**
	OL	---	---	---	---	---	---	---	---	---	---	**---**
Children's Health Insurance Fund (Sec. 520-523)[1]												
	BA	-12,315	+6,017	---	---	---	---	---	---	---	---	**-6,298**
	OL	---	---	---	---	---	---	---	---	---	---	**---**
Department of Education												
Student Financial Assistance												
Increase Maximum Pell Award												
	BA	+141	+125	+125	+126	+125	+148	+148	+149	+150	+151	**+1,388**
	OL	+61	+80	---	---	---	---	---	---	---	---	**+141**
	OL (PAYGO)		+54	+125	+125	+126	+135	+148	+148	+149	+150	**+1,160**
Cancellation (Sec. 307)												
	BA	-141	---	---	---	---	---	---	---	---	---	**-141**
	OL	-61	-80	---	---	---	---	---	---	---	---	**-141**
TOTAL, Labor, HHS, Education												
	BA	-32,175	+26,002	+125	+126	+125	+148	+148	+149	+150	+151	**-5,051**
	OL	---	---	---	---	---	---	---	---	---	---	**---**
	OL (PAYGO)		+54	+125	+125	+126	+135	+148	+148	+149	+150	**+1,160**
TOTAL, Discretionary Changes in Mandatory Programs												
	BA	-35,068	+28,398	+125	+126	+125	+148	+148	+149	+150	+151	**-5,548**
	OL	-1,368	+365	+108	+118	+358	---	---	---	---	---	**-419**
	OL (PAYGO)		+54	+125	+125	+126	+135	+148	+148	+149	+150	**+1,160**

* Year-by-year details may not add to totals due to rounding.

Note: Pursuant to Sec. 3(4)(c) of the Statutory Pay-As-You-Go (PAYGO) Act of 2010 (Public Law 111-139), OMB scores PAYGO effects of discretionary changes in mandatory programs in the 2023 appropriations bills if the proposal makes outyear modifications to substantive law and the outlay effects of the proposal do not net to zero through 2027.

Sec. 3(4)(c): *Solely for purposes of recording entries on a PAYGO scorecard, provisions in appropriation Acts are also considered to be budgetary effects for purposes of this title if such provisions make outyear modifications to substantive law, except that provisions for which the outlay effects net to zero over a period consisting of the current year, the budget year, and the 4 subsequent years shall not be considered budgetary effects. For purposes of this paragraph, the term, "modifications to substantive law" refers to changes to or restrictions on entitlement law or other mandatory spending contained in appropriations Acts, notwithstanding section 250(c)(8) of BBEDCA. Provisions in appropriations Acts that are neither outyear modifications to substantive law nor changes in revenues have no budgetary effects for purposes of this title.*

[1] The President's Budget includes these CHIMPs for each of the 10 years in the budget window. This table shows the 10-year scoring effect, including PAYGO impacts, of the proposed 2023 language; therefore, the proposed continuation of these CHIMPs beyond the 2023 appropriations window is not reflected.

Senator Graham

As of March 28, 2022, what are the balances on the five-year and ten-year scorecards that the Office of Management and Budget (OMB) maintain for execution of the Statutory Pay-As-you-Go Act? If no legislative actions were taken to mitigate these balances, how much would non-exempt mandatory spending be sequestered on a dollar and percentage basis at the end of this session of Congress? Does the President's budget include any specific proposal to address this issue?

In the 2021 Annual PAYGO Report, the balance for 2023 is $741 billion on the five-year PAYGO scorecard and $374 billion on the ten-year PAYGO scorecard.

In the unlikely event that the Congress does not take action to address these balances on the PAYGO scorecards before the end of this Congressional session, there would be a potential PAYGO sequestration of $741 billion, which would require the maximum 4 percent reduction to certain Medicare and other healthcare spending and a more than 100 percent reduction to all other non-exempt direct spending resources.

Senator Graham

The overpayment rate in the Medicaid program for FY21 was estimated to be 21.6% or $98.72 billion. The Children's Health Insurance Program (CHIP) has an estimated overpayment rate of 31.83%.

a. How does the administration plan to reduce the overpayment rates in the Medicaid and CHIP programs? Is there a timeline the administration can provide to Congress?

b. Are Medicaid and CHIP in compliance with the Payment Integrity Information Act of 2019? If not, how does the administration plan to bring these programs into compliance?

a. Ensuring proper payments in these programs is critical, and OMB is committed to working with HHS and Congress to protect these programs and strengthen program integrity.

b. HHS OIG has determined that both programs were non-compliant with PIIA in FY2020 due to their improper payment rates. OMB is committed to working with HHS to address the factors that contribute to improper payments.

Senator Graham

The President's budget proposes to expand tools available to the Centers for Medicare and Medicaid Services to identify fraud in the Medicare Advantage program by requiring health plans to collect provider identifiers and report this information as part of their encounter data submissions.

a. Is this proposal a regulatory action or does it require a change in statute? If regulatory, does the administration intend to engage the industry and use the traditional rulemaking process to implement this requirement?

b. What types of fraud schemes does the administration believe would be prevented by requiring this type of information? Further, how would this address the largest source of Medicare Advantage overpayments which result from medical record discrepancies?

c. Are there implementation challenges to collecting this type of provider-level data? If so, please explain how the administration would propose to resolve these challenges.

a. Current law does not require nor prohibit the inclusion of National Provider Identifiers (NPIs) in Medicare Advantage (MA) encounter data submissions to CMS. Such a requirement would give the HHS Office of Inspector General (OIG) improved capabilities to hold wrongdoers accountable. Furthermore, this proposal is consistent with HHS OIG recommendations in reports published in August 2020 and April 2021, which found that NPIs from ordering providers were absent in about 60 percent of MA encounter records for high-risk services. If enacted, CMS would go through the notice and comment rulemaking process to codify these requirements.

b. CMS and HHS OIG are uniquely positioned to identify fraud trends across plans and across Medicare fee-for-service and MA. Enhanced data reporting requirements that improve encounter data would promote successful identification of providers and suppliers who are defrauding Medicare Advantage organizations (MAOs) and the Medicare program by enabling CMS and HHS OIG to identify patterns in provider billing and coordinate investigative efforts across plans. HHS OIG has found that DMEPOS and laboratory, imaging, and home health services have a history of being vulnerable to fraud, and that collection of NPIs has been useful in the past for identifying fraud. One such example, announced in April 2019, was the dismantling of a DMEPOS kickback scheme that potentially defrauded taxpayers out of $900 million.

c. The agency anticipates this will not be a high burden because HHS OIG has found that almost all MAOs have data systems that are able to receive and store NPIs when they submit them on claims or encounter records. The agency will seek comment on the challenges of collecting this data through the rulemaking process.

Senator Graham

The Affordable Care Act was signed into law over a decade ago. Yet, the President's budget did not propose a plan to establish an error rate for Advance Premium Tax Credits (APTCs), despite the Department of Health and Human Services (HHS) acknowledgement that the program is susceptible to significant improper payments. Please provide the administration's timeline and detailed plan to create and report an APTC improper payment estimate.

In FY2021, the Department of Health and Human Services commenced the improper payment measurement program for the Federally facilitated Exchange and anticipates reporting an improper payment estimate in FY2022.

Senator Graham

The accelerated and advance payment program is contributing to HHS debt. What is the status of the amounts borrowed and repaid to date to the Medicare trust fund accounts? Are the payments on track to be fully repaid by September 2022?

As of March 28, 2022, CMS has recovered $68.9 billion dollars, or 64.2 percent of the total amount paid in COVID-19 Accelerated and Advance Payments CAAP ($107.3 billion dollars). At the beginning of March, CMS began offsetting provider payments by 50 percent, meaning payment for every claim submitted is reduced by 50 percent until the CAAP payments are fully repaid. CMS anticipates that some providers will not have paid their balances in full by September 2022. CMS will issue a demand letter for any remaining balance not collected in full at the 29-month mark from receipt of the CAAP.

Senator Graham

Is the administration on track to report improper payment estimates in the FY22 Payment Integrity Report for the following COVID-19 Relief Programs: Provider Relief Fund General and Targeted Payments; COVID-19 Claims Reimbursement to Health Care Providers and Facilities for Testing; and Treatment and Vaccine Administration for the Uninsured Program? How does the administration intend to recoup improper payments in these programs?

OMB guidance (M-21-19) instructs agencies to conduct their recovery audits and activities program in a manner that will ensure the greatest financial benefit for the Government. The Recovery audits and activities program is an agency's overall performance of recovery audits and recovery activities. Recovery audits consist of a review and analysis of an agency's or program's accounting and financial records, supporting documentation, and other pertinent information supporting its payments, that is specifically designed to identify overpayments.

HHS conducted an improper payment risk assessment for the HRSA Provider Relief Fund General/Targeted in FY2021, and has implemented numerous program integrity and fraud prevention measures for PRF Targeted Distribution, General Distributions, and the Uninsured Program. Providers must undergo multiple verification steps, including submitting their *National Provider Identifier* (NPI) and their Tax Identification Number for validation. Providers also are checked against several provider compliance and exclusion lists to assess whether they are in good standing. HHS conducts risk-based audits and assessments, post-payment quality control reviews, and recoveries of improper payments.

Senator Graham

Of the COVID-19 relief funds that were provided to HHS, approximately $0.3 billion was transferred to the Department of Homeland Security. Please describe what activities these funds were used to support.

In 2020, as provided for in the Coronavirus Aid, Relief, and Economic Security Act (CARES Act, P.L. 116-136), HHS transferred $289 million to the Department of Homeland Security for use by Customs and Border Protection (CBP) and Immigration and Customs Enforcement (ICE) to provide care related to COVID-19 for individuals in DHS custody. Of the total amount, CBP received $182 million, and ICE received $107 million. CBP has obligated its CARES Act funding to provide medical services to individuals in CBP custody, operate temporary shelters (soft-sided facilities), cover transportation costs related to COVID-19, and fund other operational costs related to COVID-19 such as personnel expenses and costs related to supplies and equipment. ICE has obligated its portion of the CARES Act funding for COVID-19 quarantine operations at detention facilities, medical care and vaccination service contracts, travel to facilitate medical care related to COVID-19, and medical supplies and equipment.

Senator Graham

According to the 2021 Trustees Report, the Medicare Hospital Insurance (HI) Trust Fund will be depleted in calendar year 2026. The President's FY23 budget does not include a plan to address the long-term solvency of the HI Trust Fund, despite the Medicare Trustees issuance of a funding warning in last year's Trustees Report. As you know, the President is required to submit to Congress proposed legislation to respond to the warning within 15 days of the FY23 Budget and requires Congress to consider the legislation on an expedited basis. Will the administration be submitting a legislative proposal to Congress?

The Administration is committed to working with Congress in a bipartisan manner to address the long-term challenges of the Medicare Hospital Insurance Trust Fund.

Senator Graham

In FY27, at the close of the Future Years Defense Program, OMB proposed spending on National Defense to increase by .7%. In that same fiscal year, non-defense spending is expected to increase at a rate of 2.3%, equal to OMB's anticipates inflation rate. What reforms or divestitures on the defense side of the budget does the administration plan to implement to achieve the reduced increases in defense spending?

The President and OMB worked closely with Secretary Austin and the Department of Defense (DOD) to develop a strategy-driven budget with important up-front investments, consistent with the priorities and requirements of the forthcoming National Security Strategy and National Defense Strategy. Within the period covered by the Future Years Defense Program, the Budget optimizes force structure to build a Joint Force that is lethal, resilient, sustainable, survivable, agile, and responsive. The Budget supports DOD's plan to responsibly upgrade capabilities by redirecting resources to cutting edge technologies in high-priority platforms. Some force structure is too costly to maintain and operate, and no longer provides the capabilities needed to address the current and future national security challenges. The Budget enables DOD to reinvest savings associated with optimized force structure to higher priority investments. After 2027, the Budget mechanically extrapolates the growth rate from the final year of the five-year appropriations plan.

Senator Graham

The Infrastructure Investment and Jobs Act was meant to continue the long-standing approach of federal transportation policy by letting states focus on their individual needs. As I mentioned to you at your confirmation hearing last month, the Federal Highway Administration (FHWA) issued a memorandum in December that runs counter to Congressional intent by discouraging the use of federal dollars by states for certain projects like new highway capacity projects. How will the Administration assure State Departments of Transportation that widening and capacity projects will not encounter environmental or funding approval delays for statutorily-eligible projects even if they run counter to project preferences outlined in the FHWA memorandum?

States, Tribal governments, and other recipients have significant flexibility under Federal law to use Federal highway funds to address their unique needs. The Federal Highway Administration's December memorandum titled "Using Bipartisan Infrastructure Law Resources to Build a Better America," which is directed to Federal Highway Administration employees, does not create any new environmental review or funding approval requirements for highway capacity expansion projects. The memorandum highlights an implementation advantage of certain projects that improve the condition, safety, or resilience of highway assets. The Administration will administer Federal highway programs in a manner consistent with the law.

Senator Graham

The budget does not continue funding for the wall along the southwest border. In fact, the budget proposal calls for expanding how unobligated wall funds can be spent beyond actual construction of the border wall. We are making progress with protecting our border through construction of the border wall, and I urge my colleagues to continue our prioritization on wall construction funding. Why has the administration ignored congressional support for funding wall construction along the southwest border?

Building a massive wall that spans the entire southern border and costs American taxpayers billions of dollars is not a serious policy solution or responsible use of federal funds. Just recently, CBP reported that new bollard fencing along the southwest border was breached 3,272 times between FY19-21, requiring $2.6 million in repairs. The President is focused on strategies that work, which is why his Budget provides $309 million for smarter border security – like technology to push ground sensor feeds directly to agents in the field – that are proven to be more effective at improving safety and security at the border. At the same time, DHS is continuing to obligate border wall funding provided by Congress and is prioritizing urgent life, safety, and environmental issues resulting from prior border wall construction.

Senator Graham

Given the possibility that Title 42 will be revoked, do you believe that there is adequate funding in the budget to address the impending surge of migrants at the border and the overall impact of this significant change on our border security and safety of the nation?

The President's Budget is for fiscal year 2023, which begins October 1, 2022. For fiscal year 2022, the Department of Homeland Security, in coordination with its Federal and non-governmental partners, is implementing a comprehensive strategy to address a potential increase in the number of Southwest Border encounters in 2022. The strategy includes: 1) Acquiring and deploying resources to address increased volumes; 2) Delivering a more efficient and fair immigration process; 3) Processing and removing those who do not have valid claims; and 4) Working with other countries in the Western Hemisphere to manage migration and address root causes.

We will remain in regular touch with Congress on any potential resource needs in fiscal year 2022 to implement this comprehensive strategy. In the meantime, DHS will fund operational requirements by prudently executing its appropriations; reprioritizing and reallocating existing funding through reprogramming and transfers; and requesting support from other Federal agencies; as necessary.

Beyond fiscal year 2022, the President's 2023 Budget is focused on building enduring capability and includes a number of investments for CBP and ICE to prepare to manage southwest border encounters in 2023 and beyond, including $309 million for modern border security and $494 million for noncitizen processing and care. The Budget also requests funds for CBP to hire 300 new Border Patrol Agents and 300 new Border Patrol Processing Coordinators, which will improve the Border Patrol's capacity to manage our borders securely and safely.

Senator Graham

The 2023 budget reflects a historic level for the reestimate of 2021 student loan programs costing nearly $130 billion more than projected. The budget chalks this increase up to modifications in the Income Driven Repayment (IDR) plans, disability discharges, and pandemic relief. Can you break out the costs specific to the type modification? The 2023 budget request also estimates that these cost will fall nearly 40% for 2022, but points largely to IDR as the driver of future reestimate. What assumption does this proposal make about suspension of pandemic relief?

The nearly $130 billion in FY 2021 obligations for Federal Direct Student Loans was composed of $5 billion in positive loan subsidy for new loans, which is distinct from an upward reestimate of $47 billion, $6 billion in interest on the reestimate, and $71 billion in loan modifications. Each component of the FY 2021 obligations is explained below, followed by a discussion of the components of the FY 2022 obligations.

The upward reestimate for Federal Direct Student Loans in FY 2021 was $47 billion, with an additional $6 billion in interest on the reestimate. The net upward reestimate is due primarily to updated IDR borrower income assumptions. During fiscal year 2020, the Department updated the IDR model by using actual IDR application data from the National Student Loan Data System (NSLDS) to project income values in the future. Work to adjust the existing income file using NSLDS began in fiscal year 2019 and was refined in FY 2020. The results from the additional year of data show that borrower income reported on IDR applications has been lower than projected.

The $71 billion in loan modifications for Federal Direct Student Loans in FY 2021 included $52 billion for extensions of the COVID-19 payment and interest pause, $19 billion for the total and permanent disability rule, and $122 million for the faith-based entities rule.

The 2023 Budget includes a net upward reestimate of $9 billion for Federal Direct Student Loans in FY 2022, which reflects an upward adjustment component of $22 billion and a downward adjustment component of $14 billion. There is also $4 billion in interest on the reestimate. The net upward reestimate is due primarily to updated IDR model assumptions and is partially offset by discount rate changes in recent cohorts. During fiscal year 2021, the Department completed an IDR data update to reflect the immediate prior cycle for interest rates, defaults, prepayments, contract collection costs, and Death, Disability, and Bankruptcy.

The 2023 Budget assumes that the COVID-19 payment and interest pause will end on May 1, 2022, and includes $12 billion in loan modification costs in FY 2022 associated with this. Those modification costs are partially offset by $10 billion in loan modification savings in FY 2022 due to changes to default collection practices.

Senator Grassley

This Administration has underestimated inflation and downplayed its risks since the start of last year. The President's Budget now assumes inflation for this year will equal 4.7 percent, despite the fact the most recent inflation report came in at 7.9 percent. Moreover, for 2023 and beyond the budget projects inflation to be 2.3 percent. I understand these inflation projections may be a little stale given you started putting the budget together last year. If you had to update your inflation projections based on what you know today, how would you project inflation to differ from what you included in the budget? How would you expect that to affect interest rates and the overall budget outlook?

The Administration's forecast was in line with those of outside forecasters in November – including the Congressional Budget Office and the average of a panel of over 50 private forecasters known as the Blue Chip Economic Indicators – when economic assumptions were needed to be finalized for Budget preparation. The Budget production process is time-intensive, which prevents OMB from using more recent data in the Budget request. OMB produces a yearly mid-session review (MSR), as mandated by Congress, which typically provides an updated assessment of economic assumptions and other developments on current budget proposals.

Senator Grassley

The budget request for OPM discusses developing a government-wide vision for workplace flexibilities, and legislative and regulatory recommendations to implement that strategy. Other agencies' budget justifications include plans to allow their employees maximum flexibility in working remotely. While it is certainly true that technology makes remote work possible, during the last two years, the responsiveness of federal employees has reached new lows. My staff report that a casework request takes an average of 335 days to be resolved, more than double how long it took in 2019. I've heard complaints about the VA, the IRS, the Social Security Administration, USDA, just to name a few.

a. How will this vision for maximum flexibility incorporate accountability and performance metrics to ensure that taxpayers are not experiencing a reduction in service and responsiveness from government agencies?

b. How does the budget request incorporate a reduction in the need for physical office space that is a natural result of more employees being allowed to work from home the majority of the time?

c. Federal employees are paid differently according to the locality pay tables, which take into account the cost of living in the area that the employee lives. A federal employee makes more money for the same job in DC compared to Des Moines. How will OPM's guidance on remote work flexibility ensure that employees are not being erroneously paid a locality rate for a city that they no longer live in?

a. Lessons learned from the COVID-19 pandemic offer an opportunity to reshape the future of Federal work to ensure improved customer service and a Federal Government that is competitive with the private sector in attracting and retaining talent. Telework and workplace flexibilities are tools that can help agencies and employers meet their missions and serve the American people and customers.

As Federal employees increasingly return to their workplaces, Federal agencies will build on the innovations and technology that were put to work over the last two years to make the Federal Government and its public-facing services even more efficient, resilient, and effective, supported through OMB guidance (see OMB Memorandum M-21-25), Office of Personnel Management (OPM) guidance, the President's Management Agenda (PMA), and the first-ever PMA Learning Agenda. In addition, OMB is leading efforts to improve customer experience and service delivery through implementation of Executive Order 14058 on Transforming Federal Customer Experience and Service Delivery to Rebuild Trust in Government.

In November 2021, OPM launched a Future of Work webpage, which connects agency leaders and HR practitioners with newly issued guidance and tools, such as the 2021 Guide to Telework and Remote Work in the Federal Government, that support effective human capital management practices, foster resilience in delivery of Federal services, and provide guidance to managers and supervisors to ensure effective performance management and tracking and reporting of telework using established systems.

b. OMB and the General Services Administration (GSA), through ongoing efforts with the President's Management Council, continue to support agencies as they navigate this important period of change. GSA, which is the Government's agent for assisting agencies with meeting both their procurement and space requirements, will play an integral role in this effort. Agencies are currently implementing their reentry plans, assessing their post-reentry work environments, and coordinating their human capital activities. Next steps will include a focus on necessary changes to information technology and physical space requirements, informed by post-reentry personnel policies, to prepare agencies and agency workplaces for the future of Federal work.

c. OPM's 2021 Guide to Telework and Remote Work in the Federal Government reminds agencies about existing pay requirements for General Schedule employees covered by a telework or remote work agreement. Agencies are best positioned to ensure that employees are paid accurately based on their official worksite, as part of their overall management duties and authorities.

Senator Grassley

After a lengthy and careful review of alternatives, the USPS came to a clear conclusion a 100-percent electric vehicle (EV) commitment for the Next Generation Delivery Vehicle program is impractical for at least 12,500 delivery routes across the U.S. However, in the budget, the White House states it will transition to 100 percent acquisition of zero-emission vehicles by 2035.

a. Has OMB conducted an analysis to see the what the cost will be of a 100 percent transition to U.S. taxpayers? If yes, can you share the analysis? If no, can provide a rationale for why not?

b. Has OMB conducted an analysis on current battery efficiency and range and what percent of the federal fleet is capable of transitioning? If yes, can you share the analysis? If no, can provide a rationale for why not?

c. Has OMB conducted an analysis on the electrical grid reliability at GSA-leased and federally owned facilities? If yes, can you share the analysis? If no, can provide a rationale for why not?

a. A 2021 Department of Energy study on the Total Cost of Ownership (TCO) demonstrates that the lifecycle costs of electric vehicles, including fuel and maintenance, are comparatively lower than vehicles powered by an internal combustion engine, generally offsetting the higher purchase cost and saving taxpayer dollars in the long run. For medium- and heavy-duty vehicles, a new National Renewable Energy Laboratory study finds that many classes of larger vehicles are also cost competitive and will increasingly be cheaper to own and operate.

b. OMB is working with agencies on a long-term strategy to electrify the fleet, including fleet vehicle transition availability in this rapidly changing market.

c. The installation of charging ports at a Federal facility requires a facility assessment, which agencies are currently undertaking as part of the program's implementation. Each installation requires communication and interaction with the local electrical utility. Installation of EV charging in general, when done with proper planning and utility collaboration, does not provide significant new grid reliability challenges. In the process of coordinating vehicle acquisition and deployment decisions, agencies have been prioritizing locations for infrastructure deployment and working alongside local utilities. The effort is ensuring alignment of decision-making regarding charging stations and ZEVs.

Senator Grassley

The supply chain for critical minerals and other materials used for electric vehicles is largely dominated by China. In addition, Russia's invasion of Ukraine has run up the cost of nickel resulting in temporary suspension of trading and is adding more than $1,000 to the cost of EVs. Has OMB consulted with the National Security Council or the Department of Defense on national security concerns with transitioning to a 100% EV federal fleet?

OMB and the other relevant organizations regularly collaborate with security experts and the DOD on this. The transition to a 100 percent zero-emissions vehicle Federal fleet will strengthen national security. On March 31, the President invoked the Defense Production Act to take action on the Administration's commitment to supporting a strong and secure domestic supply chain for electric vehicles and component parts manufacturing. In addition, the recently released FY 2023 Budget increases demand for American-Made, zero-emission vehicles through Federal procurement. The Budget invests $745 million for zero emission fleet vehicles and support for charging or fueling infrastructure in the individual budgets of 19 Federal agencies, including the Department of Defense, to provide an immediate, clear, and stable source of demand to help accelerate American industrial capacity to produce clean vehicles and components. Ensuring a robust domestic manufacturing base for electric vehicles will support the transition to a zero-emission economy while creating good paying jobs here in America, strengthening domestic supply chains, and improving national security.

Further DOD has recognized that the transition moves the Services away from a dependence on fossil fuels, facilitates the resilience of military installations and the mission critical capabilities they support, and improves operational security by reducing the need for logistical transport of fuel. For example, DOD is determining if ZEVs can be used as mobile back-up power sources via available bidirectional charging and demand management technologies.

Senator Kennedy

After the devastating hurricanes and flooding that hit my state over a year ago, Congress finally passed a supplemental disaster relief bill last Sept. with money to address housing needs in Louisiana. For more than two years, disaster victims have been enduring and rebuilding largely on their own. Since the Sept. disaster bill passed, I pressed HUD Secretary Marsha Fudge and President Biden several times to expedite this aid.

a. Why did it take this long (6 months) for my state to receive the full disaster allocations they so badly needed?

b. Moving forward, how will you coordinate with HUD, FEMA to ensure future disasters do not result in this delayed and tedious process?

c. Will the Administration send a request to Congress for further funding to help better prepare for future hurricanes, flooding, or tornados in Louisiana and across the country?

a. On September 7, 2021, OMB submitted to Congress a proposal for over $14 billion across several federal agencies to address recent extreme weather events and natural disasters. In response to that request, on September 30, 2021, Congress appropriated $5 billion in HUD Community Development Block Grant Disaster Recovery (CDBG-DR) supplemental funding for major declared disasters that occurred in 2020 and 2021. The CDBG-DR program is a long-term recovery program without a standing authorization that Congress sometimes provides supplemental funding following other federal disaster resources that are intended for emergency and response.

As directed by Congress, HUD was to allocate no less than $1.61 billion for major declared disasters that occurred in 2020 within 30 days. HUD announced allocations totaling over $2 billion for 2020 disasters on November 1, 2021, and stated that the remaining funds would be made in the upcoming months to address unmet needs from disasters occurring in 2021, including Hurricane Ida. HUD announced the second and final round of allocations on March 22, 2022. While many variables impact allocation timing, including appropriation language that determines terms and conditions, the Administration acted as expediently as practicable. In particular, DHS/FEMA and HUD encountered privacy-related legal issues around data-sharing during this period that resulted in unavailable data necessary to complete funding allocations. HUD and DHS/FEMA have since resolved those issues and a new data sharing agreement has been put in place to prevent similar delays in the future.

b. As mentioned in the response to a. and consistent with the Privacy Act of 1974, as amended, a Computer Matching Agreement between DHS/FEMA and HUD that became effective on March 14, 2022, aims to prevent similar data-sharing delays between DHS/FEMA and HUD in the future. More broadly, the Administration supports authorizing the CDBG-DR program consistent with the principles reflected in the FY 2023 President's Budget. Authorization would also allow HUD to establish consistent regulatory requirements for CDBG-DR across all future disasters, eliminating the current practice of establishing new requirements in response to each supplemental appropriation of CDBG-DR funds.

c. The Administration remains committed to working with the Congress to ensure appropriate and robust preparedness for natural disasters and extreme weather events.

The FY 2023 President's Budget includes $3.5 billion for DHS's climate resilience programs. This includes $507 million for FEMA's flood hazard mapping program to incorporate climate science and future risks. The Budget also makes robust investments in FEMA's hazard mitigation grant programs, including the Building Resilient Infrastructure and Communities grant program, which helps communities build resilience against natural disasters, including disadvantaged communities who are disproportionately at risk from climate crises.

Senator Kennedy

President Biden's budget proposes $2.5 trillion in new or increased taxes to offset $1.4 trillion in new spending. The budget arrives at this potentially overstated estimate of revenues by assuming enactment of the failed House-passed reckless tax and spending plan (Build Back Better).

How can we trust the numbers and projections in President Biden's proposal when it assumes policies that have not been agreed upon and even previously rejected?

The revenue effects of the tax proposals included in the President's budget are estimated using an assumption of the enactment of most tax proposals in the House-passed reconciliation bill in order to avoid double-counting. The revenue effects of the House-passed reconciliation bill are not included in the revenue totals displayed in the President's budget.

The Budget reflects the President's commitment to legislation that reduces the deficit while also lowering health care, child care, energy, and other costs for families, and expanding our economy's productive capacity. In addition, under the President's Budget, no one making less than $400,000 a year would pay a penny more in taxes, while the wealthy would finally begin to pay their fair share. The proposals in the President's Budget would reduce the deficit alone or in combination with that future legislation. There are many areas of areas of bipartisan agreement on both the investments as well as the reforms to pay for them.

Senator Kennedy

Ms. Young, you yourself called this proposal fiscally responsible. Although, President Biden is proposing a $109 billion increase in discretionary spending from the recent FY22 spending bill, to $1.6 trillion. That would be up to a 9% increase from last year.

With the economy in the state that it is, with gas prices at their highest in history, is increasing federal discretionary spending by almost 10% really considered responsible?

The President's FY 2023 Budget builds on the success in the 2022 congressional budget and appropriations processes to restore non-defense discretionary spending levels to roughly its historical average, after a decade of disinvestment. It makes these critical investments while cutting the deficit by more than $1 trillion over the next decade and ensuring that no one earning less than $400,000 a year will pay an additional penny in new taxes.

Senator Kennedy

Do you think that there are federal programs, both small and large, that have outlived their function and purpose that Congress should consider eliminating altogether? If so, please list those programs.

From the start of this Administration, it has been a priority of the President to ensure that the Government operates with the utmost efficiency and effectiveness. Since 2011, the Government Accountability Office (GAO) has presented 1,200 actions for Congress or Executive branch agencies to reduce, eliminate, or better manage fragmentation, overlap, or duplication; achieve cost savings; or enhance revenue. We continue to carefully review opportunities to reduce overlap and fragmentation, and to date, Congress and Executive Branch agencies have addressed many of those actions, resulting in approximately $515 billion in financial benefits, an increase of $85 billion since the 2020 report.

Senator Kennedy

What will it take to get our fiscal house in order?

The proposals included in the 2023 President's Budget show that we can both invest in critical national priorities, reduce the deficit, and keep the economic burden of debt below the historical average. The President has also put forward and supported proposals to ensure the wealthy and large corporations pay the taxes they already owe, close tax loopholes, and lower prescription drug prices.

Senator Kennedy

The Pentagon is using a 2.6% inflation assumption for the 2023 defense budget, so they're touting 1.5% real growth (but this inflation figure is unrealistic…inflation was 7.9% over the past 12 months.)

Russia is in the midst of an all-out assault on a democratic country, Iran is getting close to a nuclear weapon, and the Chinese Communist Party has built the world's largest naval fleet and is seeking to usurp the world order.

The Administration's response? A nominal 4% increase when inflation is soaring at an 8% rate. The White House is touting this as an increase—it's not. It's a cut. It is disappointing that the Administration doesn't seem to be serious about the threats around the globe.

To put this in the perspective, China increased its defense budget by 7.1%.

Has something changed—have our global threats decreased, or has inflation significantly decreased? Has the White House looked at what is happening in Ukraine and the South China Sea and concluded: our military can do more with less?

The President's Budget positions us to contend with determined competitors, address transnational threats, and manage crises as they arise, and includes a significant topline increase for DOD of 9.8 percent above the FY21 enacted level and 4.1 percent above the FY22 enacted level, which accounts for cost growth associated with cost pressures. These significant resources will help us deepen and modernize our alliances and partnerships, bolster our cybersecurity, and strengthen our military. They also ensure we have the resources necessary to sustain deterrence and backstop our diplomacy, as well as fight and win the Nation's wars if necessary. The Budget also supports Ukraine, the NATO alliance, and other European partner states by bolstering the capabilities and readiness of U.S. Forces, NATO allies, and regional partners in the face of Russian aggression.

Senator Kennedy

The Administration is proposing to increase the corporate tax rate in the U.S. from 21% to 28%. Typically, small businesses are organized as sole proprietorships, partnerships, LLCs, and S Corporations. These entities are taxed at the individual level and are not subject to the corporate tax rate. However, small businesses can also be C Corporations, which will be taxed at 28% if the proposal passes.

Do you support raising taxes on small businesses? Please explain.

In the wake of the Tax Cuts and Jobs Act of 2017, corporate tax revenue fell, as a percent of GDP, by roughly one-third, even as corporate profits increased. In the years before the pandemic, the share of total federal revenue coming from corporate taxation fell to under 7 percent, down from the average of 10 percent from 2000 to 2017. Raising the corporate income tax rate to 28 percent – less than the rates that prevailed for most of the last several decades – will help ensure that large corporations pay their fair share while providing revenue for growth-enhancing investments that benefit families and small businesses alike. At 28 percent, the corporate tax rate will still be significantly below the top individual income tax rate.

Senator Lujan

On top of the tragic toll COVID-19 has taken on this nation, we are bearing the burden of an overdose epidemic that has claimed an estimated 104,000 lives. In New Mexico, drug overdoses increased by 25% in 2020, fueled largely by an increase in the deadly synthetic opioid fentanyl. That is why I have long advocated for robust investment and structural changes in substance use disorder service delivery to increase access to recovery services and medication assisted treatment.

Thankfully, this budget proposes expanding the behavioral health workforce.

Despite the need for behavioral health services, HHS OIG found that many counties in New Mexico have few licensed behavioral health providers and they are unevenly distributed across the State, with rural and frontier counties having fewer providers and prescribers per 1,000 Medicaid managed care enrollees.

Ms. Young, how does the Biden Budget work to ensure a robust behavioral health workforce to ensure timely access to care for those in need?

Overall, this budget dedicates $20.8 billion for behavioral health programs a $4.9 billion increase above last year and it addresses the significant connection between mental health and substance use by investing in a broad spectrum of behavioral health services.

How does targeting these funds toward populations that have the most pressing and unique needs maximize the impact?

The Budget prioritizes growing and strengthening the behavioral health workforce. The Budget invests $7.5 billion over 10 years to increase the number of behavioral health providers serving Medicaid beneficiaries. The Budget invests another $7.5 billion for a new Mental Health Transformation Fund, to be allocated over 10 years to expand access to mental health services through mental health workforce development and service expansion, including the development of non-traditional health delivery sites. The Budget also provides sustained and increased funding for community-based centers and clinics, including a State option to receive enhanced Medicaid reimbursement on a permanent basis. In addition, the Budget includes $397 million for Behavioral Health Workforce Development Programs in the Health Resources and Services Administration, a 145 percent increase over the 2022 Enacted Level. The Budget also includes an increase of $90 million in the National Health Service Corps to increase the number of health care providers who provide behavioral health services in areas with shortages.

The Budget targets behavioral health funding to those populations with the most pressing and unique needs. The Budget strengthens access to crisis services for those who need immediate help. The Budget improves the accessibility of behavioral health services through sustained and increased funding for community-based clinics and the expansion of behavioral health services in primary care and non-traditional delivery sites. The Budget makes historic investments in youth mental health and suicide prevention programs, including the National Suicide Prevention Lifeline, which will transition from a 10-digit number to 988 in July 2022. The Budget invests in health workforce training and supports educational loan repayments and scholarships that help address the shortage of behavioral health providers, especially in underserved communities.

Senator Lujan

I have long advocated for budget certainty for Indian Health Service (IHS), Bureau of Indian Affairs (BIA), and the Bureau of Indian Education (BIE), which fund critical public services for Tribal Nations, including hospitals, schools, law enforcement, and child welfare programs, among other services.

Ms. Young, I am grateful this year's budget proposes making Indian Health Services funding mandatory. Why is it important to the life, safety and health of Tribal members and Tribes to make IHS funding mandatory?

The President's 2023 Budget makes historic investments in programs and activities benefiting Tribal Nations, organizations, communities, and Native American individuals. As a result of numerous tribal consultations, the Budget significantly increases the Indian Health Service's funding over time, and shifts it from discretionary to mandatory funding to rectify historical underfunding of the Indian Health system. By providing IHS stable and predictable funding, the proposal will improve access to high quality healthcare, reduce existing facility backlogs, address health inequities, and modernize IHS' electronic health record system. These funding deficiencies directly contribute to stark health disparities faced by tribal communities.

Senator Padilla

I was pleased to see $765 million included in the President's budget request to help work through the USCIS processing backlog. I chaired a Judiciary Subcommittee hearing on this critical issue two weeks ago, so I am glad to see it reflected as an Administration priority in this year's budget request. Switching over now to FEMA's Emergency Food and Shelter Program, which provides funding for NGOs and local jurisdictions along our border - I was disappointed to see that the amount requested was only $24 million. As you know, border localities and NGOs doing this work provide critical services that are typically functions of the federal government - such as temporary shelter, food, and transportation for families and adults released from government custody. Their resources are already stretched thin, and without proper funding, they may be forced to stop their operations. Director Young, will you commit to working with me to ensure we have the necessary resources to meet the needs of organizations and localities providing humanitarian assistance to vulnerable migrant families and individuals?

We appreciate that Congress appropriated $150 million for EFS-Humanitarian grants in FY 2022 in response to technical assistance provided by the Administration. Our budget request includes $130 million in the base program and $24 million for the humanitarian program you reference. The Administration understands the importance of the Emergency Food and Shelter program in supporting NGOs and the critical services they provide, and looks forward to working with Congress to ensure this program is sufficiently resourced.

Senator Padilla

Congress created the Army Corps Water Infrastructure Financing Program to provide low interest financing to support local investment in water infrastructure. This program will have tremendous value in California, particularly as we tackle a long list of projects to promote resilience to flooding and improve environmental quality. Congress appropriated funding in FY 2021 for the Corps to publish final program rules and issue a Notice of Funding Availability.

Congress provided additional funding for the program in both the Bipartisan Infrastructure Law and the recently enacted FY 2022 Omnibus. Although the Corps' website indicates program rules were to be published in 2021, that has not yet happened. Director Young, how is OMB working with the Corps to get this program up and running?

Setting up the Army Corps Water Infrastructure Finance and Innovation Act credit assistance program is a priority for the Administration. The 2023 Budget includes $10 million for administrative expenses related to non-Federal dam safety projects. We continue to work with the Army Corps on addressing all requirements related to establishing this program, including the programmatic rulemaking.

Senator Sanders

The Chairman of the National Republican Senatorial Committee has introduced a plan to raise taxes on as much as half of the American people while sunsetting all federal legislation including Social Security, Medicare, Medicaid and support for our nation's veterans in five years. This plan would also abolish the U.S. Department of Education.

According to the Tax Policy Center, if this policy were to become law, the bottom 60 percent of income-earners would see their taxes go up by $80 billion in a single year.

Director Young, if a plan like this became reality, how many people would slip out of the middle class and into poverty?

The Biden Administration is committed to reducing costs for families, investing in our country in a fiscally responsible way, growing our economy from the bottom-up and middle-out, and advancing opportunity and economic security for all. These principles are reflected in the President's FY23 Budget. President Biden is also proposing tax reforms that would increase fairness in the tax system by ensuring that the wealthy pay their fair share and that no one earning less than $400,000 per year pays a penny more in taxes.

Senator Sanders

As you know, the National Labor Relations Board (NLRB) was created to protect workers' right to form a union and collectively bargain. To my mind, the NLRB's work is tremendously important for protecting American workers, especially at a moment in which more and more workers are standing up for better working conditions and more and more employers are standing in their way with union-busting tactics.

Since 2010, staffing at the NLRB has fallen by 30 percent, and after adjusting for inflation, it has seen more than a $50 million cut to its funding. Republicans have fought year after year during the appropriations cycle to underfund the NLRB. The NLRB is struggling to process elections and unfair labor practice charges, ultimately hurting the very workers the agency was created to protect. A recent news article documents that "years of flat funding – even under a Democratic Congress – has left the National Labor Relations Board bleeding staff, imperiling its mission to protect workers."

Director Young, the President's budget requests just $319 million for the agency, an increase of less than 6 percent over last year's request and less than the 2014 funding level, after adjusting for inflation.

a) Does the administration believe this year's budget request would ensure that the NLRB has the resources it needs to protect democracy in the workplace?

b) Will the NLRB be able to hire additional staff at this funding level to reverse the 30 percent drop in staffing over the last decade?

The President's Budget would restore critical resources that NLRB has lost over the past decade. NLRB has been flat-funded for nine consecutive fiscal years, which has significantly reduced agency staffing alongside rising workload and increasingly complex programmatic responsibilities. The President's 2023 Budget, which represents a 16.5 percent increase for NLRB over the 2022 enacted level, includes resources to add staff to oversee fair union elections, investigate and prosecute unfair labor practices, and advance interagency cooperation to protect workers from retaliation and misclassification. It would rebuild field capacity and give the agency the administrative and programmatic tools it requires to effectively serve workers and employers alike. The Budget would support 1,305 FTE, an increase of 98 FTE or 8 percent over 2021, which represents an important first step toward restoring the 395 FTE lost between 2014, when flat funding began, and now. The request would also strengthen the agency's cybersecurity, fund outreach to underserved communities, and promote better, more inclusive internal personnel practices at the agency. I look forward to partnering with you to rebuild the NLRB.

Senator Sanders

As you are no doubt aware, we are experiencing nothing less than an affordable housing crisis on a national level – nearly half of all renters in the U.S. pay more than one-third of their income toward rent and utilities, and in no state can a full-time worker earning the minimum wage afford to rent a modest two-bedroom apartment.

Not only is the U.S. short about 5.24 million homes for first-time homebuyers and 7 million rental homes that are affordable to the lowest income Americans, but we are witnessing private equity and investment companies increasingly buying up homes in bulk, especially in Black and other traditionally disadvantaged communities. Oftentimes these companies are looking to make a quick buck by increasing rent and lowering maintenance, essentially pricing working families out of their homes and further exacerbating the housing crisis.

Director Young, can you tell us how the budget's investments in housing will reduce long-term housing cost inflation and address the affordability crisis?

The Budget provides robust discretionary funding for affordable housing production, and includes a new $50 billion mandatory and tax proposal focused specifically on increasing housing supply. Collectively, these activities are intended to help stabilize housing prices over the long-term.

Specifically, the Budget proposes to fund the HOME Investment Partnerships Program, a key discretionary program that supports affordable rental housing production and homeownership, at almost $2 billion -- the highest level in nearly 15 years.

In addition to this discretionary investment, the $50 billion mandatory and tax proposal includes $35 billion for a Housing Supply Fund at HUD for State and local housing finance agencies and their partners to provide grants, revolving loan funds, and other streamlined financing tools, as well as grants to advance State and local jurisdictions' efforts to remove barriers to affordable housing development. The Department of the Treasury will administer approximately $10 billion in additional investments of Low-Income Housing Tax Credits and $5 billion for Community Development Financial Institutions to finance new construction or substantial rehabilitation that results in net new units of affordable rental and for-sale homes.

Senator Sanders

The Appropriations Committees have urged CMS's "Chief Dental Officer to examine opportunities within existing statutory authority to expand Medicare coverage of dental services" and has asked CMS "to provide recommendations no later than one year after enactment of this Act regarding policies to increase coverage of, and access to, comprehensive dental benefits for adults in State Medicaid programs."

Director Young, will CMS consider using existing authority to expand Medicare dental coverage?

The Administration continues to support expansion of Medicare dental coverage and will continue to work collaboratively with Congress to advance such reforms.

Senator Sanders

The authorizations for Federally Qualified Health Centers and National Health Service Corps expire after FY23.

a) Does the administration support reauthorizing these programs for a longer period of time when they are next reauthorized?

b) Does the administration support significantly increasing the authorization given the two programs' contributions to fighting COVID-19?

a. Health centers and the National Health Service Corps are critical components of our nation's healthcare system and we look forward to working with Congress to ensure they have a stable source of funding to continue their important work. The 2024 Budget will address the reauthorization of these programs.

b. The Administration looks forward to working with the Congress to advance the President's goal of significantly growing the National Health Service Corps and the Federal investment in community health centers. The 2024 Budget will address the reauthorization of these programs.

Senator Sanders

The Department of Veterans Affairs (VA) annual Strategic Capital Investment Planning Process (SCIPP) shows an infrastructure backlog of roughly $72-88 billion. Meanwhile, as part of last year's Build Back Better proposal, the Biden administration requested $18 billion to address VA infrastructure needs. This year, your budget requests $3 billion for VA infrastructure despite the immense backlog of infrastructure needs.

Director Young, will you commit to working with Congress to fully fund VA's construction requirements and ensure that the department receives the resources it needs to reduce the backlog?

The Administration is committed to working with Congress to ensure VA's construction requirements are met. In addition to documenting the VA's long-range capital needs, the Strategic Capital Investment Planning (SCIP) process prioritizes needed and potential projects across multiple categories while accounting for the execution capacity of the VA workforce. The projects accounted for in the Build Back Better proposal remain high on the Administration's priority list. I look forward to continuing our work together to ensure the VA's resourcing needs are met.

Senator Sanders

The Secretary of Veterans Affairs has made recommendations to the Asset and Infrastructure Review (AIR) Commission that call for the closure of two community-based outpatient clinics (CBOCs) in Vermont. I am concerned that the AIR commission is simply another backdoor to privatization of critical health care services at the VA with the closure of 86 CBOCs and the expansion of 62 new private sector partnerships nationwide.

Director Young, will you commit to working with me to ensure that veterans in Vermont and around the country experience no reductions in service as a consequence of the AIR Commission?

Yes, I commit to working with you to ensure veterans in Vermont and around the country continue to experience world-class healthcare.

OMB will continue to monitor the AIR Commission's activities to ensure they comply with the MISSION Act of 2018. As we do that work, we are committed to ensuring the VA continues to provide optimal access and services for our Nation's veterans in Vermont and throughout the country.

Senator Sanders

The FY23 omnibus appropriations bill requires OMB to make apportionments of appropriations public and require agencies to notify Congress of conditions or delays in apportionment of funds that risk improper impoundments.

The new law requires OMB to begin providing the Budget Committee this data immediately which you have begun to do, as an interim measure before completing the automated system to make apportionments public over the coming months.

Simply put, this kind of transparency would be beneficial if we ever again had an administration as contemptuous of Congress's power of the purse as that of former President Trump.

Director Young, will OMB comply completely with the spirit and the letter of these provisions?

As you noted, we have already complied with the new requirement for OMB to make apportionments available to the Budget and Appropriations committees. OMB will comply with the remaining apportionment requirements included in the Consolidated Appropriations Act, 2022.

Senator Toomey

The President's Budget Request is a statement of the administration's values, but it provides a mere four percent nominal budget increase for the Department of Defense (DOD) to carry out one of the government's most important functions – to protect the American people – at a time when inflation is running two times that. Meanwhile, this Budget provides a fourteen percent increase in non-defense discretionary spending. Further, the spending priorities within DOD itself are also misguided in my view. For instance, DOD requests three billion dollars to combat climate change; that is more than DOD requested to increase the Army's entire budget, which would receive a $2.8 billion increase from current enacted levels.

By OMB's own admission, the assumed inflation rate used to calculate DOD's FY 2023 budget authority is out of date, and DOD admitted to underestimating the rate of inflation each of the last two fiscal years. Annual dollar increases alone cannot keep up with the rising costs of fuel, labor, and supplies, among other primary expenses of DOD's budget. For example, in FY 2020, DOD requested $11.2 billion to purchase 78 F-35 fighters. In the President's FY 2023 Budget, DOD is only requesting $11 billion to purchase just 61 F-35 fighters. This is as China is rapidly modernizing and projecting its military and increasing it weapons stockpiles, Russia has invaded Ukraine in the largest ground-war in Europe in 80 years, and Iran is closer to a nuclear weapon than it has ever been. It is clear that DOD is not getting the real spending power increases it needs to keep up with these ever-growing threats. We cannot ask our military to do more with less.

1) Director Young, Is either DOD or OMB tracking the impacts of inflation on DOD for FY 2021 and 2022?

a. If YES: Who is tracking this, what information is being collected, and how is inflation being measured?

b. If NO: How should Congress interpret the FY 2023 request? How is this a realistic or informed request if DOD does not have information to ensure it keeps up with inflation and accounts for those impacts on national security?

2) Director Young, How does DOD plan to address the national security implications of its eroded purchasing power and expanded mission requirements with a topline that, by OMB and DOD's own admission, is out of date and not reflective of real inflation?

DOD's significant topline increase, which is 9.8 percent above the FY21 enacted level and 4.1 percent above the FY22 enacted level, accounts for cost growth associated with inflation. The Budget positions us to contend with determined competitors, address transnational threats, and manage crises as they arise. It will deepen and modernize our alliances and partnerships, bolster our cybersecurity, and strengthen our military. It also ensures we have the resources necessary to sustain deterrence and backstop our diplomacy, as well as fight and win the Nation's wars if necessary. The Budget also supports Ukraine, the NATO alliance, and other European partner states by bolstering the capabilities and readiness of U.S. Forces, NATO allies, and regional partners in the face of Russian aggression.

Senator Whitehouse

I regularly hear from my constituents about health care workforce challenges, many of which have been exacerbated by the COVID-19 pandemic. These challenges affect both the providers themselves and patient care. There are ongoing shortages of providers ranging from nurses to specialists. Burnout is at an all-time high, leading to increased vacancies. The racial and ethnic makeup of the health care workforce does not represent the patients they serve.

How does the President's Budget solve for both the short- and long-term issues leading to the health care workforce shortage?

The Budget includes over $2 billion in the Health Resources and Services Administration for Health Workforce programs, a 19 percent increase over the 2022 enacted level. This funding will strengthen the health care workforce by: addressing provider shortages, including among nurses and specialty providers; providing educational loan repayment and scholarships to incentivize providers to practice where they are most needed; increasing the diversity of the health care workforce and expanding access to culturally competent care; and supporting workforce resiliency to prevent provider burnout through a new $50 million investment.

Senator Whitehouse

Rule-of-law nations face a difficult challenge in tracking down and seizing Putin and his oligarchs' dirty assets – assets that are carefully hidden using shell companies, tax havens, and other tricks. I am pleased the Administration recently launched the REPO multinational task force and Treasury's Kleptocracy Asset Recovery Rewards Program. But their work would be easier if the U.S. financial system didn't make it so easy to hide dirty money.

I have been working on legislation that will require U.S. financial institutions to share information about their foreign clients just as we require foreign banks to report on the offshore accounts of U.S. taxpayers under the Foreign Account Tax Compliance Act (FATCA). In the words of one expert on financial crime, this double standard helped lead the U.S. to become "a truly world-class tax haven."

I am pleased to see this reform included in the President's Budget.

How would this proposal help us track down the dirty assets of Russian oligarchs?

Secret overseas accounts enable wealthy criminals around the world to steal money and evade the law. FATCA was a critical step forward in cracking down on that illegal activity. By providing information to foreign governments on the foreign accounts held in U.S. banks, the proposal you describe will help to ensure that other countries continue to provide the United States with critical foreign account activity information and to enable law enforcement authorities to piece together the necessary information to crack down on wealthy criminal activity.

Senator Whitehouse

Additionally, the $60 trillion U.S. real estate market—currently exempt from any anti-money laundering safeguards—remains a massive target for kleptocrats, drug traffickers, and other money launderers. This lack of information about who owns U.S. real estate poses a major challenge to our efforts to enforce sanctions against Putin, his cronies, and other sanctioned entities.

I was pleased that FinCEN opened a rule-making process to extend anti-money laundering and beneficial ownership disclosure requirements to the real estate sector in December, and I hope that the administration moves swiftly to finalize and implement these rules.

Can you commit to finalizing a strong anti-money laundering rule for the real estate sector within the next 12 months?

The Office of Information and Regulatory Affairs reviewed an ANPRM from FinCEN in December and the timing of any subsequent rule would be at the discretion of the United States Department of the Treasury.

Senator Whitehouse

I was pleased to help secure an additional $34 million for FinCEN in the Fiscal Year 2022 Omnibus, though I recognize the agency needs a lot more—as the President also acknowledges with his Fiscal Year 2023 request. I'll keep pushing on this.

Can you commit to working with me to ensure that FinCEN secures additional funding for FY2023?

Yes. The 2023 President's Budget requests $210 million for FinCEN, a more than 30 percent increase over the $161 million provided in the 2022 Consolidated Appropriations Act.