THE PRESIDENT'S FISCAL YEAR 2023 BUDGET

HEARING

BEFORE THE

COMMITTEE ON THE BUDGET
HOUSE OF REPRESENTATIVES

ONE HUNDRED SEVENTEENTH CONGRESS

SECOND SESSION

HEARING HELD IN WASHINGTON, D.C., MARCH 29, 2022

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THE PRESIDENT'S FISCAL YEAR 2023 BUDGET

TUESDAY, MARCH 29, 2022

HOUSE OF REPRESENTATIVES
COMMITTEE ON THE BUDGET
Washington, DC.

The Committee met, pursuant to notice, at 10:06 a.m., at 210 Cannon Building, Hon. John A. Yarmuth [Chairman of the Committee] presiding.

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

Chairman YARMUTH. This hearing will come to order.

Good morning and welcome to the Budget Committee's hearing on "The President's Fiscal Year 2023 Budget". At the outset, I ask unanimous consent that the Chair be authorized to declare a recess at any time.

Without objection, so ordered.

I will start by going over a few housekeeping matters. Today the Committee is holding a hybrid hearing. Members may participate remotely or in person. For individuals participating remotely, the chair or staff designated by the chair may mute a participant's microphone when the participant is not under recognition for the purpose of eliminating inadvertent background noise. If you are participating remotely and are experiencing connectivity issues, please contact staff immediately so those issues can be resolved.

Members participating in the hearing room or on the remote platform are responsible for unmuting themselves when they seek recognition. We are not permitted to unmute Members unless they explicitly request assistance. If you are participating remotely and I notice that you have not unmuted yourself, I will ask if you would like staff to unmute you. If you indicate approval by nodding, staff will unmute your microphone. They will not unmute your microphone under any other conditions.

I would like to remind Members participating remotely in this proceeding to keep your camera on at all times, even if you are not under recognition by the Chair. Members may not participate in more than one committee proceeding simultaneously. If you are on the remote platform and choose to participate in a different proceeding, please turn your camera off.

Finally, we have established an email inbox for submitting documents before and during Committee proceedings and we have distributed that email address to your staff.

Now, I will introduce our witness.

This morning we will be hearing from the Honorable Shalanda Young, Director of the Office of Management and Budget. And per our agreement with Director Young, the Committee will recess briefly around noon and reconvene around 12:30 p.m.

I now yield myself five minutes for an opening statement.

Good morning, Director Young. I want to thank you for appearing before our Committee today to testify on the President's Fiscal Year 2023 Budget. I also want to congratulate you on your historic confirmation. We are honored to have you with us here today, and OMB is very lucky to have you at the helm.

This month marked two years since the World Health Organization declared COVID–19 a pandemic. Since then, our nation experienced the worst economic downturn since the Great Depression. Families have lost their homes, their savings, their livelihoods, and their loved ones.

When President Biden took office, the pace of vaccine distribution was dismal. There was no comprehensive plan to get shots into arms, there was an enormous gulf between what families and our economy needed and how the federal government was responding.

That changed with the American Rescue Plan, which this Committee was proud to lead. It kick-started a mass vaccination campaign, reinvigorated our economy, and lifted millions of Americans out of poverty. Since the passage of the American Rescue Plan, the speed and strength of our recovery has blown past economists' expectations. 2021 was the greatest year of job growth in American history. During President Biden's first year in office, GDP grew at the fastest rate in nearly four decades. Unemployment has fallen to 3.8 percent, the fastest decline in recorded history. And the resurgence in worker power has led to wage increases across the board, with wages for low-income workers up the most.

The President's budget request for 2023 takes the next steps toward achieving our shared goals. It provides a discretionary top line of nearly $1.6 trillion for annually funded programs, building on the enacted 2022 appropriations and continuing to reverse years of chronic underfunding. Its fiscally responsible and pro-growth investments in education, affordable housing, research and development, healthcare, and other vital priorities will not only better the lives of Americans today but strengthen our long-term economic outlook as well.

This budget will expand the productive capacity of our economy and put money back in the pockets of the working Americans who power it.

It will lower costs by fixing supply chains and increasing the amount of goods made here in America. It will cut energy costs for families while investing in climate science and innovation so we can tackle the climate crisis and lead in the clean energy economy. It will increase Pell Grants and provide more training and apprenticeships, so all Americans have the opportunity to succeed in a 21st century economy.

The President's Budget is also a call to action on key areas of bipartisan consensus: tackling the mental health crisis, upholding our sacred obligation to our veterans, fighting the opioid epidemic, and investing in cutting edge research to end cancer as we know it.

We can afford to invest in the American people. Rather than handing out tax cuts to millionaires and billionaires, the Biden Administration has outlined a new economic vision for America: invest in America, educate the next generation of Americans, grow our work force, and build the economy from the bottom up and middle out.

This is how we meet the needs of families and communities. This is how we strengthen our recovery and grow our economy so that we build a better, stronger, more secure, and more inclusive nation for generations to come.

And we pay for this new economic vision with long-overdue reforms to make our tax code more equitable. This starts with making sure corporations and the richest Americans pay their fair share in taxes. The Biden budget raises the corporate tax rate to 28 percent, which, by the way, is still much lower than the 35 percent tax rate we had up until 2017. It is completely unacceptable that hard-working families often pay a higher tax rate than the wealthiest Americans. The President's budget fixes this by proposing a 20 percent minimum income tax on the very wealthiest households worth more than $100 million. Together, these proposals will help re-balance our tax code to ensure it rewards work, not wealth.

I am optimistic that we can get this done. As we continue to work with our colleagues in the Senate to deliver a reconciliation bill to the President's desk, I am eager to get to work on a 2023 budget and appropriations process that will deliver for the American people.

Director Young, I look forward to your testimony today and hearing more from other Administration officials in the coming weeks.

Now I yield five minutes to the Ranking Member, Mr. Smith, for his opening statement.

[The prepared statement of Chairman Yarmuth follows:]

Chairman John A. Yarmuth
Hearing on The President's Fiscal Year 2023 Budget
Opening Statement
March 29, 2022

Good morning. Director Young, I want to thank you for appearing before our committee today to testify on the President's Fiscal Year 2023 Budget. I also want to congratulate you on your historic confirmation. We are honored to have you with us here today, and OMB is very lucky to have you at the helm.

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When President Biden took office, the pace of vaccine distribution was dismal. There was no comprehensive plan to get shots into arms. There was an enormous gulf between what families and our economy needed and how the federal government was responding.

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The President's budget request for 2023 takes the next steps toward achieving our shared goals. It provides a discretionary topline of nearly $1.6 trillion for annually funded programs, building on the enacted 2022 appropriations and continuing to reverse years of chronic underfunding. Its fiscally responsible and pro-growth investments in education, affordable housing, research and development, health care, and other vital priorities will not only better the lives of Americans today but strengthen our long-term economic outlook as well.

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The President's Budget is also a call to action on key areas of bipartisan consensus: tackling the mental health crisis, upholding our sacred obligation to our veterans, fighting the opioid epidemic, and investing in cutting-edge research to end cancer as we know it.

We *can* afford to invest in the American people. Rather than handing out tax cuts to millionaires and billionaires, the Biden Administration has outlined a new economic vision for America: invest in America; educate the next generation of Americans; grow our workforce; and build the economy from the bottom up and middle out.

<u>This</u> is how we meet the needs of families and communities. <u>This</u> is how we strengthen our recovery and grow our economy so that we build a better, stronger more secure, and more inclusive nation for generations to come.

And we pay for this new economic vision with long-overdue reforms to make our tax code more equitable. This starts with making sure corporations and the richest Americans pay their fair share in taxes. The Biden Budget raises the corporate tax rate to 28 percent — which, by the way, is still much lower than the 35 percent rate we had up until 2017. It's completely unacceptable that hard working families often pays a higher tax rate than the wealthiest Americans. The President's Budget fixes this by proposing a 20 percent minimum income tax on the very wealthiest households worth more than $100 million. Together, these proposals will help rebalance our tax code to ensure it rewards work — not wealth.

I am optimistic that we can get this done. As we continue to work with our colleagues in the Senate to deliver a reconciliation bill to the President's desk, I am eager to get to work on a 2023 budget and appropriations process that will deliver for the American people.

Director Young, I look forward to your testimony today and hearing more from other Administration officials in the coming weeks.

Mr. SMITH. Thank you, Mr. Chairman.

Director Young, welcome back in person to the House Budget Committee, and congratulations on your confirmation. It was way overdue. And congratulations on your new child. A lot has happened in a year. So, we are grateful you are here.

When you testified last year on President Biden's Fiscal Year 1922 budget, alarm bells were already going off about the impact that the President's agenda would have on the economy, what it would have on the inflation, and the security of our southern border.

At that time, the crises created by President Biden and the House and Senate Democrats' agenda were already piling up. That list has only grown since—including an energy crisis, with folks paying over $4.00 a gallon at the pump. In fact, since President Biden has been in office gas prices has went up 79 percent. That is tough for the folks back home. Then there is a crime crisis in communities across this country, and an education crisis that has perpetuated the mistreatment of kids in our schools under the guise of COVID–19.

So now we have President Biden's Fiscal Year 1923 budget, a proposal that deliberately makes every crisis American families are facing because of President Biden and the one party Democrat rule in Congress that much worse. American families are facing a spike in prices not seen in this country in over 40 years. A $3,500 inflation tax on every family in America just last year alone. The President's budget keeps—keeps the reckless spending going on, doubling down on the delusion that the answer out of inflation is to spend more money. This proposal spends $73 trillion dollars over the next 10 years. And also it provides the Build Back Broke agenda which this budget tries to cover up using a deficit neutral reserve fund. The Congressional Budget Office though has confirmed there is nothing—nothing deficit neutral about the agenda. CBO confirmed it adds $3 trillion to our nation's debt.

As gas prices have skyrocketed, the President's budget surrenders American energy independence and attacks American energy companies so that we are more reliant on foreign nations for our energy needs—more dependent on countries like Russia, China, and Venezuela, Iran, at a time when the world seems to be even more of a hostile place.

This budget also includes potentially up to $4 trillion in tax increases, more than $1.5 trillion of that falling on American families. $2,000 for every average American tax increase is in this proposal. That—that is absolutely terrible.

Then, under the Build Back Better agenda you have covered up in a deficit neutral reserve fund. Over the next 10 years Biden's budget calls for $58 trillion in total taxes—the highest sustained tax burden in American history. And while folks see their taxes go up and the value of their paychecks go down, Biden's budget gives a 12 percent raise to the IRS to target hard-working Americans.

We already know where this type of tax and spending agenda is going. Look at the past year after the Democrats $2 trillion Biden Bailout Bill was signed into law. Jobs in 2021 grew less than CBO said they would before that $2 trillion spending bill came on the scene.

After over 2.9 million border encounters occurred since Biden took office, the President's budget continues the same catch and release policies that have resulted in the worst border crisis in over 20 years. There is no commitment to border security in this budget, no using the $1.9 billion in border wall funding that was just renewed as part of the most recent omnibus spending bill. The budget allows $350 million in border wall still to continue rusting away while contractors are paid billions to babysit unused material. It cuts funding for Immigration and Customs Enforcement by $150 million. All of it is a slap in the face to the men and women dealing with a security and humanitarian crisis at the southern border. The President says show me your budget and I will tell you what you value. For the second straight year we see the President values a government that tells its citizens how to live their lives, he values an economy where everything from the clothes you put on your back to the food you put on your table to the gas in your car is more expensive. He values open borders and energy dependence. He values debt—a lot of it—$16 trillion to be exact.

The American people are not going to buy this budget—because frankly we can't afford it.

I yield back, Mr. Chairman.

[The prepared statement of Jason Smith follows:]

BUDGET | HOUSE BUDGET REPUBLICANS

Rep. Jason Smith
Republican Leader

Smith Opening Statement: President Biden's FY23 Budget

March 29, 2022
As prepared for delivery

Thank you, Mr. Chairman.

Director Young, welcome back to the House Budget Committee. Congratulations on your confirmation as Director and on becoming a new mom last year. I'm very happy for you and your family.
When you testified last year on President Biden's FY22 budget, alarm bells were already going off about the impact the president's agenda would have on the economy, on inflation, and on the security of our southern border.

At that time, the crises created by President Biden and the Democrat agenda were already piling up. That list has only grown since – including an energy crisis with folks paying over $4 a gallon at the pump; a crime crisis in communities across this country; an education crisis that has perpetuated the mistreatment of kids in our schools under the guise of COVID-19.

So, now we have President Biden's FY23 budget – a proposal that deliberately makes every crisis American families are facing – because of President Biden and the Democrats' agenda – that much worse.

American families are facing a spike in prices not seen in this country in 40-years – a $3,500 inflation tax on every family in America last year. The

President's budget keeps the reckless spending going – doubling down on the delusion that the answer to a spending-driven inflation crisis is another $73 trillion in spending or the Build Back Broke agenda which this budget tries to cover up using a "deficit-neutral reserve fund." The Congressional Budget Office (CBO) has confirmed there is nothing "deficit-neutral" about that agenda. CBO confirmed it would add $3 trillion to the debt.

As gas prices have skyrocketed, the President's budget surrenders America's energy independence and attacks American energy companies so that we are more reliant on foreign nations for our energy needs – more dependent on countries like Russia, China, and Venezuela at a time when the world seems an even more hostile place.

This budget also includes potentially up to $4 trillion in tax increases, more than $1.5 trillion of that falling on American families and small businesses. $2.5 trillion you explicitly show in your budget while you are concealing the other $1.5 trillion that comes from the Build Back Better agenda you have covered up in a deficit-neutral reserve fund. Over the next 10 years, Biden's budget calls for $58 trillion in total taxes – the highest sustained tax burden in American history. And while folks see their taxes go up and the value of their paychecks go down, Biden's budget gives a 12 percent raise to the IRS to target more Americans.

We already know where this type of tax-and-spend agenda is going. Look at the past year after the Democrats' $2 trillion Biden Bailout Bill was signed into law –jobs in 2021 grew less than CBO said they would BEFORE that $2 trillion spending bill came on the scene.

After over 2.9 million border encounters occurred since Biden took office, the President's budget continues the same catch-and-release policies that have resulted in the worst border crisis in over 20 years.

There's no commitment to border security in this budget; no using the $1.9 billion in border wall funding that was just renewed as part of the most recent omnibus spending bill. This budget allows $350 million in border wall steel to continue rusting away – while contractors are paid billions to babysit unused materials. It cuts funding for Immigration and Customs Enforcement by $150 million. All of it is a slap in the face to the men and women dealing with a security and humanitarian crisis the President created.

And this is not about the President being frugal. He gives non-national security agencies a 12 percent average increase.

The President says, "show me your budget, and I'll tell you what you value." For the second straight year we see this President values a government that tells its citizens how to live their lives. He values an economy where everything from the clothes you put on your back, to the food you put on your table, to the gas you put in your car is more expensive. He values open borders and energy dependence. He values debt – a lot of it – $16 trillion to be exact.

The American people are not going to buy this budget – because, frankly, we cannot afford it.

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Chairman YARMUTH. I thank the Ranking Member for his opening statement.

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

Once again, I want to thank Director Young for being here this morning. The Committee has received your written statement and it will be made part of the formal hearing record.

You will have five minutes to give your oral remarks and you may begin when you are ready.

STATEMENT OF THE HONORABLE SHALANDA YOUNG, DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET (OMB)

Ms. YOUNG. Thank you so much, Chairman Yarmuth, Ranking Member Smith, Members of the Committee. It is so nice to be back to my old place of employment. Thank you for the opportunity to present the President'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 recorded in a single year ever. 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 by more than $1.3 trillion, the largest ever 1-year decline.

This progress was not on accident. It is a direct result of this President's strategy to combat the pandemic and grow our economy from the bottom up and the middle out. 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 healthcare, child care, energy costs, 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. It builds on the bipartisan funding bill Congress passed earlier this month, it makes key investments in the American people. From expanding economic capacity and improving our public health infrastructure to combatting 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 in Europe. 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 outlook. That is because the budget's investments are more than fully paid for through tax reforms that corporations and the wealthiest Americans pay their fair share. That includes a new proposal requiring the richest Americans, billionaires and those worth more than $100 million, to pay a tax rate of at least 20 percent on all 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 will see a penny of new taxes and it will reduce the deficits to less than half of last year's levels as a share of 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 share prosperity for generations to come.

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

[The prepared statement of Shalanda Young follows:]

TESTIMONY OF
SHALANDA D. YOUNG
DIRECTOR
OFFICE OF MANAGEMENT AND BUDGET
BEFORE
HOUSE COMMITTEE ON THE BUDGET

MARCH 29, 2022

Chairman Yarmuth, Ranking Member Smith, Members of Committee:

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

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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.

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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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Chairman YARMUTH. Thank you very much, Director Young, for your opening remarks.

We will now begin our question and answer session.

As a reminder, Members can submit written questions to be answered later in writing. Those questions and responses will be made part of the formal hearing record. Any Members who wish to submit questions for the record may do so by sending them electronically to the email inbox we have established within seven days of the hearing.

I defer my questioning to the end, so I now recognize the gentleman from North Carolina, Mr. Price, for five minutes.

Mr. PRICE. Thank you, Mr. Chairman, and welcome to our Director, Shalanda Young. We are very proud of the work you are doing, very impressed by your presentation here. Those of us who worked with you on the Appropriations Committee have a special pride and satisfaction in the job you are doing. So congratulations. We are glad to see you and we are also glad to see the President's budget.

As the Chairman of the Transportation-HUD Subcommittee, we will look forward to early hearings with Secretaries Fudge and Buttigieg and we will, of course, as usual, look at every line of this budget proposal with care. We like what see so far though, I must say. The Department of Housing and Urban Development has a 9.5 percent increase, much needed. We can use it very wisely I think to address homelessness and housing costs, to expand and improve the housing stock. And we intend, as you do, to focus throughout on safety, on equity, on climate resiliency, and energy efficiency.

The transportation side of the budget, also looks good. That is a 2 percent increase. It is building in good ways on the Infrastructure Investment and Jobs Act with a particular emphasis on transit and passenger rail.

And so we look forward to scrutinizing this budget and moving forward to put it before the House at an early point.

This morning I want to concentrate on another hat I wear and a program that I have been concerned about for my entire career and that I think is very important for us to focus on at this juncture, and that is national service, AmeriCorps—senior AmeriCorps and regular AmeriCorps. The budget has a $1.34 billion item for AmeriCorps. That is an increase over $1.15 billion in the current year. It also follows a historic $1 billion investment in the American Rescue Plan, which as you know helped AmeriCorps respond to the pandemic, diversify its work force. There was a lot that we were able to achieve there with that additional funding. We increased AmeriCorps' diversity and its equity efforts, we increased the living allowances of Members, and we enabled some redeployment to go on with respect to pandemic needs.

Now, what is the Administration's plan going forward? That is my question. We of course want to sustain these roles that have been taken on during the pandemic. Is this money sufficient to do that to sustain the increases that we have had during the pandemic period? And what is your vision for national service moving forward? The other element in this of course is the proposed Civilian Climate Corps, which has yet to be enacted by us. It was enacted by the House, has yet to be enacted by the full Congress. But I am interested in what you envision here. What role the Civilian

Climate Corps plays in the budget, and what kind of potential this has to not just augment AmeriCorps, but give it a stronger focus on conservation and on community resilience?

So what is the future of AmeriCorps in the Administration's view and how is it reflected in this budget?

Ms. YOUNG. Mr. Price—I would like to call you Chairman Price. He was my first Chairman. I worked for him on the Appropriations Committee.

One, I want to thank you for your work on AmeriCorps, also National HDP, the House Democracy Partnership. Mr. Price likes to focus his attention on programs that bring out the best value of Americans. And I want to thank you for your focus. I did a service project with the new head of AmeriCorps on Martin Luther King Day. I want you to know our commitment to AmeriCorps is strong. And I think one of the things budgets of past administrations would do, look at past legislation that was passed, like the billion in ARP and reduce the budgeted amount, ensure retraction. We are not doing that. We are building on top of the Rescue Plan funding that was provided. As you mentioned, we are providing $1.3 billion here, $189 million increase compared to the enacted level—so an expansion. It would allow AmeriCorps increase the member living allowance and volunteer stipends. It would also support increases in higher education awards for AmeriCorps volunteers. That aligns with the President's Pell Grant increase. The budget also includes $20 million for staffing at AmeriCorps to implement the Civilian Climate Corps that you mentioned. And that would be in partnership with the Department of Labor and Department of Interior in USDA.

Mr. PRICE. Thank you. I do think the Civilian Climate Corps is a powerful idea and I am glad you are assuming that it is fully enacted and that you will have these costs accounted for in this budget.

And I also think as we deliberate on this budget, and this bridges two or three subcommittees, we do need to pay attention not just to the full strength of AmeriCorps, but also how it is organized, and particularly how this Climate Corps is fully integrated into AmeriCorps operations.

So thank you for that and we will look forward to working with you on that.

Chairman YARMUTH. The gentleman's time has expired.

I now yield 10 minutes to the Ranking Member.

Mr. SMITH. Thank you, Mr. Chairman.

Director, inflation is at a 40-year high—7.9 percent in the year-to-year report from February. Fed Chairman Powell has now said that when it comes to calling the inflation crisis transitory, which the Administration has done repeatedly, he says "I think it's probably a good time to retire that word". I could not agree more.

Have you spoken with the President about what can be done to solve the inflation crisis?

Ms. YOUNG. Ranking Member Smith, we absolutely talk about inflation along with economic growth, wage growth. We have to make sure that as we grow the economy. As you heard talked about we grew the economy the largest rate in 40 years. We also have to take in account with that came higher levels of inflation.

Mr. SMITH. So, it is very concerning. I am glad that you have spoken to the President about inflation. What is concerning is this budget proposal projects starting today that inflation will be at 2 percent for the next 10 years. Because the first year you say 4.7 percent, but already for the year it is over 8 percent. So, it would have to be 2 percent every month for the rest of the year to meet those averages, plus 2 percent for the next nine years. Completely unrealistic when we are probably going to hit double digits inflation.

So, to hit the inflation projections in this budget, it is just—it is madness. What policies in this budget brings it down were inflation will be at 2 percent?

Ms. YOUNG. Mr. Smith, I am happy to walk you through how we do calculation for the budget. These numbers were locked in early November. At the time we were in line with blue chip private forecasters. But inflation is clearly at a level——

Mr. SMITH. So, five months—Director, five months ago you locked in these inflation numbers. So, you did 4.7 percent five months ago and two weeks ago it came out at 7.9 percent. You guys were off by almost double in that 5-month span. I just want to know what policies do you all have in this proposal, because spending $73 trillion just seems like it is only going to fuel the inflation fire.

So, I would like to know how you are going to help the people of Southern Missouri to be able to afford food on their table, clothes on their backs, and gasoline in their cars.

Ms. YOUNG. Yes, I am sure you have paid close attention to the President's plan on dealing with competition in the private sector and also improving supply chain challenges, which are global in nature. I would also point out that inflation is a global trend. Almost every developed country is seeing inflationary growth. What that tells us is that we have a global issue. It is not one bill, one country, specific policies. This is something all major countries are facing coming out of the pandemic.

Mr. SMITH. So, I would be curious, does the President believe spending $73 trillion over the next 10 years will reduce inflation or increase inflation?

Ms. YOUNG. The President believes the fiscally responsible thing to do is to pay for our proposals. That is why you see this budget bring down deficits over the 10-year period by over a trillion dollars.

Mr. SMITH. Well, Director, this proposal over the next 10 years actually increases the national debt by $16 trillion, which is going to have more than a trillion dollar deficit every year for the next 10 years, which is the highest sustained amount of deficit in the history of our nation. And you are saying that this proposal is bringing down the deficits?

Ms. YOUNG. Ranking Member, I know we all know that deficits and debt are two different things. We are bringing the deficit by a trillion dollars. The debt rises, as many of you know, because of entitlements. What this President is not going to do is put forth proposals to cut benefits for our seniors in this country.

Mr. SMITH. You know, I think that we all care about our seniors. Social and Medicare. That is why this proposal, Director, is very alarming to me, that by the year 2032—by the year 2032, thanks to this $73 trillion worth of spending and the more than trillion dollar deficits every year by the proposal of this budget, that we are going to be at $45 trillion of our national debt. But just paying interest on that national debt is going to cost us $1.1 trillion just on interest, which means that will now be the third largest program that we have to pay for in our entire government behind Medicare and Social Security.

So, this reckless spending is actually devastating our seniors, because now it is competing with them as being one of the most costly programs.

Let us go onto the tax increases. Analysis of the tax increases in the President's budget shows they will lead to fewer jobs in the country and a reduction in wages. What is the President's rational for imposing tax increases that will harm jobs, particularly when the country is trying to emerge from a pandemic?

Ms. YOUNG. I would be interested in seeing your analysis. The President has been very clear, he will not subscribe to trickledown economics. He believes that we should invest in the middle class, those working to get to the middle class. And he has a policy, and this budget follows it, not to raise taxes for anyone making less than $400,000.

Mr. SMITH. In this proposal you allow expiration of the Tax Cut and Jobs Act, correct?

Ms. YOUNG. Yes.

Mr. SMITH. And so, by expiration of the Tax Cut and Jobs Act, that is going to raise taxes on every average day American by $2,000 a year. And those are people making less than $100,000. So, in fact this budget does that.

It also increases taxes on gasoline and fossil fuels by $45 billion over the next 10 years. And like I said, the people of Southern Missouri, they are struggling to put gas in their car when gasoline has gone up 79 percent since Joe Biden took the oath of office here. And what his solution in this budget, to only increase taxes more on their gasoline, driving up $4.50 a gallon per gas to $5–6 bucks. How do you respond to that?

Ms. YOUNG. Easily. I think it was a bipartisan interest here to ensure that we counter Russian aggression as strongly as possible. And the President reminded the American people with that would come possibly higher gas prices and that has happened. He has been very clear with the American people that a strong response could possibly cause this to happen. Since Russian aggression gas has gone up about $1. It is unfortunate that Russia has chosen to bring the global economy down this path, but it was appropriate for all developing countries to stand together and push back on this tyrant and his actions.

Mr. SMITH. Director, I appreciate your comments and you are doing a great job for the President but let us get the facts out to the American people. On his first week in office President Biden did Executive Orders to eliminate the Keystone XL Pipeline that allowed us to purchase energy from our neighbors in Canada, also freezing new oil and drilling on federal lands. And let's put it this way, on April 24, 2020 at a Casey's in Southeast, Missouri you could buy gasoline at $.97 a gallon. That was under a Trump Presidency. You can't find gas at $.97 a gallon. In 2020 we were energy independent. We were exporting energy in this country. But under the direct policies of President Biden and the Democrat controlled Congress, they reversed those policies to make us energy dependent on Russia, on Venezuela, on people who love to burn our flag. And it so unfortunate this budget proposal only wants to tax the energy industry more to make it harder on everyday Americans. And the Americans are going to see it.

I am interested, there was $1.9 billion that was in this most recent omnibus bill that has been carried over to finish the border wall. Is this Administration going to finish the border wall?

Ms. YOUNG. Just so we are clear, the $1.9 billion wasn't rescinded. New money was not provided. The Administration had a policy asking Congress to rescind that funding. In 2021 Congress did not. But Congress did not provide additional money. And we are spending, as GAO has told this Committee and others, that OMB, the President, the Administration is acting within the bounds of the Impoundment Control Act and we are spending obligating prudently.

Mr. SMITH. So, this Administration just continues to withhold the $1.9 billion that was appropriated several Congresses ago that has stayed in the account?

Ms. YOUNG. Thankfully GAO has agreed that we are obligating prudently under the law.

Mr. SMITH. And what are you obligating it to? Because you are not doing any construction, so are you just paying people to hold the rusting materials?

Ms. YOUNG. No, we are actually doing environmental restoration, something that was woefully lacking. We are also doing community consultation. I think that is important to many of you who represent constituents.

Mr. SMITH. I have 25 seconds, Director. I would like to know how did this Administration transfer almost $2 billion of COVID money to house illegals at the Southern Border when it was supposed to go toward replacing the national stockpile and for COVID tests?

Ms. YOUNG. It was supposed to go for COVID and it went to COVID issues at the Southern Border. COVID for COVID——

Mr. SMITH. So, housing illegals was issues for COVID?

Ms. YOUNG. We had to test people immigrating into this country and we also had to socially distance children who could not be close to each other due to COVID.

Mr. SMITH. Would love that documentation, Director, along with answers——

Ms. YOUNG. There is a binder we have provided to Congress full of COVID information.

Mr. SMITH. And answer to our 40 letters that are hanging out there to the Administration.

Ms. YOUNG. Including—yes, before budget day asking what was in the budget. But, thank you so much.

Mr. SMITH. Thank you.

Chairman YARMUTH. The gentleman's time has expired.

I now recognize the gentleman from Pennsylvania, Mr. Boyle, for five minutes.

Mr. BOYLE. Well, thank you, Mr. Chairman. And it is wonderful, Director Young—now I can say Director Young. And I would always forget to add the acting anyway, so I am glad it is now official. And thank you for the wonderful job you do serving the American people.

I wanted to use this as an opportunity just to focus on the major facts. Both you and Chairman Yarmuth talked about this before, but I think that a lot of times in these hearings the most important facts can sometimes be obscured by all the rhetoric that we hear. So can you remind us again, this past year it was the fastest economic growth in America in how many years?

Ms. YOUNG. 40.

Mr. BOYLE. And how many new jobs were created?

Ms. YOUNG. Over 6 million, the most in recorded history.

Mr. BOYLE. The most in American history. And by what amount is the deficit projected to fall?

Mr. YOUNG. $1.3 trillion, the largest decline year over year.

Mr. BOYLE. Greatest economic growth in American history, jobs added, largest deficit reduction. I don't remember many economists credibly predicting that this time a year ago. It is certainly a record to be very proud of, those in the Administration and, frankly, those of us who fought for fought for and voted for the American Rescue Plan.

Now, I want to shift to the topic of raising taxes. Because we have two very interesting proposals that are out there. There is the one new proposal from this Administration that just came out, the billionaire minimum tax. I happen to be the lead co-author of the House version—or one version of what essentially is attempting to achieve the same thing, ensure that billionaires who are avoiding paying either their fair share or any taxes at all, make sure that they begin paying. But then there is this other interesting proposal from the Republicans. The Senate Republican leader of their Senate campaign committee has a proposal that as he was confirming yesterday on Fox News would raise taxes on more than 50 million Americans. In fact, more than half of those who are under the poverty line would pay higher taxes. Even further, his proposal and their proposal would sunset Social Security and Medicare after five years. And, again, this is not just an accusation. To his credit, he has openly admitted it and Fox News has confirmed it.

So could you describe why the Administration believes it is more fair to go after billionaires who are currently paying lower taxes than middle class people in my district in Philadelphia as opposed to going after the poor and the working class?

Ms. YOUNG. Look, the budgets are value statements. The President has been clear about that. What he believes is fair is to ask billionaires and those worth over $100 million to pay about the same tax rates as teachers, nurses, and firefighters. That is all he is asking. They are supposed to pay taxes on this unrealized income. They often use loopholes, deferments, not to do that. So this President has been very clear, what we are not going to do is send forward a budget that cuts benefits to our seniors, but he will ask those worth—the 400 wealthiest people in this country are worth more than 150 million other Americans. He does not believe that is right and he is calling on them to pay their fair share.

Mr. BOYLE. And I am correct that the average effective rate among those 400 that you mentioned is currently 8 percent?

Ms. YOUNG. Research tells us it is about 8 percent.

Mr. BOYLE. Yes. I certainly know that the firefighters and teachers who live in my neighborhood in Northeast Philadelphia, they would love to pay an 18 percent—or, excuse me, an 8 percent tax rate. They pay far higher than 8 or 18 percent.

And just to be clear, this Administration is not supportive of the Senate Republican campaign committee chief's plan to raise taxes on more than 50 percent of the American people and sunset Social Security and Medicare, correct?

Ms. YOUNG. Not to comment on an individual proposal, but this President will not, has not—will not be submitting a budget that cuts benefits for our seniors.

Mr. BOYLE. Well, thank you. And I join with the Administration certainly in that and I thank you for your time.

I yield back.

Chairman YARMUTH. The gentleman yields back.

I now recognize the gentleman from Mississippi, Mr. Kelly, for five minutes.

Mr. KELLY. Thank you, Director, for being here.

I just want to say I think the budget does show the values, and there is a 525 percent in the EPA while there is a decrease in defense spending. There is taxes that go higher for 700 billionaires, but for $700 billion tax cut for millionaires. I don't know, I mean from where I am from millionaires are rich people too. So we are doing a tax cut to millionaires while increasing on billionaires.

I hear all this about how great the economy is going and how many jobs, the unemployment rate is the lowest, and how many jobs are created. But here is what my people see in Mississippi, they go to a restaurant at lunch which is closed because there is not enough workers to open that restaurant, there is not enough workers to do the job. So if there is truly job increases and more people working, then why don't we have employees in restaurants and places where people go to eat?

The other thing I see is inflation. You talk about no tax on people under $400,000. Well, I agree with Ranking Member Smith that, first of all, the $2,000 in taxes that goes away with the Tax Cut, that is a tax increase. It is $2,000 every American, regardless of income, will pay next year. The other is $3,500 annually in inflation last year—$3,500 more. What my people see, they don't see a better world today than they did last year, they see worse. When they go to the gas pump, when it cost $40—I will talk—because I have to actually fill up my car—instead of filling up and it costing $30 or $40, not it costs $70 or $80 to fill up. And trying to blame Putin for the gas rising prices is just not—is disingenuous. Prices were high before he invaded Ukraine.

Here is what I will tell you, in last year's budget three considerations were given the most thing, and No. 3 of those—this is from the President and from the budget last year—not funding work that directly subsidizes fossil fuels, including work that lowers the cost of production, lowers the cost of consumption—that means prices at the pump—cost of consumption is what you pay for gas, or raises the revenues retained by producers of fossil fuels. When you intentionally raise gas prices you intentionally raise gas prices.

And after you do that, you don't get to blame it on something that happened after the fact.

I want to talk just a little bit about the defense. This budget proposes that we raise our defense a little bit, but we went through this same thing, but a lot of that goes to climate, to other things. What we need to do is make sure we keep above—the House and the Senate Armed Services Committees both sent to you that we needed a 5 percent increase over inflation. Can you truthfully tell me at the current inflation rate that the number given to defense is a 5 percent increase over the rate of inflation this year?

Ms. YOUNG. I will tell you our number is 9.8 percent over the 2021 levels. We believe we sent up a budget that is strategy based and we are not going to pick a budget out of thin air for political purposes. The Secretary stands behind this number and we believe when you see the National Defense Strategy, hopefully this week, that this budget is aligned with strategy.

Mr. KELLY. I agree that it does not—it does not meet the 5 percent increase over inflation, which means China and Russia continue—and this is a dangerous time and we need to do—we need to continue to raise that.

I got back to the budget show the President's value. He is creating 87,000 new IRS employees to target folks making less than $400,000 to see where they spend every one of their dollars through monitoring their bank records so we can make sure we get every single dime out of those making less than $400,000 than we do. He is decreasing taxes on millionaires while raising it on billionaires, but I would argue he is also raising it on those people. And if you talk to the normal person, they truly do not believe that the economy is better off right now because their groceries go up, their milk costs more per gallon, their meat costs more, they are having to substitute things that they would rather not eat, they can't afford to fill up their cars now. They put in $10, which barely gets them any gas and the gas prices will continue to go up as long as we continue to try to cause them to go up.

And going back to the President's words last year, he intended to make the cost of consumption of fossil fuels go up in his last year's budget. And I would say he succeeded in that. I hope he doesn't succeed in raising taxes on lower—on the IRS invading our homes and in continuing to not support the American people.

Chairman YARMUTH. The gentleman's time has expired.

I now recognize the gentleman from New York, Mr. Higgins, for five minutes.

Mr. HIGGINS. Thank you, Mr. Chairman.

First, I just want to address the issue of energy independence. You know, the United States in the previous four years of the past Administration was importing about 22 million barrels of Russian crude oil every single month, and other petroleum products. And if we are really serious about energy independence, the Build Back Better program should be advanced so that we can make a transition, a real transition to electric vehicles.

Today in the world there are 211 battery manufacturing plants, 156 of them are in China, 12 of them are in the United States. And we are engaged in a military activity in Eastern Europe right now primarily because of oil and natural gas. 65 percent of all the natural gas that goes into Germany comes from Russia, 40 percent of all the natural gas that goes to each of the European Union countries comes from Russia. If that is not an urgent reminder of the need to become energy independent, the last 20 years in three Middle East wars and spending $6 trillion is.

With respect to this budget, the American economy today is about $25 trillion. The billionaire's minimum tax I presume is a response to this whole concept of buy, borrow, die. In other words, very wealthy people buy an asset, they build an asset, they borrow against the asset, and they never sell the asset, and therefore they don't pay taxes on it. Jeff Bezos from Amazon, for example, is worth $200 billion. He pays himself a salary of about $81,000 a year and pays very little taxes. So I presume that the billionaire's minimum tax is intended to address that, recognizing the fact that it is perfectly legal, but I presume that is the purpose?

Ms. YOUNG. Yes. I remind people when regular people need a loan, you use your income to show the bank what you can borrow and pay back. The income, the investment income that we are taxing here often, as you pointed out, is never paid, taxes are never paid on it, they are deferred. But they also get a lot of benefits from carrying that investment income, including getting to use that as leverage for loans. It is treated like income for many actions that regular people only have work income to do with, including making extraordinary loans against their investment income. So we believe we believe we have to find a way to deal with this disparity of people who go to work every day, they are paying a higher tax rate on their work income. We have to find an equivalent way to deal with those who pay no income on taxes they are supposed to at some point, but often defer.

Mr. HIGGINS. Well, interestingly enough, you know, Jeff Bezos in 2011 was only work $18 billion and he qualified for the child tax credit.

The previous Administration had average economic growth each year of 2.5 percent. This is pre-pandemic. And then the economy went deeply into recession for a short period of time. Last year, the first year of the Biden Administration, economic growth was 5.7 percent and is project to be 3.6 percent for 2022. Is that accurate?

Ms. YOUNG. That is accurate.

Mr. HIGGINS. And you also, you know, have a situation where in the Build Back Better program, although that is not part of this budget, it is really an investment in American families, because every single day 10,000 kids are born in America, every single day 10,000 people in America turn 65. And we really don't have an American family policy. And the intent is really just to make our own people that much more economically independent, self-sufficient, and productive to and through adulthood. And, you know, all these concerns that I have heard in published reports about, you know, inflation, yes, that is a concern. We have hit 24 months of a highly distorted economy. It is going to take time to recover and we are in fact recovering. But, you know, the American economy will produce $300 trillion in stuff in the next 10 years. That is goods and services. Spending, investing, less than 1 percent of that in American families and the productivity of the American economy is not inflationary. In fact, it is an investment in future growth that can be, you know—inflation can be handled.

But thank you very much.

Ms. YOUNG. Thank you.

Chairman YARMUTH. The gentleman's time has expired.

I now recognize the gentleman from California, Mr. McClintock, for five minutes.

Mr. MCCLINTOCK. Thank you, Mr. Chairman.

I think we need to get some fundamental facts straight here. And let us begin with three numbers—27, 58, and 89. 27 percent is the growth in population and inflation combined over this past decade—27 percent. 58 percent is the growth in federal tax revenues in the same period—58 percent. That is more than double inflation and population growth. And by the way, that is after the Trump tax cuts produced one of the most prosperous periods for working Americans in our history. 89 percent is the increase in federal spending. It is the spending stupid. We have before us a budget that dramatically raises taxes and claims that we are going to reduce the deficit. But taxes and deficits are the same thing. They are the only two ways to pay for spending. You either take it out of a family's current earnings or you take it out of their future earnings by borrowing it.

A deficit, a future tax, is paid for in two ways. We either borrow it from capital markets that then reduces the amount that is available to make consumer loans and have to be paid back through future taxes, or we simply print that money, which produces inflation. That is largely how this Administration has financed its multi million dollar spending scheme. Results, nearly 8 percent annual inflation, costing an average family $3,500 in lost purchasing power, but it also means if a family puts $100,000 toward their retirement, they have just seen $7,900 taken from them. It turns out all that free money that you folks sent out is very expensive and Americans are paying it back at the gas station and the grocery store every day.

Now, this budget repeals the Trump tax cuts. Now, remember, we took in more revenues after the tax cuts, so great was the economic expansion that they produced. And they weren't tax cuts for the rich. The wealthiest 1 percent saw their share of income taxes actually grow. The average household saved between $1,000 and $2,000. The Democrats would repeal these tax cuts.

The corporate tax goes to 28 percent, higher than communist China. But corporations don't pay corporate taxes, people do. They can only be paid in one of three ways, by consumer through higher prices, by employees through lower wages, or by investors through lower earnings. That is your 401K. Now, they say they will make the wealthy pay their fair share. According to the Tax Foundation the wealthiest 1 percent earn 20 percent of all income and yet pay 39 percent of all income taxes. That is double their fair share.

But put that aside for a second, you are proposing to tax unrealized capital gains. What is an unrealized capital gain? It is the paper increase in assets that you haven't cashed in on. It is a tax on money that you haven't received. But don't worry they say, that is just on those worth $100 billion or more. But once they have introduced this concept into law, how long will it take them to come after your pension funds earning before you have received them? You know, this whole mess isn't the fault of taxpayers for not paying enough taxes, it is the spending that is robbing families of their disposable income, their savings, and their future economic growth. And I think it is disingenuous to compare this budget to last and saying, well, the deficit is down and growth is up. Deficits are down only compared to the most irresponsible spending spree in American history that has produced the worst inflation rate in 40 years. Growth is up only compared to the lockdown left's draconian COVID policies that took a wrecking ball to our economy and utterly failed to slow the spread of the pandemic.

Americans are now getting a taste of what socialism consistently produces. There are 2.1 million fewer Americans working today than before the lockdowns. American family purchasing power has declined since this Administration took office. Inflation is at its highest rate in 40 years. Gas prices were up 40 percent before Putin invaded Ukraine.

Now, the American people need to connect the dots between budgets like this and the conditions that they are now suffering before it is too late.

I have got just one question. This Administration has admitted more than 1 million impoverished, illegal immigrants into the interior so far, in addition to a half a million gotaways. That is roughly the combined population of Montana and Wyoming, just since you took office. I am wondering, how much is this costing local, state, and federal taxpayers?

Ms. YOUNG. One, thank you for the diatribe. I—you know, I certainly——

Mr. MCCLINTOCK. I beg your pardon?

Ms. YOUNG. The—you know, which piece of what you put forward can I respond to? You put a lot out there that we have disagreements with the way it is framed. We have 700 people——

Mr. MCCLINTOCK. It is your policies that have caused these conditions. That is reality.

Ms. YOUNG. We have 700 people who are billionaires, 100 millionaires that we are talking about, not regular Americans.

Mr. MCCLINTOCK. How much of the 1.5 billion are illegal immigrants that you have admitted into the country costing taxpayers?

Ms. YOUNG. This President will not raise taxes on anyone making less than $400,000.

Mr. MCCLINTOCK. That is the question.

Chairman YARMUTH. The gentleman's time has expired. The gentleman's time has expired. If he will let the witness respond, then we can move on. But you can't continue to debate her and when your time is expired.

Mr. MCCLINTOCK. I asked her a simple question, I would like a simple answer. How much is this costing?

Ms. YOUNG. I look forward to the support you have for the 5 percent increase at DHS that will allow to manage the Southern Border.

Mr. MCCLINTOCK. So it is in your don't know, don't care file? I get it.

Thank you.

Chairman YARMUTH. The gentleman's time has expired.

I now recognize the gentleman from New York, Mr. Jeffries, for five minutes.

Mr. JEFFRIES. Thank you, Mr. Chairman, for you leadership, for convening us here today. Director Young, it is always wonderful to see you. Thank you for the extraordinary job that you and the Biden Administration are doing relative to the economy. Look forward to discussing some of those more accurate numbers momentarily.

I see my good friend, Albio Sires. I want to just acknowledge his presence, congratulate him on the great run that the St. Peter's Peacocks had. Of course Albio is a former varsity basketball player for St. Peter's. He set this all in motion. Albio, it is good to see you and what a great run. I know you are proud as a peacock.

Shalanda, Director Young, there were several numbers that were thrown out, but I want to talk about just a few more accurate ones. 3.8 percent. That is the unemployment rate. But when President Biden first took office, just a little over a year ago, that unemployment rate was about 6.4 percent. Is that correct?

Ms. YOUNG. That is correct.

Mr. JEFFRIES. And did it come down in record time?

Ms. YOUNG. Let me point out that all of this was not by accident. None of the numbers we have talked about—the fastest decline in history, the employment rate, would have been possible without this President's management of the pandemic.

Mr. JEFFRIES. That is correct. Beginning with the American Rescue Plan, which not a single one of my Republican colleagues voted for in either the House or the Senate, that was the foundation for turning the economy around. And the economic growth comparison doesn't relate to what happened when the country shut down under the previous President. Am I correct that what we have seen under the Biden Administration, the Biden economy, is the fastest rate of economic growth in 40 years?

Ms. YOUNG. It is. Absolutely, year over year.

Mr. JEFFRIES. Now, with respect to fiscal responsibility, my colleagues talk a lot about that and they talk about socialism. You know what socialism is, that is the GOP tax scam—83 percent of the benefits going to the wealthiest 1 percent. That is socialism for the wealthy, the well off, and the well connected for no reason other than to subsidize the lifestyle of the rich and shameless.

I am proud of the economy and the budget that you have put forward, which is designed to invest in every day Americans. In fact, wages are up right now. But we do have to continue to work to lower costs. Could you speak a little bit about that effort in the context of this budget?

Ms. YOUNG. Absolutely. One, I spoke about global supply chain challenges. We need to get stuff off of ships and onto shelves. And this budget provides investments in our port infrastructure. I also want to thank the Congress for the infrastructure bill. A second round of Army Corps funding was just announced that dredged important ports around the country to ensure that we can move these goods to shelves so the American people can continue to buy things. And we believe that is a key part of fighting inflation. We also believe we have to ensure that corporations, companies have competition in the system in the way we operate.

So we absolutely know we have to work on this, but one thing we need to do is a balanced approach. We have seen wage growth. We need to make sure as we tackle inflation we can keep these gains in wage growth and also economic growth. So there is a balancing act here.

Mr. JEFFRIES. Now, with respect to some of the revenue proposals, I think most every day Americans would have no issue with increasing the taxes that 25 richest billionaires in America pay because currently they pay little to no taxes. That is less tax often than firefighters, police officers, nurses, social workers, transportation workers, healthcare aids, and our healthcare heroes who have helped us get through this pandemic. Can you talk a little bit about the resources that are being raised just in the context of what it will allow us to invest in as the Biden Administration invests in every day Americans?

Ms. YOUNG. So tax reform has two benefits. One, it is a fairness issue. Should the richest Americans, 700 people, pay less than half of regular folks who you represent. The other benefit of tax reform is we get to invest in the regular Americans who have price pressures that we have talked a lot about here today. Should we have legislation that reduces the cost of childcare, for example? Families shouldn't pay more than we think—shouldn't pay more than 7 percent of their income on childcare costs. We believe that we should have efforts to negotiate prescription drug prices through Medicare, so families can afford lifesaving treatment.

So we have a difference of agreement. We all want to help these families, but we think the way to do that is through proposals that invest in the American people to help with those pocketbook issues that both sides of the aisle have brought up many times today.

Mr. JEFFRIES. Thank you very much.

Chairman YARMUTH. The gentleman's time has expired.

I now recognize the gentleman from Texas, Dr. Burgess, for five minutes.

Dr. BURGESS. And I thank the chair and thanks to our witness for being here today.

You know, we have not had a hearing with the Congressional Budget Office, the base line CBO report has not come out, and when you ask the reason why, at least what they told me was because OMB was—hadn't produced their numbers yet. Now, perhaps, Mr. Chairman, that OMB has produced the President's budget we will get to hear from the Congressional Budget Office. But in that interim, in that meantime, the Director of the CBO could visit with some of us individually. And I am grateful that he did that.

So let me just ask a couple of things that were assertions that were made to me by the Director of the CBO. And I will ask you to attest to their veracity or not. One of the things the CBO Director said was that we vastly underestimated how strong the economy was going into the pandemic. And thank God that it was, to be able to withstand the ravages of the pandemic. But would you agree with that statement, that the economy so significantly stronger than anticipated going into the recession?

Ms. YOUNG. I would say we did enter a recessionary period during the pandemic. We believe we were able to recover from that not from the economy that was there before the pandemic, but because of the work, in many cases bipartisan work. This Congress on a bipartisan basis passed COVID legislation to help the former Administration respond to the pandemic and ARP——

Dr. BURGESS. Yes, let me——

Ms. YOUNG [continuing]. we believe to finalize the job.

Dr. BURGESS. Let me reclaim my time. The fact is we were on our way out of the recession when we threw gas on the inflationary fire with some of the other reconciliation bills that passed last calendar year.

Mr. Swagel also asserted that the collections, the federal income tax collections that—and I guess we are working current laws, the 2017 tax law, correct? And that collections have been at all time highs. In fact, they didn't diminish during the pandemic. They have been sustained. Was that an accurate statement that——

Ms. YOUNG. Yes.

Dr. BURGESS [continuing]. he made to me?

Ms. YOUNG. Yes.

Dr. BURGESS. So even under what people are describing as a dreadful and unfair taxing system, it is producing historic levels of revenue more so than the pre-2017 tax law that had been in place for 31 years, greater than that produced? Is that correct?

Ms. YOUNG. We think the wealthiest did quite well during the pandemic.

Dr. BURGESS. That, you know, wasn't the question.

Let me ask you this, Mr. McClintock asked it and then it didn't get answered, but taxing unrealized gains, OK, that is going to be a little tough, but I am sure someone will be able to figure it out, but what happens to those equities that are held in retirement as retirement securities? Are those unrealized gains in that fund going to be taxed as well?

Ms. YOUNG. No, we are not talking about that. We are talking about unrealized gains from stocks for the 700 people who are worth more than $100 million.

Dr. BURGESS. Will they be able to deduct—I have also been a holder of some investments when the economy went the other way and the statement during the 1980's was well, you haven't lost it until you sold it. Will they be able to deduct losses from their taxes if the market goes down?

Ms. YOUNG. For those 700 people we are phasing over five years for exactly the reason you talk about. We don't want to get into a situation where on year your stock may be worth $100 and you pay and then you come and ask for a refund when it is worth $80 the next year. So this is a phased in approach for things you own before this will go into——

Dr. BURGESS. Yes. Good luck. It sounds absolutely——

Ms. YOUNG. So in five years.

Dr. BURGESS [continuing]. unworkable. Let me just ask you this. I see where the commitment is made to provide—the total was $4 billion, it is now nearly $1 billion this year that is going to the governments of Central America. And this I assume is on top of the foreign aid that was already going to El Salvador, Guatemala, and Honduras. Is that correct?

Ms. YOUNG. We do have a——

Dr. BURGESS. This is in addition?

Ms. YOUNG. Yes. We do have a request in to deal with the northern triangle.

Dr. BURGESS. And methods of accountability. I mean if those governments really cared about the people that they were supposed to care about, I don't think we would have as many at our Southern Border. Are there built in accountability methods, as the previous Administration had done?

Ms. YOUNG. The previous Administration, as you point out, did not send funding down. We also have the option. The way appropriations usually writes the law to withhold if we aren't getting the results. We need see, but we do believe we have to deal with the root causes of migration and this funding would allow us to do that.

Dr. BURGESS. Well, again, I submit you are pouring gasoline on fires that exist.

Mr. Chairman, let me just ask you this, are we ever going to vote on a budget this year?

Chairman YARMUTH. That is a good question.

Dr. BURGESS. Maybe if we vote on a budget will the President's budget be introduced and give everyone a chance to vote on the President's budget?

Chairman YARMUTH. That decision hasn't been made.

The gentleman's time has expired.

I now recognize the gentlewomen from Illinois, Ms. Schakowsky, for five minutes.

Ms. SCHAKOWSKY. Thank you, Mr. Chairman.

Director Young, welcome and congratulations.

Ms. YOUNG. Thank you.

Ms. SCHAKOWSKY. It is wonderful to see you here.

You know, I am so happy that you mentioned I think a couple of times that the President believes in building an economy from the middle out and the bottom up. It is so refreshing to me. And despite the robust support for the wealthiest Americans and the biggest corporations that I hear from the other side of the aisle, in fact most Americans understand that the rich have been getting richer and the poor have been getting poorer, not by accident but by policy, tax policy, et cetera, that we have had. And that the President is committed now not to punish the wealthy, but to say they need to pay their fair share. And there is a big cheer out in bipartisan way in this country for that kind of idea.

For the last 10 years we have really had an austerity budget, particularly because of sequestration. And so I—and it has really I think hurt so much of our economy. And one agency I wanted to talk to you about that has been the victim of sequestration has been the National Labor Relations Board, which has remained pretty much flat funded since 2014.

And so in order for it to really—for the NLRB to really do its job, it needs to have increased funding. We have seen a 50 percent increase in union election petitions, but the total of funding has fallen by 30 percent since the year 2010.

Now, I know that the budget that you have—that the President has presented has actually increased the NLRB funding by 16 percent, but I wanted to ask you if you really feel that the kind of funding that we are going to be able to see is going to help protect and empower American workers. And let me just add the second part, would the Administration raise any concerns if the Congress were to provide additional funding increase to the NLRB?

Ms. YOUNG. None at all. And, as you point out, the agency has really been starved of resources and has lost significant staff capacity over the years. This budget I would say begins the rebuild with a $45 million requested increase. But certainly if Congress wants to start that rebuild faster, we would be supportive.

Ms. SCHAKOWSKY. Let me ask you another question. One of the constituent service issues that I get all the time is that people, ordinary people who are trying to get information about their 2020 taxes has been a real problem. And I am just wondering if we are going to be able to bolster the number of employees at the IRS that are going to be able to address this problem?

Ms. YOUNG. So as you have heard, we have an increase in the budget for IRS. We believe it is—Americans should not have to wait for hours on hold to get information about their tax situation. If there is one mistake on your form, you often have to—some of the worst stories—wait months to get refunds due to you. So we believe that this increase is the right thing to do for the American citizens who are required to pay taxes and should have this service that goes along with that requirement.

Ms. SCHAKOWSKY. Thank you.

And it seems to me too that if we are looking at making the most of efficient work of the IRS, that we also begin to look again at the wealthiest Americans who we are—you know, it is kind of like where do you go, you go where the money is. And I am just wondering if we can refocus on making sure that the very wealthiest are paying something, because we have seen paying nothing too often from the wealthiest Americans. Can we make sure that we are not just focusing on every day working people, but also on the people who are making the most money?

Ms. YOUNG. So we are—I am certainly not going to suggest that we tell the IRS who to look at, but I will point out not just the wealthiest corporations, 50 corporations on the Fortune 500 list paid no taxes in 2020. We think that is not right. So certainly this budget recognizes inequity that you have pointed out and we do need resources in the IRS mostly to ensure that our citizens can get the services they deserve.

Ms. SCHAKOWSKY. Thank you.

I yield back.

Chairman YARMUTH. The gentlewoman's time has expired.

I now recognize the gentleman from Georgia, Mr. Carter, for five minutes.

Mr. CARTER. Thank you, Mr. Chairman.

Director Young, thank you for being here. I appreciate your attendance very much.

And I want to ask you, Director Young, the President said, and I quote, "Budgets are statements of values and the budget I am releasing today sends a clear message that we value fiscal responsibility, safety, and security at home and around the world." Let me begin saying that I applaud these new found priorities that include advertised increases for defense at 4 percent. However, as we all know, inflation is at 8 percent. So if we are increasing the defense by 4 percent, we are actually looking at a cut here.

So even though inflation ends up it being a cut and we also see a cut for funding the police, let me ask you, Director Young, was the Administration aware that Russia was occupying Crimea and other parts of Eastern Ukraine?

Ms. YOUNG. I am happy to talk about the budget elements——

Mr. CARTER. And that is what I am getting.

Ms. YOUNG. OK. I would leave that to the policy experts in the Administration, but that is not my——

Mr. CARTER. But you would agree that they were aware of this even though they proposed a cut in defense?

Ms. YOUNG. That is a policy best directed——

Mr. CARTER. Understand.

Ms. YOUNG [continuing]. to the Department of Defense or the National Security Council.

Mr. CARTER. Understand.

Ms. YOUNG. I would be happy to answer anything about the budget.

Mr. CARTER. Yes, I got you. And that is why I am asking this, because this is about the budget. Did the Administration consider Russia an adversary or a threat to national security of the United States at the time when it only increased defense by 1.6 percent? And that is a budget question. Because when you formulate a budget, as the President said, it represents your values. So what I am trying to get at here and what I am trying to understand is what the Administration considered when they proposed a cut in defense.

Ms. YOUNG. Do we consider the 4 percent increase this year a cut?

Mr. CARTER. We do because inflation is at 8 percent.

Ms. YOUNG. We don't see the defense budget as a cut. The Secretary of Defense will—I am sure many of you will hear from him when the comes to Congress. He will tell you he stands behind this number and we believe it is strategy based.

Mr. CARTER. What about crime in our cities as well? Because, again, if it represents the values, then the values have to go along with knowing what is going on in our country, knowing what is going on in our world. If we are talking about a budget that reflects the values of the Administration and the values of this country, what about the cuts that went to state and local governments from the Justice Department of $2 billion.

Ms. YOUNG. There are no cuts in the budget to cops for—we are asking for a $300 million increase in community oriented policing, $3.2 billion for all state and local grants at DoJ.

Mr. CARTER. But there are—to the Justice Department, there are cuts of $2 billion.

Ms. YOUNG. The grants to state and locals to deal with violence is increased in this budget. In addition, there is a mandatory proposal we hope that many of you will support of $30 billion to deal with crime in all our communities.

Mr. CARTER. Let me ask you something. And obviously I am trying to get a point across here, that we are making cuts to a budget, to defense, to crime, where we should be making increases and where we should be reflecting our values, as the President says this budget is supposed to reflect the values of this Administration, of this country, and of this executive branch. So that is what I am trying to about, to get the point out here.

And from last year—I asked this question last year, does the Administration not think that these are credible threats when talking about defense spending that we should be conceding our world leadership role? And yet, here we are a year later and we are still making essentially cuts to defense and not addressing crime like we should be.

This budget is too little, too late. It truly embodies the Administration's leading from behind strategy. In fact, I would call it simply reacting. People have already died. People have died because of crime, people have died because of our lack of funding defense. The number of murders in 2021 was 5 percent higher than counts recorded in 2020. And, as we know, Russia has invaded Ukraine.

Again, if we already knew these were problems, and they were widely reported, why are we just now asking for funding to fix them?

Ms. YOUNG. Funding that are increased over last year. I hope we can, you know, agree to, you know, simple facts. Department of Defense will receive a 4 percent increase under this budget. We ask again, Congress did not provide, but this President is asking again for community oriented policing, increase of $300 million and we are asking for support of our mandatory proposal for $30 million to deal with violence.

Mr. CARTER. Understood, Ms. Young. But, again, I am trying to get at what the President is referring to as the values that this Administration embodies and that this Administration embraces. Trying to understand that.

Just out of curiosity——

Chairman YARMUTH. The gentleman's time has expired.

Mr. CARTER. Thank you, Mr. Chairman, and I will yield back.

Chairman YARMUTH. The gentleman's time has expired.

I now yield five minutes to the gentleman from Nevada, Mr. Horsford.

Mr. HORSFORD. Thank you so much, Chairman Yarmuth, and to the Ranking Member.

Director Young, thank you for being here today to speak with us and for your work to deliver a budget that proves that we can invest in America while also bringing down the deficit and fighting inflation. You should be proud, Director Young. You have risen from staff director, from the House Appropriations Committee, to now testifying in front of Congress as the Senate confirmed director for OMB. We could not be prouder for you.

I want to commend the Administration's efforts to finally make the wealthiest in this country pay their fair share in taxes. For too long the hardworking men and women of this country have been left holding the bag while billionaires have used their army of tax lawyers to pay virtually nothing in federal taxes. If we want to invest in the American spirit and do so in a financially responsible way, then we need proposals like the 20 percent minimum tax to at least make sure billionaire CEOs pay a comparable rate to regular hard-working Americans. I don't understand how my colleagues on the other side would want an average person in their district to pay more than a billionaire.

By proposing the deficit reducing budget, President Biden made sure that we can responsibly invest in our working families, but we must ensure that those investments actually make it to the individuals who need them most. Even though more Americans are taking home a paycheck and families have more money in their pockets, family budgets are still tight. Anyone can see that prices are rising on essential goods across my district and in this country. The pain for working families I real and it is imperative that this Congress work with the Administration to lower costs for everyday American. Reducing our deficit, increasing our domestic productivity, and lowering families' biggest costs, can fight inflation while also investing in America.

In Nevada, and specifically my district, we have seen unconscionable increases in the cost of rental housing, with up to 30 percent increase in rental costs over the past year. I am pleased to see that there is $50 billion in this budget for affordable housing construction to grow our supply of housing stock and to stabilize these high price increases.

Director Young, as you know, many of the inflationary pressures we feel today are from repeated supply side shocks. So in your opinion, what are some other meaningful steps the Administration could take to provide a budget similar to this one to relieve supply constraints and deliver lower costs to Americans?

Ms. YOUNG. So, I have talked a little bit about the need to get things off of ships. We have seen extraordinary backlogs at many of our ports, from the West Coast to the south. Not just funding, but we have tried to bring the full weight of the Administration to deal with our port challenges, including going so far as to recruit truckers to get more truckers on the road to move goods. Also ensuring that our railways—we can get things moving by rail. We saw during the pandemic—you know, it was a good problem to have at the time—people bought a lot of goods. Our economy turned from service based where people spent a lot of money on services, to purchasing a lot of goods. And it fundamentally how our economy operated. So we have to keep our foot on the gas to make sure that we can unclog our supply chain issues because some of those things are going to be with us for a while. We still haven't seen the return to services out of the pandemic that you would expect our economy service to good ration to be.

Mr. HORSFORD. Absolutely.

With my remaining time I want to turn to demographic data collection. I am pleased to see throughout the budget an investment in data collection on STEM participation, climate impacts, and maternal health disparities, but more needs to be done.

So, Director Young, while there are significant investments in the President's budget toward racial equity in particular, I want to focus on the Justice–40 commitment of $3 billion. What is the Administration's plan to make sure these investments are targeted accurately to reduce disparities and direct funding to the hardest hit communities throughout our country?

Ms. YOUNG. I am sure you know about our Executive Order 13985. It requires that we incorporate equity in all we do, racial equity, rural equity, those left behind, our disabled brothers and sisters. Our government should work for all people all the time. So when we do procurement we want to make sure that our dollars are spent with socially disadvantaged companies. So we are implementing this Executive Order not just in the budget, but in how we do business.

But you are right, without data we don't know if we are—what kind of job we are doing. So we are absolutely committed to improving our data collection.

Mr. HORSFORD. And I look forward to working with you in your role as director of OMB so that we can have better data collection and make more informed decisions.

Thank you.

Mr. Chairman, I yield back.

Chairman YARMUTH. The gentleman yields back.

I now recognize the gentleman from Virginia, Mr. Cline, for five minutes.

Mr. CLINE. Thank you, Mr. Chairman. I want to thank the Director for appearing today.

Last year when you testified before this Committee, the Consumer Price Index was up 4.2 percent over the last 12 months—and at that time was the largest 12 month increase since 2008. Almost a year later, thanks to the Biden Administration's policies, the annual inflation rate for the U.S. is 7.9 percent for the 12 months that ended February 2022. And we can blame Russia for gas prices, we can blame the supply chain for inflation rates, we can blame the—all of the different policies of this Administration, but this is the highest inflation rate since January 1982, according to U.S. Labor Department Data published March 10. That translates into a $3,500 annual inflation tax that is being paid by, as you said, normal people. In 2021, $296 extra per month going toward the higher cost of inflation due to this Administration's policies, 54 percent higher inflation growth than wage growth, a $12,000 inflation tax to be paid by American families under the Biden budget. The price of meat is up 13 percent, the price of milk is up 11.2 percent, the price of electricity is up 9 percent, the price of baby food is up 8.4 percent. Gas prices have risen since Joe Biden took office 82 percent. That is $2,000 in additional costs per family due to the rising cost of gas.

So the path we are on is unsustainable. This budget does nothing to address inflation. In fact, the term "inflation crisis" doesn't show up in this budget once. And it pushes into perpetuity permanent fiscal imbalance. It does nothing to address the permanent imbalance in revenues and expenditures that this federal government is experiencing. So it kicks the can down the road and the national debt is nearly the size of our economy and will reach a record 107 percent of GDP by the end of the decade.

I want to focus on two things that are going to be happening in this decade, the insolvency of the Medicare Hospital Insurance Trust fund and the insolvency of the Highway Trust Fund and then the insolvency of the Social Security, Old Age, and Survivor Insurance Trust Fund by 2033. Why is it that the Biden Administration is not sounding the alarm about this looming crisis? And why doesn't this budget, which should be a reflection of the values of this Administration, propose to avoid this insolvency in Social Security, Medicare, and Highway Trust Fund that my constituents depend on so much back at home?

Ms. YOUNG. Thank you, Mr. Cline.

One, I want to assure you, the budget assumes, and it is built into the numbers, that those programs, even given insolvency, that those programs continue at the current rates. So that is built into our figures. We are required to do that by law. So the assumption—all the numbers you have here assume that those programs continue.

Mr. CLINE. But it—so it assumes that they are heading for insolvency in the years that I cited?

Ms. YOUNG. It shows that we are spending the same level, the benefits don't stop.

Mr. CLINE. Which will result in insolvency in the years that I cited.

Ms. YOUNG. Yes, we absolutely need bipartisan solutions. My guess is it is going to take both sides of the aisle here and the Administration to come together to find solutions to make sure we deal with the insolvency issues. You are absolutely correctly point out——

Mr. CLINE. Your part is in control of the presidency——

Ms. YOUNG. But——

Mr. CLINE [continuing]. your party is in control of Congress, so I would encourage you all to put forward those solutions so that we can work with you.

Ms. YOUNG. I appreciate that, but I would like to ensure that you know the budget fully assumes that those programs continue.

Mr. CLINE. Assumes that they go off the cliff.

I have no further questions.

I yield back.

Chairman YARMUTH. The gentleman yields back.

Before I recognize Ms. Wexton, I want to remind everyone that at 12 o'clock we are going to take a recess for a half hour, which means we will hear from Ms. Wexton, Mr. Feenstra, Mr. Scott, Mr. Good, and Mr. Sires and then everybody else will be—have to come back after 12:30.

So with that I yield five minutes to the gentlewoman from Virginia, Ms. Wexton.

Ms. WEXTON. Thank you so much, Chairman Yarmuth. And, Director Young, it is wonderful, wonderful to see you again.

So a lot has changed over the past year, including your confirmation by the Senate. I couldn't be happier that you are now Director Young.

Now, reflecting on where we were one year ago, I think it is important that we remember, you know, how far we have come. And you have already talked about that some. I mean we have added more than 6 million jobs, the most ever in a single year. The unemployment rate is now down to pre-pandemic levels. We have vaccinated more than 200 million Americans.

Now, when President Biden took office, the daily COVID reporting was about 250,000 infections every day and we are now at a tiny, tiny fraction of that. We lowered the child poverty rate to the lowest level ever and the number of families reporting food insecurity also dropped 32 percent. Now, that didn't all happen on its own, it happened because we passed the most significant economic legislation ever, the American Rescue Plan, which literally saved the economy. On top of all that, we passed infrastructure legislation that is finally going to help us fix our aging roads, bridges, and power grids, amongother things, also make universal broadband a reality. And we finally ended the joke of "Infrastructure Week" once and for all. We were even able to do that with some Republican assistance, so thank you to those folks who crossed the aisle who actually voted for that legislation.

Not to mention the COMPETES Act, which is going to be—going to conference shortly and will be singed into law I think not before too long, which will definitely put the U.S. in a much better place globally for now and into the future.

So it has been quite a year. And I just want to thank you for everything that you have done to help us get there.

Now, I represent tens of thousands of federal workers in the D.C. Metro region. I know that you are aware of this. And I wanted to thank you for what you did in the budget. First thing I do when I get it is flip to the federal employees' section to see where the pay increase, and I was pleasantly surprised to see that it was 4.6 percent. So thank you so much for that. I along with a number of people from the Metro Region had been advocating for 5.1 percent, but I think that 4.6 is the highest—is the biggest increase in many decades. Is that correct?

Ms. YOUNG. I have been a federal worker in some form or another for 21 years. I can't remember an increase this large in recent memory.

Ms. WEXTON. Thank you so much. And it is a lot better than the freezes and cuts to benefits that were proposed by the previous Administration.

I also want to talk for a minute about substance abuse treatment. Now, the nation's overdose crisis—you know, our overdoses were up 17 percent from 2019 to 2020 and it has gotten even worse over the course of the——

Chairman YARMUTH. We have lost the audio. Your signal is frozen. You should be back now.

Ms. WEXTON. OK. Sorry about that, Mr. Chairman. I tried plugging in and everything.

But, anyway, so about substance abuse treatment and substance abuse coverage. Can you just explain how the budget addresses mental health and substance use disorder coverage?

Ms. YOUNG. Thank you for that.

The budget includes $500 million increase over 2022 for state opioid response grants and $1.2 billion over the 1922 CR level for the substance abuse prevention and treatment block grant. You heard the President speak to both mental health and opioid as something he hoped to bring the country together. These are bipartisan interests. So we are very proud of putting forth robust requests for both opioid—the opioid epidemic to deal with it and also the mental health crisis. And in some ways these two things are connected and this budget seeks a holistic way of dealing with both.

Ms. WEXTON. Thank you so much. And that is something that affects every congressional district across the country, regardless of whether it is represented by a Republican or a Democrat. So thank you for doing that.

I was also really happy to see a 19 percent increase in the funding for the National Science Foundation, especially because they will be doing a lot of research into the opioid addiction treatment and the future of medical treatment for those disorders. So thank you so much for that as well. Very good to see that this critical research will be fully funded.

And with that, I yield back.

Chairman YARMUTH. The gentlewoman yields back.

I now recognize the gentleman from Iowa, Mr. Feenstra, for five minutes.

Mr. FEENSTRA. Thank you, Chairman Yarmuth and Ranking Member Smith. And I want to thank you, Director Young, for testifying today. It is great to see you and I just want to congratulate you on your confirmation as role of director.

Talking with economists, and I taught many economics classes over the years, most economic people would say that it takes approximately 18 months to have something—to go into effect—full swing effect when you start talking about taxes, especially when you want to increase taxes or something like that. Would that be a fair statement concerning the Department of Revenue and things like that?

Ms. YOUNG. I just want to make sure I understand you. So we—if Congress passes these policies tomorrow, we—it would take 18 months to see the effects?

Mr. FEENSTRA. Yes, there a part—12 to 18 months. Because you have to collect the revenue and things like that.

Ms. YOUNG. Correct. But we would see the receipts during the next budget cycle, the next fiscal year. So we would actually I believe——

Mr. FEENSTRA. Eventually. I mean you would have—so that would take six to eight months, probably be a year to 18 months before you see the true effect?

Ms. YOUNG. We think we would see the receipts next tax season and begin to see a reduction in our deficit within that first year of implementation.

Mr. FEENSTRA. So the reason I am saying that is that we passed the Trump tax cuts and now they are coming into full effect. And we have seen a 5.7 percent growth increase, and frankly that is because of the Trump tax cuts that happened. I think that is a fair statement. And yet we want to repeal the tax cuts in this budget. I think that is really bizarre when you have an economy that is going very fast. Obviously we have inflation and all this other stuff, and yet we now want to chop the legs off from underneath what has happened through all these tax cuts.

That being said, I just want to note that a budget is a statement of values and I tend to agree with that. And we all understand that we have an energy crisis in our country. I mean we are all paying a tremendous amount of gas at the pump right now and it affects every family and business. So my question is, being from Iowa, why don't we have American made biofuels in this budget? There is not a line item or anything in here that addresses biofuel, American made. Can you address that?

Ms. YOUNG. I am happy to discuss. I believe EPA will have more details when they talk about their biofuels work, but what this President is also doing, he has released 60 million barrels of oil from the strategic national stockpile. We believe that is a quick way to deal with the inflationary pressure.

Mr. FEENSTRA. Well, I thank you for that, but there is no biofuels. I mean here is American made Iowa, Midwest biofuels, and crickets, nothing, zero in the budget.

Anyway, I think I have a question for you. In the budget proposal you clearly lay out $2.5 trillion in new taxes on families and businesses and then you create a side deficit neutral reserve fund to pay for your Build Back Better priorities, but you don't really show how you do that. At the same time it says here in this green book that your baseline includes all revenue provisions from Build Back Better, which would mean that the Biden Administration is increasing taxes by $4 trillion.

I am trying to make sense of this. Is it $2.5 trillion you are increasing or is it $4 trillion based on this book that I see and what it says?

Ms. YOUNG. So we are holding some revenue back for legislation that we talked about here today to cut costs for the American people. I will point out one thing we are not repeating in this budget that if Congress would like to use its savings for Build Back Better, and it is the savings—we get about $600 billion to reduce the cost of prescription drugs, the AGS surtaxes and other things.

Mr. FEENSTRA. But I get that, I get that. But in essence it is $4 trillion then because you are putting in this line item. You are showing us here that you are assuming that H.R. 5376 is going to be a pass, so in essence that would be a $4 trillion increase?

Ms. YOUNG. Yes, we are holding revenue for legislation and its cost for families——

Mr. FEENSTRA. A $4 trillion increase.

Ms. YOUNG [continuing]. and raising additional tax revenue in this budget.

Mr. FEENSTRA. Gotcha. All right. One more question. I am worried about our seniors. I really am. About what is going to happen in society here. And you said that you didn't do anything to change how things were happening right now. So in essence we are telling our seniors that our Social Security Trust Fund will be gone by 2031. You are talking Highway Trust Fund that will be done by 2027, Part A will be done by 2026. This is going to scare a lot of seniors, don't you think?

Ms. YOUNG. I think the scarier thing is if we put forth options to reduce their benefits, which this President is not going to do.

Mr. FEENSTRA. I don't think anybody is asking to reduce their benefits, unless the Democrats are asking to reduce the benefits——

Ms. YOUNG. Well there have been some proposals——

Mr. FEENSTRA [continuing]. or the Administration is asking to reduce the benefits.

Ms. YOUNG [continuing]. around to do that. We are not going to do that. We think focusing on the wealthy and those making more than $400,000 is the more appropriate thing to do.

Mr. FEENSTRA. OK. So seniors sitting at home, the budget doesn't touch this. I mean this is scary time. I mean if I am them, I am going, oh, my word. I am 68, 78, I have no more money, I have no more Social Security Part A.

Chairman YARMUTH. The gentleman's time has expired.

I now recognize the gentleman from Virginia, Mr. Scott, for five minutes.

Mr. SCOTT. Thank you, Mr. Chairman, Ranking Member, and congratulations, Director Young, for your confirmation.

I want to thank you for your patience as you have been lectured about fiscal responsibility. I just want to point out, as you know, that every Democratic president since Kennedy is—every Democratic administration since Kennedy has left office with a better deficit situation than they inherited, without exception. And every Republican president since then has left office with a worse deficit situation than they inherited, without exception. President Trump was well on his way to fulfilling that trend before the pandemic.

And so my question is will President Biden maintain that trend of Democratic presidents improving the deficit, notwithstanding all of the lectures you have been hearing?

Ms. YOUNG. So, sir, I will repeat again, and I am happy to report that we have seen the largest year over year decline in the deficit this year. $1.3 trillion in this budget would also further reduce the deficit by over $1 trillion in the next 10 years.

Mr. SCOTT. Thank you.

And you have heard a lot about the $3,500 inflation that families are having to address. I think they have ignored the fact that your Administration has actually done something to help them address that $3,500 burden. For a family of four, stimulus checks of $5,600 would help them pay the $3.500, child tax credit, $6,000 would help them the $3,500, improve their premiums in the Affordable Care Act, increased benefits under the earned income tax credit, increase SNAP benefits. All have helped them deal with inflation. And it works. There is a measure of stress. Credit card delinquencies last year according to the Federal Reserve were the lowest rate they have been since they have been keeping records.

You have also mentioned that you are not only helping them make the payments, you are doing something about it. You talked about the supply chain, trains, roads, and bridges. I want to thank you for your investments in the ports. Hampton Roads didn't suffer the problem, but in the California ports that had ships all out in the ocean. Those good could have been in the market helping to reduce prices, increase the supply. You made those investments.

You have also invested in productivity, in childcare. Millions of people could go to work if we had better childcare. Job training. They can work better. And that is work too. You mentioned job creation, best job creation in history.

And so you actually are doing something about it.

So my question I guess is, is it better to do something about it or just sit back and complain?

Ms. YOUNG. Well, we are not going to do that. And so we believe—and there are legitimate differences here, but this President believes that it makes sense to bring down the cost of healthcare for Americans. We are talking about inflationary pressures. Look at the exorbitant amount that Americans pay on healthcare. We believe that we should have legislation that brings down energy costs for Americans. And childcare you mentioned. So we—again, I am—legitimate differences here, but this President has put forth ideas in which to deal with them.

Mr. SCOTT. Thank you. Better to do something about it than just complain.

As you know, I chair the Committee on Education and Labor. And one of the problems in education is student loans. And that is exacerbated by the erosion of the value of the Pell Grant. Are you doing anything on Pell Grants?

Ms. YOUNG. One, Mr. Scott, thank you for the omnibus bill recently passed that would up Pell Grants by $400. We also invest in Pell Grants in this budget. Through your Committee we are asking to increase the maximum Pell Grants. This President wants to double Pell Grants to get Pell Grants closer to $13,000. So both on the discretionary and mandatory side we are asking for increases to meet the President's goals.

Mr. SCOTT. There is a chronic achievement gap of low-income students. Have you done anything with Title 1?

Ms. YOUNG. Title I, again, I want to thank all of you for the omnibus, which provided record increase of $1 billion for Title I that helps our children across school districts across the country. We continue to ask for $19 billion more so our children have access—all of our children have access to first class education.

Mr. SCOTT. And in the labor space. Let me ask three questions all at once. Are you doing anything for those returning from prison, are you protecting people from discrimination with the EEOC, and with increased interest in joining unions while the work force at the NLRB has been declining, are you doing anything at the NLRB?

Ms. YOUNG. You have heard that we have a $45 million increase in NLRB to begin to rebuild that important agency. As far as formerly incarcerated persons, we think it is appropriate to invest to ensure—it is part of our crime initiative. We are asking for $30 billion in the mandatory space to bring down crime, institute criminal justice reform, and help those formerly incarcerated become productive citizens in this country.

Mr. SCOTT. And the EEOC?

Ms. YOUNG. And EEOC asking for increase, Mr. Chairman.

Mr. SCOTT. Thank you.

Thank you, Mr. Chairman.

Chairman YARMUTH. The gentleman yields back.

And now I would like to recognize the gentleman from Virginia, Mr. Good, for five minutes.

Mr. GOOD. Thank you, Mr. Chairman.

Director Young, would you say that this Administration is economically, financially, and fiscally incompetent and doesn't understand the consequences of this indefensible budget? Or, worse, this Administration does understand the tremendous harm they are doing to the country, and therefore wants to destroy the country financially and bankrupt our future?

Ms. YOUNG. Mr. Good, thank you for that. I don't accept either of those premises——

Mr. GOOD. I am going to reclaim my time and not make you try to defend the indefensible.

A small business owner within the hour just told me on the phone, he is a builder, a developer, a job creator with my home district in Virginia, five, and he just said "Nothing they're doing makes sense unless they hate the country." So, again, I am going to take most of my time to speak rather than ask you defend the indefensible, because this proposed budget exposes either the incompetence or the deviousness of this Administration.

You literally couldn't do more harm fiscally to the country unless you were doing it on purpose. To spend $73 trillion—God forbid Democrats ever find out what comes after a trillion—so that you spend $73 trillion over the next 10 years, a 66 percent increase—66 percent over the previous 10 year period, for what? What is the average American going to get for this budget? What are they going to get besides higher taxes on all Americans, more debt, which will require additional higher taxes rapidly increasing inflation, which decrease purchasing power—in effect another higher tax on Americans—less control over their own lives and how they spend their money, decisions they make, from what kind of cares they drive to how they heat their homes, and a bleaker financial future for their children and their grandchildren.

This budget proposes $58 trillion in taxes, 80 percent increase over the previous 10 years. The only thing the Democrats do more or raise more quickly than spending is taxes—again, on all Americans. But not to worry to any American who has the misfortune of watching this hearing, not to worry, because this budget hires 87,000 more IRS agents, America, to make sure they collect those taxes they intend to increase on all of you and to make sure that you pay what they consider to be your fair share. I am sure my fellow colleagues and Members in this Committee hear from their constituents the same thing I do. The one thing we need is more IRS agents. How about if we instead make the IRS employees actually come to work and process those outstanding tax refunds from last year? Incredibly, when we owe $30 trillion in national debt. And I am embarrassed to say that on this Committee when I say that I have Members on the other side say don't talk about how much we owe, because when I say it is $90,000 per citizen right now—$90,000 per citizen for 330 million Americans for $30 trillion in national debt, I get told by leadership on this Committee, don't say that because we are not asking anybody to pay it back, as if it is not real. As if it is Monopoly money and it doesn't matter, it doesn't count. It is already, what, the third largest budget is paying the interest on the debt. Every 1 percent increase in the interest rate costs us roughly $300 billion a year just to pay the debt.

So I am sure my—so this Administration—so here we have got $30,000 in debt and we actually propose or admit—we admit—we have the audacity to admit that we are going to to intend to increase the national debt by another $16 trillion over 10 years—$16 trillion over 10 years. That is $50,000 per American.

I submit that no American would vote for that willingly and say, yes, raise my share of the national debt by $50,000 because I am going to get what from this budget. What American would vote for that?

This budget, comparing apples to apples, it is a 30 percent increase, $1.4 trillion, over the fiscal—for fiscal 1923 over the last year, fiscal 1920, before the government crushed the economy in the name of the China virus. So, in other words, it was $4.4 trillion budget in fiscal 1919, now in fiscal 1923—or fiscal 1920 is $4.4 trillion, now in fiscal 1923 it is $5.8 trillion, a 30 percent increase. Incredibly, the incompetent and irresponsible response of this Administration beyond that is trillion dollar increases in the deficit as far as the eye can see.

Meanwhile, this Administration, the President said it during the State of the Union speech, and you have said it already here this morning, we are trying to give ourselves a medal and pat ourselves on the back because we are going to be the first Administration in the history of the country to cut the deficit by a $1 trillion in a year. So just because we are not spending the ridiculous amount that was unwarranted in the name of the China virus, and we don't have quite that much spending in this bloated, exorbitant, massive budget proposal.

Director Young how can you keep the title of the Director of Management and Budget? Don't you think it should be called the Director of Mismanagement and Excessive Spending? I mean is that management? Is that budgeting, what we are doing?

Ms. YOUNG. Mr. Good, if you would like a policy that cuts Medicare and Social Security, which you are promoting, either you raise revenues on the wealthy, or you cut Medicare and Social Security

Mr. GOOD. What I propose is we don't bankrupt the future of America and we don't do it on the backs of our children and our grandchildren.

Chairman YARMUTH. The gentleman's time has expired.

I now recognize the gentleman from St. Peter's for five minutes, Mr. Sires.

Mr. SIRES. Thank you, Mr. Chairman.

Director Young, first of all, thank you for coming before this Committee to answer questions about the President's budget proposal for 2023. And let me first start by saying that I love this country. I think this is the greatest country in the world. I think that there is no other country like this country and I am eternally grateful for the opportunity to have come to this country for me and my family. So I do not hate this country, I do not hate this budget. As a matter of fact, I am pleased with the request for the robust funding levels in programs that are important to me.

First of all, let us talk about affordable housing. I come from a district that affordable housing is very important. Director, do we have an increase in there?

Ms. YOUNG. Not only do we deal with the demand issue through increase in vouchers, we have a $50 billion mandatory proposal that ensures that we deal with the lack of supply many communities have.

Mr. SIRES. Thank you.

Do we have an increase for security of communities with police?

Ms. YOUNG. $3.2 billion, including a $300 million increase for cops, as well as a $30 billion multi-year proposal to deal with community violence.

Mr. SIRES. So that goes along with what the President said, there is no cut in policing, right?

Ms. YOUNG. There is an increase for policing.

Mr. SIRES. There is an increase. Thank you very much.

Do we have an increase of Pell Grants, something that is very important to my district, especially people who I represent?

Ms. YOUNG. Absolutely, sir. We believe that is a path to making college affordable for those amongst us that can't afford college and leave college in debt. And we are on the path to doubling the maximum Pell Grant.

Mr. SIRES. Thank you, Director.

And under this President do we have an increase in infrastructure spending? Because my whole state in New Jersey is one big transportation hub and there is a very aged infrastructure. And I am very happy to see that the infrastructure bill was passed and the increase that we are seeing. So do we have an investment in infrastructure in this country?

Ms. YOUNG. Yes, we continue our investments through increases in the Department of Transportation, 6 percent over the 1921 levels, the Department of Housing and Urban Development, and some of those investments in the housing supplies we have talked about.

Mr. SIRES. Thank you, Director.

And I know that every time we increase—the Democrats increase defense funding, defense funding is never enough. But do we have an increase in defense funding—spending in this bill?

Ms. YOUNG. The Department of Defense would see a 4 percent increase over the omnibus level.

Mr. SIRES. But obviously when it is the Democrats that increase it, it is never enough.

And I have to ask you one more question which is important to me. People always criticize the undocumented, the people that are working in this country that do not have documents. Do they contribute to Social Security?

Ms. YOUNG. Many of them do and many of them pay local taxes and contribute to their communities.

Mr. SIRES. Now, and many of them do not collect their Social Security when they retire, right?

Ms. YOUNG. It would be difficult. I don't know how they would do that without proper paperwork?

Mr. SIRES. So that is money that goes into our budget. Would you know how many billions of dollars that is? Or——

Ms. YOUNG. No, sir. But I would be happy to see what we have and to provide it for the record.

Mr. SIRES. Yes, I would appreciate it if you would do that, because, you know, I know it is as much as $9 and $10 billion that they never collect because they either go back to their country or they are just not allowed to collect it.

Ms. YOUNG. That is correct, Congressman, that is my understanding of how that would work. If they paid into the system, there would be no way to get funding out of the system.

Well, I just want to say thank you for this budget, thank you for you being here so we can ask you all these questions. I am sure that in your 26 years of work in this field you have developed enough experience to be called Director of the Budget Office.

Thank you.

Ms. YOUNG. Thank you.

Chairman YARMUTH. The gentleman yields back.

Per our agreement with Director Young, the Committee will recess briefly.

Without objection, the Committee will stand in recess subject to the call of the chair. I request that Members return at 12:30 p.m. so the hearing may proceed.

[Recess]

Chairman YARMUTH. The Committee will come to order. We will now continue with the hearing, the question and answer period. And I now yield five minutes to the gentlewoman from Iowa, Mrs. Hinson.

Mrs. HINSON. Well, thank you, Mr. Chairman, for holding this hearing. And thank you, Director Young, for coming before us today. I look forward to hearing your answers to our questions.

I would like to start off by thanking our Ranking Member Smith for pointing out that the Tax Cuts and Jobs Act will expire as a part of this budget, raising taxes on working families in Iowa. It raises taxes on our small business, on firefighters, on teachers, on shift workers building tractors, and on the healthcare heroes who have dedicated their lives to make others healthy, especially during a pandemic. We are going to reward them with a tax increase.

I just finished my fifth 20 county tour across the district, held a telephone town hall last night. There is a clear consistent theme from my constituents. What I am hearing on the ground, what I heard on that last night, and that is the concern about rising prices. So whether it is farm repairs, farm inputs, the price at the pump for gas, the increases for everyday goods like groceries, bacon, milk, working families are struggling right now to continue to put food on the table. And that is largely because of the Administration's policies. And we know increased federal spending is driving up these costs.

And yet the President's budget request proposes $73 trillion in spending over the next 10 years with a projected $14 trillion impact on the deficit. That is a tab that is up to the next generation to have to pay. We are leaving that for them. Inflation today is at 7.9 percent, the highest it has been in four decades, and yet the President's budget plan assumes inflation will only be 2.3 percent through the next foreseeable future here, all the way to 2032. This is just out of touch. And we have heard why that it so, but I asked you a little bit about this same issue last year. Here we are a year later with even worse inflation than what we had a year ago.

So my question is why is the Administration continuing to make these claims that are out of touch about inflation, low inflation here, high inflation with what we are paying at the grocery store and what consumers are actually facing. Because that is affecting Iowans every single day.

Ms. YOUNG. We hear you, Mrs. Hinson, and we share your concerns. We might disagree on a proposal to get inflation under control, but the President is concerned about these cost pressures on Americans. You mentioned farmers. We have worked at the Administration, for example, to ensure that those who work farms can, for example, fix their own equipment. We have found that there is that competition always and people have——

Mrs. HINSON. Right to repairs, completely different issue from what I am asking about here. I am asking why specifically or not being accurate in your accounting of inflation here. Because I mean if you are making a budget projected based on numbers that are wrong, that is irresponsible and disrespectful to taxpayers.

Ms. YOUNG. Well, actually the numbers were baked in November. That is how budgets work. We have to close the books at some point and send you a budget. But I hope you know that inflation both—has an offsetting effect. Both revenues usually go up with higher inflation as well as spending. Therefore the long-term projections are not affected by a different inflation rate. But you are absolutely right, it is higher than our estimates were in November when we locked what we affectionately call a data base.

Mrs. HINSON. Well, I hope going forward that we can be cognizant of the fact that those numbers are inaccurate, so as we as a Committee are continuing to work with you and your office, being cognizant these numbers are not right is going to be crucial as we are making the right decisions.

I am glad you mentioned farmers in this Administration because Americans are struggling with the cost of fuel. This includes billions of dollars in funding for EVs and charging infrastructure. These taxpayer dollars do nothing to actually drive down the cost of fuel for Iowans, but the subsidies will make inflation even worse.

And on the campaign trail the President came to Iowa and looked Iowans in the eye and said you could count on him for a new era of biofuels, quoting the President here, “Lip service won’t make up for nearly four years of retroactive damage that has decimated our trade economy and forced ethanol plants to shutter.” So we have heard that it is already not in this budget, but I am wondering why. Why is it not in this budget? Why does the Administration break their promise here to Iowans and to Americans to not support the usage of renewable biofuels, domestic fuels, domestic energy production, like ethanol?

Ms. YOUNG. Thank you for bringing this up. And I am sorry I didn’t get a chance to fully address this with Mr. Feenstra.

This budget, as you all know, starts October 1. Many of the inflationary increases we are seeing in gas have to do with the Russia-Ukraine situation. We have to deal with that fluid situation before this budget even takes effect. So we are happy with the $13 billion this Congress provided to help with assistance to Ukraine, but the gas situation in addition to selling 60 million barrels from the strategic petroleum reserve. We will also be looking to other things in which to bring down costs for Americans. But that is going to be before this budget takes effect.

Mrs. HINSON. Well, we are looking at obviously projections here for many years out, so I think Iowans want to know why it is not included. If you are having conversations about all these other things in the future, why is biofuels noticeably missing.

My final question, we have obviously 2 million encounters at the southern border, we saw some increased funding for CBP in the omnibus and a supplemental there, but we are back at square one here with these cuts—to propose cuts to the CBP. So, again, why is that happening?

Ms. YOUNG. You see actually a 5 percent increase to DHS, including for agents. Many in our party will disagree, but we believe there is a necessity for additional personnel to ensure that we have an orderly immigration system. In addition to that, we have an increase for immigration judges to make sure we move people through the legal system. So we absolutely have put forth what we believe is a balanced approach to deal with the border.

Mrs. HINSON. Well——

Chairman YARMUTH. The gentlewoman's time has expired.

Mrs. HINSON. Thank you. I yield back.

Chairman YARMUTH. I now recognize the gentleman from Massachusetts, Mr. Moulton, for five minutes.

Mr. MOULTON. Thank you, Mr. Chairman. And, Director Young, thank you so much for being here with us.

A lot of my questions are about modernization. How we face the future and meet the challenges and opportunities that it presents. Can you talk to me for a second about how we are modernizing our military? Our national security? Here we are watching Russian tanks get destroyed by drones on TV. One of the biggest threats that Americans face from this ongoing war in Ukraine is the threat of cyber attacks here at home. And our biggest adversary in the world is China. China has not only invested in future capabilities, like advanced missile systems, space systems, and artificial intelligence, but they have made important cuts to make those investments possible.

We used to quite frankly be thrilled that China had a million man army because it wasn't that good. Well, they have cut that army to invest in future capabilities. How is the Administration meeting that challenge?

Ms. YOUNG. Thank you for that.

And we are increasing the Department of Defense budget by 4 percent. It is in line with the National Defense Strategy. Last year the Administration was new, still working on how we saw the military of the future. But we are investing more in AI, we are invested in hypersonics.

In addition to the legacy equipment, F35s, submarines that many, many of you are interested in, so we have to do both. We have to invest in our traditional capabilities as well as look to the future, including our cyber threats.

Mr. MOULTON. It has often been said that Congress gets in the way of the cuts we need to make to invest in the future. Would you agree with that?

Ms. YOUNG. Out of deference to my former place of employment, I am just going to say this is the beginning of a process and I look forward to working with you throughout it.

Mr. MOULTON. Well, if you won't agree to my statement, I will. I think we have a lot of work to do here to make sure that we are not just protecting parochial interests at the expense of our national security.

China is also trying to out compete us in foreign aid by attacking really one of our strengths. And that is the allies, the partnerships that we have around the globe. Look at much they are investing in places like Africa. This budget puts $682 million toward Ukraine's support. Is that correct?

Ms. YOUNG. That is correct. But remember, that is the longer-term objective. What we are really using for enhanced humanitarian aid now is the $13 billion Congress thankfully provided to us earlier this month.

Mr. MOULTON. It is amazing to compare $682 million that we are investing or proposed to invest in Ukraine with the amount that Trump proposed investing in Ukraine when he tried to blackmail Zelensky, which was exactly zero.

Director Young, it is also important that we take this opportunity, having passed this historic infrastructure bill, to invest in the future of transportation. Is it the Administration's position that we should invest in modes and investments in—that have a high ROI, a high return on investment for the American taxpayer?

Ms. YOUNG. That is what we believe. We also believe projects should have high benefit-cost ratios. And we certainly have put out guidance, at the consternation of some, that does try to focus our transportation in innovative modernizing ways.

Mr. MOULTON. I mean I would point out that high speed rail has some of the highest ROIs in transportation, which frankly is why the rest of the world is investing in it. China has built in just the last 12 years the largest high speed rail system in the world.

Are you familiar with the size of the United Kingdom's budget compared to our own?

Ms. YOUNG. I am not actually.

Mr. MOULTON. Well, the United Kingdom, a country that is 1/40th our size, is investing $120 billion on a single high speed rail line to the north of the country. How does that compare with our investments in high speed rail?

Ms. YOUNG. I mean clearly, Mr. Moulton, we have to work with Congress, as you pointed out, that represents many different parts of the country.

Mr. MOULTON. Well, I would just say that if America is 40 times bigger than the United States, we shouldn't be moving around much more slowly than the rest of the world. The Brits can go three times as fast as we can on our interstate system on their new high speed rail line. Investing in more highways creates more traffic jams. Investing in a lot of electric vehicles makes those traffic jams silent, but we still have a lot of traffic jams.

So we have passed this historic infrastructure bill. I think the Administration has an opportunity to truly make these investments for the future. We can build more 1950's era trains and railways, or we can build for the future. And I hope you take that opportunity.

Ms. YOUNG. Thank you.

Chairman YARMUTH. The gentleman yields back.

I now recognize the gentleman from Florida, Mr. Donalds, for five minutes.

Mr. DONALDS. Thank you, Mr. Chair. Director, thanks for being here. I really do appreciate it.

Obviously, you know, a budget in five minutes, we are not going to be able to deconstruct this entire thing. So let us try to focus in.

No. 1, the corporate tax increase. The corporate tax rate under your budget—under the President's budget, excuse me—goes up to 28 percent. Is it the Administration's belief that an increase in the corporate tax rate will have no impact on an already inflationary environment with higher prices for consumers?

Ms. YOUNG. We don't believe it will change the operations of how corporations make decision. No, we don't.

Mr. DONALDS. Well, no, no, the question, Director Young, does the Administration believe that higher corporate income taxes will have an—will force an increase in prices in an already inflationary environment that a lot of people actually really believe now was unleashed by the American Rescue Plan from last February.

Ms. YOUNG. Mr. Donalds, I do—we do not believe that is the case.

Mr. DONALDS. OK. So the Administration doesn't think that higher taxes are going to lead to higher prices on top of an already inflationary environment?

Ms. YOUNG. For corporations, are you assuming they pass on their tax rates onto——

Mr. DONALDS. Right. Corporations always pass on the costs increases. They are doing it with inflationary costs with the ability to get their products right now. The portions that they need to create their products to sell to consumers, when the cost of freight is up, the cost of wheat is up, the cost of oil is up. That is all being passed through. Yes or no?

Ms. YOUNG. Mr. Donalds, I don't believe that—we don't believe, this Administration, that asking corporations to pay 28 percent—they used to pay 35 percent before the last tax cuts—will increase inflationary pressures.

Mr. DONALDS. Director Young, does the Administration acknowledge the fact that when the corporate tax rate was cut from 35 to 21 that the United States raised more revenue in corporate income taxes than in any other point in American history?

Ms. YOUNG. What we saw was a continued use of legal loopholes that prevented—I mentioned this earlier—50 corporations of the Fortune 500 from paying any taxes.

Mr. DONALDS. I am not talking about the uses of what is already in the tax code. I actually would argue that if we are going to have a fair code, we should adopt a flat tax or a fair tax. I mean I don't think that is the Administration's position. That is my position if we are going to have a fair code. But to talk about what they use in the current legal structure of the tax code, you can't make that argument and say that, oh, well they are using these things. I am talking about did they raise—did the government raise more revenue from corporate income taxes? Yes or no?

Ms. YOUNG. And corporations continue to make more. That is the point, Mr. Donalds.

Mr. DONALDS. All right. Let us move on, because I know we are not going to get anywhere there.

In your proposal, I am reading like the expanded explanation here.

Ms. YOUNG. You are reading the green book?

Mr. DONALDS. Yes, I am reading the green book right now. Right now we have a serious situation in the United States associated with gas prices and rising oil prices, which is going to impact every American, whether they are rich or poor, whether they are black or white. The one thing that will be consistent is that it will affect everybody. There will be no inequality associated with rising energy prices. In your budget proposal the Administration is actually saying that they are going to unwind every tax benefit associated with fossil fuels in the United States. Does the Administration believe that completely eviscerating all oil and natural gas tax treatments that we have had in our country frankly for 30–40 years, do they believe that that will actually lead to lower prices on oil and natural gas?

Ms. YOUNG. We don't believe the tax structure offered will lead to increased gas prices, but you are right, Mr. Donalds, we have to do something to bring down the cost. But I hope you would agree that costs have gone up since the Russian aggression in Ukraine.

Mr. DONALDS. Director Young, we have to acknowledge that oil prices have been up far before Vladimir Putin invaded Ukraine on February 24.

Ms. YOUNG. But $1 since.

Mr. DONALDS. The price of a barrel of oil was up significantly, the price of gas was roughly $3.65 cents on average in the United States. That was already significantly higher than what it has been over the last four years in the United States. Do you acknowledge that?

Ms. YOUNG. I acknowledge that there were increased energy prices that have further increased since Russian aggression.

Mr. DONALDS. Director Young, OK, so we understand that prices are higher now since February 24. we are going to acknowledge for the record that prices have been higher under the President's Administration currently. The President has talked about how he wants to get away from fossil fuels. Is the Administration's position that essentially eliminating all tax treatment, which makes oil and gas production in the United State far easier, that that is actually going to be to the betterment of the United States from an energy perspective going forward I the country?

Ms. YOUNG. Mr. Donalds, we think we need a comprehensive approach. I will remind everyone here, our country is one of the three before Russia took this route that produced over 10 million barrels a month. This country——

Mr. DONALDS. Let me ask you a question.

Ms. YOUNG [continuing]. does not have an oil production problem.

Mr. DONALDS. A quick followup on that. That is under current tax treatment. I would argue that if the tax treatment and oil and gas companies goes up, we are going to have a production problem. But to that point, one of the main talking points from the Administration is that you want an economy that works for everyone, you want a tax system that is fair. Is it fair for the green energy portion of energy in the United States to have significantly more favorable tax treatment than oil and natural gas?

Ms. YOUNG. As we know, these are developing systems. We need to ensure that those systems, as many systems in this country have received——

Mr. DONALDS. So it is OK for oil and natural gas to be treated unfairly.

Chairman YARMUTH. The gentleman's time has expired.

Mr. DONALDS. But we were getting to the answer, Chairman. Come on, now, give me a couple of minutes. Come on, Chairman, we were good.

Chairman YARMUTH. Well, I will let her answer, but you can't continue to debate.

Mr. DONALDS. All right, all right, all right. Thank you, Mr. Chairman.

Director Young, please.

Ms. YOUNG. And, Mr. Yarmuth, thank you.

And, by the way, many of the subsidies for people who want to buy electric vehicles, this is to help consumer. Many consumers want solar panels, many consumers want electric vehicles. The government—we believe the best way to help them achieve that and also a cleaner world is to provide subsidies through our tax system.

Chairman YARMUTH. The gentleman's time——

Mr. DONALDS. The Chairman cut me off. I am good. Thanks, Mr. Chairman. Thank you, Director Young.

Chairman YARMUTH [continuing]. has expired. The gentleman's time

Ms. YOUNG. Thank you, Mr. Donalds.

Chairman YARMUTH. As always, you have the opportunity to submit questions in writing to the Director and she can then subsequently answer for the record.

I now yield five minutes to the gentlewoman from Washington, Ms. Jayapal.

Ms. JAYAPAL. Thank you, Mr. Chairman. Director Young, it is great to see you and to call you Director. Congratulations again on your appointment.

And I wanted to say, first of all, that there are many things in this budget that we appreciate, including the taxes on the wealthiest. As you know, I am a lead sponsor of the Ultra-Millionaire Tax Act. We also appreciate the restrictions on stock buy backs, as well as some of the immigration provisions that you mentioned earlier. The investment in judges, the legal counsel, and community-based alternatives to detention. We appreciate all of those things. So thank you for those.

Switching gears, America has a monopoly crisis that is strangling small businesses and hurting people's pocketbooks while corporations have made immense profits through pandemic profiteering and price gouging. And I was very pleased to see the historic increases to the anti-trust division and to FTC to robustly enforce our anti-trust laws. But that is just one piece. As you know, we have very bipartisan efforts here in Congress to give federal agencies more tools to ensure competition.

Director Young, do you agree that those efforts should be prioritized?

Ms. YOUNG. We do. And that is why we talked earlier—increasing competition is one way. We have to deal with inflation in this country. And why you see a $273 million request for the anti-trust division and Department of Justice, $88 million increase, 48 percent over 2021, and a $498 million request or a 40 percent increase over 2021 for the FTC.

Ms. JAYAPAL. Thank you. And I also appreciate the Department of Justice's recent letter stating the Department's views that the "Rise of dominant platforms presents a threat to open markets and competition. And we are looking forward to moving our package along."

Now, you won't be surprised to know that I need to express my deep concern with the 4 percent increase in defense spending. This is on top of the unprecedented increase over the President's fiscal 1922 request that just became law.

Director Young, can you tell me how much the Pentagon has given to just five contractors?

Ms. YOUNG. Are we just picking contractors?

Ms. JAYAPAL. Five large——

Ms. YOUNG. I am sure I can——

Ms. JAYAPAL [continuing]. contractors.

Ms. YOUNG [continuing]. yes—get back to you, Congresswoman, on the top contractors I assume you are interested in.

Ms. JAYAPAL. Let me tell you that up to one-third of Pentagon contracts after 9/11 went to just five contractors. And from Fiscal Year 2001 to 2020 these companies received $2.1 trillion in 2021 dollars. And in fiscal 2020 alone the Pentagon have $75 billion in contracts to Lockheed Martin, which totals more than one and a half times the entire budgets of the state Department and USAID.

Director Young, is the Pentagon the only federal agency that has never passed an audit?

Ms. YOUNG. I believe that is correct.

Ms. JAYAPAL. So—and it has actually failed its last four audits. And yet we are continuing to pile money on top. And I would just say that to Representative Moulton's questions, I would argue that there are more efficient ways to spend the money we have. It doesn't mean that we can't have solid and secure national security if we actually cut out waste, fraud, and abuse and focus on the technologies that are going to provide us with the biggest bang for the buck. And yet it seems that our only strategy on military spending is bigger is better.

Do you think that bigger is better for ever and ever, Director Young?

Ms. YOUNG. I think a defense budget has to be strategy based. I have—Congresswoman, you have been a long time advocate here on getting rid of waste, fraud, and abuse in the Department of Defense. That is accurate. But we have also heard from the other side of the aisle who believe our number isn't large enough. That is why we believe the right thing to do here is use the long-term defense strategy to build our budget.

Ms. JAYAPAL. Director Young, what—you know, I assume that the other side also would agree that we don't want waste, fraud, and abuse in our Pentagon budget. And I remember last year, or last term, under a Republican president, we actually had a Republican budget director come and testify that the Pentagon should pass an audit. What work is going on to make sure that the Pentagon passes a budget before we continue to increase military spending indiscriminately just to thump the patriotic banner and say that somehow because we are increasing military spending, even though we can't pay for our veterans here at home, even though we can't invest in education in the ways that we want, even though we are having debates around whether or not we have enough money for childcare, something the President has advocated for, by the way, more childcare. But as we have those debates, how are we going to make sure that the taxpayer dollars that we are spending are actually going to an audited agency that has cut out waste, fraud, and abuse?

Ms. YOUNG. There is no reasonable person who would disagree that the Pentagon should be able to pass a basic audit. But I do want to reiterate, we think the need here is to put forward a budget that is tied to a national strategy. Whether or not you agree with the strategy is another thing, but as you heard, there are a lot of opinions on what the defense number should be.

Ms. JAYAPAL. Director Young, you know how I have been advocating on this for a long time and I just don't understand. There is nothing that is contradictory to a national defense strategy when we talk about making sure the Pentagon passes an audit and cuts out waste, fraud, and abuse before we heap more dollars on it.

So thank you again for your tremendous service to our country in the role that you currently occupy and in everything you have done before this. And I hope we can work together to actually make taxpayer dollars mean something instead of just profits to five defense contractors.

The gentlewoman's time has expired.

Ms. JAYAPAL. Thank you, Mr. Chairman.

Chairman YARMUTH. Thank you.

I now recognize the gentleman from Ohio, Mr. Carey, for five minutes.

Mr. CAREY. Thank you, Mr. Chairman, Ranking Member Smith.

Director, appreciated the conversation we had yesterday by phone. Thank you very much.

In going through all of the information that I have received, I just want to make a few points, then I will ask my question.

No. 1, it is what is said and what is not said. In going through the document, I realized that there is zero mention—I think Congressman Cline brought this up—zero mention of a debt crisis or an inflation crisis. Yet it mentions climate crisis over 33 times. The other—some of the other mentions that I have found interesting, it mentions tax fee or penalty 127 times. It does not mention the Keystone Pipeline, nor does it mention—zero—any plans for new domestic oil and natural gas production, while it mentions 27 times green, greenhouse, and 187 mentions of climate.

Now, you have had a lot of questions today with regards to the price of gas, but again, I am going to back to just some of the other things.

In this document there are zero mentions of border security in the budget—zero mentions. There are four mentions of police. Zero mentions of parents in the budget as well. So, again, just some things that I have observed as the newest person on this Committee that—the things that have been mentioned and the things that haven't.

But question is going to be this, really simple, how does this budget spend for other countries to combat climate change?

Ms. YOUNG. We are making a historic investment, about $11 billion, in our international climate pledge to ensure that low-income countries who do emit can join all of us in the developing world in bringing down their pollution so our kids, future generations, have an earth to call home.

Mr. CAREY. A followup to that, Mr. Chairman.

What is the total level of funding provided, including tax incentives, for climate related policies in this budget?

Ms. YOUNG. Congressman, we devote about $45 billion in climate activities. I will get our exhibit to you. I don't want to misquote where we are in the budget, but I am happy to provide that on the record so you have specific numbers.

Mr. CAREY. One last thing. I am going to—wrote the question down to make sure I have so I say it correctly. The results of the provision—here it is—would any of the $30 billion in mandatory spending to prevent—combat and prevent crime be used to enforce gun control on any of the U.S. citizens?

Ms. YOUNG. The idea—not on—the $30 billion pot is really supposed to be a comprehensive look and provide state and locals with the tools, and including psychiatrists, mental health. But we do have increases in ATF to make sure that ghost guns and other guns that find themselves into the hands of criminals, that we do something about that.

Mr. CAREY. Another question. How will spending $1.4 million on a new Office of Environmental Justice at DoJ help our law enforcement agencies do their job and tackle the crime crisis in America?

Ms. YOUNG. I think we have to tackle the crime crisis in America while we tackle an environmental justice system. I read in the New York Times, there is one county, I won't say what state, where people's sewage actually goes into their backyard. They have never had a sewage system at their homes. People of color, low-income. We think something is wrong with that.

Mr. CAREY. And that should be part of the law enforcement agencies?

Ms. YOUNG. Where there are illegal activities, DoJ absolutely needs the tools to make sure all Americans are treated equally under the law, even when there are environmental issues.

Mr. CAREY. OK. All right.

Thank you, Director.

Ms. YOUNG. Thank you.

Mr. CAREY. You have answered my questions and I appreciate your time.

Ms. YOUNG. Appreciate it.

Mr. CAREY. I yield back.

Chairman YARMUTH. The gentleman yields back.

I now yield five minutes to the gentleman from Michigan, Mr. Kildee.

Mr. KILDEE. Thank you, Mr. Chairman. And thank you, Director Young, for being here today to discuss this budget proposal. And of course congratulations on your confirmation.

You and I have talked about a couple of these issues I want to raise. I represent mid-Michigan. I do appreciate the focus of this proposal on infrastructure, on strengthening the middle class, on supporting law enforcement in particular, which is important in the communities that I represent, and for doing what we can to lower costs for families.

I was, as I have expressed to you, disappointed that the budget request calls for funding the Flint Registry at a lower level than was passed in the most recent government funding legislation. And for those who are not familiar, the Flint Registry is run through the Centers for Disease Control and Prevention. It was created by Congress to respond to the water crisis in my hometown and to connect families to healthcare, to nutrition, to lead removal services, to do the things that they need to do to minimize the impact of lead exposure on their health. It is a powerful tool. It is improving the lives of people who suffer through this terrible moment. And it also helps other communities. Benton Harbor, Michigan, most recently, Newark, New Jersey.

The Consolidated Appropriations Act of 2022, a bipartisan government funding bill, included $5 million in funding for the Registry. So the Michigan delegation, Democrats and Republicans, support this. And I just ask if the Administration will support fully funding the Flint Lead Registry so that we don't have to reduce that commitment that we are making to the families of Flint.

Ms. YOUNG. Absolutely, Mr. Kildee. And you have heard many times, we talk about the earliness in which we have to do things to get a budget to you.

Mr. KILDEE. Right.

Ms. YOUNG. I will say the Flint Registry was a result of that. We did not have time to incorporate many of the omnibus final decisions. We absolutely support. We talk about environmental justice, how can we support many environmental justice things without fully supporting Flint? And so you have my and the Administration's full support.

Mr. KILDEE. It is a—thank you for that. And it is a good example of when we invest in environmental justice, as you have in the proposed budget, perhaps we avoid the very high cost, both in human and financial costs, that the people of Flint have experienced.

So thank you for that effort.

One other issue that I do want to raise. And it has to do—and, again, you and I have spoken about this—the Delphi-salaried retirees. When GM filed for bankruptcy during the Great Recession, the PBGC unfairly, in the minds of myself and many others, cut as much as 70 percent for 20,000 Delphi-salaried retirees, more than 5,000 in Michigan. The PBGC assumed responsibility for the terminated benefits, but couldn't pay more than the statutory benefit would allow. These salaried workers suffered significant losses to their benefits. They were, I believe, unfairly targeted in the discharge of that bankruptcy.

I have introduced legislation, the Susan Muffley Act, along with Senator Brown of Ohio. It is bipartisan legislation. It would restore the benefits to these retirees. A bankruptcy, by the way, which was largely engineered by the U.S. Government. So we do bear responsibility. These pensioners have been fighting for the restoration of their benefits for a long time. Can we work with you to ensure that Congress and the Administration together deliver the restoration of these hard earned benefits to the Delphi-salaried retirees?

Ms. YOUNG. Mr. Kildee, thank you for your long work on this. I have told you privately, I will tell you publicly, we are happy to take a look at the legislation. We want to work the Pension Benefit Guaranty Corporation, but we know those pensioners worked their entire careers and deserve their pensions. So we absolutely will work with you and provide whatever assistance we can.

Mr. KILDEE. I thank you for that.

And, as we have discussed, I mean the Delphi-salaried retirees have exhausted other remedies and so that is why we are at this place where I think action by Congress is important. And we just want to be able to see the Administration as a partner in helping us get this resolution through to the President's desk.

So I thank you for that and I thank you for your testimony and all the great work you are doing. Again, congratulations.

Chairman YARMUTH. The gentleman's time has expired.

I now yield five minutes to the gentleman from Wisconsin, Mr. Grothman.

Mr. GROTHMAN. Wow. Great. Thank you for coming over here. Not all of our witnesses nowadays come over and see us in person. So I would like to thank you for that.

Ms. YOUNG. Second year in a row, sir.

Mr. GROTHMAN. Very good.

A comment before, I think there was a comment that the 17 percent in AmeriCorps might not be quite enough. I will point out, given the current situation, nobody should ever get a 17 percent, nobody should even get a 5 percent increase. So whatever. There is my comment.

I recently was looking at some graphs and in them it showed that the—there are different measures of monetary supply, but M2 might not be the best measurement—but recently it has been up 40 percent year over year. And I am old enough to remember the inflation of the 1970's and at the time M2 was going up about 7 percent a year, and that was considered out of line. So I am just alarmed out of my mind that we have so much money apparently being printed by the Federal Reserve at this time. And, of course, one can try to blame it on something else, but I think clearly the inflation, which I think is well over 7 percent—because when I talk to my farmers or talk to my manufacturers, their costs of production are frequently up 80–90 percent. So I can't help but think when their final product gets to market, it is going to be a lot more than 7 percent.

But could you comment on the massive increase in the money supply? You think that might have something to do with inflation? And don't you believe with the relatively high spending in this budget that the money supply is going to go up even more, which mean inflation is going to go up more?

Ms. YOUNG. So, sir, you probably know this and it will be frustrating, but we leave monetary policy for the Fed for exactly the reason we don't want monetary policy to be subsumed in our great political process and it is outside of that process. So I will leave monetary policy for the Reserve and I am sure they—and they have the tools in which to manage most of our inflation crisis.

But I have gone over what the President believes we can do from an Administration to deal with this. I would also point out many have talked about the ARP legislation. I sat with Moody's economists yesterday who truly believe that we would have seen a double-dip recession had it not been for ARP. But we may have different solutions, but we agree, we have to do something to bring down pressures on pocketbook issues for Americans.

Mr. GROTHMAN. I guess I would think, well, ultimately it is up to the Fed to make those decisions. When we pass budgets with sizable deficits, I think the Fed may feel they are in a corner and can't do anything else but print more money.

But in any event, now, am I correct in looking at this budget that the non-defense discretionary spending—and I assume we are going to pass bills separate from the budget as well, or separate from the regular appropriations bills—is up about 12 percent?

Ms. YOUNG. From the omnibus it is up about 9.5 percent with defense up about 4 percent.

Mr. GROTHMAN. OK. You are saying—do you think given the huge amount of debt and the huge increase in the money supply that it is prudent to spend 10 percent—9.6 percent, on non-defense discretionary spending? Doesn't that alarm you? Or when you began to put this document together, what was your target number?

Ms. YOUNG. So remember, Mr. Grothman, the President is offering to pay for his proposals. So we are putting forth spending with tax reform. I get that many may disagree with our tax proposals, but he does believe we should pay for our proposals. And this budget we show over a trillion dollar decrease in the deficit. It is over 10 years.

Mr. GROTHMAN. OK. And what is it based on? A project inflation? A projected—because inflation determines kind of the—what type of inflation are you—or interest rates are you guessing when you put together the budget 10 years out?

Ms. YOUNG. So the inflation rates, or the interest——

Mr. GROTHMAN. I will say interest rates, yes.

Ms. YOUNG. The interest rates we are using now are lower than in the budget, because we did it in November—are about 2.1 percent for this year. Right now I think we are really around 2.3. So we are slightly lower than interest rates. What we do believe over the 10-year period, we are still paying a lower interest rate than historic norms.

Mr. GROTHMAN. OK. I am going to ask you a little more of a bipartisan question. You are raising the corporate rate here to 28 percent. And it is something I kind of disagree with the Republicans on. Historically, because we are in a worldwide competitive situation, we treated manufacturing a little bit different, because manufacturers have to compete with other businesses abroad and I think in a variety of ways we are seeing the problems that come when we are not competitive manufacturing with other countries.

When—probably more likely have to be done with some bill through reconciliation, but would you be open to the idea that we go back to the old system in which manufacturing—and I think

Barack Obama was in favor of this—I think Hillary was too—I might be wrong on that—that the tax rate for manufacturing would—since they have got to compete abroad—would be lower than the tax rate for other sort of businesses? Or there is some sort of credit for manufacturing?

Chairman YARMUTH. The gentleman's time has expired.

The witness may respond.

Ms. YOUNG. Thank you.

Mr. Grothman, I really ask you to pay close attention to the global minimum tax proposal. You might have seen Secretary Yellen met with other countries to ensure exactly that, that people don't move a lot of these manufacturing bases to other countries who pay their workers less, have low or no tax rate. We believe that global minimum will help bring jobs back to the U.S.

Chairman YARMUTH. The gentleman's time has expired.

I now yield five minutes to the gentlewoman from Texas, Ms. Jackson Lee.

Ms. JACKSON LEE. Mr. Chairman, thank you so very much for the opportunity. Very, very important.

Ms. Young, let me acknowledge that the nation is better off for the leadership of President Joe Biden and in fact your leadership and support in his efforts.

Let me immediately start by headlines that I have heard from some of the papers that we read here on the Hill, and you are a Hill pro, that says that this is a—building the deficit and spending budget. And I take issue with that. First of all, would you comment on the alternative minimum tax, or the minimum tax as to what it actually does? As you well know, I have two or three questions and your brevity would help with that. But I just want to get to frame this particular aspect of the budget.

Thank you.

Ms. YOUNG. I believe you are speaking of the billionaire minimum tax. Billionaires pay about 8 percent tax rate and other regular Americans, nurses, firefighters, teachers, pay at least double that. So we would like them to pay a minimum rate closer to what most Americans pay.

Ms. JACKSON LEE. So you are speaking about fairness and equity, if I can hear you correctly?

Ms. YOUNG. That is correct.

Ms. JACKSON LEE. What will it do for the budget? The revenue that may come in?

Ms. YOUNG. Thank you for that. That is why this budget is deficit reducing. So we are looking to reduce the deficit, are on track to reduce the deficit $1.3 trillion this year, and reduce even further by over a trillion dollars with these policies.

Ms. JACKSON LEE. Thank you so very much.

Mr. Chairman, I want to introduce in the record a childcare need under the 2019 Texas Childcare Facts that is produced by Child Aware. I ask unanimous consent to place it in the record.

Chairman YARMUTH. Without objection.

[Report submitted for the record follows:]

Why Did Official Poverty Rate Rise if COVID Relief Took More Out of Poverty Than Ever?

Newsweek

https://www.newsweek.com/us-official-poverty-rate-rose-first-time-5-years-2020-amid-covid-pandemic-1628973

9/14/2021

America's official poverty rate jumped to 11.4 percent in 2020, up nearly a full point from the 10.5 percent rate posted in 2019, according to the U.S. Census Income and Poverty in the United States: 2020 report.

Children were hit particularly hard by the economic downturn as the poverty rate for people under 18 rose from 14.4 percent in 2019 to 16.1 percent in 2020.

According to the report, which was posted by the Census on Tuesday, it's the first increase in the official poverty rate over the last five years, as approximately 3.3 million new people found themselves living in poverty, bringing the total to 37.2 million.

Despite levels of official poverty experiencing a rise, stimulus payments were able to offset some of the damage with pandemic relief checks helping to carry 11.7 million individuals out of poverty, the report said. However, that figure isn't calculated into the Census' official measure.

The Supplemental Poverty Measure (SPM), which gauges poverty levels seen after the distribution of government relief, experienced a drop. In 2020, the SPM rate fell to 9.1 percent, down from the 11.8 posted in 2019. The number shows that relief measures played a key role in keeping a number of people out of poverty. When assessing efforts over the last year, some see this as the true measure of America's success.

"This year's Census Bureau's report that poverty increased one percentage point further demonstrates that the official poverty measure is outdated and cannot be used to examine public policy," David Johnson, director of the Panel Study of Income Dynamics and a public policy professor at the University of Michigan, told Newsweek. "Many of the poverty reduction policies are excluded from the (official) poverty measure and their impact cannot be evaluated."

Johnson brought up that the official measure has not been updated since the Census started publishing poverty estimates in the 1960s. Because the official measure only accounts for cash income, it includes income from social security and unemployment insurance but negates refundable tax credits, nutrition assistance benefits, and women infant and children benefits. Further, the official measure does not include last year's stimulus payments.

It wasn't until 2009 that the Census introduced the supplemental measure. Analyzing the American poverty through the SPM paints a different picture of America's situation. According to the SPM rate, poverty in the U.S. posted its lowest rate since the measure's introduction in 2009.

"This is what I meant by the official poverty measure cannot be used to examine policy since many of the poverty reduction policies are excluded from the poverty measure and their impact cannot be evaluated," Johnson told Newsweek.

With President Joe Biden aiming to introduce universal pre-K, allow two years of free community college, lower prescription drug prices, and expand Medicare through his $3.5 trillion budget plan, the official poverty measure could become less reflective of the government's role in America's social safety nets if Democrats unite in passing the measure.

Ms. JACKSON LEE. In my state there are about a 1,812,000 families in poverty, but here is the big number—children under six, 1,372,687 who are needing childcare. Let me briefly comment on the investment you made, $7.6 billion in discretionary funding for childcare and development block grant. Tell me it will get to the children in Texas, one million of them under six needing childcare.

Ms. YOUNG. Not only do we support that amount, the $7.6 billion, as you talked about. It will go to the states to help a lot of childcare businesses. As you know, during the pandemic many couldn't keep their doors open. So families, especially women, are finding they can't reenter the work force. And we have to do something about that.

Ms. JACKSON LEE. So a clarion call to my constituents in Houston who are part of the 1.6 million children needing childcare, this may enhance their opportunity and their opportunity for women to get back into the work force?

Ms. YOUNG. That. And, Congresswoman, I would also point that the President has been supportive of childcare as part of further legislation still under consideration. This would be one part of it.

Ms. JACKSON LEE. Absolutely, we support that to ensure a 7 percent cap on any family's childcare cost.

Let me just thank the Administration quickly for its COVID action. Unlike the awkward and unprepared of the last Administration. You have a $11.6 billion as it deals with the pandemic and public health preparedness. How important is that? As my time runs out and I have got a few more questions.

Ms. YOUNG. So that looks at future pandemics so we aren't left in the same predicament we were if another pandemic were to occur. We need to invest in future pandemics.

Ms. JACKSON LEE. Thank you. That is going to go a long way to rural hospitals, local urban hospitals, and others dealing with pandemic increases that may come in the near future.

I chair the Crime Subcommittee on Judiciary. Very interested in the question of reduction of crime. That would include enhancing training or responses to law enforcement, but more importantly as well, the complementary support of mental health support, support to stem the tide of domestic violence. What is the Administration doing on that? Very quickly.

Ms. YOUNG. The budget will propose $56 million to issue grants to support behavioral health services to individuals within or during reentry from jails and prisons. Also asking for $500 million to be split between DoJ and HHS, with the recognition that there has to be a comprehensive answer to crime, not just from the law enforcement standpoint.

Ms. JACKSON LEE. Well, the one thing we know is that the Administration and Democrats are not soft on crime and that we recognize we must be in the crime reducing business.

I want to thank you for your support of public housing. And so my final questions are public housing emphasis and then the commitment of the Administration for taking refugees from Ukraine under the present capping that we have not utilized.

I would appreciate your answers to those two questions.

Ms. YOUNG. As you know, we have a robust housing supply initiative, $50 billion on the mandatory side to ensure we have affordable housing. Also, as you point out, the budget provides funding to resettle 125,000 refugees in 2023, including the commitment for Ukrainians that the President recently announced.

Ms. JACKSON LEE. I look forward to working with you on these matter.

And, Mr. Chairman, thank you so very much. This is a robust, important budget for the American people and it is a deficit busting budget and we need to move forward on the President's goals.

Thank you so very much for your leadership.

I yield back.

Chairman YARMUTH. The gentlewoman's time has expired.

Now I yield five minutes to the gentleman from California, Mr. Obernolte.

Mr. OBERNOLTE. Thank you, Mr. Chair. And, Director Young, congratulations on your confirmation. Thank you for the introductory phone call. It was very nice getting to know you. I am certainly looking forward to working with you.

So I would like to continue a line of questioning that a number of the other Members of the panel have raised about the assumptions that were made on the rate of inflation when the budget was created. So my understanding is that the rate of inflation that was assumed for this year is 4.7 percent. Obviously we are trending toward nearly twice that. And for the rest of the budgetary forecast, it was 2.3 percent, which I think the Federal Reserve and most every economist would agree is going to be substantially more than that. And you have explained that that was because the budget was crafted in November before the recent spike in inflation.

Do I have all that right?

Ms. YOUNG. That is correct.

Mr. OBERNOLTE. So I am curious as to—because I am hopeful, Mr. Chairman, as Members of this panel on both sides of the aisle, I am hopeful that we can actually do what Congress is meant to do, take this budget and craft an actual budget proposal out of it and pass that budget. So we have to rely on the figures that you are giving us and try and craft our own budget out of that.

What changes do you think the fact that the assumptions that you made about inflation when you crafted the budget were incorrect, what effect do you think that has on the numbers in the budget?

Ms. YOUNG. As I mentioned earlier, inflation has an offsetting mechanism. So typically with higher inflation revenues are also higher. So we believe our debt and deficit targets remain about the same.

I would also point out it is a 10 year budget. Our long-term inflation numbers are still in line with private forecasters. And I point out the word forecasters. Just like the government forecast estimates, so do the private markets. And the long-term estimates are still in line with those private forecasters.

Mr. OBERNOLTE. OK. So the Department of Labor just recently came out with statistics showing that real wage growth is actually negative by 2.5 percent right now. And the Congressional Budget Office says that that actually is going to have—as inflation goes up, that has a negative effect on budgets because although revenues go up, they don't go up enough to compensate for higher expenses.

And as the interest rates rise, a greater percent of the budget has to be spent on debt service.

So would you say that given the fact that actual inflation is running about twice what the assumption was, would you say that the long-term deficit reduction is going to be the same?

Ms. YOUNG. It will be about the same. But you are right, the more interest rates, not inflation, goes up—I was speaking to inflation. On interest rates, you are right, that does have an impact on what you pay in debt service. We also look at what the historical rates are and what we pay on the debt. Based on historical averages, we are still in line to—we are paying less tha historical norms on debt service and even with higher interest rates—by the way, Mr. Obernolte, our budget does account for—we account for interest rates growing in this budget.

Mr. OBERNOLTE. Well, I think we all join you in hoping that the rate that we have to pay on our national debt does not go up substantially. But, you know, pessimistically, I am not sure that that is going to be the case.

So long-term, I was very happy to see the President concentrating on deficit reduction. It certainly was not the case with his proposed budget last year. That is a concern that many of us on this panel have. One of the things that you touted in your opening statement about the budget is that it is going to reduce the deficit by over a trillion dollars over the forecasting period. But I wanted to be clear, you are talking about cumulatively? Because our deficit is about $1.3 trillion right now. So we are not going to reduce it to—from $1.3 to .3, we are going to reduce it by a trillion over that 10 year forecast period.

Ms. YOUNG. So there are two deficit numbers I talked about, and they are important to get right. We are on track, absent this budget, to reduce the deficit by $1.3 trillion year over year. The largest ever decline in one year. The budget policies represent, if Congress takes them up, we believe another $1 trillion in deficit reduction.

Mr. OBERNOLTE. Total over the 10 year period?

Ms. YOUNG. Correct.

Mr. OBERNOLTE. So I mean $100 billion a year, not a trillion in a single year?

Ms. YOUNG. Right. The cumulative effect.

Mr. OBERNOLTE. We are still going to have a substantial deficit by the end of the forecast period.

Ms. YOUNG. But remember, we are also looking at bringing down the deficit $1.3 trillion in one year.

Mr. OBERNOLTE. We on the same team here.

Well, let me ask you about that actually, as kind of a final question here. As I said, I was very encouraged to see the President focusing on deficit reduction. What, as Director of the OMB, what is your long-term philosophy on that? Do you think that we need to get to a balanced budget? And if so, how do we do that?

Ms. YOUNG. Mr. Obernolte, I think, and a lot of economists think, that a better measure to look at than to try to get to zero debt, because you know this, the most spending in this budget is our beneficiaries, to Social Security, to Medicare, and to ensure that we preserve those benefits for our elderly or those close to, to make sure that they get those benefits, we believe the more appropriate thing to do is look at whether the debt level is crowding out the country's ability to make investments. We don't think we are at that point. There is not a specific number that makes sense. You can't just say $60 trillion gets to be too much, or $40 or $50, it really is depending on the size of the economy. And we believe we can handle the debt service payments given that interest rates remain historically low even if rising.

Mr. OBERNOLTE. Well, on that we might disagree, but I see my time is expired.

I yield back. Thank you very much.

Chairman YARMUTH. The gentleman's time has expired.

Ms. YOUNG. And he has been here a long time, so thank you, Mr. Chairman.

Chairman YARMUTH. Yes, he has been.

I now yield five minutes to the gentlewoman from Colorado, Ms. Boebert.

Ms. BOEBERT. Thank you, Mr. Chairman. And, Director Young, thank you so much for being here today.

I just want to start off with a few quick questions.

First of all, what is the current national debt?

Ms. YOUNG. The current debt is about $24 trillion.

Ms. BOEBERT. OK. I have about $30 trillion. How much would each American citizen have to pay to cover that debt?

Ms. YOUNG. That is not how debts work, so we have not calculated that.

Ms. BOEBERT. I reclaim my time. Director, the answer is $91,207 per American citizen. How much does each taxpayer—thank you—how much does each taxpayer owe to cover our current $30 trillion debt, not $24 trillion?

Ms. YOUNG. And I am sorry, I have $22.3, so I will correct myself downward, since we are using different numbers. Again, we don't calculate the debt by person, including my 5-month old. Thank you.

Ms. BOEBERT. Reclaim my time. Excuse me, Director, the answer is $242,500 per taxpayer in America.

Now you may have been on track with some of these answers if your numbers were correct with the $30 trillion debt that we actually are at right now. But I would have hoped that you would have the correct answers in your position to all of these questions as the President and this regime really should keep this debt at the forefront of our thinking and proposing a budget. But this budget that was created has proposed to spend another $5.8 trillion this Fiscal Year and $73 trillion over the next 10 years. And, sadly, it is pretty apparent that you were more concerned with continuing to spend trillions of dollars of taxpayer money on liberal wish lists rather than doing anything substantive to reign in wasteful federal government spending.

Now, I have said multiple times the federal government does not have a revenue problem, it has a spending problem.

Now, Director Young, Biden likes to say show me your budget and I will tell you your values. So let us see what Democrats really value. The word military appears 26 times in this budget, but gender, it is used 43 times in your budget. Equity, well that is use 75 times and climate is used 187 times in this budget. And Americans sure do understand what Democrat priorities are and their values.

They know that the real cost of these woke policies and so called values are impacting them and the bill has come due for these bad Democrat policies.

Proposing to spend trillions of dollars on more woke wants not needs is absolutely shameful. And really you should be embarrassed to be testifying today and trying to defend this $5.8 trillion budget.

Now, during the State of the Union Joe Biden said that his plan to fight inflation was for businesses to simply lower their costs, not their wages. Director Young, I am a small business owner, and I can tell you that that is not how it works in the real world. I understand that we use Washington, DC. math here, but that is not how it works for real small business owners. Meat is up 13 percent, milk is up almost 12 percent, electricity is up 9 percent.

Now, as a restaurant owner, how am I supposed to lower my costs if everything that I use is going up? And I certainly wouldn't be able to pay employees higher wages.

So, with this skyrocketing inflation that is taking place, Madam Director, can you please simply describe to me, define to me, what inflation is?

Ms. YOUNG. Sure. The cost of goods are more expensive. It costs more for the same goods than it did last year. The President is very aware of that. That is why he called on Congress to send him legislation——

Ms. BOEBERT. Reclaiming my time. Thank you.

Ms. YOUNG [continuing]. that reduced cost of healthcare.

Ms. BOEBERT. Thank you, Director. That is not exactly what I was getting at. Let me answer this for you. So Milton Friedman, who won the Nobel Prize in economics, said that inflation comes from too much money being printed in D.C. Specifically, and I quote, he said "Inflation is a result of too much money and more rapid increase in the quantity of money than in output. Moreover, in the modern era, the important next step to recognize that today governments control the quantity of money so that as a result inflation in the United States is made in Washington and nowhere else."

So, Director Young, in short, inflation comes from Washington, DC. where the products we use aren't created, but the products we use are made more expensive.

Director Young, shamefully this Biden budget proposes the largest tax increase in American history and I really think that that bears repeating. It is the largest in American history. The Biden regime either has no concept of how inflation is impacting Americans or simply has no concept for Americans who find the cost of gasoline too expensive because, after all, they can't just go buy a Tesla.

How about that for Democrat priorities?

Thank you, Madam Director.

Chairman YARMUTH. The gentlewoman's time has expired.

I think I am the last questioner and I now yield myself 10 minutes.

First of all, let me say thank you for being here, Director Young. I think you have more than justified the judgment of the President to name you to this position and the Senate's wisdom in confirming you.

I love going last because it is like cleanup on aisle six. I get to deal with a lot of the things that have been said and messed up.

Now, I want to start with Mr. Donalds' comment about raising the corporate tax rate. He said if you raise the corporate tax rate that it is going to cause inflation because you are going to—they are going to pass it along to consumers. That would imply that if you lowered the tax rate that they would pass the savings onto consumers. When Republicans cut the tax rate from 35 to 21 percent in 2017, did that result in any cost cutting for consumers that you are aware of?

Ms. YOUNG. It did not.

Chairman YARMUTH. Right. As a matter of fact, if that were true, we wouldn't have the inflation we have now because they are still paying at a 21 percent rate. So that just doesn't make sense. And you were here in 2017, you were in the Congress, and the justification Republicans gave at that time for cutting the corporate tax rate was that this would encourage them to invest new equipment, new capacity, new productivity. Did any of that happen?

Ms. YOUNG. It did not.

Chairman YARMUTH. No, as a matter of fact most of the money that was saved by lowering the tax rate was spent on buying back stock and increasing dividends, not in actually being reinvested in their businesses.

Let us talk about gas prices for a minute. How are gas prices set? What are they dependent upon?

Ms. YOUNG. They are dependent upon the market.

Chairman YARMUTH. Right. And it is a global market, gas is produced all over the world. And when there is higher demand for less gas, prices go up and conversely when there is less demand and too much gas, prices go down. I think it was the Ranking Member—it may not have been. I apologize if I didn't get you right—that said back several years ago you found—somebody found gas at $.90 a gallon. And was that during a period when the government was shut down—I mean the country was shut down, not the government. The country was essentially was shut down and nobody was driving.

Ms. YOUNG. Right.

Chairman YARMUTH. Yes, so prices are naturally going to be lower. And now as the economy is recovering, part of the reason—forget—in the last month or so, which I think we can consider an aberration, we saw a much greater demand for gasoline. Prices went up to a level that basically we have seen before. We saw that level in 2011, 1912, 1913, 1914, and into the Bush Administration when gasoline prices were much higher than they were in 2020 and 2021.

When—well, you mentioned I think, but I—the annual production now of gasoline in the United States, the number I saw, which I mentioned last week or two weeks ago, was 12.1 million gallons a day. Russia produces about 10 ½ million barrels a day and Saudi Arabia 8 ½ million barrels a day. There is no country on earth that produces as much oil as we are producing right now. So is it fair to say that anything that the Biden Administration has proposed or implemented has had anything to do—has had the impact of reducing oil production in the country?

Ms. YOUNG. Absolutely not.

Chairman YARMUTH. Right. And the Keystone Pipeline keeps coming up. The Keystone Pipeline, if it were resumed—if they resumed construction of the Keystone Pipeline today, how long would it be before the Keystone Pipeline was finished?

Ms. YOUNG. Not in any time to deal with any of the increases we are seeing now.

Chairman YARMUTH. I think the estimate is 11 years from now. And somebody mentioned that that was oil that was going to be used in the United States. Is that correct?

Ms. YOUNG. I don't believe that is correct. And you pointed to oil production here. Most is shipped other places and not kept here.

Chairman YARMUTH. Exactly.

Let us talk about the Defense Department budget for a minute. A statement has been made, you know—and I know a lot of Republicans are calling for 5 percent in addition to inflation. Does inflation—the figure that we see now, 7.9 percent on an annual rate, does inflation affect every entity the same way?

Ms. YOUNG. It does not.

Chairman YARMUTH. So if you were in the Pentagon and you are using a lot of gasoline, you probably are not going to the pump every day and filling up the tanks and the jeeps and those things. You make contracts for that gasoline, don't you?

Ms. YOUNG. That is correct. And you typically lock in a price.

Chairman YARMUTH. Exactly. And so to say that we automatically have to assume that the Defense Department is going to be—their costs are going to go up 7.9 percent isn't based on the way things actually work.

Ms. YOUNG. We don't believe—we believe this is a real increase.

Chairman YARMUTH. Right. And one of the things that you are proposing is a 4.6 percent increase in the salary of military personnel.

Ms. YOUNG. Military and civilians.

Chairman YARMUTH. Civilians. Which actually does kind of accommodate the inflation that those military families are experiencing.

Ms. YOUNG. It is a part of the formula actually that developed the 4.6.

Chairman YARMUTH. Right. So when the Defense Department analysts were drawing up their budget request, they didn't say that inflation didn't exist, did they?

Ms. YOUNG. That is right. And I would like to point out, unlike I think some relationships—some may have heard between OMB and the Department—OMB and the Department of Defense worked closely hand in hand. And I think the Secretary of Defense would tell you this is the budget he needs to have a ready military.

Chairman YARMUTH. Again going back to gas prices for a second, one of the things that came up earlier is a mention of the equity of favoring support for gasoline prices versus support for environmentally beneficial energy sources. And the question was asked, do you think that is fair. Well, personally I think it is very fair. I mean I think as a country there is broad consensus that we need to be moving away from fossil fuels toward renewables and other clean energy sources.

But I remember in—and you may—I remember when George Bush—George W. Bush was president and he said that once gasoline prices get higher than $55 a barrel, that there is no need for incentives for producers to produce. Do you remember that comment?

Ms. YOUNG. I do not.

Chairman YARMUTH. Well, he did. That is getting back a little ways. But—and gasoline right now—oil is double that amount.

Ms. YOUNG. Yes.

Chairman YARMUTH. Basically $110-$115 a barrel. So according to the man from the biggest oil producing state in the country, I would say they are not necessary at this point.

Talking about the American Rescue Plan. And I know—I think the Ranking Member said that until the American Rescue Plan was enacted, job growth was performing at a lower rate than had been projected. Is that a fair characterization? You didn't say that? OK. Well, you said the first few months of the Biden Administration job growth was not performing as the projections were. And that was the reason—one of the reasons we passed the American Rescue Plan, to stimulate the economy to help people get back on their feet. And the fact that we created 6 million jobs after that in 2021 is pretty good evidence that the American Rescue Plan was successful.

Ms. YOUNG. I mean as I mentioned earlier, I sat with Mark Zandi from Moody's yesterday who believes we would have ended up in a double-dip recession had it not been for ARP. So not only did that not happen and we are not seeing the scarring we saw after the Great Recession, which took four years to recover from, we are seeing record growth out of the pandemic.

Chairman YARMUTH. And since you mentioned Moody's, a lot of people on the Republican side, none of whom voted for the American Rescue Plan, are trying to lay the 7.9 inflation rate on the money that flowed from the American Rescue Plan. Moody's made an analysis that said that the American Rescue Plan was responsible for less than 1 percent of that inflation rate. Did they reiterate that to you?

Ms. YOUNG. They did.

Chairman YARMUTH. Do you have any analysis that would contradict them?

Ms. YOUNG. I do not.

Chairman YARMUTH. And the Federal Reserve in San Francisco did a similar analysis and came up with the same result.

I think I am almost done.

One question I do have in my 30 seconds left. In considering tax reform, one of the things that a lot of people, including myself, think would be very important and useful and justifiable, is to increase the carried interest rate. You don't do that. None of my colleagues—well, at least the leadership of the Ways and Means Committee has not proposed to do that. Is that something the Administration has considered and why has it decided not to approach that, if it—they have considered it?

Ms. YOUNG. Mr. Chairman, I am happy to talk to you about that proposal. I think Treasury is our lead on tax proposals, but I think it is a worthy conversation and I am happy to take that offline and have a real conversation about it and tell you if there are concerns what they are.

Chairman YARMUTH. OK. I would love to hear that.

Well, so I am over my time by 20 seconds, but I have been pretty generous most of the day, so I don't feel guilty about that. But once again thank you for your spending so much time with us. Thank you for your responses, thank you for your work, and once again we look forward to continuing to work with OMB as we move forward in this process.

Unless there——

Ms. YOUNG. Thank you so much.

Chairman YARMUTH. Thanks.

Unless there is any further business, this hearing is adjourned.

[Whereupon, at 1:45 p.m., the Committee was adjourned.]

QFR Submitted by Congresswoman Barbara Lee for 3/29 Budget Hearing with OMB Director Young on FY 23 Budget

1. The proposed total for defense discretionary spending in the President's FY23 budget is $813 billion dollars. Last year, Congress allocated $28 billion on top of what the Biden administration requested in defense discretionary spending. Does the Biden administration believe that the amount it has requested in military spending this year is sufficient, and would the administration oppose efforts by Congress to allocate additional money to defense for Fiscal Year 2023?

2. The administration requested $31 billion in increased military spending this year. What alternative ways to invest that $31 billion were considered? What could be accomplished if that same amount had been instead reallocated to the COVID-19 response, climate resilience, paid family leave, or other urgent human needs?

3. I sent a letter to you on March 22, 2022 about the Howard University Hospital construction. While I appreciate that federal funding has been allocated over the past 2 years, $193 million is needed to ensure that the academic medical center exists to train those Black doctors who will serve in our health care deserts in the future. The current hospital is over 50 years old - built in the 1960s by Congress to specifications from a different era of medical and cultural norms. Today, less than half of the 482 licensed beds can be used while those in use do not reflect world class industry standards. To meet the demands of the COVID-19 pandemic, the District of Columbia government requested an emergency expansion to 125% of HUH's current hospital capacity. By fully funding this one project, Congress can address the severe shortage of minority physicians across the country, reduce barriers to access quality healthcare, and address the wide gap in our healthcare system exposed by the current pandemic. It is imperative that Howard University receive the remainder of the requested federal funding of $193 million to construct a new hospital to better prepare our country to respond to the current pandemic and future public health crises, as well as to ensure that we can meet the ongoing basic healthcare needs of underserved communities.

4. I am extremely encouraged to see that the President's budget request includes a $377 million increase for the Ending the HIV Epidemic Initiative along with an ambitious mandatory spending PrEP delivery program that will have to be considered by the authorizing committees, which will take some time. In the meantime, I am very pleased to see that the Biden administration has released an updated HIV National Strategic Plan, which focuses more on racial and ethnic inequities, the social determinants of health, calls out racism as a public health threat, and addresses HIV stigma and criminalization.

   Can you explain how you would use the additional resources as we work to end HIV in all populations and all geographic areas, and address the syndemics of HIV, including hepatitis and drug use? Health equity continues to be huge priority for HHS, and it is frequently cited in the budget documents. How does ending the HIV epidemic fit into the Administration's overall health equity goals?

5. We can no longer ignore the systemic inequalities within our health care and socioeconomic system. COVID-19 and the countless incidents of police violence has further highlighted the urgent need to not only change but recreate the infrastructure for our health care and socioeconomic system. With the support of Chair DeLauro, Rep. Pressley, and Senator Warren, the FY22 Omnibus includes language directing HHS to submit a report that provides detailed proposals to establish a National Center on Antiracism and Health Equity within the Department.

   Following the submission of HHS' proposal for the Center, how will the President help to ensure its development? In what ways is the OMB addressing the effort to dismantle structural racism throughout all federal agencies pertaining to health?

Congressman Albio Sires
Questions for the Record
Committee on the Budget Hearing- The President's Fiscal Year 2023 Budget
March 29, 2022

For Director Shalanda Young:

1. Research reviewed by the nonpartisan Congressional Budget Office in 2005 indicates that between 50 percent and 75 percent of unauthorized immigrants pay federal, state, and local taxes. The Social Security Administration's Office of the Chief Actuary estimated that earnings in the year 2010 by unauthorized immigrants contributed in a net positive effect on Social Security's financial status and increased the cash flows of the program by $12 billion. Could you provide an update on the impacts of contributions by unauthorized immigrants to programs such as Social Security?

QUESTIONS

[Office of Management and Budget Director Shalanda Young]

Director Young, President Biden's budget adds more than $16 trillion to the federal debt over the next decade. In fact, under this budget, the debt hits the highest level in American history. The Congressional Budget Office's own analysis suggests a rising debt will mean less private investment, lower output and income, and a lower standard of living for Americans.

> **How does this budget "fight inflation and help families deal with rising costs?"** [Quote from Biden's "Budget Message of the President"]
>
> **How does this budget address any of the crises this administration has caused since taking office?**
>
> **How does this budget reduce the deficit?**

Congress has appropriated $6 trillion in COVID relief and response. According to the latest data we have from the Congressional Budget Office, of all the unspent COVID funds that congress has authorized, the top 20 accounts have $341 billion in unspent funds.

> **Why is the Administration requesting a supplemental for even MORE "COVID relief" dollars to the tune of $22.5 billion?**
>
> **With over $341 billion left unspent, why can't the administration find existing funds to reallocate for this purpose?**

Director Young, President Biden and his administration are considering letting expire the CDC Title 42 authority to remove undocumented individuals at the border due to the public health emergency. This will most likely lead to a surge in undocumented individuals crossing our border, further straining Customs and Border Protection, Immigration and Customs Enforcement, and the Office of Refugee Resettlement.

How much would this decision cost American taxpayers?

The Department of Interior continues to operate under work-from-home pandemic procedures while not holding lease sales, approving permits, or completing a new five year offshore federal leasing program, which is supposed to be completed before June 30, 2022.

How much is it going to cost the American taxpayers to address this backlog at the Department of Interior?

DANIEL T. KILDEE
5TH DISTRICT, MICHIGAN

CHIEF DEPUTY WHIP

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Director Young,

Today, aviation represents 11% of United States transportation-related emissions. Scaling production and use of Sustainable Aviation Fuel (SAF) is a crucial step towards reducing emissions from this sector. However, given that SAF is currently four to seven times the cost of fossil fuel-based jet fuel, without policy action and intervention, this transition won't happen at the scale and speed necessary to achieve a net-zero economy by midcentury.

In recognition of this important imperative, the Biden Administration announced the SAF Grand Challenge last year, including new actions aiming to produce three billion gallons of SAF by 2030 and reduce aviation emissions by 20% by 2030. Considering this, I am submitting the following questions for the record:

- How does the President's Fiscal Year 2023 budget support the attainment of the aforementioned goals?
- Can you comment on how the President's budget specifically advances the innovation and research and development activities necessary to ensure sustainable SAF production is achieved at scale by 2030?
- Finally, can you discuss how this budget leverages the private sector and public-private finance models to facilitate and encourage domestic SAF deployment and the building of SAF production plants in the U.S.?

Thank you for your consideration in this matter, and your continued work to develop a federal budget that helps the United States reduce aviation transportation-related emissions and meet our goal of achieving net-zero greenhouse gas emissions by no later than 2050.

Sincerely,

Daniel T. Kildee

Daniel T. Kildee
MEMBER OF CONGRESS

Questions for the Record

For Shalanda Young

"The President's Fiscal Year 2023 Budget"

March 29, 2022

House Budget Committee

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Rep. Lee

The proposed total for defense discretionary spending in the President's FY23 budget is $813 billion dollars. Last year, Congress allocated $28 billion on top of what the Biden administration requested in defense discretionary spending. Does the Biden administration believe that the amount it has requested in military spending this year is sufficient, and would the administration oppose efforts by Congress to allocate additional money to defense for Fiscal Year 2023?

The President's Budget positions us to contend with determined competitors, address transnational threats, and manage crises as they arise, and includes a 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.

Rep. Lee

The administration requested $31 billion in increased military spending this year. What alternative ways to invest that $31 billion were considered? What could be accomplished if that same amount had been instead reallocated to the COVID-19 response, climate resilience, paid family leave, or other urgent human needs?

The President's Budget invests in security, including strengthening our diplomacy efforts abroad, and non-security priorities for the country. The Budget proposed funding levels we believe are crucial to growing our economy from the bottom up and middle out. The Administration has submitted to Congress a separate emergency request for $22.5 billion to continue to combat COVID-19.

Rep. Lee

I sent a letter to you on March 22, 2022 about the Howard University Hospital construction. While I appreciate that federal funding has been allocated over the past 2 years, $193 million is needed to ensure that the academic medical center exists to train those Black doctors who will serve in our health care deserts in the future. The current hospital is over 50 years old - built in the 1960s by Congress to specifications from a different era of medical and cultural norms. Today, less than half of the 482 licensed beds can be used while those in use do not reflect world class industry standards. To meet the demands of the COVID-19 pandemic, the District of Columbia government requested an emergency expansion to 125% of HUH's current hospital capacity. By fully funding this one project, Congress can address the severe shortage of minority physicians across the country, reduce barriers to access quality healthcare, and address the wide gap in our healthcare system exposed by the current pandemic. It is imperative that Howard University receive the remainder of the requested federal funding of $193 million to construct a new hospital to better prepare our country to respond to the current pandemic and future public health crises, as well as to ensure that we can meet the ongoing basic healthcare needs of underserved communities.

The Administration strongly supports funding for the Howard University Hospital. To build on the funding Congress provided in fiscal years 2021 and 2022 for the Hospital's renovation, the fiscal year 2023 request includes additional funding to continue this work and ensure the Hospital's ability to meet current and future healthcare needs. A new facility would allow Howard to expand the size of its incoming medical school class and produce 2,000 new doctors in the first 10 years. A new facility would also allow similar increases at the dental, pharmacy, and nursing/allied health schools to better meet the acute need for diverse health care professionals nationwide. This robust pipeline of diverse health care professionals serving in historically underserved communities is even more critical now as COVID-19 has shown the dire consequences of our growing health care disparities.

Rep. Lee

I am extremely encouraged to see that the President's budget request includes a $377 million increase for the Ending the HIV Epidemic Initiative along with an ambitious mandatory spending PrEP delivery program that will have to be considered by the authorizing committees, which will take some time. In the meantime, I am very pleased to see that the Biden administration has released an updated HIV National Strategic Plan, which focuses more on racial and ethnic inequities, the social determinants of health, calls out racism as a public health threat, and addresses HIV stigma and criminalization.

Can you explain how you would use the additional resources as we work to end HIV in all populations and all geographic areas, and address the syndemics of HIV, including hepatitis and drug use? Health equity continues to be huge priority for HHS, and it is frequently cited in the budget documents. How does ending the HIV epidemic fit into the Administration's overall health equity goals?

Equity is the center of the Administration's health agenda. The Budget includes $850 million across HHS for the Ending the HIV Epidemic (EHE) initiative to ensure equitable access to services and supports to aggressively reduce new HIV cases, increase access to PrEP, and reduce disparities in health outcomes. The Budget also proposes a new mandatory program to guarantee PrEP at no cost for all uninsured and underinsured individuals, provide essential wrap-around services through States, localities, and IHS and tribal entities, and establish a network of community providers to reach these populations in non-traditional settings. This new program recognizes that moving beyond the status quo is necessary to improve equity by filling in gaps across states and reach underserved areas and populations most at risk of infection.

Rep. Lee

We can no longer ignore the systemic inequalities within our health care and socioeconomic system. COVID-19 and the countless incidents of police violence has further highlighted the urgent need to not only change but recreate the infrastructure for our health care and socioeconomic system. With the support of Chair DeLauro, Rep. Pressley, and Senator Warren, the FY22 Omnibus includes language directing HHS to submit a report that provides detailed proposals to establish a National Center on Antiracism and Health Equity within the Department. Following the submission of HHS' proposal for the Center, how will the President help to ensure its development? In what ways is the OMB addressing the effort to dismantle structural racism throughout all federal agencies pertaining to health?

If Congress passes legislation that establishes a Center within HHS, the Administration will work diligently on development and implementation of the Center.

With respect to OMB's efforts to dismantle systemic inequities in Federal programs, the Office of Management and Budget supported over 90 federal agencies across the federal government, including all Cabinet-level agencies as well as over 50 independent agencies, to quickly and effectively implement Executive Order 13985, *Advancing Racial Equity and Support for Underserved Communities Through the Federal Government*. Signed by President Biden on his first day in office, the Executive Order emphasized the enormous human costs of systemic racism, persistent poverty, and other disparities, and directed the Federal Government to advance an ambitious whole-of-government equity agenda. As part of this effort, agencies conducted equity assessments of 3-5 of their agency's high-impact services for the American people, to uncover where systemic barriers to access may exist and used those findings to develop Equity Action Plans for addressing and achieving equity in their mission delivery for all Americans. As noted in a recently released summary of agency Equity Action Plans, agencies are advancing health equity, addressing the social determinants of health, and expanding access to quality and affordable health care to meet the needs of underserved communities.

In addition, the FY 2023 Budget includes targeted investments in HHS programs to address racial disparities and advance health equity. For example, the 2023 Budget includes $10 million in HHS's Office of Minority Health to support a pilot initiative to address structural racism in public health. HHS will award grantees to establish model programs that implement policies and/or programs to address structural racism in public health; and assess the effectiveness of coalition building and policy/program activities in addressing structural racism and health disparities among racial/ethnic minority populations. The Budget also strengthens collection and evaluation of health equity data; invests in CDC programs related to viral hepatitis, youth mental health, and sickle cell disease; and supports actions to reduce maternal mortality and morbidity rates and implement implicit bias training for healthcare providers. These efforts will help improve equity by reaching underserved areas and populations most at risk. Additionally, the Budget includes funding for CDC dedicated to continuing the Community Violence Intervention Initiative to support the implementation and monitoring of proven evidence-based strategies to address community violence, including strategies in hospital settings, by state and local health departments. The Budget also includes an increase in funding to continue research to identify the most effective ways to prevent firearm related injuries and deaths.

Rep. Sires

Research reviewed by the nonpartisan Congressional Budget Office in 2005 indicates that between 50 percent and 75 percent of unauthorized immigrants pay federal, state, and local taxes. The Social Security Administration's Office of the Chief Actuary estimated that earnings in the year 2010 by unauthorized immigrants contributed in a net positive effect on Social Security's financial status and increased the cash flows of the program by $12 billion. Could you provide an update on the impacts of contributions by unauthorized immigrants to programs such as Social Security?

Immigration generally contributes to greater economic productivity by expanding the labor force, and as you note, programs like Social Security receive funds from payroll taxes paid by documented and undocumented immigrants.

Rep. Burgess

Director Young, President Biden's budget adds more than $16 trillion to the federal debt over the next decade. In fact, under this budget, the debt hits the highest level in American history. The Congressional Budget Office's own analysis suggests a rising debt will mean less private investment, lower output and income, and a lower standard of living for Americans.

How does this budget "fight inflation and help families deal with rising costs?"

President Biden knows how higher prices can impact a family's budget. That's why he is using every tool at his disposal to address higher costs Americans are facing from the pandemic and Putin's price hike—taking action to help strengthen our supply chains, lower home energy bills, address health care costs, give relief to millions with student loan debt, and more. At the same time, every dollar of new investment in the Budget is more than paid for by asking corporations and the very wealthy to pay their fair share. In fact, this Budget cuts the deficit by more than $1 trillion over 10 years.

This is also an important moment to remember that increased corporate concentration makes our economy much more vulnerable to price hikes that pad corporate profits at the expense of everyday families and households. That is also why the Budget makes important investments in antitrust law enforcement to promote healthy competition.

Rep. Burgess

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How does this budget address any of the crises this administration has caused since taking office?

The President's Budgets show that it is possible to address the serious challenges facing this country while also being fiscally responsible. The Administration's economic agenda has significantly improved the fiscal outlook since the President took office. After four years of increasing deficits, the 2021 deficit fell by $360 billion, and the 2022 deficit is projected to fall by more than $1.4 trillion. The Budget shows that it is possible to lower health care, child care, energy, and other costs for families and expand our economy's productive capacity while also reducing the deficit. And the Budget comes on the heels of the greatest year of job creation in American history and the strongest economic growth in nearly 40 years.

Rep. Burgess

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How does this budget reduce the deficit?

The Budget delivers on the President's commitment to fiscal responsibility. Every dollar of new investment is more than paid for with proposals to ensure the wealthy and large corporations pay the taxes they already owe, close tax loopholes, and lower prescription drug prices. Under the Budget's policies, annual deficits would fall to less than half of last year's levels as a share of the economy, and deficits and debt would be reduced by $1 trillion over the coming decade.

Rep. Burgess

Congress has appropriated $6 trillion in COVID relief and response. According to the latest data we have from the Congressional Budget Office, of all the unspent COVID funds that congress has authorized, the top 20 accounts have $341 billion in unspent funds.

Why is the Administration requesting a supplemental for even MORE "COVID relief" dollars to the tune of $22.5 billion?

The Administration has provided Congress regular updates on the status of existing COVID-19 relief, including the funding directly targeted to combatting the pandemic, on a bicameral and bipartisan basis. Of the $80 billion in direct COVID response funds, the Administration has obligated, is in the process of executing, or has allocated to planned uses all of it. Furthermore, the Administration has been clear and consistent on the need for additional funding to meet critical needs and urges the Congress to provide the $22.5 billion in immediate emergency funding requested on March 2, 2022. Failure to provide this funding means that the Federal government would not be able to purchase enough booster vaccine doses for all Americans ahead of a potential surge or additional life-saving treatments, including for immunocompromised people; providers will not be able to submit claims for testing, treating, and vaccinating the uninsured; and domestic testing capacity will rapidly diminish, making it harder to manage future surges without impacting schools and businesses. Lack of additional funding will also reduce our ability to rapidly identify, assess, and monitor emerging variants. Failure to fund these efforts now will leave the United States less prepared and cost more lives.

Rep. Burgess

Congress has appropriated $6 trillion in COVID relief and response. According to the latest data we have from the Congressional Budget Office, of all the unspent COVID funds that congress has authorized, the top 20 accounts have $341 billion in unspent funds.

With over $341 billion left unspent, why can't the administration find existing funds to reallocate for this purpose?

This Administration has provided Congress regular updates on the status of existing COVID-19 relief, including the funding directly targeted to combatting the pandemic, and we have done so on a bicameral and bipartisan basis. Furthermore, we have been clear and consistent on the need for additional funding to meet urgent needs such as securing a sufficient supply of monoclonal antibodies and antiviral medication. Of the broader relief funding that is remaining, nearly all has already been legally obligated or allocated to specific grantees and recipients. There is a long, bipartisan tradition of providing supplemental funding to meet critical emergency needs—such as natural disasters and national security crises—without offsets. And in fact, Congress repeatedly provided the prior administration with emergency funding on a bipartisan basis, without offsets, to address the COVID-19 pandemic. We are asking the Congress to do so again. If Congress chooses to repurpose funds from previous COVID-19 legislation, there is only a tiny fraction available. And the vast majority of even that tiny fraction has planned uses such as supporting small businesses, farmers and ranchers, and veterans. Nevertheless, we are more than willing to discuss any specific ideas or proposals for repurposing the small amount of available relief funding to meet this urgent need.

Rep. Burgess

Director Young, President Biden and his administration are considering letting expire the CDC Title 42 authority to remove undocumented individuals at the border due to the public health emergency. This will most likely lead to a surge in undocumented individuals crossing our border, further straining Customs and Border Protection, Immigration and Customs Enforcement, and the Office of Refugee Resettlement.

How much would this decision cost American taxpayers?

Title 42 is not an immigration authority, but rather a public health authority used by the Centers for Disease Control and Prevention to protect against the spread of communicable disease. Once the Title 42 Order is no longer in place, DHS will process individuals encountered at the border pursuant to Title 8, and those unable to establish a legal basis to remain in the United States will be removed. DHS has released a comprehensive plan on how they will prepare for and manage increased encounters at the Southwest Border after Title 42 is lifted, available at: https://www.dhs.gov/sites/default/files/2022-04/22_0426_dhs-plan-southwest-border-security-preparedness.pdf.

The root causes fueling irregular migration predate the COVID-19 pandemic. This Administration is focused on addressing the root causes of migration, driving 21st century solutions for border management, and giving people options to apply for asylum and other legal pathways in their home country.

The President's 2023 Budget includes a number of investments for CBP and ICE to prepare to manage southwest border encounters in 2023 and beyond, and to support bed capacity and service needs for HHS's Unaccompanied Children (UC) program in 2023. In addition, the Budget supports longer-term funding stability for the UC program with a multi-year mandatory contingency fund that would allow HHS to expand bed capacity when facing unexpected surges in the number of children needing care.

Rep. Burgess

The Department of Interior continues to operate under work-from-home pandemic procedures while not holding lease sales, approving permits, or completing a new five year offshore federal leasing program, which is supposed to be completed before June 30, 2022.

How much is it going to cost the American taxpayers to address this backlog at the Department of Interior?

President Biden is committed to ensuring that domestic energy development is conducted in a responsible manner that addresses the Nation's energy needs and benefits all Americans. The Department of the Interior (DOI) continues to process and approve offshore drilling permits consistent with statutory and regulatory requirements, including those necessary for drilling safety. DOI's Bureau of Safety and Environmental Enforcement has issued more than 200 new offshore drilling permits since the start of calendar year 2022.

Rep. Kildee

Today, aviation represents 11% of United States transportation-related emissions. Scaling production and use of Sustainable Aviation Fuel (SAF) is a crucial step towards reducing emissions from this sector. However, given that SAF is currently four to seven times the cost of fossil fuel-based jet fuel, without policy action and intervention, this transition won't happen at the scale and speed necessary to achieve a net-zero economy by midcentury.

In recognition of this important imperative, the Biden Administration announced the SAF Grand Challenge last year, including new actions aiming to produce three billion gallons of SAF by 2030 and reduce aviation emissions by 20% by 2030. Considering this, I am submitting the following questions for the record:

a. How does the President's Fiscal Year 2023 budget support the attainment of the aforementioned goals?

b. Can you comment on how the President's budget specifically advances the innovation and research and development activities necessary to ensure sustainable SAF production is achieved at scale by 2030?

c. Finally, can you discuss how this budget leverages the private sector and public-private finance models to facilitate and encourage domestic SAF deployment and the building of SAF production plants in the U.S.?

Thank you for your consideration in this matter, and your continued work to develop a federal budget that helps the United States reduce aviation transportation-related emissions and meet our goal of achieving net-zero greenhouse gas emissions by no later than 2050.

a. Through the SAF Grand Challenge, the Departments of Transportation, Energy and Agriculture committed to advancing the development and deployment of high integrity sustainable aviation fuels. The Budget requests $74 million in the Federal Aviation Administration to develop new aircraft and engine technologies to reduce fuel burn, emissions, and noise impacts and support the development and deployment of sustainable aviation fuels. The Budget also requests $259 million, an increase of $155 million over 2022 enacted, at the Department of Agriculture in research and development to support the production of bioenergy. The major activities to develop and deploy sustainable aviation fuels include developing and testing sustainable aviation fuels that could be safely used in jet engines, evaluating fuel supply chains to reduce the cost to produce sustainable aviation fuels, and supporting the inclusion of sustainable aviation fuels created from waste and renewable feedstocks and lower carbon aviation fuels created from fossil feedstocks.

b. The requested $74 million in FAA will ensure novel jet fuels are drop-in compatible with today's fleet of aircraft and are certified as being safe for use. This includes developing and testing sustainable aviation fuels that could be safety used in jet engines, evaluating fuel supply chains to reduce the cost to produce sustainable aviation fuels, and supporting the inclusion of sustainable aviation fuels created from waste and renewable feedstocks and lower carbon aviation fuels created from fossil feedstocks. The Budget request for USDA will support climate-smart agriculture research and practices, including biomass feedstock genetic development, sustainable crop and forest management at scale, and post-harvest supply chain logistics.

c. To encourage domestic SAF deployment and the building of SAF production plants, the Budget requests $152 million for DOE's Bioenergy Technology Office (BETO) to support cooperative agreements with industry to demonstrate large-scale biorefinery demonstration projects. Each project will advance next-generation biorefinery technology, in partnership with the private section, which will contribute non-federal funds to share project costs. In addition, the Budget requests $5 billion in loan guarantee authority for DOE's Loan Programs Office to finance the deployment of innovative energy technologies including advanced biorefineries capable of producing SAF.