THE PRESIDENT'S FISCAL YEAR 2024 BUDGET REQUEST

HEARING

BEFORE THE

COMMITTEE ON THE BUDGET
HOUSE OF REPRESENTATIVES

ONE HUNDRED EIGHTEENTH CONGRESS

FIRST SESSION

HEARING HELD IN WASHINGTON, D.C., MARCH 23, 2023

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THE PRESIDENT'S FISCAL YEAR 2024 BUDGET REQUEST

THURSDAY, MARCH 23, 2023

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

The Committee met, pursuant to call, at 10:00 a.m., in Room 210, Cannon House Office Building, Hon. Jodey C. Arrington [Chairman of the Committee] presiding.

Present: Representatives Arrington, Norman, McClintock, Grothman, Smucker, Burgess, Carter, Cline, Good, Bergman, Ferguson, Roy, Moore, Valadao, Estes, Bice, McClain, Fischbach, Yakym, Brecheen, Edwards, Boyle, Higgins, Schakowsky, Peters, Lee, Doggett, Panetta, Wexton, Jackson Lee, Omar, Trone, Balint, Scott, and Espaillat.

Chairman ARRINGTON. The hearing will come to order.

Welcome to the Committee on the Budget's hearing regarding the President's Fiscal Year 2024 budget request. Today, we are delighted to have the Director of the Office of Management and Budget, the Honorable Shalanda Young, with us. Welcome. I appreciate your reaching out to me and starting this business relationship, and your good-faith efforts to work with me and my colleagues on the Republican side of the aisle, and today we get the opportunity to unpack and understand the President's vision for this country and, as he says, the values and principles that he believes are best to guide our Nation forward. With that, I want to yield myself such time as I may consume for my opening statement.

Over the last 2 years, this administration's reckless spending and failed economic policies have resulted in continued record inflation, soaring interest rates, and an economy in a recessionary tailspin, with the prospect of a catastrophic, and I would say irreparable, debt crisis looming over the horizon. Two years—2 years under this President, $10 trillion in spending, $6 trillion of which has been added to the national debt, all of which has ignited a cost-of-living crisis for working families who are struggling to survive; taxing our job creators back to their knees as they try to get back on their feet after a nationwide shutdown, paying people more to stay home than to go back to work, and waiving work requirements for able-bodied adults, trapping a whole new generation of Americans in poverty and government dependence; weaponizing—and this is personal for me being from West Texas, the energy capital of the world—weaponizing a whole-of-government assault on American energy, the lifeblood of our great economy, a cornerstone of our national security, and the blessing of affordable electricity and gas for families across the country. This administration, I believe, has sown the wind of disastrous economic policies, and the American people are reaping the whirlwind of its cruel consequences.

No one can look at our Nation's balance sheet or CBO's economic outlook, and not shudder to their core at the rapid deterioration of our Nation's financial health, and our unsustainable spending and debt trajectory. On March 9th, the President had the opportunity to recognize this sober and grim economic reality, reverse course, and show the American people that he understood the painful results of his failed policies. Instead, President Biden doubled down on his reckless spending, radical policies, and the woke and bloated bureaucracy that is bankrupting our Nation.

The President's budget proposes the highest sustained levels of taxes, spending, and deficits in the history of the United States. In the middle of a spending-induced inflation crisis that is crushing working Americans, the President's budget proposes $82 trillion in spending over 10 years, a spending per GDP that is 18 percent over the 50-year average and is the equivalent of $100,000 per family of four; a $2.5 trillion increase in the auto-spend of mandatory spending; nearly $100 billion in requests or proposals in discretionary spending year-over-year, a 6-percent increase over this year for Fiscal Year 2024 in discretionary spending.

As job creators try to get back on their feet and our economy plummets into a recession, CBO projects that the GDP growth for next year will be a meager 0.1 percent. As this happens to the greatest economy in the world, and to our families, and to our family-owned small businesses, the President levees $4.7 trillion in new taxes on virtually everyone.

Small businesses will lose the 20-percent deduction, tax hike. Families will lose marginal rates, where they were able to keep, after Republican tax reform, $2,000 more of their hard-earned money in their pockets, in their savings accounts, tax hike. Doubling the death tax on farmers and ranchers, who work hard to give us food security. They pay taxes, Federal income, State income, property tax, sales tax, now twice the pain of this, what I believe is an unfair, un-American tax, in the death tax. Nearly $40 billion in new taxes on American energy producers, which will only drive energy prices further up and penalize folks at the lower economic spectrum who are having a difficult time heating and, this summer, cooling their homes, and obviously with energy independence. That will be jeopardized with more taxes passed on to consumers, and less investment, and less domestic energy production, and more dependence on foreign sources.

And then finally, the highest rate of corporate taxes in the developed world. We will go back to having a higher corporate tax rate than communist China. So, we can wave goodbye to America's competitiveness, say goodbye to the trillions that flowed back to our country, back to our manufacturing, creating more jobs, and more opportunity, and more prosperity, where all boats rose on the tide of the results of lower tax burden, lower regulatory burden when Republicans had control of Congress. By the way, when I say all boats rose on that tide, 6 million people were lifted out of poverty, the lowest poverty rate in the history.

And what will Americans get for this unprecedented expansion and reimagination of the people's government? They are going to get more inflation, more shrinking paychecks, more skyrocketing prices at the grocery store and gas pump, soaring interest rates, more labor shortages, more of a culture of dependency, and, overall, a weaker economy and a more vulnerable Nation. Are we going to get more safety and security for our Nation? Nope. More economic freedom and prosperity? Nope. Greater access and lower cost of healthcare? No. Stronger and more resilient real infrastructure?

In sum, are we doing our job as lawmakers of the greatest country in the world, as stewards of taxpayer resources, as fiduciaries of our children's future? Are we giving our children a safer, stronger, freer America? Not even close, in my estimation. Not even close. What I believe we are getting is a more wasteful, woke, and bloated bureaucracy. A 20-percent increase in EPA, and we are asking for more spending. We are in an inflation crisis, and we are asking for 2,400 new climate activists disguised as EPA employees. We are going to get more infiltration of leftist ideology through divisive, in my opinion, divisive politicization of race and sexuality, not running a better government, not running a more accountable government. The list is long. I will spare you.

But I agree with the President, Madam Director. I agree that budgets aren't just numbers on a balance sheet. They are a set of values and principles, and based on the President's most recent budget, it's clear to me that he values, and this administration values, a bigger, more radical, and more powerful Federal Government over the freedom, safety, and economic security of his fellow Americans. With that, I would like to give my colleague from Pennsylvania and friend an opportunity to provide 5 minutes for his opening remarks.

[The prepared statement of Chairman Arrington follows:]

Chairman Jodey Arrington (R-TX)

BUDGET | HOUSE BUDGET REPUBLICANS

Stewardship | Accountability | Prosperity

Arrington: POTUS Values Government Over Freedom, Safety, Economic Security of His Fellow Americans

March 23, 2023
As prepared for delivery

Over the last 2 years, this Administration's reckless spending and failed economic policies have resulted in continued record inflation, soaring interest rates, and an economy in a recessionary tailspin – with the prospect of a catastrophic debt crisis looming on the horizon. Two years – $10 trillion in spending, $6 trillion of which has been added to the national debt, all of which has ignited a cost-of-living crisis for working families who are now struggling to survive.

Taxing our job creators back to their knees as they try to get back on their feet after a nationwide shutdown.

Paying people more to stay home than to return to their jobs and waiving work requirements for able-bodied adults – trapping a whole new generation of Americans in poverty and government dependence.

Weaponizing a whole-of-government assault on American energy – the lifeblood of our economy, a cornerstone of our national security, and the blessing of affordable electricity and gas for families across the country.

This Administration has sown the wind of disastrous economic policies and the American people are reaping the whirlwind of its cruel consequences. No one can look at our nation's balance sheet or CBO's economic outlook and not shudder at the rapid deterioration of our nation's financial health and our unsustainable spending and debt trajectory.

On March 9th, President Biden had the opportunity to reverse course and show the American people that he understood the painful results of his failed economic policies.

Instead, President Biden doubled down on his reckless spending, radical policies, and the woke and bloated bureaucracy that is bankrupting our country.

The President's budget proposes the highest sustained levels of taxes, spending, and deficits in the history of the United States.

In the middle of a spending-induced inflation crisis, the President's budget proposes:

- $82 trillion in spending
- A spending per GDP that is 18% over the 50-year average and is equivalent to $100,000 per family of four.
- A $2.5 trillion increase in mandatory spending
- Nearly $100 billion increase in discretionary spending in the next year alone.

As job creators try to get back on their feet and our economy plummets into a recession, the President levies $4.7 trillion in new taxes on virtually everyone:

- Small businesses with the repeal of the 20% deduction
- Families will pay roughly $2,000 more each year with the marginal rates going up
- Doubling the death tax on farmers and ranchers
- Nearly $40 billion in new taxes on American energy producers, which will further drive up gas and energy prices and jeopardize our energy independence
- Highest rate of corporate taxes in the developed world – 3 points higher than Communist China

And what will Americans get for this besides more inflation and shrinking paychecks, skyrocketing prices at the grocery store and gas pump, soaring interest rates, a labor shortage, a culture of dependency, and an overall weaker economy and a more vulnerable nation?

Are we getting more safety and security for our nation? More economic freedom and prosperity? Greater access and lower costs of healthcare? Stronger and more resilient real infrastructure? In sum – are we giving our children a safer, freer, stronger America?

Not even close. We're getting more wasteful, woke, and bloated bureaucracy, an overreaching, freedom-infringing government, and more of the Left's radical socialist agenda.

I agree with the President: budgets are more than just numbers on a spreadsheet – they are a set of values and principles. Based on his most recent budget, it is clear President Biden values a bigger, more radical, and more powerful federal government over the freedom, safety, and economic security of his fellow Americans.

I yield back.

Mr. BOYLE. Thank you. You hit the talk button on me. Thank you, Mr. Chairman, and thank you, Shalanda, Director Young, it is great to have you back in front of our Committee.

What a difference 2 years and 2 months make. Under President Biden and Congressional Democrats' leadership, we have rolled out vaccines and testing, seen a record 12 million new jobs, unemployment at 50-year-plus lows, and have had the strongest manufacturing recovery in this century. Democrats have proven that Congress can deliver for the American people while promoting fiscal responsibility—from galvanizing a record-breaking and world-leading recovery from the COVID pandemic, to rebuilding our infrastructure, to making major investments in America's economic competitiveness, to passing legislation to reduce the deficit while at the same time lowering costs for American families.

President Biden's 2024 budget is exactly the plan we need to build on this progress, and how proud I was to be with the President in my district in Philadelphia 2 weeks ago today when he unveiled this budget, one that lowers families' costs on everything from childcare to prescription drugs, housing to healthcare. It upholds the promise of Social Security and strengthens Medicare for another generation. It invests in America, in red and blue states, strengthening our communities and our economy, and it makes commonsense reforms so that the wealthiest few and big corporations finally start to pay their fair share in taxes just like the rest of us because it is damn unfair that a teacher or firefighter in my neighborhood in Northeast Philadelphia pays a higher percentage of their paycheck in taxes than a billionaire.

This budget sets out our next generation for success by investing in their education, from universal pre-K to making college more affordable. It restores the full child tax credit that we passed as part of the American Rescue Plan—and when it was in place, that full child tax credit cut child poverty by more than half. It caps the cost of insulin at $35 for everyone and lowers the cost of other prescription drugs, saving Americans and our government money. Importantly, the Biden budget accomplishes all of this and more while making sure no one who makes less than $400,000 a year pays a penny more in new taxes. These investments are socially responsible, but they are also fiscally responsible. They will put our Nation on better financial footing, reducing the deficit by $3 trillion over 10 years and without taking a sledgehammer to the vital programs that keep our Nation and American households secure.

Now, that brings me to my next point. I am deeply concerned by the extreme budget proposals that we are hearing from the other side of the aisle, and while we wait for the official Republican budget, we do know there have been other proposals that have been out there, most recently made by the House Freedom Caucus. One idea that seems to be gaining traction with many Republicans is cutting spending to Fiscal Year 2022 levels. Let me just take a moment to explain what that would do. Two million Americans would lose access to healthcare services through community health centers, and more would see their healthcare costs rise. Six hundred and forty thousand families would lose the rental assistance that helps them stay in their homes. Rail safety jobs will be cut, dramatically reducing inspections. Thousands of police officers, border security agents, and other law enforcement officials will lose pay or—worse, their jobs, and those are just a few examples.

An analysis by Moody's Analytics found that cutting spending back to Fiscal Year 2022 levels would push our economy into a recession, wiping out 2.6 million jobs and driving unemployment up to nearly 6 percent. You can't take an ax to the Federal budget and then turn a blind eye to people who will suffer the blow. There is a human cost to budget cuts, and I am concerned that that sometimes gets lost in this town.

The President's budget lays out Democrats' plan—and our math—to achieve a $3 trillion deficit reduction while critically making the needed investments to improve Americans' quality of life, and it is all here for the public to see, and yes, critique. I would ask my Republican colleagues, when will we see your plan? What are you actually proposing that would help working families like my neighbors in Philadelphia? And how can you be so quick to dismiss the President's budget when we have yet to see your own?

As we await the Republicans' proposal and markup, I am glad that we can have this honest and fair hearing and openly debate what is in the President's budget. It is a fiscally responsible and pro-growth document, and Director Young, I thank you for being here to talk about this budget today. I yield back.

[The prepared statement of Ranking Member Boyle follows:]

Ranking Member Brendan F. Boyle
Hearing on the President's Fiscal Year
2024 Budget Request
Opening Remarks
Thursday, March 23, 2023

Thank you, Mr. Chairman, and thank you, Director Shalanda Young. It's great to have you back in front of our committee. What a difference two years and two months make. Under President Biden and Congressional Democrats' leadership, we have rolled out vaccines and testing, seen a record 12 million new jobs, unemployment at 50 year plus lows and have had the strongest manufacturing recovery in this century.

Democrats have proven that Congress can deliver for the American people while promoting fiscal responsibility: from galvanizing a record-breaking and world-leading recovery from the COVID pandemic, to rebuilding our infrastructure, to making major investments in America's economic competitiveness, to passing legislation to reduce the deficit while lowering costs for American families.

President Biden's 2024 budget is exactly the plan we need to build on this progress — and how proud I was to be with the President in my District in Philadelphia two weeks ago today when he unveiled this budget.

One that lowers families' costs — on everything from child care to prescription drugs, housing to health care. It upholds the promise of Social Security and strengthens Medicare for another generation. It invests in America, in red and blue states, strengthening our communities and our economy. And it makes common sense reforms so that the wealthiest few and big corporations finally start to pay their fair share in taxes — just like the rest of us. Because it is damn unfair that a teacher or a firefighter in my neighborhood in Northeast Philadelphia pays a higher percentage of their paycheck in taxes than a billionaire.

This budget sets our next generation for success by investing in their education: from universal pre-k to making college more affordable. It restores the full Child Tax Credit we passed as part of the American Rescue Plan — and when it was in place, that full Child Tax Credit cut poverty in half. It caps the cost of insulin at $35 for everyone and lowers the cost of other prescription drugs, saving Americans — and the government — money. Importantly, the Biden Budget accomplishes all of this and more while making sure that no one who makes less than $400,000 a year pays a penny more in new taxes.

These investments are socially responsible, but they're also fiscally responsible. They will put our nation on better financial footing — reducing the deficit by $3 trillion — without taking a sledgehammer to the vital programs that keep our nation, and American households, secure.

Now that brings me to my next point. I am deeply concerned by the extreme budget proposals that we are hearing from the other side of the aisle. Now while we wait for the official Republican budget, we do know there have been other proposals that have been out there, most recently made by the House Freedom Caucus. One idea that seems to be gaining traction with many Republicans is cutting spending to Fiscal Year 2022 levels. Let me just take a moment to explain what that would mean: 2 million Americans would lose access to health care services through Community Health Centers and more would see their health care costs rise. 640,000 families would lose the rental assistance that helps them stay in their homes. Rail safety jobs would be cut, dramatically reducing inspections. Thousands of police officers, border security agents, and other law enforcement officials will lose pay – or worse — their jobs. And those are just a few examples!

An analysis by Moody's Analytics found cutting spending to FY22 levels would push our economy into a recession, wiping out 2.6 million jobs and driving unemployment up to nearly 6 percent. You can't take an axe to the federal budget and then turn a blind eye to the people who suffer the blow.

There is a human cost to budget cuts, and I am concerned that sometimes gets lost in this town. The President's budget lays out Democrats' plan — and our math — to achieve $3 trillion in deficit reduction while making needed investments to improve Americans' quality of life. It's all here for the public to see, and yes, critique.

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As we await the Republicans' proposal and markup, I'm glad that we can have this honest and fair hearing and openly debate what is in the President's budget. It is a fiscally responsible and pro-growth document, and Director Young, thank you for being here to talk about this budget today.

Chairman ARRINGTON. I thank the gentleman and my friend, Mr. Boyle. In the interest of time, if any other Member has an opening statement, I ask that you submit it for the record. I will hold the record open to the end of the day to accommodate those Members who may not have had time to prepare written statements.

[The information follows:]

SHEILA JACKSON LEE
18TH DISTRICT, TEXAS
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Constitution and Limited Government

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BUDGET COMMITTEE HEARING
"THE PRESIDENT'S FISCAL YEAR 2024 BUDGET REQUEST"

STATEMENT

THURSDAY, MARCH 23, 2023
210 CANNON

- Thank you, Chairman Arrington and Ranking Member Boyle, for convening this hearing on President Bidens Fiscal Year 2024 Budget Request.

- It's a pleasure to welcome our witness, Director Shalanda Young, the first African American woman to hold the position, back to Congress, who we all know to possess formidable knowledge and unimpeachable integrity from our personal experiences working with her when she led the staff of the House Appropriations Committee.

- Mr. Chairman, the budget proposed by President Biden for Fiscal year 2024 builds on our historic recovery from the Covid-19 pandemic with pro-growth investments that will make America stronger and better prepared for the future- all while reducing the deficit.

- The President's plan honors his commitment to meet the needs of American families by lowering costs for everyday Americans, protecting and strengthening social security and Medicare for future generations, investing in our children, reducing the cost of housing for homeowners, and making the wealthiest Americans pay their fair share of taxes.

Lowers costs for American Families

- This budget recognizes that educating our children and youth is the key to a flexible and dynamic workforce in the future. This budget invests:
    - $600 billion to expand affordable childcare for low- and middle-income families and to provide two years of universal pre-k, reducing costs for families;
    - invests $96 billion over the decade to double the maximum Pell grant by 2029 and another $90 billion to make two years of community college free for students enrolled in high-quality programs that lead to a 4-year degree or good paying jobs.

- The budget invests $385 billion to lowers healthcare and prescription drug costs for millions of Americans. This investment includes:
    - $183 billion to permanently extend the enhanced Affordable Care Act (ACA) premium tax credits enacted in the American Rescue Plan Act;
    - $200 billion to close the Medicaid coverage gap by permanently extending health care coverage to low-

income individuals in states that have not expanded Medicaid;
  - provides the life-saving protection of a $35 per month insulin cost cap to everyone;
  - and allows Medicare to negotiate lower prescription drug prices.

- President Bidens budget expands access to affordable rent and addresses the critical shortage of affordable housing that is felt by communities throughout our nation. The budget includes:
  - $59 billion in mandatory funding and tax incentives aimed at increasing the affordable housing supply;
  - tax proposals totaling $51.1 billion, to promote investment in distressed and low-income areas, while encouraging personal investment to improve distressed communities;
  - provides $32.7 billion to maintain services for all currently assisted families and expands assistance to an additional 50,000 households, particularly those who are experiencing homelessness or fleeing, or attempting to flee, domestic violence or other forms of gender-based violence.

Protects and strengthens Medicare and Social Security

- The budget extends the life of the Medicare by at least 25 years to ensure that generations to come can count on Medicare to be there for them when they turn 65. The budget also includes:
  - $1.4 billion, or 10%, increase to the Social Security Administration to improve customer service for retirees, individuals with disabilities and their families;
  - 61,000 or 21.9% of households in my district rely and depend on social security. I am proud to return home and report to those families that our President will make it easier for them to manage and maintain their benefits.

Reduces the deficit by making our tax code more fair

- This budget will reduce the deficit by $3 trillion and will increase our revenue by $4.7 trillion over the next decade. It accomplishes this by making the tax system fairer and ensuring corporations and the wealthiest Americans pay their fair share of taxes.
    - This budget keeps the President's promise to not raise or impose any new taxes on anyone earning less than $400,000 a year.

Advances equality and invests in civil rights

- This budget advances equality and invests in civil rights. the Budget invests $252 million, an increase of $62 million over the 2023 enacted level, in the DOJ Civil Rights Division.

- Some people like to think that civil rights is a race-based determination.

- It is not a *woke* agenda, it is being awake.

- Some Americans feel that their civil rights are being violated.

- Like those in my district who attend schools in HISD.

- The Houston Independent School District, a predominantly black and brown district, is being unfairly taken over by the State of Texas.

- The actions of the Texas Education Agency (TEA), in taking over the Houston Independent School District (HISD), is evidence that we must take immediate and affirmative action to support and protect our schools, parents, teachers and public education.

- State officials in Texas are actively working to eliminate public education and erode federal protections in educational institutions throughout the state, causing racially disparate and harmful outcomes for children and families in Black and Hispanic communities in Texas.

- Mr. Chairman, while my colleagues on the other side of the isle blatantly disregard the harmful actions taking place around the nation and put forward unhinged proposals that would slash veterans' health care by $48 billion, gut education and health programs by $29 billion, and defund border security and disaster response by $10 billion, President Biden has demonstrated, with this budget, that Democrats are committed to making a better America for *all* Americans.

- While House Republicans threaten to hold our nation hostage, by demanding slashes to Social Security, Medicare and other vital programs, they are risking a catastrophic default that will harm the most vulnerable Americas.

- Democrats are committed to working for the people and families who need government assistance the most.

- The budget in front of us here today will move America forward and create a better tomorrow for our children.

- Thank you, I yield the remainder of my time.

Chairman ARRINGTON. Okay. Now, I would like to recognize Director Young. Director Young, thank you again for your time today. The Committee has received your written statement. We appreciate that. We made it part of the formal hearing record, and we will now give you 5 minutes to deliver your oral remarks, and you may begin when you are ready. Thank you.

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

STATEMENT OF SHALANDA YOUNG

Ms. YOUNG. Well, I will use a little of that 5 minutes to echo how you started. Thank you for the relationship you and Ranking Member Boyle have. We all have differences—we have talked about this—very strong differences, but we have agreed to disagree but not be disagreeable.

Chairman ARRINGTON. Hear, hear.

Ms. YOUNG. And you have my commitment to do that——

Chairman ARRINGTON. Thank you.

Ms. YOUNG [continuing]. As we progress through this process. I also want to thank your staffs. Two years ago, I sat where you sat, in a slightly less nice room in the Appropriations Committee, so you shouldn't let them visit this hearing room. [Laughter.]

Ms. YOUNG. But thank you. I know it takes a lot to put on hearings like this, but thanks for having me here, to the Chairman, the Ranking Member, the Members of the Committee, for the chance to talk and discuss the President's 2024 budget.

This President came into office with a very clear plan: to grow the economy from the bottom up and the middle out, not the top down, and over the past 2 years, in the face of significant challenges, that strategy has produced historic results for the American people. Under the President's leadership, we have added more than 12 million jobs, more jobs in 2 years than any President has created in a single 4-year term. The unemployment rate has fallen to 3.6 percent, one of the lowest rates in over 50 years. We have taken action to lower prescription drug costs, health insurance premiums, and energy bills, while driving the uninsured rate to historic lows, and the President's economic plan is rebuilding America's infrastructure, promoting workers, and fueling a manufacturing boom that is strengthening parts of the country that have long been left behind.

The President has done all of this while delivering on his commitment to fiscal responsibility. During his first 2 years in office, the deficit fell by more than $1.7 trillion, the largest decline in American history, and the Inflation Reduction Act will reduce the deficit by hundreds of billions of dollars more over the next decade. The President's 2024 budget details a blueprint to build on this progress and finish the job. It is built around four key values: investing in America, lowering costs for families, protecting and strengthening Social Security and Medicare, and reducing the deficit, and it does all of this while ensuring that no one earning less than $400,000 per year will pay a penny more in new taxes. The budget more than fully pays for its investments, cutting deficits by nearly $3 trillion over the next decade, by asking the wealthy and large corporations to begin to pay their fair share and cutting wasteful spending to special interests.

The budget builds on the progress made over the last 2 years and proposes additional policies to lower costs for working families, including for health insurance, prescription drugs, childcare, utilities, college, housing, energy, and more. When working families have a little bit more breathing room, they help power our economy. The President believes that Social Security and Medicare are more than just programs. They are promises we have kept to generations of America's seniors. The budget keeps that promise, protecting and strengthening these programs without cutting benefits for our seniors who have paid into these programs their entire working lives.

It also invests in America and working families. The budget will bolster manufacturing, make our communities safer, provide paid leave, support research in cancer, deliver for our veterans, cut taxes for families with children, and more. These investments will pay dividends for decades to come, and in what will be a decisive decade for America and the world, this budget reflects the National Security Strategy by including robust investments in military readiness, our diplomatic and development tools, and honors the sacred commitment to our veterans.

Thank you so much, Mr. Chairman, Mr. Ranking Member, for allowing me to appear before the Committee and talk about the President's 2024 budget.

[The prepared statement of Shalanda D. Young follows:]

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

March 23, 2023

Chairman Arrington, Ranking Member Boyle, Members of the Committee:

Thank you for this opportunity to testify on President Biden's Fiscal Year 2024 Budget.

President Biden came into office with a very clear plan to grow the economy from the middle out and the bottom up—not the top down. And over the past two years, in the face of significant challenges, that strategy has produced historic results for the American people.

Under the President's leadership, we've added more than twelve million jobs—more jobs in two years than any president has created in a single four-year term. The unemployment rate has fallen to 3.6 percent, one of the lowest rates in over fifty years. We've taken action to lower prescription drug costs, health insurance premiums, and energy bills, while driving the uninsured rate to historic lows.

And the President's economic plan is rebuilding America's infrastructure, promoting workers, and fueling a manufacturing boom that is strengthening parts of the country that have long been left behind.

The President has done all this while delivering on his commitment to fiscal responsibility. During his first two years in office, the deficit fell by more than $1.7 trillion dollars—the largest decline in American history. And the Inflation Reduction Act will reduce the deficit by hundreds of billions of dollars more over the next decade.

The President's FY 2024 Budget details a blueprint to build on this progress and finish the job. It's built around four key values: investing in America, lowering costs for families, protecting and strengthening Social Security and Medicare, and reducing the deficit. And it does all of this while ensuring that no one earning less than four hundred thousand dollars per year will pay a penny more in new taxes.

The Budget more than fully pays for its investments—cutting deficits by nearly three trillion dollars over the next decade by asking the wealthy and corporations to begin paying their fair share and cutting wasteful spending to special interests.

The Budget builds on the progress made over the last two years and proposes additional policies to lower costs for working families, including for health insurance, prescription drugs, child care, utilities, housing, college, energy, and more. When working families have a little bit more breathing room, they can help power our economy forward.

The President believes that Social Security and Medicare are more than just programs—they are promises we have made to generations of America's seniors. The Budget keeps that promise—protecting and strengthening these programs, without cutting the benefits our seniors have paid into their entire working lives.

It also invests in America and working families. The Budget will bolster manufacturing, make our communities safer, provide paid leave, support research in cancer, deliver for our veterans, cut taxes for families with children, and more. These investments will pay dividends for decades to come.

And in what will be a decisive decade for America and the world, this Budget reflects the National Security Strategy by including robust investments in military readiness, our diplomatic and development tools, and honors the sacred commitment to our veterans.

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

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Chairman ARRINGTON. Thank you, Director Young. We will now begin the question-and-answer session. I will start, yielding myself 5 minutes.

I am not trying to trap you, I am not trying to stump you, but I am going to go straight to the numbers here. This is the President's budget, and I'd like to walk through some of the figures that are in here. I am not suggesting you have memorized this, but in Summary Table Number 1, what is the 10-year average of spending as a share of the economy?

Ms. YOUNG. Mr. Chairman, next year, so the 2024 budget, our outlays are projected to be $6.9 trillion, about 25 percent of GDP.

Chairman ARRINGTON. Okay. Thank you. So, you've answered correctly, and I appreciate the transparency. That almost 25 percent of GDP in spending over the 10 years is the highest sustained level in America's history. Now, if you look at OMB's Historic Table 1.3, the Summary of Receipts, Outlays, and Surpluses or Deficits, the Federal Government spends in every year as a share of GDP, more than any year dating back to the invasion of Normandy, pre-COVID, there's not a year where, in every year of the budget, we're not spending more as a percentage of GDP, than any and every year pre-COVID, all the way back to World War II. Do you know that to be true and believe that to be correct as——

Ms. YOUNG. Mr. Chairman, I haven't seen that analysis, but I will take your analysis for fact. I am happy to look at it after hearing.

Chairman ARRINGTON. Okay. Thank you. I think just about every economist on the left or right, and I certainly recall Larry Summers briefing a group of bipartisan Members of Congress where he talked about the bathtub overflowing, bathtub of Federal monies, stimulus monies, flooding the marketplace, and igniting what has now been 15 consecutive months of 40-year high inflation. I think the cumulative inflation increase is about 15 percent since the President took office. Do you agree, while there are monetary policy factors, and I am certain others, that spending is one part of the problem that has created this record inflation that our working families are struggling with today?

Ms. YOUNG. Mr. Chairman, I think the largest part of the inflation story is economies coming out of pandemics. That is why we have seen inflation around the globe. So it's not one bill passed by the United States Congress supported by the President. When you have seen inflation levels, like we've seen them in the U.K. and France, what explains that? It tells us the pandemic, supply chain shortages, shipping companies, lack of competition, certainly had a larger role.

Chairman ARRINGTON. Do you think spending has any role?

Ms. YOUNG. It absolutely can. I think it had a small role given what we've seen over the global economy.

Chairman ARRINGTON. What I would tell you is most economists on the left, advisors to Democrat Presidents, have said it plays a significant role, and there were warnings. Don't spend $2 trillion, for example, in ARPA monies when a trillion dollars remained unspent. Work with Republicans, find out where there are targeted needs, but don't flood the market with trillions of dollars in more spending. It's the old saying, when you are in a hole and you want to get out, the first thing you have to do is stop digging.

But my concern is, year over year, just on discretionary—I recognize that the longer term is more directional, and visionary, and aspirational—but next year's discretionary proposal is almost $100 billion more than last year. It's hard to understand when people are having to tighten their belts, they're changing their spending habits, they are struggling to make ends meet, and the President is asking, not just asking for the $2.5 trillion in mandatory spending and all the things we talked about, but next year $100 billion more in spending.

Let me get to my last point, and I will yield to my colleague. I am from a border State. We are struggling and suffering with lawlessness and chaos like we have never seen, and everybody is overwhelmed. Border Patrol is overwhelmed, hospitals are overwhelmed, schools are overwhelmed, and the whole country is struggling with the flood of crime, gangs, and especially the drugs. Over 100,000 Americans have died last year, and it seems to only be getting worse. The President, with all due respect, and his Secretary of Homeland Security says, "The border is secure." My people in Texas, and I am certain because of the pervasive effects of the open border on all States, I suspect people across the country find that not just hard to believe, but insulting to say the border is secure. Maybe embracing open border policies and just accepting that as the policy and saying that's what I believe is the best for the country, that's different, but saying it's secure is insulting.

But the budget, when you think about safety and security being the first and most important priority of the government, providing the common defense, you mentioned the investment in the military. The President's budget cuts Homeland Security by $600 million. So here we are in this unprecedented border crisis. I can report from my State, direct impact in my communities, in my district, and the President says we need 2,400 new EPA employees, 20 percent increase in EPA, but $600 million less for Homeland Security? I am going to just let you finish with my Q&A with an answer to that because I don't know that there is going to be an answer that is going to satisfy——

Ms. YOUNG. I hope it does. I hope it does because we agree with you. We have to have, from a funding perspective, and not everything can be fixed with money, but on the border, we recognize more money is needed. We asked for money in December. We got a little over half, so we hope to partner and do a bit better than getting half of our budget request. We are asking for close to 9 percent, Mr. Chairman, an increase in DHS, about $6 billion. TSA passenger fees are treated differently in '23 than '24, and that accounts for the majority of the difference you cite.

Apples to apples, budget authority to budget authority, the Department of Homeland Security would receive 6 percent more with the passenger fee change alone, if you give us credit for the $5 billion almost we are asking for, for the Border Surge Fund, which I think should count because it's money we're asking for. That goes up to a 9 percent increase. So I hope that's a place we can work together.

Chairman ARRINGTON. Well, I will not bogart the time. I have resented some of my Chairmen in the past who continued this dialogue without giving my colleagues the opportunity. I would respectfully disagree with the characterization of investing in border security, but I appreciate your response. Now, to my friend from Pennsylvania, your Q&A. You got 5 minutes.

Mr. BOYLE. All right. Thank you, Mr. Chairman. I wasn't planning on asking this, but there was good dialogue on the American Rescue Plan, and I want to present some facts that weren't mentioned, although we mentioned them both in our opening statements. Can you state again how many new jobs have been created in the last 2 years?

Ms. YOUNG. I said over 12 million. It is 12.4.

Mr. BOYLE. And is there any 4-year period in American history where you saw that many new jobs created?

Ms. YOUNG. No.

Mr. BOYLE. And was that projected by any independent analytics firm or CBO just a couple of years ago?

Ms. YOUNG. No.

Mr. BOYLE. Are you aware that CBO, as well as others, have directly stated that the American Rescue Plan is part of the reason for our strong recovery?

Ms. YOUNG. I am.

Mr. BOYLE. And are you aware of any other OECD country coming out of COVID that has had as strong growth and as strong job creation as the United States of America?

Ms. YOUNG. I do not.

Mr. BOYLE. Thank you. Now, I noticed your testimony last week over in the Senate, and I was struck by some of my Republican colleagues in that chamber have kind of foggy memories. Perhaps it goes with serving in the Senate, but be that as it may, let me help clear up the records, and some seem to be confused on that other side. Senator Romney, Senator Scott, Senator Lee, Senator Graham, Senator Thune, as well as others in this chamber have explicitly called for benefit cuts to Social Security. And if any one of them doubt that, I am happy to provide those quotes for the record. Let me quote one exactly, Senator Mike Lee. He has said, "It will be my objective to phase out Social Security, to pull it up from the roots, and to get rid of it."

So on the other hand, the President's budget makes it pretty clear that there will be no cuts, but there seems to be some confusion out there as to this matter. So can you please talk about the prospect of Social Security cuts that some have clearly called for in relation to the President's budget?

Ms. YOUNG. Well, you have laid out some of the history there. I will talk about what the budget does on Social Security. The President's budget is about values, and he strongly believes that benefits should not be cut for seniors who have paid into this program, and his budget reflects that value.

Mr. BOYLE. Thank you. Would you be able to, because there is an inside baseball term—this is my characterization of it—there is an inside baseball term in this town, "non-defense discretionary," that most regular people, most normal people, frankly, have no idea what the heck that means. So when some on the other side talk about cutting non-defense discretionary, that might sound reasonable to some. Could you give some real-life examples of what exactly we are talking about if we saw cuts to non-defense discretionary?

Ms. YOUNG. Sure. I will start with one we just had a discussion about, border security. That is a non-defense discretionary. Veterans' medical care is a non-defense discretionary. Our law enforcement, State and local grants, is in discretionary. FBI is in discretionary. Rail safety, air safety, TSA wait times, Pell Grants, childcare block grants, Head Start, WIC, housing vouchers, to name a few.

Mr. BOYLE. And those are just a few.

Ms. YOUNG. To name a few.

Mr. BOYLE. To name a few, yes. Well, like the Chairman pointed out, in the past, when Chairs and Ranking Members, not necessarily in this Committee, but have exceeded or taken up their time, if you are kind of on the end of the dais, it can be a little painful. So I will just stop there and will yield back, and thank you again, Director Young, for being here.

Ms. YOUNG. Thank you.

Chairman ARRINGTON. Thank you, Mr. Boyle, and now we will recognize our fellow Members, starting with the gentleman from South Carolina, Mr. Ralph Norman.

Mr. NORMAN. Thank you, Mr. Chair. Thank you, Ms. Young.

Ms. YOUNG. Thank you.

Mr. NORMAN. Thank you, Ms. Young. I appreciate you taking the time to come. I am a real estate developer. I don't think I have ever seen a time like this where this country is in the shape that it is in. So goes housing, so goes economy. I will tell you because of this administration, housing is pretty much tanky, and I am in a State that is supposed to be booming.

To talk about his budget, let me just go over a few things. As I get out and talk to the people, the businesses in this country, and when I tell them some of these things that is in this President's budget, when you see $3 billion to advance gender equity and equity among the broad range sectors, I hear nobody saying this is a national concern, I appreciate my money going there. When I see the mention of climate change 42 times, LGBTQ 7 times, diversity 16 times, for the mom and dad trying to run a business, I don't hear them saying, yay, this is a great thing, this is a good use of my tax dollars; a billion for Central America and Haiti, again, with no policy changes to rein in the illegal immigration going to Haiti; $430 million for hemispheric migration management. Now, think about that, hemispheric migration management. What is that? Where is the return on the investment? You know, the list goes on and on.

When you talk to the mom and dads who are concerned about this, when I hear what this administration is doing, when I see what they are doing, to say he is not proposing a tax increase on those making $400,000 is really so disingenuous. I hear no one saying, you know, I am excited about paying $76 more for eggs, I am excited about paying $129 more for dairy products, for milk if you can find it, I am excited about $270 more for fruits and vegetables, I am excited about paying 50 percent more for gasoline than was under the Trump Administration, $465 more for electricity. It goes on and on, and I hear no one saying that times are good.

Have you asked the questions that I just asked to that mom and dad, to that family trying to raise kids, trying to go to work, to that dental hygienist who cannot afford insulin because of just what I named you? Have you hit this, or am I totally in a foreign land?

Ms. YOUNG. Oh, Congressman, if you know me, I have a 16-month-old, so I am one of those parents, and I am also from a town of less than 2,000 people. We don't quite have a stop light but a caution light, and when I talk to them, they are interested in things proposed here, like bringing down costs of childcare, the paid leave proposals here. Many of them having to make a difficult choice with elderly parents. They can't take off work without losing their job.

Mr. NORMAN. But specifically, what I mentioned, those are everyday items that all of us are having to buy. Those numbers are either, they are fabricated or they are true. Would you say they are true or are they fabricated?

Ms. YOUNG. I will say we have proposals that help American families lower costs. This President has made it clear bringing down inflation and cost for goods is his number one domestic priority. So we agree we should work together to pass some of these proposals that would help families with childcare, that would help families make sure they can take care of their——

Mr. NORMAN. I am running out of time.

Ms. YOUNG. Okay.

Mr. NORMAN. Let me just say I just named a few of the insane items of where our money is going. Janet Yellen's proposed multinational tax of 15 percent, is that going to help companies come back to America? Is that a good sign to send, 15 percent tax on multinational companies?

Ms. YOUNG. Congressman, that is absolutely the goal here.

Mr. NORMAN. Okay.

Ms. YOUNG. Many companies leave to go to countries that don't have any taxes.

Mr. NORMAN. Okay. It is time to put——

Ms. YOUNG. This says——

Mr. NORMAN. I am reclaiming my time. Reclaiming my time. It is time for somebody in this administration to put America first. It has been completely last under this administration. I resent it, and hopefully we are going to have a change sooner rather than later. Thank you so much for appearing.

Ms. YOUNG. Thank you.

Chairman ARRINGTON. I thank the gentleman from South Carolina and would now yield 5 minutes to my friend, Mr. Higgins, from New York.

Mr. HIGGINS. Thank you, Mr. Chairman. Director Young, thank you very much for being here. You know, all of America experienced and the world experienced a pandemic beyond human comprehension, unprecedented, the lives that were lost throughout the world and this country, the money that was lost. Congress, both Republicans and Democrats, under a Republican administration initially had to come up with something to save the American economy, to save the world economy, and to save a lot of lives, and we did what we had to do.

Under the previous administration, the debt ceiling was increased 3 times. Eight trillion dollars of debt was accumulated during that period of time. Are we in a period of uncertainty right now? Yes, we are, of course coming out of a pandemic for 36 months with all the money that both Democrats and Republicans supported. We had too much money chasing too few goods. Consequently, we had inflation that was very high.

Bloomberg Analytics did a series with all of their economic columnists to talk about the Biden Administration and the 10 metrics by which it will be judged, and the initial narrative said that Biden is on track to become the greatest jobs-producing President in the history of America, 12 million jobs created in 2 years, more than any administration in a period of 4 years. The unemployment rate, down to 3.4 percent, the lowest in 54 years. Yes, inflation is still high, but the forecast, based on Bloomberg Analytics, is that this time next year, the inflation rate will be at 2-and-a-quarter percent, normal by historical standards.

So we have a budget that has been proposed by the administration that is $6.9 trillion. We have a $23-and-a-half trillion economy. That budget is nearly 30 percent of the entire economy. If—if—we were to default on this budget, as some are threatening, you would see $20,000 lost in retirement savings by every American. You would see the stock market fall by one-third. You would see the elimination of $12 trillion of family savings, 2.6 million jobs lost, and the economy would drop by 5 percent. The responsible thing to do is to come up with a budget that people can live with but can also help grow the economy. I would submit that the Biden budget, if it does one thing that is clear and compelling, it is investing in the growth of the American economy. This is, in fact, what we need after 36 months of hell.

So the Chairman spoke of issues of lawlessness and chaos, and there are several budget proposals that I have reviewed, one by the Republican Study Committee. It would balance the budget in 10 years. To do so, and by the way, 173 of 222 Republican House Members are part of the Republican Study Committee. To do so, you would have to cut Social Security by 4 percent, Medicare by 24 percent, Medicaid, child health insurance by 49 percent, other spending—food assistance, farm subsidies, military retirement, anti-poverty programs—60 percent, veterans' health, transportation, education, law enforcement, 49 percent, and there are several plans out there, but if you are not hitting Social Security and Medicare, which you are in this plan, let's say you just take those off the table and military spending. What does that do to the law enforcement budget to address the lawlessness and chaos the Chairman speaks of?

Ms. YOUNG. I gave the Ranking Member a list of things that we called non-defense discretionary. I noted FBI, other law enforcement, like Marshals Service, billions of dollars in grants to State and local law enforcement agencies. CBO has looked at proposals. If they did not touch Social Security and Medicare and you want to balance in 10 years, those things go away in non-defense discretionary.

Mr. HIGGINS. The Federal funding for law enforcement agencies, that is like the COPS Program?

Ms. YOUNG. That is correct, COPS, Burn, JAG, the host of things that go out to State and local law enforcement, prosecutors from the Department of Justice budget.

Mr. HIGGINS. So it would adversely affect law enforcement and the prosecution of criminals.

Ms. YOUNG. Well, you wouldn't have more cops on the beat. This President has asked for 100,000 more. You couldn't do that, and you would also lose——

Chairman ARRINGTON. I thank the gentleman from New York and now would recognize the gentleman from California, Mr. McClintock for 5 minutes.

Mr. MCCLINTOCK. Madam Director, my concern with this budget and the ideology that has produced it is that it takes us far from the fundamental principles that have produced the prosperity and freedom that Americans once enjoyed. Except for World War II and the COVID pandemic, the sheer size of spending is unprecedented, both in its amount and as a percentage of GDP.

Free markets are inherently democratic because every consumer everyday votes with every dollar that they spend on what they want the economy to produce at what prices they are willing to pay. When you take the dollar they would spend for their needs and instead spend it yourself, for whatever lofty purpose, you have not only reduced their standard of living, but you have also harmed the economy by moving it away from producing what consumers need to what government officials want. Of course, it is necessary to pool our resources to provide for the common defense and promote the general welfare, but the farther that we stray from these core responsibilities, the more we damage our prosperity and our freedom. You might think you are helping people, but you are not.

In a free market, the only way to make a dollar is to figure out what somebody else needs and provide it for them better than they can provide it for themselves. If I take a dollar from Peter and give it to Paul, Peter has earned that dollar by helping others. Paul hasn't. I take a dollar from Peter and give it to Paul, Paul has got an extra dollar to spend, that is true, but Peter now has one less dollar to spend in that same economy, and here is the real damage: you have robbed both of a dollar's worth of incentive to help each other, Peter because he no longer benefits by helping others for that dollar and Paul because he no longer needs to.

I also find this argument between deficits and taxes to be silly. They are the same thing. A deficit is simply a future tax in the form either of debt or inflation. It is all driven by spending. Taxes harm the current economy, borrowing harms the future economy, and inflation hollows out people's savings and purchasing power. That is why no country has ever taxed, and borrowed, and spent its way to prosperity. Just as you can't drink yourself sober, you can't spend yourself rich.

Now, you used your entire presentation telling us how great the economy is. Well, the problem is you can't spend the economy. People know perfectly well what is going on in their own lives, and trying to tell them otherwise only makes you look foolish. You need to stop that. Americans are soon going to ask themselves are we better off today than we were 4 years ago, and you had better have a better answer than doubling down on policies that two-thirds of Americans are desperately trying to tell you that put their families and their country on the wrong track.

Instead of looking for new ways to spend money, we should all be looking at ways to save it. Republicans have a lot of suggestions we are trying to share with you and require able-bodied adults to work as a condition of receiving benefits. Stop flooding the labor market with illegal aliens. Stop subsidizing political cronies whose products people don't want to buy. Stop sending money to countries that hate us. Stop bailing out banks from their own bad decisions. Get out of the way and unleash America's energy resources. I could go on.

Bill Clinton reached across the aisle in 1994 and declared that "the era of big government is over." Together, a Democratic President and a Republican House achieved some remarkable things. Together they reformed the welfare system. They cut spending as a percentage of GDP. They produced what amounted to the biggest capital gains tax cut in history. They balanced four budgets in a row, and they produced the biggest economic expansions in our Nation's history. We can do that again if you decide to join us, but in the meantime, I guess I have just got a simple question for you. What makes you think that socialism is going to work any better here than everywhere else in the world it has ever been tried?

Ms. YOUNG. Mr. McClintock, I will just add one thing to the Clinton Administration. Taxes as a percent of GDP were 19.6 percent, very similar to what we are proposing here. So part of the solution is a tax policy that asks the wealthy and large corporations to pay more. I have a simple proposition, too, and this is where we differ. The oil industry had $200 billion in profit last year.

Mr. MCCLINTOCK. Director Young——

Ms. YOUNG. One loophole closure would save $31 million.

Mr. MCCLINTOCK. Director Young, do you not understand that corporations don't pay corporate taxes? A corporate tax can only be paid in 1 of 3 ways. It is paid by consumers through higher prices, it is paid for by employees through lower wages, and it is paid for by investors through lower earnings. That is your retirement fund. So when you say you are only taxing corporations, what you mean is you are raising taxes on every consumer, every employee, and every investor.

Chairman ARRINGTON. I thank the gentleman from California and now recognize my good friend, Mr. Peters, from California.

Mr. PETERS. Thank you, Mr. Chairman, and thanks for having the hearing, and thank you, Director Young, for testifying today. I am so proud of one particular accomplishment last year, which was a bipartisan bill to improve the Nation's infrastructure, something people had been talking about for a long time here, even week to week, but we actually did a decade's worth of infrastructure investment, and among the many lessons that we learned and addressed in the pandemic is how crucial broadband access is for families and businesses to stay connected in today's world. That is the access to opportunity. That is the access to information. The Affordable Connectivity Program helps bridge the gap for families that otherwise could not afford broadband access, connecting more than 16 million lower-income households in rural and urban districts since its creation in 2021. I want to make sure that the White House does support ensuring the program has the resources necessary to continue funding once it runs out early next year.

Ms. YOUNG. Absolutely, and can I also say thank you for the Bipartisan Infrastructure Law. This broadband program will bring high connectivity to 15 million households. We saw kids in parking lots of McDonald's. That should not happen in this country, so thank you for that.

Mr. PETERS. We will expect continued funding after——

Ms. YOUNG. Yes. When we have gotten through this initial investment, our commitment is to work to make sure the progress does not stop.

Mr. PETERS. Great. Thank you. You know, one of the things we are all concerned about in this Committee is the condition of the Medicare Hospital Insurance Trust Fund, which could be insolvent in 5 years, but President Biden has proposed to extend the solvency of Medicare by 25 years or more. Can you explain how this budget proposes to extend the solvency of Medicare?

Ms. YOUNG. I will, and I want to thank Mr. Doggett, who has worked on this program for many, many years, and the President's policy aligns with his and goes a step further. We take the net investment income tax that was always intended to go to solvency and move that over to help the Trust Fund. We also close loopholes. Some wealthy have found legal ways not to pay into Medicare. We close those, and we also ask those making more than $400,000 to pay 1.2 percent more, up to 5 percent, while middle-class working families continue to pay 3.8 percent.

Mr. PETERS. Great, and how long will you be able to extend the——

Ms. YOUNG. Not just our estimates, but the actuaries at CMS estimate at least 25 years.

Mr. PETERS. Great. Thank you. Finally, the Republican Study Committee didn't come out with a budget, but last year they replaced Medicare as a guaranteed benefit with the subsidies to purchase private insurance. It also raised the Medicare eligibility age from 65 to the normal age for Social Security, which ranges up to 67, and the subsidy wouldn't cover enough of the costs, and out-of-pocket increases for seniors would be significant under that approach. The President's budget takes a different approach and protects Medicare by extending its life for 25 years or more. Can you tell us a little bit about your reaction to the RSC budget and the differences between the President's budget and the RSC?

Ms. YOUNG. I won't talk about individual proposals, but what I will say is this. This President is clear he would not support benefit cuts to Social Security or Medicare and has a proposal that would extend the solvency of Medicare, and anything that would raise the out-of-pocket costs for seniors is effectively a benefit cut.

Mr. PETERS. Okay. I am willing to work with my colleagues throughout this Committee on ways to solve this problem. I just think the draconian approach we saw from the RSC, which is the only suggestion we have seen so far in an official way from the other side, is not going to be acceptable and look forward to continuing discussions and thank you again for your work.

Chairman ARRINGTON. I thank the gentleman from California and now recognize my friend from Wisconsin, Mr. Glenn Grothman.

Mr. GROTHMAN. Thank you. Obviously, a budget is a long thing to go through, and I hope I caught everything, but I don't know. I don't see any work requirements here for what the public would call welfare, like EBT, food stamps, that sort of thing. Did you decide to put any work requirements in there?

Ms. YOUNG. Mr. Grothman, you know work requirements are a part of several of those programs already. We have not changed those work requirements.

Mr. GROTHMAN. Okay. A lot, a lot of people are getting stuff without requirements, but you have not changed that. Next question, on the child tax credit, historically, you know, that can be $3,600 for a child under 5, $3,000 for a child over 5. So if you have, like, 4 kids, that can be, you know, $14,000 a year. Most recently, there were work requirements to get that child tax credit. You would not just be able to walk down and get, you know, another 1,200 bucks a month. It looks to me like you are changing the law so that you no longer have to work for that. Like I said, if you have 4 kids, it can be an outright $14,000 a year, you know, tax-free gift. Is that what we are doing here? Are we increasing the amount you get for not working by that amount?

Ms. YOUNG. Mr. Grothman, what we are trying to do is in 2021, the child tax credit was raised. There is a child tax credit now, and in 2021, we raised that amount from $2,000 to $3,000 for older children, $3,600 for younger children. What we saw in, I think, and many analyses were done, was that child poverty was cut in half in this country, so we are trying to go back to the policy we saw work in 2021.

Mr. GROTHMAN. Just so I understand, and I am sure if we gave everybody, you know, $30,000, there would be no poverty in the country, but the question is whether that is good public policy. You are changing the rules to remove the work requirement for that child tax credit, right?

Ms. YOUNG. We are not doing that. We are changing the amount so families have more in which to help their children.

Mr. GROTHMAN. Okay. So you are giving them more whether they work or not. Next question, and I think it, therefore, would encourage what I will call the welfare lifestyle. Don't work, don't get married, and you still have a substantial sum of money. Next question. We talk about the unemployment rate, but I think even more significant is what I call the labor participation rate. It looks to me like, you know, we were floating around 63-and-a-half, that sort of thing, before the COVID. We are still down around 62.4, so there has been a drop in the labor participation rate, which I think is a lot more relevant than the unemployment rate. Is that true? Has there been a significant drop?

Ms. YOUNG. You stated the figures. We are almost back to pre-pandemic. The good news is prime age workers, those 25 to 52, I believe, is the age, we are back to pre-pandemic levels, and that is what you want to see were prime wage workers.

Mr. GROTHMAN. Okay. But we are down about a full percentage point, correct?

Ms. YOUNG. Overall.

Mr. GROTHMAN. Overall, correct. Another question with regard to the calculation of the labor force participation rate. There are many people out there working, making maybe $14, $15, $16,000 a year, and if you talk to employers, you hear there are a lot of employees today, because of the generosity of government benefits, who don't want to work more than, you know, maybe 20 hours a week or 15 hours a week, because then they begin to lose their benefits. So if I am somebody working 25 hours a week or 20 hours a week, I am one of those people who are telling my employer I don't want to work any more hours because I am going to begin to lose benefits, is that taken into account in the labor force participation rate?

Ms. YOUNG. Mr. Grothman, I think most American families, regular folks that I was asked if I talked to earlier, would tell you they have a much more complicated story about why they choose to work. My guess is, because I have been there, the figure you stated, $14,000, pays about half of my childcare bill. So families have a very complicated dynamic——

Mr. GROTHMAN. Well——

Ms. YOUNG [continuing]. In which to make sure their kids are taken care of and balance that with their salary.

Mr. GROTHMAN. Okay. I think you got to get out in the real world a little bit, but I am going to ask you again. Does that take into account people who are telling their employer I can't make more than X and X because I will lose my government benefits?

Ms. YOUNG. What I am telling you is families have very complex dynamics——

Mr. GROTHMAN. They are complex.

Ms. YOUNG [continuing]. That we should all take into account.

Mr. GROTHMAN. Okay. Now, there are many, many spending increases in here to hire more bureaucrats, to increase diversity of a variety of different programs, and a lot more money here for Planned Parenthood. These grants to Planned Parenthood, as I understand it, will put gals as young as 15 or 16 on contraceptive without their parents knowing about it. Do you think that is good public policy?

Ms. YOUNG. Mr. Grothman, you know, 4-and-a-half million people use Title X clinics. What we are saying is we should support that preventive health, which also includes family planning. I don't know if the specific hypothetical you mentioned happens, but I think we should be investing in institutions that cover 4-and-a-half million Americans who receive care there.

Mr. GROTHMAN. It doesn't bother you if people are getting this without their parents knowing about it.

Ms. YOUNG. You can imagine I won't speak to hypotheticals. If that is happening, I am happy to look at, after the hearing, what stories you may have seen.

Chairman ARRINGTON. I thank the gentleman from Wisconsin and now yield 5 minutes to Ms. Lee from California.

Ms. LEE. Thank you very much, Mr. Chairman and Ranking Member. Good to see you, Director Young.

Ms. YOUNG. Hi.

Ms. LEE. You know what question I would like to ask you, but I would like to frame it in the context of what the Congressional

Budget Office has shown in terms of reducing our defense budget. The President's 2024 budget includes $886 billion for defense spending, which is a 3.3 percent increase, I believe, over the enacted 2023 level, which included, for the last 2 years actually, about $37 billion over what the President asked in the prior couple of years.

Now, the Pentagon, first of all, has not been audited. No agency in the history of this country has ever failed an audit, and I believe the Pentagon has failed 5 audits. Again, going to the Congressional Budget Office, it has shown that a cut of $100 billion would not impact our national security. We know there is about $150 billion in waste, fraud, and abuse. The taxpayers deserve accountability in terms of how the Pentagon is spending their money, so I cannot understand why we would increase defense spending when the Pentagon can't even pass an audit 5 times.

So with every $100 billion, according to the CBO, we could power every household with solar energy, hire 1 million elementary school teachers, provide free tuition for 2 out of 3 public college students, we could cover medical care for 7 million veterans, and so much more, and so I am trying to get a handle on how did the administration arrive at this funding level given the increases above what the administration asked for for the last couple of years, and how can we justify increasing an agency or department that has failed 5 audits.

Ms. YOUNG. Congresswoman, you probably won't be surprised—I will get that from you—I will get a wildly different belief that we should be doing more on defense from some on this panel today. What we try to do, because people have strong feelings on both sides, is follow the National Security Strategy. What is the right amount based on the strategy we have to defend this country, to counter China? It is a very complex world. We also increase something I know you are interested in as you chaired the State Foreign Ops Appropriations Subcommittee: our diplomatic line. It is not an either/or. We have to make sure our defense strategy is fully funded, and we counter our adversaries and our competitors, and we also have to make sure those diplomatic lines, and we are interested in making sure both of those things are robustly funded.

Ms. LEE. Thank you for that, but I also know the taxpayers deserve some accountability. Everyone must be accountable to spending public money, every agency. It has failed an audit 5 times, and, in fact, are three legs of our national defense: defense, development, diplomacy. In the last few years, my budget as Chair of State and Foreign Ops was approximately $64 billion. Defense was approximately $750 billion, and so we need, again, some rebalancing if, in fact, we are going to prevent conflict and wars, and many generals have indicated that to not only this Committee but to other committees.

And so I would hope that rebalancing at this point in history with the Biden Administration would be looked at very carefully, and also finally accountability for taxpayer dollars. So how do we spend more, again, when, in fact, the Pentagon has failed 5 audits?

Ms. YOUNG. They have not received a clean audit, and I told this to a Member last year on this Committee, I believe, we need to fix that. I know the complicated answers and the details. DOD has a lot of property, and I know that weighs heavily into their ability to get a clean audit, but we cannot not follow our National Security Strategy.

Ms. LEE. But again, the CBO has indicated that cutting $100 billion would not tamper with nor even touch our ability to ensure our national security. Let me just ask you very quickly because, again, going back to the $100 billion, the CTC expansion of the childhood poverty rate. The CTC actually reduced poverty rates among children. What happens if we make it permanent? How would this policy make meaningful changes in child poverty levels?

Ms. YOUNG. Well, we saw and we beta tested it in 2021 and cut child poverty in half, so we believe we should bring it back and make it permanent.

Ms. LEE. And in the President's budget, it is——

Ms. YOUNG. He would make the refundability part permanent, but in 2025, we have a lot of tax cliffs, and our proposal would take this to 2025 so we can deal with those holistically.

Ms. LEE. Thank you for your answer.

Chairman ARRINGTON. I thank the gentlelady, and I really appreciate, regardless of whether we agree or disagree on how to resource the people's government, and regardless of whether we agree or disagree on specific programs, I really respect the seriousness, the diligence on elevating the level of accountability on are we getting what we paid for. Not are we, are taxpayers. Is the public impact, the desired goal being met? And so I respect that, and I hope we get more of that throughout this Congress. So with that, I would like to yield 5 minutes to my friend from Pennsylvania, Mr. Lloyd Smucker.

Mr. SMUCKER. Thank you, Mr. Chairman. Director Young, thank you for being with us today. This budget proposes close to $5 trillion in new taxes. Am I in the ballpark, Director Young?

Ms. YOUNG. Four-point-seven, so——

Mr. SMUCKER. Four-point-seven in new taxes. It would be $65 trillion in total taxes over the next 10-year period, which would be record high taxes ever proposed, agree?

Ms. YOUNG. I mentioned some statistics on percent of GDP, so we would be in line with where we were in the 90s on percent of GDP revenue.

Mr. SMUCKER. Nineteen-point-six percent of GDP——

Ms. YOUNG. Correct.

Mr. SMUCKER [continuing]. Is record high. Mr. Chairman, the Tax Foundation released their analysis of the President's tax proposals this morning. Just very briefly, they find these tax hikes would be devastating for the American people. The burden of higher taxes hits middle-income families, once again breaking Biden's promise. It would cost 335,000 jobs, would reduce wages, and would reduce GDP by 1.3 percent, which would increase the deficit even beyond what is being proposed here. So, Mr. Chairman, again, this is by the Tax Foundation released just this morning, the details and analysis of President Biden's Fiscal Year 2024 Budget proposal. I would like to insert that into the Record.

Chairman ARRINGTON. Without objection, so ordered.

[The information follows:]

TAX FOUNDATION

March 23, 2023

Details and Analysis of President Biden's Fiscal Year 2024 Budget Proposal

Garrett Watson, Erica York, Huaqun Li, Cody Kallen, William McBride, Alex Muresianu

Topline Preliminary Estimates

Net Deficit Impact	Long-run GDP
$2.5T	-1.3%
Wages	**FTE Jobs**
-1.0%	-335,000

Note: *On a conventional basis. Source: Tax Foundation General Equilibrium Model, March 2023.

President Biden's Fiscal Year 2024 Budget outlines several major tax increases that would add up to nearly $4.8 trillion in new taxes targeted at businesses and high-income individuals. After $833 billion in expanded tax credits, it would raise nearly $4.0 trillion in new taxes on net. Additionally, the Biden budget would expand spending by $1.4 trillion on net, leading to a $2.5 trillion reduction in the deficit through the end of 2033 on a conventional basis.

While the Biden budget aims its tax increases at corporations and high-income individuals, the economic effects of higher marginal tax rates would be more widespread. Using the Tax Foundation's General Equilibrium Model, we estimate the Biden budget would reduce long-run economic output by about 1.3 percent and eliminate 335,000 full-time equivalent jobs.

Our estimate likely understates the full economic harm from the budget because we do not model the effects of the 25 percent "billionaire minimum tax" on unrealized capital gains of high-net-worth taxpayers or the impact of certain international tax changes, such as the undertaxed profits rule (UTPR).

The Office of Management and Budget (OMB) estimates the FY 2024 federal budget would reduce the debt-to-GDP ratio by about 7 percentage points from its baseline estimate of 117 percent by the end of 2033 to 110 percent. But by reducing economic output, we estimate that the budget would lead to a smaller improvement in the debt-to-GDP ratio on a dynamic basis, reducing it by about 4.5 percentage points by 2033. Forty years from now, we estimate the plan reduces the debt-to-GDP ratio by about 17 percentage points.

The actual deficit reduction is highly uncertain, as at least $1 trillion of the estimated reduction comes from untested revenue sources (e.g., the billionaire minimum tax and UTPR). Further, if certain policies discussed in the budget were extended, it could wipe out all of the projected deficit reduction, while still harming long-run economic output

Table 1. Long-Run Economic Effects of President Biden's FY 2024 Budget

Gross Domestic Product (GDP)	-1.3%
Gross National Product (GNP)	-1.5%
Capital Stock	-2.4%
Wage Rate	-1.0%
Full-Time Equivalent (FTE) Jobs	-335,000

Source: Tax Foundation General Equilibrium Model, March 2023.

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The Deduction

Biden's 2024 Budget

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Major Tax Provisions

The budget would include the following major changes, beginning in 2024, unless otherwise noted:

Major business provisions modeled:

- Increase the corporate income tax rate from 21 percent to 28 percent (effective 2023)
- Quadruple the stock buyback tax implemented in the Inflation Reduction Act from 1 percent to 4 percent (effective 2023)

- Make permanent the excess business loss limitation for pass-through businesses
- Further limit the deductibility of executive compensation under Section 162(m)
- Increase the global intangible low-taxed income (GILTI) tax rate from 10.5 percent to 21 percent, calculate the tax on a jurisdiction-by-jurisdiction basis, and revise related rules (effective 2023)
- Repeal the reduced tax rate on foreign-derived intangible income (FDII)

Major individual, capital gains, and estate tax provisions modeled:

- Expand the base of the net investment income tax (NIIT) to include nonpassive business income and increase the rates for the NIIT and the additional Medicare tax to reach 5 percent on income above $400,000 (effective 2023)
- Increase top individual income tax rate to 39.6 percent on income above $400,000 for single filers and $450,000 for joint filers (effective 2023)
- Tax long-term capital gains and qualified dividends at ordinary income tax rates for taxable income above $1 million and tax unrealized capital gains at death above a $5 million exemption ($10 million for joint filers)
- Limit retirement account contributions for high-income taxpayers with large individual retirement account (IRA) balances
- Tighten rules related to the estate tax
- Tax carried interest as ordinary income for those earning over $400,000
- Limit 1031 like-kind exchanges to $500,000 in gains

Major tax credit provisions modeled:

- Extend the American Rescue Plan Act (ARPA) Child Tax Credit (CTC) through 2025 and make the CTC fully refundable on a permanent basis (effective 2023)
- Permanently extend the ARPA Earned Income Tax Credit (EITC) expansion for workers without qualifying children (effective 2023)
- Permanently extend the ARPA premium tax credits expansion

We also modeled various miscellaneous provisions for corporations, pass-through businesses, and individuals, including several energy-related tax hikes largely pertaining to fossil fuel production. While the budget improperly characterizes them as subsidies, many are deductions for costs (or approximations of costs) incurred.

The budget also introduces two new taxes: a 30 percent tax on energy used in cryptocurrency mining operations and ending drawbacks for certain petroleum excise taxes when petroleum products are imported and later exported. It also includes changes to various corporate and noncorporate limitations and rules, smaller tax credits and exclusions, rules for digital assets, and other provisions.

Major provisions not modeled:

- Repeal the base erosion and anti-abuse tax (BEAT) and replace it with an undertaxed profits rule (UTPR) consistent with the OECD/G20 global minimum tax model rules
- Create a 25 percent "billionaire minimum tax" to tax unrealized capital gains of high-net-worth taxpayers

- Replace FDII with unspecified research & development (R&D) incentives
- Expand federal rules on drug pricing provisions
- Spending program changes
- Provide $29.1 billion in additional Internal Revenue Service (IRS) funding, which the Treasury estimates would lead to an additional $105 billion of revenue on net as well as increased compliance and enforcement that will raise an additional $13.4 billion of revenue for a total increase of $118.6 billion from reducing the tax gap

Economic Effects

We estimate the tax changes in the president's budget would reduce long-run GDP by 1.3 percent. Raising the corporate income tax rate to 28 percent is the largest driver of the negative long-run effects, reducing long-run GDP by 0.7 percent.

The budget would decrease American incomes (as measured by gross national product, or GNP) by 1.5 percent in the long run. The reduction in the budget deficit increases American incomes by about 0.01 percent but is offset by a greater reduction in incomes due to the tax increases.

The budget would reduce the capital stock by 2.4 percent, wages by 1.0 percent, and full-time equivalent employment by about 335,000 jobs.

Our economic estimates do not capture all of the tax changes included in the budget. We do not model R&D incentives that would replace FDII because they are unspecified. We also do not model the effects of repealing BEAT and replacing it with a UTPR nor of creating a 25 percent minimum tax on the unrealized capital gains of high-net-worth individuals because of data constraints as well as the high amount of uncertainty over how these provisions would be implemented, how taxpayers might respond, and how much revenue might be raised. The latter two items amount to roughly a $1 trillion tax hike over the budget window, offset by approximately $164 billion in unspecified R&D incentives—a net revenue increase of about $845 billion, or about 22 percent of the scored revenue raisers.

The net effect of the unmodeled provisions on the economy is likely to be substantially negative, but the magnitude depends on unspecified features and assumptions. For example, it remains unclear how much of the UTPR (and associated domestic minimum top-up tax) falls on U.S. domestic companies and their domestic investment, the impact taxing unrealized capital gains would have on entrepreneurship and innovation, and the overall effectiveness of the R&D incentive replacing FDII.

Table 2. Economic Effects of President Biden's FY 2024 Budget

Provision	Change in GDP	Change in GNP	Change in Capital Stock	Change in Wages	Change in Full-time Equivalent Jobs
Raise the top tax rate on individual income to 39.6%	Less than -0.05%	-0.1%	Less than -0.05%	Less than -0.05%	-43,000
Tax unrealized capital gains at death over $5 million and tax capital gains over $1 million at 39.6%	-0.1%	-0.4%	-0.3%	-0.1%	-30,000
Limit 1031 like-kind exchanges to $500,000 in gain	Less than -0.05%	Less than -0.05%	Less than -0.05%	Less than -0.05%	-1,000
Expand the net investment income tax base to active pass-through business income	-0.1%	-0.1%	-0.2%	-0.1%	-2,500
Raise the net investment income tax rate from 3.8% to 5% and raise the additional Medicare tax from 0.9% to 2.1%	-0.1%	-0.1%	-0.2%	Less than -0.05%	-86,000
Tax carried interest as ordinary income	Less than -0.05%	Less than -0.05%	Less than -0.05%	Less than -0.05%	-1,000
Impose new limits on large retirement account balances and increase minimum required distributions	Less than -0.05%	Less than -0.05%	Less than -0.05%	Less than -0.05%	-500
Tighten estate tax rules	Less than -0.05%	Less than -0.05%	Less than -0.05%	Less than -0.05%	-3,000
Misc. taxes on saving	Less than -0.05%	Less than -0.05%	Less than -0.05%	Less than -0.05%	-2,000
Raise the corporate tax rate from 21% to 28%	-0.7%	-0.6%	-1.3%	-0.6%	-129,000
Raise the stock buyback excise tax from 1% to 4%	-0.1%	-0.1%	-0.2%	-0.1%	-11,000
Changes to the international tax system	Less than -0.05%	Less than -0.05%	Less than -0.05%	Less than -0.05%	-5,000
Limit executive compensation deductibility under Section 162(m)	Less than -0.05%	Less than -0.05%	Less than -0.05%	Less than -0.05%	-1,000
Misc. corporate tax increases	-0.1%	-0.1%	-0.1%	-0.1%	-10,000
Make permanent the pass-through loss limitation and misc. pass-through tax increases	Less than -0.05%	Less than -0.05%	-0.1%	Less than -0.05%	-8,000
Make the American Rescue Plan Act EITC expansion permanent and make the CTC fully refundable	Less than -0.05%	Less than -0.05%	Less than -0.05%	Less than -0.05%	-2,000
Impact of spending and budget deficit	0%	Less than 0.05%	0%	0%	0

Source: Tax Foundation General Equilibrium Model, March 2023. Items may not sum due to rounding.

Provision	Change in GDP	Change in GNP	Change in Capital Stock	Change in Wages	Change in Full-time Equivalent Jobs
Total Economic Effect	-1.3%	-1.5%	-2.4%	-1.0%	-335,000
Source: Tax Foundation General Equilibrium Model, March 2023. Items may not sum due to rounding.					

Revenue Effects

The budget covers the 10-year budget window from 2024 through 2033, but it also includes several tax increases and two tax credit changes that would take effect in 2023 prior to the 10-year window. As such, we present a revenue table below that includes the change in revenues over the 11-year period covering 2023 as well as the traditional 10-year budget window.

Across the major provisions we modeled, we estimate the budget raises $2.4 trillion of tax revenue from corporations and $1.4 trillion from individuals from 2023 through 2033.

The budget includes $1 trillion of new tax revenues from two highly uncertain sources, the billionaire minimum tax and the UTPR, neither of which have been implemented in the U.S. or elsewhere, leaving little to go on for revenue estimation purposes. (Several countries are in the process of implementing global minimum tax rules including a UTPR, with revenue estimates ranging from an increase in corporate tax revenue of 2 percent to 12 percent, whereas the administration's estimates indicate about a 13 percent increase in corporate tax revenue resulting from the UTPR alone and another 10 percent increase from changes to GILTI.)

The budget also includes another $119 billion in net revenue from additional IRS enforcement as estimated by OMB, less $164 billion in unspecified R&D incentives to replace FDII.

In total, we estimate the budget raises nearly $4.8 trillion in gross revenue from tax changes over the period 2023 to 2033.

Expanded tax credits reduce the gross revenue by $833 billion from 2023 through 2033, resulting in a net tax increase of just under $4 trillion over the period 2023 to 2033.

Outside of tax changes, the budget includes additional spending increases and cost savings including expanding the drug pricing provisions passed in the Inflation Reduction Act for a net increase in spending of about $1.4 trillion, summarized in Table 3.

After accounting for all changes in revenue and spending, we estimate the net effect of the budget would be to reduce the deficit by $2.5 trillion through 2033 on a conventional basis. On a dynamic basis, factoring in reduced tax revenues resulting from the smaller economy, the deficit reduction falls to just under $2 trillion from 2023 through 2033.

As noted, about $1 trillion of the deficit reduction is from highly uncertain sources of revenue. Furthermore, the budget discusses additional policies that would significantly reduce revenue, such as extending tax changes from the Tax Cuts and Jobs Act (TCJA) for people making below $400,000 after 2025 when they otherwise expire. The budget does not, however, factor in the cost of such an extension. Similarly, the budget extends the larger Child Tax Credit through 2025, but further extending the policy would cost more than $130 billion per year, adding more than $1 trillion to the deficit by 2033. Continuing both of the policies past 2025 would wipe out most, if not all, of the budget's projected deficit savings.

Table 3. Additional Net Spending in President Biden's FY 2024 Budget

Spending Item	Amount (Billions)
Childcare and early learning, health care, drug pricing, education, and housing,	-$873
Paid leave and home care	-$475
Public health	-$428
Other, including reductions in defense discretionary spending	$337
Total Spending Excluding Tax Credits	**-$1,439**
Expanded tax credits (includes expansion costs for 2023)	-$833
Total Spending Including Tax Credits	**-$2,272**

Source: Budget of the U.S. Government Fiscal Year 2024; Tax Foundation General Equilibrium Model. Note: negative signs denote a net increase in the federal budget deficit, while positive values indicate a net decrease in the federal budget deficit.

Table 4. Revenue Effects of President Biden's FY 2024 Budget

Provision (Billions of Dollars)	2023	2024	2025	2026	2027	2028	2029	2030	2031
Individual Provisions									
Raise top tax rate on individual income to 39.6%	$45.0	$47.8	$48.7	$9.2	$10.0	$10.3	$10.7	$11.2	$11.6
Tax unrealized capital gains at death over $5 million and impose a 39.6% tax rate on capital gains over $1 million	$0.0	-$7.3	-$0.3	$4.7	$23.4	$25.2	$27.5	$30.1	$33.0
Expand the net investment income tax base to active passthrough income	$25.3	$24.9	$25.5	$25.7	$28.1	$29.2	$30.5	$31.8	$33.1
Raise the net investment income tax rate from 3.8% to 5%	$13.6	$10.2	$10.9	$11.3	$13.8	$14.3	$14.9	$15.5	$16.2
Raise the additional Medicare tax from 0.9% to 2.1%	$16.1	$16.1	$16.6	$16.8	$18.5	$19.3	$20.2	$21.2	$22.2
Make permanent the limit on excess business losses for passthrough firms	$0.0	$0.0	$1.7	$2.3	$5.0	$13.0	$13.3	$10.1	$9.5

Source: Budget of the U.S. Government Fiscal Year 2024, Tax Foundation General Equilibrium Model, March 2023.

*Note: "Miscellanious passthrough tax increases include rules changing depreciation deduction recapture for real estate transactions and limitations c

**Note: "Miscellanious tax increases on saving include changes to tax rules on digital assets and a new tax on electricity consumption when mining digit

***Note: "Miscellanious tax increases on corporations include increased taxes on fossil fuel production, loss limitations in liquidation transactions, chan rules for corporate affiliation tests, and taxing certain corproate distributions as dividends.

**** Note: The Treasury Greenbook for FY 2024 proposes using the revenue from repealing FDII to "incentivize R&D in the United States more directly tax or spending incentive ambiguous.

*****Note: Our estimates of permanent refundability for the Child Tax Credit do not incorporate a revenue effect for nonfilers.

******Note: "Miscellanious tax credits include an expanded low income housing tax credit, the proposed neighborhood homes tax credit, a permanent ne tax credit and adoption tax credit, and an employer-provided tax credit for childcare services.

Provision (Billions of Dollars)	2023	2024	2025	2026	2027	2028	2029	2030	2031
Limit 1031 like-kind exchanges to $500K in gain	$0.0	$1.1	$1.8	$1.8	$1.9	$1.9	$2.0	$2.1	$2.1
Tax carried interest as ordinary income	$0.0	$0.6	$0.7	$0.7	$0.7	$0.7	$0.7	$0.7	$0.7
Create new limitations on high-income taxpayers with large retirement account balances and increasing minimum required distributions	$0.0	$8.1	$5.2	$2.9	$1.7	$1.1	$0.9	$0.7	$0.7
Tighten estate and gift tax rules	$0.0	$0.0	$4.6	$4.9	$7.4	$8.0	$8.4	$8.9	$9.5
Miscellaneous tax increases on passthrough firms*	$0.0	$5.0	$6.1	$6.5	$6.9	$7.3	$7.7	$8.0	$8.3
Miscellaneous tax increases on saving**	$0.0	$5.5	$2.1	$2.6	$3.0	$3.2	$3.5	$3.7	$4.0
Total Individual Revenue	$100.0	$111.9	$123.7	$89.4	$120.5	$133.7	$140.2	$144.0	$150.9
Corporate Provisions									
Raise corporate tax rate to 28%	$92.5	$94.7	$105.3	$119.7	$127.1	$127.8	$128.4	$129.8	$132.2
21% GILTI minimum tax rate and	$22.5	$39.5	$42.5	$32.5	$34.0	$35.4	$36.6	$37.9	$39.4

Source: Budget of the U.S. Government Fiscal Year 2024, Tax Foundation General Equilibrium Model, March 2023.

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Provision (Billions of Dollars)	2023	2024	2025	2026	2027	2028	2029	2030	2031
other GILTI changes									
Repeal FDII	$0.0	$20.2	$21.7	$13.6	$14.4	$14.8	$15.0	$15.3	$15.8
Section 265 changes and world interest limitation	$0.0	$13.0	$13.9	$14.7	$15.5	$16.4	$17.2	$17.9	$18.6
4% excise tax on stock buybacks	$10.2	$9.7	$12.3	$13.5	$16.8	$19.7	$20.1	$20.8	$22.6
Modification to 162(m) limit on deduction of excessive employee remuneration	$0.0	$2.5	$0.6	$0.5	$1.7	$2.2	$1.8	$1.5	$1.2
Miscellaneous corporate tax increases***	$0.0	$6.8	$7.6	$8.2	$8.8	$9.5	$10.6	$11.8	$13.1
Total Corporate Revenue	$125.2	$186.5	$203.8	$202.8	$218.2	$225.8	$229.7	$234.9	$242.9
Other Revenue Changes (Not Scored by Tax Foundation)									
Impose a 25% minimum tax on unrealized gains for taxpayers with net wealth over $100 million	$0.0	$10.9	$45.0	$49.6	$51.8	$52.4	$52.0	$50.2	$45.5
Levy an undertaxed profits rule on large multinational firms	$0.0	$10.1	$46.8	$66.3	$65.8	$64.8	$63.4	$62.8	$62.2
Net revenue from IRS	$0.0	$1.2	$1.1	$1.3	$1.4	$1.4	$1.4	$1.5	$13.3

Source: Budget of the U.S. Government Fiscal Year 2024, Tax Foundation General Equilibrium Model, March 2023.

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Provision (Billions of Dollars)	2023	2024	2025	2026	2027	2028	2029	2030	2031
budget changes									
Replace FDII with an incentive for R&D****	$0.0	-$20.2	-$21.7	-$13.6	-$14.4	-$14.8	-$15.0	-$15.3	-$15.8
Total Other Revenue Changes	$0.0	$1.9	$71.3	$103.6	$104.7	$103.8	$101.8	$99.1	$105.2
Gross Revenue Total	$225.1	$300.3	$398.7	$395.9	$443.4	$463.3	$471.7	$478.1	$499.1
Tax Credits									
Reinstate the expanded ARPA child tax credit through 2025 and make permanent full CTC refundability	-$128.3	-$132.5	-$135.2	-$2.5	-$2.4	-$2.3	-$2.2	-$2.1	-$2.1
Make permanent the expanded ARPA earned income tax credit*****	-$13.7	-$13.9	-$15.0	-$15.4	-$15.7	-$15.8	-$16.0	-$16.0	-$16.1
Make permanent the expanded ARPA premium tax credits	$0.0	$0.0	-$4.1	-$18.0	-$22.5	-$23.3	-$23.6	-$23.1	-$23.8
Miscellaneous tax credits******	$0.0	-$0.4	-$1.8	-$3.5	-$4.9	-$6.6	-$8.2	-$9.5	-$10.7
Total Tax Credits	-$142.0	-$146.8	-$156.1	-$39.3	-$45.5	-$48.0	-$49.9	-$50.8	-$52.7
Total Conventional Revenue	$83.1	$153.5	$242.6	$356.5	$397.9	$415.2	$421.8	$427.3	$446.4
Total Dynamic	$55.0	$123.4	$203.8	$330.0	$362.7	$372.8	$372.2	$370.4	$381.9

Source: Budget of the U.S. Government Fiscal Year 2024, Tax Foundation General Equilibrium Model, March 2023.

*Note: "Miscellanious passthrough tax increases include rules changing depreciation deduction recapture for real estate transactions and limitations c

**Note: "Miscellanious tax increases on saving include changes to tax rules on digital assets and a new tax on electricity consumption when mining digit

***Note: "Miscellanious tax increases on corporations include increased taxes on fossil fuel production, loss limitations in liquidation transactions, chan rules for corporate affiliation tests, and taxing certain corproate distributions as dividends.

**** Note: The Treasury Greenbook for FY 2024 proposes using the revenue from repealing FDII to "incentivize R&D in the United States more directly tax or spending incentive ambiguous.

*****Note: Our estimates of permanent refundability for the Child Tax Credit do not incorporate a revenue effect for nonfilers.

******Note: "Miscellanious tax credits include an expanded low income housing tax credit, the proposed neighborhood homes tax credit, a permanent ne tax credit and adoption tax credit, and an employer-provided tax credit for childcare services.

Provision (Billions of Dollars)	2023	2024	2025	2026	2027	2028	2029	2030	2031
Revenue									
Mandatory and discretionary spending changes (net of spending reductions)	$0.0	-$97.6	-$142.5	-$160.0	-$182.9	-$169.8	-$186.6	-$151.9	-$153.3
Conventional Deficit Impact (before interest costs)	$83.1	$55.9	$100.1	$196.5	$215.0	$245.4	$235.1	$275.4	$293.1
Dynamic Deficit Impact (before interest costs)	$55.0	$25.8	$61.3	$170.0	$179.8	$203.0	$185.5	$218.5	$228.6

Source: Budget of the U.S. Government Fiscal Year 2024, Tax Foundation General Equilibrium Model, March 2023.

*Note: "Miscellanious passthrough tax increases include rules changing depreciation deduction recapture for real estate transactions and limitations c

**Note: "Miscellanious tax increases on saving include changes to tax rules on digital assets and a new tax on electricity consumption when mining digit

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*****Note: Our estimates of permanent refundability for the Child Tax Credit do not incorporate a revenue effect for nonfilers.

******Note: "Miscellanious tax credits include an expanded low income housing tax credit, the proposed neighborhood homes tax credit, a permanent ne

Distributional Effects

The budget would raise marginal income tax rates faced by higher earners and corporations while expanding tax credits for lower-income households. The distributional results that follow do not include the impact of drug pricing provisions, the 25 percent billionaire minimum tax, the undertaxed profits rule, IRS enforcement, or spending program changes on after-tax income.

The proposals would increase the after-tax income of the bottom quintile by about 12.6 percent in 2024 on a conventional basis, largely due to expanded tax credits, and all groups except the top quintile would see increases in after-tax income in 2024. The top 1 percent of earners would experience a 6.0 percent decrease in after-tax income.

After the expanded CTC expires, the bottom quintile would see a smaller 4.5 percent increase in after-tax income in 2033 on a conventional basis while the top three quintiles would see decreases in their after-tax incomes. The top 1 percent would see a 6.4 percent decrease in after-tax income.

On a long-term dynamic basis, the smaller economy reduces after-tax incomes relative to the conventional analysis. On average, tax filers in the top four quintiles would experience a drop in after-tax incomes, while the bottom quintile would still see an increase, albeit reduced to 2.8 percent, driven by the permanently expanded EITC, expanded premium tax credits, and permanent CTC refundability.

Table 5. Distributional Effects of President Biden's FY 2024 Budget

Income Group	Conventional, 2024	Conventional, 2033	Dynamic, Long Run
0% - 20.0%	12.6%	4.5%	2.8%
20.0% - 40.0%	4.1%	0.4%	-1.2%
40.0% - 60.0%	1.2%	-0.8%	-2.3%
60.0% - 80.0%	0.2%	-0.9%	-2.5%
80.0% - 100%	-2.5%	-2.7%	-4.5%
80.0% - 90.0%	-0.6%	-1.0%	-2.6%
90.0% - 95.0%	-1.1%	-1.2%	-2.7%
95.0% - 99.0%	-1.8%	-1.7%	-3.5%
99.0% - 100%	-6.0%	-6.4%	-8.6%
Total	**-0.4%**	**-1.5%**	**-3.2%**

Note: We do not model the distribution of miscellaneous tax credits or unmodeled provisions listed above.

Source: Tax Foundation General Equilibrium Model, March 2023. Items may not sum due to rounding.

Modeling Notes

We use the Tax Foundation General Equilibrium Tax Model to estimate the impact of tax policies, including recent updates allowing detailed modeling of U.S. multinational enterprises. The model produces conventional and dynamic revenue and distributional estimates of tax policy. Conventional estimates hold the size of the economy constant and attempt to estimate potential behavioral effects of tax policy. Dynamic revenue estimates consider both behavioral and macroeconomic effects of tax policy on revenue. The model also produces estimates of how policies impact measures of economic performance such as GDP, GNP, wages, employment, capital stock, investment, consumption, saving, and the trade deficit.

Note, however, our conventional and dynamic estimates for the stock buyback tax do not account for behavioral shifting from buybacks to dividends, which would also shift the individual income tax base from capital gains to dividends.

Regarding the budget's proposed changes to the GILTI regime, we modeled most of the major changes including the 75 percent GILTI inclusion rate, country-by-country application, the reduction in the foreign tax credit (FTC) haircut to 5 percent, elimination of the qualified business asset investment (QBAI) exemption, and elimination of the FOGEI exclusion. We did not model the changes allowing carryforward of GILTI FTCs and losses, repeal of the high-tax exemption for subpart F, or the tax increases on dual capacity taxpayers.

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Mr. SMUCKER. And I would like to then get back to just a few comments that you made during your opening comments, the deficits in particular. Are you concerned with the level of debt that we have now and with the projection going forward?

Ms. YOUNG. Yes. That is why you have seen our policies that would bring down the deficit by nearly $3 trillion over 10 years.

Mr. SMUCKER. Yeah, and this is what I would like to get to, and I asked Secretary Yellen these questions as well because I can't for the life of me see where you are decreasing the deficit, and I don't think anyone outside of the beltway looking at these numbers can see that as well, would agree that you are reducing the deficit, and I think it is important that, you know, if we recognize that that is a goal, then we need to be transparent and understand what the numbers are. So I have in front of me your proposal from last fiscal year. You were proposing that the deficit at that point in 2023 would be $1.1 trillion. Do you agree with that number?

Ms. YOUNG. If you have last year's table in front of you, I will agree with it.

Mr. SMUCKER. One trillion one hundred and fifty-four billion. What was the actual deficit in 2023 in your new proposal?

Ms. YOUNG. So in 2023, our projected deficit will be——

Mr. SMUCKER. One trillion five hundred and sixty-nine billion.

Ms. YOUNG. Yeah.

Mr. SMUCKER. Four hundred——

Ms. YOUNG. So in 2023, deficit is projected to be $1.6 trillion.

Mr. SMUCKER. One-point-six trillion compared to $1.1 trillion, so it is half a trillion higher than what you were projecting 12 months ago.

Ms. YOUNG. I will just remind you we are still in the middle of 2023, and those deficit numbers will change from this number and that number. They were projections last year.

Mr. SMUCKER. Will probably go up, if anything.

Ms. YOUNG. Absolutely not. We actually had lower deficits last year than our budget projections in 2022.

Mr. SMUCKER. It is 40-percent higher than you were projecting last year at this time.

Ms. YOUNG. In 2022, our deficit projections were lower than the $1.7 trillion actually——

Mr. SMUCKER. Let's look at one more year. Let's look at one more year. Last year at this time, you were projecting a deficit of $1.2 trillion for 2024. That is the upcoming year. What are you projecting in 2024 now?

Ms. YOUNG. One-point-eight trillion.

Mr. SMUCKER. One-point-eight trillion. Do you think that is reducing the deficit?

Ms. YOUNG. So you are comparing projection to projection.

Mr. SMUCKER. I am.

Ms. YOUNG. Interest rates have changed since then. Our economic projections have changed since then, unemployment, and that all factors into the numbers.

Mr. SMUCKER. I am comparing what your plan was a year ago——

Ms. YOUNG. Projections.

Mr. SMUCKER [continuing]. To your projections now, correct. Last year at this time, you were projecting $14 trillion in total deficits over the next 10-year period. This year you are projecting $17 trillion. That is $3 trillion more in deficits. Where are you seeing reductions in the deficit?

Ms. YOUNG. Our deficit number is the projection from this year to the budget year in 2033, 10-year budget in 2024. If you pull out this year's table——

Mr. SMUCKER. Sure, I have it right here.

Ms. YOUNG [continuing]. It would show a cumulative deficit reduction of $2.9 trillion, the nearly $3 trillion.

Mr. SMUCKER. Compared to what?

Ms. YOUNG. Compared to where we are starting in this fiscal year.

Mr. SMUCKER. It is not true. This fiscal year, the deficit is $1.5 trillion. What are you projecting in 10 years from now?

Ms. YOUNG. The cumulative deficit will be——

Mr. SMUCKER. No, you are projecting——

Ms. YOUNG [continuing]. Reduced nearly $3 trillion.

Mr. SMUCKER. You are projecting $2 trillion 10 years from now compared to $1.5 trillion. Nowhere——

Ms. YOUNG. Sir, deficits are year over year, so you add the deficit reductions each year, the cumulative addition. We have done a lot of adding of spending over 10 years, so we do the same for deficits. You add each of the savings each year there are savings. The total is $2.9 trillion——

Mr. SMUCKER. The bottom line is——

Ms. YOUNG [continuing]. At the end of——

Mr. SMUCKER. The bottom line is——

Ms. YOUNG [continuing]. At the end of 2033.

Mr. SMUCKER. Reclaiming my time here, the bottom line is in 10 years, the deficit will be $2 trillion compared to $1-and-a-half trillion now. We agree that it is important we reduce the deficits. It is really important that we look at these numbers, and the numbers you are looking at, there is no way anywhere anyone outside the beltway would believe that we are reducing deficits. It is unfortunate, but that is the case.

Ms. YOUNG. Those are our estimates if the President's policies are adopted.

Chairman ARRINGTON. The gentleman's time has expired, and I thank my friend from Pennsylvania. We will now yield 5 minutes to my colleague from Texas, Mr. Doggett.

Mr. DOGGETT. Thank you so much, Mr. Chairman, and thank you, Director Young. You know, really, I had hoped this morning we might see some specific Republican alternatives to this budget so you could compare and contrast them with your insight on this, but we seem to only have harangues against the successes of the Biden Administration.

I would like to focus your attention specifically on Medicare. I am pleased that the President included as one of his four pillars of his initiative the importance of protecting and preserving Medicare for the future. As you know, I introduced legislation last year that was designed to extend the solvency of the Medicare Trust Fund to 2040 by relying on the net investment income tax and closing a loophole, redirecting all the funds from that tax into the Medicare Trust Fund, as was originally intended. President Biden has taken the additional step of proposing a tax on the very top earners that would extend Medicare solvency far beyond 2040.

He has been successful, I think, in essentially shaming Republicans into saying that they won't cut Social Security and Medicare, but they don't appear to have offered any alternatives as he has, as I have tried to do, to assure that Medicare will be solvent and available to pay those benefits. Why do you think the net investment income tax is an appropriate way to finance Medicare rather than the Republican traditional approach of cutting benefits?

Ms. YOUNG. Well, one, thank you for your leadership. As I said earlier, the President's proposal has a lot of similarities to what you put forward last year. The net investment income tax—the NIIT—was always intended to go into the Medicare Trust Fund, and so it is appropriate, and based on people who helped start that during the ACA conversation, that should have always helped solvency in the Trust Fund. So we do that proposal like you also had.

We close loopholes, I believe, like your bill did as well, ensuring that the wealthy pay into the Medicare Trust Fund the same as everyone else who goes to work. We go a click further by saying those making over $400,000 should pay 1.2 percent more than middle-class families, and those making under 400,000 by paying 5 percent.

Mr. DOGGETT. Thank you very much, and certainly that contrasts with the only Republican budget we have out here, which is the Republican Study Committee, which proposes to privatize Medicare and really eliminate it as a guaranteed benefit. Let me ask you also about a second aspect of that, and that is to assure Medicare's fiscal health. I am concerned about tens of billions of dollars that are lost in provider fraud. These are not victimless crimes. They impact the security of the Medicare Program. I have introduced a Medicare Fraud Detection and Deterrence Act to close a shocking loophole that CMS does not currently have authority to take away a national provider identifier number that fraudsters use to bill Medicare, and it would give CMS that authority. Additionally, I have legislation concerning preventing Medicare telehealth fraud where, without ever seeing a patient, lab tests that are not necessary and very expensive or expensive services and equipment are provided to someone through telehealth.

There have been billions of dollars that have been the subject of Justice Department action trying to do something about this, but the key, I think, has to be preventing this fraud from ever occurring in the first place, and I would just ask you if I could count on your office and CMS to work with us in securing scores on the savings that can be achieved to Medicare by devoting our efforts to preventing fraud from providers before it ever occurs.

Ms. YOUNG. I don't want to speak for the CMS Administrator, but I think I know her well enough to speak for both of us when we say we will be happy as an administration to work with you on that.

Mr. DOGGETT. Thank you so much. I yield back, Mr. Chairman.

Chairman ARRINGTON. I thank the gentleman from Texas and now would yield 5 minutes to my friend, Mr. Cline, from Virginia.

Mr. CLINE. Thank you, Mr. Chairman. I am concerned by this budget request because deficits, as far as the eye can see, into perpetuity is not the way we are going to achieve fiscal responsibility in this country. For the future of this country, for future generations of this country, we owe it to them to rein in the excessive spending that we have seen over the past several years, particularly over the past 2 years.

One of the existential threats facing this country is our level of debt. Our excessive deficit is now over a trillion dollars a year and growing, by all accounts, over the next 10 years under the President's budget. Another threat to this Nation is immediate and direct, and it is on our Southern border and is being ignored by this President. I see that last year, Congress enacted $61 billion for Homeland. This year, the budget proposes, and I am just reading a number here, $60.4 billion in discretionary budget authority, and I know that you are talking about TSA fees and other kinds of revenues, but that is a cut for Homeland, even in the face of 2.7 million Border Patrol enforcement actions, a 30-percent increase over Fiscal Year 2021, and since President Biden has been in office, there have been nearly 4.7 million migrant encounters at the Southwest border.

The population of Virginia is 8.8, so you are over half of the population of Virginia at this point. It is not counting the 1.2 million known got-aways who evaded Border Patrol agents in the last 2 years, but despite this increase, the Biden Administration is looking to cut the appropriation for the Department as a whole, including for U.S. Customs and Border Protection and U.S. Immigration and Customs Enforcement, but at the same time, in a reflection of the values of this administration and their failure to protect the rights enshrined in this Constitution, the President's budget requests $2 billion for the ATF to increase regulations of the firearms industry, among other directives.

Can you tell me specifically of this $2 billion, will any of these funds go toward the enforcement of bans on pistol braces, often used by veterans, assault rifle bans, the creation of a gun owner registry, or the elimination of manufacturer immunity as part of their efforts to increase regulation of the firearms industry?

Ms. YOUNG. I am going to be very clear what the ATF funds are about: keeping guns out of the hands of dangerous people, implementing the Bipartisan Safer Communities Act, and making sure criminals don't have access to guns, which are being trafficked in this country that I think is a bipartisan concern. We can do that without infringing on the rights of law-abiding citizens, and on DHS——

Mr. CLINE. So your commitment——

Ms. YOUNG [continuing]. I am happy to submit for the record that DHS is actually getting a 9 percent increase, so I welcome bipartisan cooperation to provide these resources.

Mr. CLINE. I reject the characterization of it as a 9 percent increase, but your answer, can you commit that none of these funds will go to the creation of a gun owner registry?

Ms. YOUNG. This is——

Mr. CLINE. Gun owner registry.

Ms. YOUNG. And I will repeat it.

Mr. CLINE. Specific to gun owner registry.

Ms. YOUNG. Law-abiding citizens——

Mr. CLINE. Tracking gun owner——

Ms. YOUNG [continuing]. Is not the focus. It is about going after dangerous criminals. Everyone in this country has seen mass shooting after mass shooting after mass shooting, and they are asking us to do more about it. This is what that is about.

Mr. CLINE. So this administration wants to create a gun owner registry to track the lawful purchases of guns by law-abiding citizens. That is a violation of the Constitution, and I think it demonstrates the neglect of this administration to its responsibilities under the Constitution to protect those rights of the citizens. I yield back.

Chairman ARRINGTON. I thank the gentleman from Virginia and will yield to my good friend from California 5 minutes, the great Salad Bowl of the country, Jimmy Panetta.

Mr. PANETTA. Thank you, Mr. Chairman. I appreciate that. It is an honor to be here with you and the Ranking Member and appreciate this opportunity. Director Young, thanks for being here, and thanks for the good work you have done over the past couple of years, especially with your help in passing some historic pieces of legislation that has led to, you know, basically last month 517,000 jobs created, this month's 311,000 jobs created. Inflation has gone down 3 percentage points to 6 percent. Unemployment is at 3.4 percent. The deficit-to-GDP has fallen from 15 to 5 percent. The deficit has fallen by $1.7 trillion. Wages are up, savings are up, and, boy, are corporate profits up as well.

However, obviously, we understand that you know, we want to ensure that we do lower our debt and deficit, but the last thing we want to do is screw around with this thing called the debt ceiling because if we start to do that, if we even threaten that, basically you are going to see GDP decline by 4 percent, 6 million jobs are going to be lost, unemployment is going to go up to 9 percent, and stocks are going to plunge, basically causing a $15 trillion hit to our economy. So look, we got a lot of work to do. We understand that, and obviously there are hardships right now that many working families are facing, but clearly, we have a good foundation going forward upon which we can tackle these challenges.

Now, some of the challenges that we are facing also have the deal with basically the recent storms in my district that we faced, and I got to admit I appreciate the fact that you are probably one of two Directors of the OMB that are familiar with the word "Pajaro," and you don't even have a personal connection to it, but I appreciate your partnership that we have developed in at least addressing the Pajaro River Flood Risk Management Project there in the 19th Congressional District. Obviously, I have raised the alarms about the risks of the potential failure of flooding in that levy, and unfortunately, just last week, the people of the town of Pajaro experienced what can happen when there is flooding, considering that they are completely out of their town at this point and not able to go back in because of a breach of that levy.

Now, there has been an authorization to have this project fixed. Unfortunately, there has been this thing called the BCR, this benefit-to-cost ratio, that really, I would say, prevented any sort of progress since the authorization since 1966. However, we were able to get $4.8 million for the pre-construction engineering and design, and then I am glad to say with the IIJA, we were able to sort of, at least get past the BCR in order to get $150 million to get that project started, but unfortunately, based on last week, it came a little too late. So we have still got a lot to do to get this project going.

I guess my question to you, Madam Director, is, are you still—still—committed to working with us to ensure that we can complete this project before this community is devastated once again in a timely manner?

Ms. YOUNG. One, I will tell you I am sorry we were late, and I am sorry that community has suffered. You are talking to a South Louisiana girl who has helped many friends and family pull out drywall. It is devastating for communities, so I am sorry, but I am happy that the Bipartisan Infrastructure Law allowed us to put money towards this critical flood control project, and you have my commitment to continue to work with you. Benefit cost ratios are important. They are not the full story. What I have seen, Mr. Scott and others, if you have an Army Corps project in your neck of the woods, we have got to look at more than just the BCR. It does not tell the full story, and when you ask why can't that poor community get a flood wall project, well, their housing is too low to get a good benefit cost ratio. Something is wrong with that. You have my commitment to work on this in a systemic way and a bipartisan way because it shouldn't matter who sits in this seat. We have to look at fair ways in which to judge these projects.

Mr. PANETTA. Outstanding. Thank you, Madam Director. I appreciate that and look forward to working with you on that. Just quickly in the 30 seconds that I have, what is OMB's role in ensuring that the projects from the historic pieces of legislation that we passed—the IIJA, the IRA—are improved in a timely manner, and is it possible to speed up the NEPA process without undermining our environmental protections?

Ms. YOUNG. So we have to work in a bipartisan way to streamline permitting. The President has been clear about his willingness to engage here, and we need to do that.

Mr. PANETTA. Thank you, Madam Director. I yield back, Mr. Chairman. Thank you.

Chairman ARRINGTON. I thank my friend from California. I am sitting here watching you, observing such good behavior. We serve on Ways and Means Committee, and I don't mean to be flip about it, but then I look over and see one Leon Panetta, and now I understand why you are behaving so well. If that was my dad, I would be rubbing my backside the whole time with some tremendous PTSD, but thank you, Jimmy, and now we will yield 5 minutes to my friend, Bob Good from Virginia.

Mr. GOOD. Thank you, Mr. Chairman, and thank you, Director Young, for being back with us again today. Director Young, what do you believe are the greatest threats to our country?

Ms. YOUNG. There are a lot of threats. One, we talked about defense and making sure——

Mr. GOOD. Just kind of quickly, your three or four.

Ms. YOUNG. Yeah, making sure that we have a strong national defense to protect Americans against international threats. I also believe we have to be fiscally responsible. We talked a lot about that today. We have differences on how we get there, but we have put forth proposals to do that. I also think we have to look at climate change. We talked about flooding and seeing the cadence of those hundred-year floods be every 2 or 3 years. So we have a complex environment we have to solve for.

Mr. GOOD. Okay. So you would identify national defense, national security as one, the national debt as another or the spending?

Ms. YOUNG. Yeah, we have to be diligent.

Mr. GOOD. How much national debt do you think is too much?

Ms. YOUNG. So that is a good question and one I hope we all take a look at. We believe one thing to look at is real net interest——

Mr. GOOD. No, just how much——

Ms. YOUNG [continuing]. How much it costs to service——

Mr. GOOD [continuing]. National debt do you think——

Ms. YOUNG. I personally don't——

Mr. GOOD. Excuse me. When does national debt become a problem? How much?

Ms. YOUNG. I personally don't believe looking at a gross number tells the story. I think you have to look at percent of GDP. I think you have to look at the cost of servicing debt.

Mr. GOOD. Okay.

Ms. YOUNG. Most economists will tell you it is more——

Mr. GOOD. If I may, how much is our national debt now?

Ms. YOUNG. The national debt, if you look at just public debt, is a little over $24 trillion.

Mr. GOOD. Our total national debt is how much?

Ms. YOUNG. If you add in debt that other government Trust Funds——

Mr. GOOD. Okay. Our total national debt is how much?

Ms. YOUNG [continuing]. Will take it to over $31 trillion.

Mr. GOOD. Okay.

Ms. YOUNG. But that is government-to-government——

Mr. GOOD. And how much does that equate to per American citizen?

Ms. YOUNG. I have not divided by the number of citizens, but you know we don't pay the debt that way. We don't go out and tax individuals like that——

Mr. GOOD. You are correct that we don't pay the debt. That is exactly right.

Ms. YOUNG [continuing]. That way.

Mr. GOOD. We are going to spend more and add to that debt, so let me help you with that. The national debt is about $32 trillion with 330 million American citizens. It is about $100,000 per American citizen. What do you think the average American citizen might say they have gotten for their share of $100,000 in national debt?

Ms. YOUNG. Congressman, that is a great question and why we are here today: what investments makes sense for the American people, and we have a whole suite of proposals about lowering costs of healthcare and childcare.

Mr. GOOD. With us at $100,000 in national debt per citizen, at $32 trillion for 330 million Americans, when would that become an unsustainable problem? When does that become just a tremendous national threat that we have got to deal with in terms of cutting spending? When would that happen?

Ms. YOUNG. Congressman, we are putting proposals forward today. The President's policies would bring down the deficit by nearly $3 trillion over 10 years. I know there is disagreement about those, but it is in black and white.

Mr. GOOD. You mentioned our debt as a percent of national GDP. What is the percentage of debt to national GDP now?

Ms. YOUNG. So the percent of debt-to-GDP last year, it was 97 percent. This year we are in, it will be 98.4 percent.

Mr. GOOD. Okay. It is really about 125 percent because you are not including the whole $32 trillion when you calculate. When was the last time that we had national debt as a percent of GDP as high as it is now? When is the last time in history we had that happen?

Ms. YOUNG. I will take that back. I am not sure when the exact level is, but I am happy to answer for the record.

Mr. GOOD. Yeah. You would have to go back 80 years to World War II when we had that level of national debt. Do you see it as a problem? We are not coming out of World War II, the greatest threat to the globe, to the United States or our national security. Here we have similar 125 percent debt-to-GDP, and we are not coming out of World War II. Do you see that as a problem?

Ms. YOUNG. Well, Mr. Good, I would point out we are coming out of a historic pandemic, so the——

Mr. GOOD. Okay. So what was the peak of the spending during the pandemic? What was the largest amount of budget during the pandemic?

Ms. YOUNG. What I am saying is we are coming out of——

Mr. GOOD. No, I would ask you that question because you referenced it. We just came through the China virus pandemic, and the highest amount of spending on annual basis was about how much?

Ms. YOUNG. So I can tell you in 2022, the outlays were about——

Mr. GOOD. It was about $6.8 trillion.

Ms. YOUNG [continuing]. $6.3 trillion.

Mr. GOOD. Highest national deficit ever. How much has the President proposed now that the virus is over, the pandemic is over, how much has he proposed in the latest budget?

Ms. YOUNG. As a reminder, this President pays for all of his policies, so all this spending talked about today, what is not also noted is that this President has policies——

Mr. GOOD. The answer to my question is we have proposed a $6.9 trillion budget——

Ms. YOUNG [continuing]. With taxes on the wealthy to pay for it.

Mr. GOOD [continuing]. Which is the largest ever after we are coming out of the China virus pandemic, so we are proposing a budget of even more. How much does that $6.9 trillion equate to per 330 million American citizens?

Ms. YOUNG. I am sure you have the calculation with you.

Mr. GOOD. Twenty thousand dollars per citizen. Think about that. The President has proposed to spend $20,000 per American citizen. What does the average American citizen get for his or her share? The household of four, $80,000. What are they getting in return for that share in this President's budget?

Ms. YOUNG. Congressman, this President has asked, as you know, billionaires, large corporations to pay more, to pay for these——

Mr. GOOD. Sadly and unfortunately, there are not enough of those——

Ms. YOUNG [continuing]. For working families.

Mr. GOOD [continuing]. To pay for this reckless and unprecedented amount of spending, and I yield back, Mr. Chairman.

Mr. FERGUSON [presiding]. Thank you. Next, we will go to the gentlelady from Minnesota, Ms. Omar.

Ms. OMAR. Thank you. Director Young, thank you so much for being with us. Just to piggyback off some of the questions that you were being asked that you didn't really have the chance to fully and clearly answer, does the President's budget proposal add to the deficit?

Ms. YOUNG. The President's proposal not only doesn't add to the deficit, his policies will reduce the deficit over 10 years by nearly $3 trillion.

Ms. OMAR. And in regards to Presidents adding to the deficit, what historical understanding do you have about that?

Ms. YOUNG. I have mentioned where I used to sit. I have been in receipt of lots of budgets, and it is not a norm for Presidents to send up proposals that pay for their, not only spending and investments, but tax cuts.

Ms. OMAR. And would you say that this President has reduced the deficit or increased the deficit in his proposals over the last 2 years?

Ms. YOUNG. He presided over a $1.7 trillion deficit reduction in his first 2 years.

Ms. OMAR. And I know that you have continuously repeated the fact that we find ourselves in this predicament, as many other countries find themselves in this predicament, because of COVID. What does that tell us about the fiscal health of our country in comparison to other countries who have also dealt with the pandemic?

Ms. YOUNG. That tells us we are much more resilient. We are seeing 2 months ago over 500,000 jobs added, last month over 300,000 jobs added. Most economists would not and did not forecast that level of employment growth.

Ms. OMAR. And there was a question about what Americans are willing to invest in. I know that in the last 2 years, we reduced child poverty by 40 percent. We invested in addressing the climate change, but I also know that we have been investing in things like housing, creating affordable housing and making sure people are able to buy housing. The Minnesota Housing Agency estimates that it would take $2 billion per year to secure housing of all cost-burdened, low-income Minnesotans. I am happy that this budget addresses this financial need and recognizes this important truth that housing is a human right.

Our State agency has been using Federal and State funds to develop transformative programs to expand and maintain our affordable housing stock. One example is Minnesota's Downpayment

Loan Program centered on racial and economic equity. The Agency hopes to have 40 percent of first-time home buyer mortgages go to households of color by 2023, and they actually hit this goal much earlier last year. In my district alone, almost 60 percent of these loans went to people of color in Fiscal Year 2022. However, this downpayment assistance currently relies on State funds and private public partnership. Federal and State funds have not kept up with demand, so our State agency has had to make up the difference, which has constrained their budget.

Could you explain how the President's budget could help Minnesota narrow the racial wealth gap through affordable housing and mortgage lending programs?

Ms. YOUNG. I think a lot of Americans still see homeownership as the path to the American Dream. Lots of families' wealth is tied into home ownership. That is why this President feels very strongly that we should do everything we can to encourage that, including increasing more affordable housing supply, which we have proposals to do. We also have a first-time homeowner program. Ten billion dollars in total would help 400,000 people, and I want to be clear who would be eligible for that: those whose parents do not own a home, so I wouldn't have gotten this, and my child won't get this. This is about putting people on a different path and giving them a leg up, a little breathing room, as the President says, income below 120 percent of the area median income and covers their downpayment and closing costs. So we think that it is incredibly important to make sure new generations of people, who have not experienced homeownership and, therefore, have not created that wealth through homeownership, have a chance.

Ms. OMAR. And so you would say these programs help families that we heard talked about earlier who are overwhelmed with housing costs and the ability to afford a house. It would help families be able to feed their children with this budget proposal, that it would help make sure families have jobs to sustain themselves.

Ms. YOUNG. At least 400,000 families with this proposal to start, and it is also critical we look at the proposals that would encourage the building of affordable housing. We know there is a housing stock problem in many parts of this country.

Ms. OMAR. Thank you, and I yield back.

Mr. FERGUSON. Okay. Next, we are going to go to the gentleman from Michigan, Mr. Bergman. General.

Mr. BERGMAN. Thank you, Mr. Chairman. Six years ago, there were a few of us on this dais who joined the Budget Committee as freshmen. The first document we were given by the Congressional Research Service was a 24-page document called *The Evolution of Federal Budgeting* for us to study as new Members. I still have that document, and on day one, after review, I retitled it "when 2 and 2 cease to equal 4." So when I look at basic math, and there is a joke within the Marine Corps, "math for marines." It is pretty simple: what does 2 and 2 equal? So when I ask the questions in our limited time here in dialogue, if I ask "yes" or "no," I would appreciate a "yes" or "no" answer. There are going to be some questions that you will be able to expand on, but I would appreciate it in the interest of time and the constituents who are listening to this hearing.

So let's talk about small businesses. Would expanding Medicare payroll taxes increase the tax burden for small businesses? Yes or no.

Ms. YOUNG. Not under $400,000.

Mr. BERGMAN. Would ending the small business deduction increase the tax burden for small businesses?

Ms. YOUNG. Anyone making under $400,000, no.

Mr. BERGMAN. Okay. So if, as you said earlier this month, that President Biden would work with Congress to extend the tax cuts for those making below $400,000 that was first passed as part of the Tax Cuts and Jobs Act, I mean, that was the statement. However, this budget assumes that these provisions will expire, as currently scheduled, in 2025. So are we telling the folks that after 2025, they are fair game at under $400,000?

Ms. YOUNG. Mr. Bergman, this is a 2024 budget, but we felt it necessary to put out a statement of principles because we know people would be interested. So in——

Mr. BERGMAN. For that person who is out there, should they expect that after this, that they are going to be fair game?

Ms. YOUNG. No.

Mr. BERGMAN. So——

Ms. YOUNG. The budget makes clear that the President would support extending tax cuts for those making under $400,000.

Mr. BERGMAN. So we are going to extend them. Is there——

Ms. YOUNG. Those making under $400,000. He is very——

Mr. BERGMAN. Does the President have a plan for that extension so that the people as they are starting their business or raising their family——

Ms. YOUNG. It is in the budget, clearly written, that the President supports those cuts for those under $400,000.

Mr. BERGMAN. It is one thing to support. It is another thing to enact.

Ms. YOUNG. Well, we——

Mr. BERGMAN. And I would like to move on here because, again, the kind of questions I get asked by the folks back home. The President's budget requested a total of $2 billion for the Bureau of Alcohol, Tobacco, and Firearms, and Explosives to "increase regulation of the firearms industry," among other directives. This is despite the fact that the ATF is already reaching far beyond their congressional mandate and pushing new restrictions that violate the Second Amendment. Will this $2 billion of new funding for firearm regulations be used to create new red flag laws, greater burdens on lawful gun owners, blanket bans on assault-style rifles, or elimination of manufacturer immunity? Will any of those occur under this $2 billion expansion?

Ms. YOUNG. Congressman, I am sure you saw the President sign an executive order doing as much as we can administratively to make sure, do whatever we can, to stop these mass shootings and keep hands of guns——

Mr. BERGMAN. And the——

Ms. YOUNG. So this money would be used to support——

Mr. BERGMAN. Yeah, and the mass shootings, and no one in this room, I know, wants to not do everything at all possible to prevent this. Last time I checked, the bad guys don't care about laws. The bad guys don't care about rules. So we can add laws, and rules, and restrictions all day long, but the bad people don't, so I would suggest this administration and any future administration consider what drives the behavior. So with that, I will yield back.

Mr. FERGUSON. Thank you. The gentleman yields. We will next go to the gentleman from Maryland, Mr. Trone. Mr. Trone, you are recognized.

Mr. TRONE. Thank you, Mr. Chairman. Director Young, thanks for your leadership at OMB. I have a number of questions, but is there anything you want to finish on response to my Republican colleague?

Ms. YOUNG. I think we've answered, and I thank Mr. Bergman for that last interaction, but I think we've answered everything. I don't want to take your time.

Mr. TRONE. We are good to go. I applaud the President's bipartisan unity agenda with Addiction and Mental Health Priorities 1 and 2, so thank you. President Biden has done more for this crisis than every other President combined. Every one. However, we are still losing. We are going to lose a million folks to addiction overdoses in this decade, or lose about half as many, 500,000, to suicides. So tell us a little bit about how this budget prioritizes these important issues, one, and two, would freezing the budget at 2022 numbers, as the extremist Republicans have proposed, lead to more lives lost?

Ms. YOUNG. One, there is not one community, probably not one person—we could throw a stone and hit in this room—who has not been touched by mental health disease in their family and addiction issues, and this has been a bipartisan effort to make sure we do everything we can, and I want to thank the Members for doing that. This is non-defense discretionary. That is where we do mental health and opioid grants is out of non-defense, so if you cut that, that will be cut, but this President's budget goes further than we have gone before. We would invest more than $75 billion in a set of key proposals to transform behavioral mental healthcare in this country, to address substance abuse and opioids. The budget provides a combined $1.1 billion, or 30 percent more, for substance abuse prevention, treatment, and recovery services block grants and State opioid response grants, and I can go on and on, and I am happy to provide for the record, but one other thing I want to point out is the $10 billion in mandatory funding for SAMHSA, which would be a 40 percent increase to improve our behavioral health services in this country that are lacking, and also, I want to work with you and others to make sure we have the professionals in that system who have left in droves because it was a tough job during the pandemic to make sure we have the people to staff the behavioral health clinics and services.

Mr. TRONE. Thank you very much. There is no question we are short on staffing, and we have got to provide the dollars to get folks who go into these tough areas in behavioral health and mental health and take these jobs, or America is going to be much worse off, you know, for it. Another area that can help Americans is you have a $2.5 billion for ARPA–H. The success rate, NIH, on grants is 18 to 19 percent. When I talk to Director Collins, he has been crystal clear for the last 4 or 5 years that should be 33, 35 percent.

That means we are leaving lives, tens of thousands of lives, hundreds of thousands of lives on the sidelines that aren't going to be saved. So what would the idea of cutting the 2022 levels do on impacting our medical research and saving American lives?

Ms. YOUNG. Look, a cut to NIH would take more research grants off the table, meaning we do less in Alzheimer's, cancer, diabetes, any of those research institutes where I started my career as a civil servant, off the table, and the fewer research grants you do, the less innovation you will see in the biomedical research area.

Mr. TRONE. I am a capitalist through and through, as most of my Democratic colleagues are capitalists, and to do that, you have to spend money to save money. Spend money to make money in business, spend money to save money, and that is what these votes on ARPA–H were all about, this money. The money for addiction, the money for mental health, it was all about spending dollars to save hundreds of thousands of lives, so we applaud you for that.

The last thing I want to quickly touch is, in business, you have got to invest in your infrastructure. I was just at a BOPCJS hearing on the Appropriations Committee, and the Inspector General talked about the crumbling infrastructure at the Bureau of Prisons. I saw it firsthand last week at FCI Cumberland with Director Peters where we spent the day in Cumberland at the prison, and we see the same thing at NIST. Our infrastructure is crumbling. The Chinese are beating us. They have copied NIST 5 times over. We don't have the ability, and we have to invest in infrastructure.

So this aging construction often gets left behind. It is not fun. It is not sexy. Members don't ask for it, but we need to invest in construction issues. So any thoughts on that area before I close?

Ms. YOUNG. We have $262 million in for construction facilities at NIST, and just to echo what you said, if we want to counter China, we also have to take into account our research space and make sure that we remain leaders in research in this country.

Mr. TRONE. Thank you so much. I yield back.

Mr. FERGUSON. I thank the gentleman for yielding back and now recognize the gentleman from Texas, Mr. Roy. Mr. Roy, you are recognized.

Mr. ROY. I thank the Chairman. Thank you, Director Young, for joining us here today. I would note we have already acknowledged the 19.6 percent overall percent of GDP revenue to the Treasury, which would put it at historic highs. I assume the Director would agree that that is a relatively high historic percentage of revenue to the Treasury.

Ms. YOUNG. Yeah, we would be in line with where we were in the mid-90s.

Mr. ROY. But nevertheless, those are very high levels as a relative basis of percentage of GDP, but we are also acknowledging that we are increasing spending next year to $6.8 trillion—$500 billion more than Fiscal Year 2023—$82 trillion over 10 years. Eighty-two trillion dollars of spending over 10 years, but we are trying to praise a $3 trillion so-called reduction in the deficit, despite the fact that we are spending $82 trillion.

Here is where I want to kind of go. What are the priorities of this administration when I look at what I see in the budget? Here are some of the spending items that are brought to my attention:

$3.9 billion for the Department of Homeland Security Climate Resilience Program. $3.9 billion because the administration cares about a climate crisis more than the crisis at our border. $109 million going to Mexico—Mexico—for law enforcement and military support, this despite the fact that our border is overrun and Mexico has lost complete control along our Southern border. $3.5 billion for the FBI's new headquarters. $3.5 billion for the FBI to have a brand-new headquarters in Maryland. $1.8 billion more for the Internal Revenue Service on top of the $80 billion that was given to the IRS last year. $1.6 billion for the United Nations Green Climate Fund, which includes $100 million to go to China—China—for greening its economy. $108 million for the World Health Organization, which conspired and colluded with the CCP to cover up COVID, imperative to CCP propaganda.

I have been combing over the budget to find any reductions in outlays or cuts in this administration's budget. There are precious few. Where I could find a couple of actual reductions was, for example, in reductions to Border Patrol, reductions to ICE, actual cuts to the spending for those particular programs, but that is supposedly offset by $4.7 billion for a new Southwest Border Contingency Fund to respond to migrant surges, but here is the thing: those are restricted. According to the language that I see, eligible uses for the funds include soft-sided facilities, transportation, detention beds, alternatives to detention, and shelter and services programs to organizations caring for non-citizen adults. In other words, that is additional money for more processing with cuts and reductions to the actual enforcement of the law. Those are the priorities of this administration.

So one thing that I would like to have at the end of this is I would like for the OMB to produce for us a list of specific reductions in outlays throughout the President's budget because I am combing over them, and I am finding precious little reduction in outlays, but the only outlay I could find with serious reductions were to DHS' Border Patrol and ICE. I would also note that there was $114.7 million for diversity and inclusion activities at the Department of Defense. $114 million for diversity and inclusion activities—the Air Force Academy curriculum that recommended cadets avoid gendered language, like "mom" and "dad"; a United States Marine Corps report that was studying whether we should use "sir" and "ma'am" for our drill instructors; a memo from the Department of Defense Secretary Austin recognizing transgender and gender non-conforming persons; the Naval Academy Admiral that told midshipmen to read *How to be an Anti-Racist* by Ibram Kendi; $91,000 for diversity and inclusion seminars for the Air Force Band; $180,000 salary for a senior diversity official at the Air Force, which is more than a Member of Congress gets paid.

And how about Kelisa Wing, who serves as the Department of Defense Education Activities Diversity Chief, 2020 tweet: "I'm so exhausted at these white folks in these PD, professional development sessions. This lady actually had the CAU-dacity to say black people can be racist, too. I had to stop the session and give "Karen" the business. We are not the majority. We don't have the power." Are these the priorities of the current administration to fund the kinds of offices that hire individuals that use this kind of divisive, racist language? Is that the priorities of this President's budget?

And you have criticized our plan, some conservatives in Congress' plan, to shrink Washington and grow America. The House Freedom Caucus plan wouldn't reduce the deficit by one penny. Which is it? All I have heard today from my Democratic colleagues is all the horrifying cuts that are going to occur. Which is it—because you are going to say that we are not going to reduce the deficit when you say that we are going to stop a student loan bailout of $400 billion? You are telling me that wouldn't reduce the Fiscal Year 2023 deficit, to eliminate a $400 billion bailout of student loans, that it wouldn't reduce the deficit if we were to reclaim $91 billion of unspent COVID money, or $80 billion from the IRS expansion, or $78 billion from the so-called Inflation Reduction Act's unspent climate funds, or $270 billion from the Inflation Reduction Act's so-called energy subsidies, or getting Americans back to work under SNAP or Medicaid. All of this that we proposed in the House Freedom Caucus budget would save $4.8 trillion over 10 years.

Mr. FERGUSON. The gentleman's time has expired.

Mr. ROY. I yield back.

Mr. BOYLE. And, Mr. Chair, since there was obviously a lot there for the last 3 or 4 minutes, I would ask the indulgence if the OMB Director could actually respond to some of that, if she wishes. I think that would be appropriate.

Mr. FERGUSON. Yes, we will give just a few seconds to do what you can on that, Director Young.

Ms. YOUNG. Just a few seconds. There are spending cuts you have outlined that we have talked a lot about here today. However, if you continue the tax cuts, which has also been a stated policy goal, of those making over $400,000 and skew to the wealthy, you use all of those savings for extending those tax cuts. That is where the analysis came from, sir.

Mr. ROY. And where in the Freedom Caucus proposal that was put out publicly was there any mention of the tax cuts? Putting aside the debate over tax cuts, which is a meritorious debate, but there was no mention of that. So how can then the gentlelady say, oh, this is——

Mr. FERGUSON. The time has expired on this.

Mr. ROY. Well, the time was extended. The question was laid out and the allegation was made there about taxes, which is——

Mr. FERGUSON. Certainly, sir. I appreciate the vigor of the conversation. With that, next, we will call on Ms. Balint from Vermont. The gentlelady is recognized.

Ms. BALINT. Thank you, Mr. Chair. Thank you, Director Young, for being here. As I am sure you know, this week, the Republican majority is bringing a bill to the floor that would put a very large burden on schools and families. It would condition Federal funding for schools on implementing policies that will actively harm LGBTQ students, and we are only in D.C. for a few days this week, and we are spending our valuable time on a bill that would insert the Federal Government between parents, and kids, and local schools. It promotes censorship between—you know—it promotes book banning, it violates the privacy of young people, and they say it is about freedom, and they say it is about protecting kids, and

I have to ask, you know, what about book banning is about protecting freedom, and what about defunding schools is about protecting kids?

And I could tell you, this is not how my constituents want me to be spending my time. I was back in Vermont last week traveling around the State, and we talked about a lot of urgent, urgent issues facing families in Vermont: housing, mental health, protecting social safety nets like Social Security and Medicare. We talked about how we have to do more right now to support mental health in schools, and not one person, not one, in all my travels around the State advocated for less funding for schools. I met with so many high school students last week, and what they told me clearly and directly is that they need us to support them in meaningful ways, especially when it comes to mental health supports, and American families across this country are facing these urgent problems.

The Centers for Disease Control and Prevention just released their Youth Risk Behavior Survey results, and the results show that teen girls and LGBTQ teens are experiencing extremely high rates of mental distress, violence, and substance abuse. Three in 5 girls feel persistently sad and hopeless, which is a marker for depressive symptoms, and more than 1 in 4 girls report that they had seriously considered suicide in 2021—1 in 4. This is a substantial increase from 2011, and we have House Republican leadership ignoring this epidemic and instead pushing H.R. 5, a bill that stokes the fire of division instead of uniting us around this issue that I know—I know—that Republicans across the aisle also care about the mental struggles of families in their communities. So I want to know why we are not talking about that more.

Our kids and teens are suffering. We need real investments in mental healthcare, and as a parent of school-age children, I can tell you that is what parents are talking about right now. That is what they are talking about. So I know that Mr. Trone asked about mental health supports. I wonder if you could go back to the President's budget and talk a little bit more about what families and students can look for that will give them hope in this budget around these issues. Thank you.

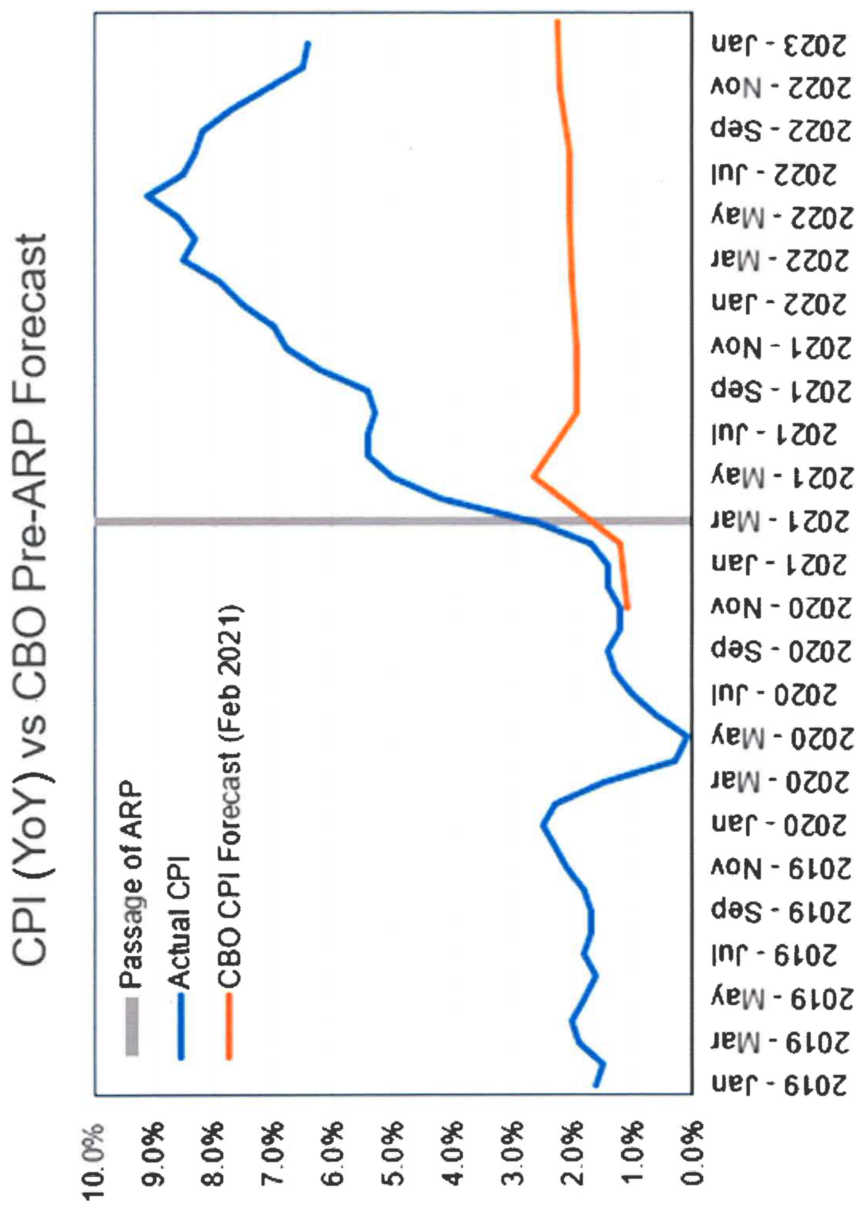
Ms. YOUNG. So that sobering reflection makes me want to put my 16-month-old in a bubble because this is a hard time for young people with social media, and I think many of us who grew up after it wonder how we would have done during this time, and I take this very seriously, and I hope there is bipartisan support to grow the Title I budget, which says it should not matter what zip code you live in, you should have access to a good education in this country. That is an economic argument as well in addition to just a compassionate one.

We also have increases for IDEA, which has been bipartisan in nature, and we have a proposal I hope we take seriously on pre-K, 3 and 4, getting kids educated in the system earlier. We think it is critical. It is economics. You want more people in the labor force? Let's educate them, and it shouldn't matter what zip code. They should have a basic education at a certain level. So that is what this budget does, and I hope we can come together and find some common solutions to, in many ways, what you laid out, a crisis for our kids at that age.

Ms. BALINT. Thank you so much. I yield back.

Mr. FERGUSON. I thank the gentlewoman. I will next yield myself 5 minutes. Director Young, thank you for being with us today. A couple of things. First of all, I have a graph in front of me that I, without objection, would like entered into the record, and we will get a copy for this.

[The information follows:]


CPI (YoY) vs CBO Pre-ARP Forecast
Passage of ARP
Actual CPI
CBO CPI Forecast (Feb 2021)
10.0%
9.0%
8.0%
7.0%
6.0%
5.0%
4.0%
3.0%
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2019 - Jan
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2022 - May
2022 - Jul
2022 - Sep
2022 - Nov
2023 - Jan

Mr. FERGUSON. But it shows the timeline of the actual passage of the American Rescue Plan and inflation. At its passage or just before it, inflation was right about 2 percent. The Congressional Budget Office basically estimated, pre-American Rescue Plan, that inflation would peak somewhere just south of 3 percent and level out around 2 percent, and actually, what we know has happened is that it went above 9 percent and is now back down just below 7 percent. It is still insanely high, but just to show this, that the amount of money that was pushed into the system has clearly driven inflation to a 40-year high.

A quick question for you. When you started early on, I think you were talking about the energy component, and you said that American oil companies had $200 billion in profit. Is that the number that you——

Ms. YOUNG. In 2022, yes, sir.

Mr. FERGUSON. In 2022. Okay. Thank you. So also, without objection, I would like to enter an article into the record that basically shows that in 2022, Aramco, Saudi Arabia's largest state-owned oil production company, itself had $161 billion in profit, okay?

So if I go back and look at this and I think about it, if American oil companies and those producers here in the U.S. are doing very well, and my gas price at the pump was about half and my diesel fuel cost at the farm was about half of what it was, I am much more in favor of those U.S. companies participating in that than I am Saudi Arabia and so it just seems that the administration's policies are still generating—I mean, the world is still going to use fossil fuels. It is just, are we going to reward our friends in Saudi Arabia, or are we going to reward American workers working in American energy?

You know and I go back to the day the President took office and he killed the Keystone Pipeline, and I am just wondering if any of those communities have seen any of the green energy jobs that were promised, okay? I am not saying jobs aren't created somewhere in America, but when this place makes the decision to gut part of an industry and then leaves the community broken, and the response is you are going to be okay, we are just going to give you a check, I think that is pretty cruel. I think it is pretty inhumane. I just think these energy policies are misguided, and the fact that Saudi Arabia's state-owned oil company had a $161 billion in profit on record, I think I would be looking more at that and how do we drive those revenues back to the U.S. for American innovation, American clean energy, and American energy workers.

I want to go back to also a conversation that we were having about the labor participation rate, and that labor participation rate is made up of people that are working part time, full time, seeking work, and it is low right now, and I believe that my friend from Wisconsin asked you—Mr. Grothman—about did the labor participation rate include those workers that were part time or that would only come in and work 2 or 3 days a week. I am sure that there are people that have complicated issues with their household finances, but the reality is, and at least a big part of the 3rd District of Georgia, we have got a lot of people that will only come in and work 2 days a week, 3 days a week, whatever it is because they simply do not want to lose those Federal benefits, and it is a reality. I mean, I have got my small business owners that are telling me this, and so I just don't understand how this administration can lessen work requirements for people to receive Federal benefits.

And let me just say this too, when you have got so much in the way of SNAP payments, and food stamp payments, EBT, those numbers are so great. This story is told time and time and time again in my district where someone, they buy all the groceries for the month, and then they turn around and sell the excess for pennies on the dollar just to get cash. I mean, those kind of programs don't make sense, and I don't care how much you say it, it is a disincentive to work. So will the administration work with us to implement incentives for work that actually get people back into the business community to raise that labor participation rate?

Ms. YOUNG. Congressman, we share the goal of increasing labor participation. We have differences on how we get there. I will point to one proposal we have that I think it tells the story: childcare in this country. Women fell out of the labor market during the pandemic at higher levels than men did, and one reason they have told us that happened is because they don't have adequate childcare for their families. We think that our proposal is a good economic engine to make sure our labor participation rate goes up.

Mr. FERGUSON. Reclaiming my time. That sounds well and good, except you are driving the labor needed for childcare out of the market by some of the disincentives. Again, I appreciate your response. We have to agree to disagree on that, and with that, my time has expired, and now I will call on the Ranking Member of Ed and Workforce, Mr. Scott. Mr. Scott, you are now recognized.

Mr. SCOTT. Thank you, Mr. Chairman, and Director Young, thank you for being with us today. I was told, my staff was told, that we couldn't use charts, so I can't present the chart, but if I could, I would present a chart that would show that every Democratic administration since Kennedy has left office with a better deficit situation than they inherited, and that every Republican administration since Nixon left office with a worse deficit situation than they inherited, and so it is not both sides, and in fact, what portion of today's debt was created by the Trump Administration?

Ms. YOUNG. I will say more than 80 percent of debt was accumulated prior to this administration.

Mr. SCOTT. Okay, and the Trump Administration, about 25 percent of the total debt?

Ms. YOUNG. Correct, and I just have to point out, Mr. Chairman, $2 trillion in tax cuts does add to the deficit.

Mr. SCOTT. Okay, and in fact, in the first 2 years, the Biden Administration reduced the deficit $1.7 trillion, and this budget reduces the deficit over 10 years by $3 trillion. Is that in addition to the $1.7?

Ms. YOUNG. It is. The budget says if none of his policies are enacted, the deficit would be $2.9 trillion higher than if the President's policies were adopted.

Mr. SCOTT. Now, you were badgered about how a slightly higher deficit could be a reduction. Your reduction is if you had done nothing.

Ms. YOUNG. If you had done nothing.

Mr. SCOTT. Compared to doing nothing, your budget deficit will be about $3 trillion less than what it would have been. You were also badgered about a 15-percent tax and whether that is good for America or not good for America. Can you say why corporations would be more likely to move back to the United States with that tax than move offshore?

Ms. YOUNG. We have seen corporations leave this country and go to countries where they have effectively no tax rate. We believe, and Secretary Yellen has worked with our partners across the globe, that establishing this minimum global tax will bring companies back to the United States because those tax shelters will no longer be available to them.

Mr. SCOTT. Thank you. You also have been badgered about evidence that welfare reduces jobs. Are you aware of the studies that show that if you give a little bit of support to those who are unemployed today, they are actually more likely to get a job than if you don't supply that little support?

Ms. YOUNG. That, and as they see jobs continue to be added, as they see unemployment remain low, those who have stayed out of the labor market for a long time, we start to see them return into the labor market.

Mr. SCOTT. And that has nothing to do with whether or not they get the little minimum benefits that may be available.

Ms. YOUNG. It is not. I will point out unemployment insurance may make up half of a person's salary.

Mr. SCOTT. And, in fact, when some States eliminated the unemployment benefit under the American Rescue Plan, the additional $600, when some States eliminated that, were those citizens more likely to go back to work in those States that continued the $600?

Ms. YOUNG. So we now have data. Those States who chose to turn off those benefits saw no more of a boost to their labor participation or unemployment rates than those that kept the enhanced benefits.

Mr. SCOTT. And, in fact, they saw less economic activity because those people with unemployment benefits were more likely to spend every dime they got. It goes right back in the economy and stimulates the economy. Does your budget protect Social Security, Medicare, and Medicaid?

Ms. YOUNG. Congressman, Social Security and Medicaid, this budget ensures that no benefits would be cut, and Medicaid, we would actually add benefits, for example, for women to make sure they would have 12 months of postpartum coverage. We have seen terrible, terrible statistics out of COVID that pregnant women are seeing a 40 percent increase in deaths, so we are doing more in that space, and in Medicare we talked about a lot, we would extend the solvency by at least 25 years.

Mr. SCOTT. And Social Security?

Ms. YOUNG. Social Security, this budget maintains the President's ironclad commitment that he will not reduce benefits.

Mr. SCOTT. Thank you. Thank you, Mr. Chairman.

Mr. FERGUSON. The gentleman yields back. Next, our colleague from Utah, Mr. Moore. Mr. Moore, you are recognized.

Mr. MOORE. Thank you, Representative Ferguson. I want to echo the Chairman's comments earlier in sharing appreciation for you to reach out to us. Earlier, we had a conversation and want to continue to keep that dialogue going. We have major, major fiscal issues in our Nation, and I, and I hope everybody on this Committee, you know, truly recognizes that, and I want to just lay out the three big things that we need to be doing, and I really tried to dig into these three things, and if we can do this, we can actually get ourselves to some sense of fiscal sanity, and again, Republicans and Democrats are going to probably disagree on a little bit of the how, but if we can at least agree on the three major things.

The first thing is to find wasteful spending, right? That is, to my opinion, the lowest-hanging fruit in all of budgetary considerations is to find wasteful spending. I will dig into a little bit more of this, but it has been the large focus of my colleagues and I, and I know Chairman Arrington's drive is to scour the budget, scour what we have done over the last 2 to 3 years, and find areas of just waste that we can easily claw back, and find ways for improvement, and everything has to be on the table, right?

So in 2019, and I am going to use OMB numbers, so please correct me if I have any of this incorrect, but our total revenues in 2019 were $3.5 trillion. So our total budget was $4.4 trillion, and what is projected right now for 2024, total revenues at $4.8 trillion. That is $1.3 trillion more than just 2019, but our expenses, our total budget is $6.4 trillion for, we are talking, 2024. That is an increase of $2 trillion. From 2019 to 2024, there is a delta of $2 trillion in our total budget.

Things haven't fundamentally changed that much in our Nation over the last 5 years. When you had the pandemic, costs went up. There was a bipartisan approach to that, then there was the American Rescue Plan, right? I firmly disagreed with the American Rescue Plan. Democrats will even say that it ties to inflation. Okay. Let's figure out a way to address that. It happened. I wish it didn't happen, but it happened, and we need to come back out of it. We have an opportunity to find waste in our budgeting.

Number two is the participation rate. The area that I am really passionate about, and it is something that Utah always has a really good approach to, is finding ways to lift people out of poverty. If you are born in the lower 20 percent of socioeconomic numbers, status, you have the best opportunity in Utah to get into the top 20 percent. It is probably the thing I am most proud about from being from my State, and it is because we incentivize work. We show the dignity of work is what builds lives, and we are not seeing that right now with what President Biden is doing. If we are going to brag about going from the highest unemployment, from 10-plus to 14 percent unemployment just a few years ago right at the height of the pandemic, and then brag about being at 3.5 but having more still enrolled in welfare programs, we've got a problem here because if unemployment is going down, then the same should be true with what we are needing from our assistance, and there has to be a fix there, and so it is participation rate.

And again, doing a hearing on it later. I won't dig into it, but healthcare costs, right? So we have got to truly find a way to make healthcare affordable and not just, you know, cap it here and make someone else pay for it—we are just financing who pays for it right now—and truly go after these issues: finding waste, increasing participation rate, and get after healthcare in a really true, sincere way.

I am going to give you an opportunity. What areas are you truly finding to be able to cut waste? Like, families have to do this all the time. What is the Federal Government doing right now to truly target and cut waste? Anything in this budget that is clear because the numbers are going up, so we are obviously not decreasing the numbers.

Ms. YOUNG. So thank you, and you are right. We agree. I don't disagree with anything you said. Where we have disagreement on, what we consider wasteful, how you get people back into the labor market, so we do have disagreements there. I will point out something I pointed out earlier on, that we have a choice about. We close loopholes, for example, oil and gas companies. That loophole closure saves $31 billion. The choice is would you rather do that or would you rather cut some of these programs we have spent a lot of time talking about that are non-defense discretionary. We save $160 billion for the taxpayers by negotiating drug prices, more of them and quicker than we did in the IRA in the budget.

Mr. MOORE. Thank you.

Ms. YOUNG. We believe that is also a place we should target for savings and pay pharma less money. So we do have a difference.

Mr. MOORE. Thank you. So I will have to reclaim because I am actually over time now, but this is the highlight—we are saying we agree on the overall principle and where we are going, and it is the how about where we get there. I would just encourage us to look at the success we have had. Our revenues are up. They are at historic highs. You can't not look at the Tax Cuts and Jobs Act and not say that contributed. We keep companies here, we keep them competitive globally, we grow our revenue. We have to find areas of waste and getting people back to work. Thank you, Director.

Mr. FERGUSON. Thank you. The gentleman's time has expired. Again, for the record, the article that I mentioned was from CNBC, *Saudi oil giant Aramco posts record $161 billion profit for 2022*. This would be submitted to the record, without objection.

[The information follows:]

OIL

Saudi oil giant Aramco posts record $161 billion profit for 2022

PUBLISHED SUN, MAR 12 2023·3:46 AM EDT | UPDATED SUN, MAR 12 2023·AT 8:28 EDT

Dan Murphy
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KEY POINTS

- Saudi Arabia's state-controlled oil giant Aramco posted a record net income of $161.1 billion for 2022, up by 46.5 percent over the year.
- "This is probably the highest net income ever recorded in the corporate world," Aramco CEO Amin Nasser said on a Sunday earnings call.

Saudi Arabia's state-controlled oil giant Aramco on Sunday reported a record net income of $161.1 billion for 2022 — the largest annual profit ever achieved by an oil and gas company.

Aramco said net income increased 46.5 percent over the year, from $110 billion in 2021. Free cash flow also reached a record $148.5 billion in 2022, compared with $107.5 billion in 2021.

"This is probably the highest net income ever recorded in the corporate world," Aramco CEO Amin Nasser said on a Sunday earnings call.

The results are nearly triple the profit that oil major ExxonMobil posted for 2022, bolstered by soaring oil and gas prices through last year, along with higher sale volumes and improved margins for refined products.

Oil and gas prices surged at the start of 2022, with western sanctions on Russia for its invasion of Ukraine steadily tightening access to Moscow's supplies, particularly seaborne crude and oil products.

Oil prices have since pulled back more than 25% year-on-year, with hot inflation and rising interest rates overshadowing a more bullish demand outlook from China. Brent and WTI prices fell 6% last week alone. Brent last traded at around $80 dollars per barrel.

"We are cautiously optimistic," Nasser said. "If you consider China opening up, the pickup in jet fuels and the very limited spare capacity, we are cautiously optimistic in the short to mid-term [that] markets will remain tightly balanced."

Aramco raised its fourth-quarter dividend by 4% to $19.5 billion, to be paid in the first quarter of 2023. Aramco also said it would issue bonus shares to eligible shareholders as a result.

"We're aiming to sustain [the dividend] at this level," Aramco Chief Financial Officer Ziad Al-Murshed told the earnings call. "We have the financial strength to go through the ups and downs of the cycle."

Underinvestment risk

Nasser also used the results release to repeat his warning about "persistent underinvestment" in the hydrocarbons sector.

"Given that we anticipate oil and gas will remain essential for the foreseeable future, the risks of underinvestment in our industry are real, including contributing to higher energy prices," Nasser said on Sunday, echoing comments made during a recent interview with CNBC.

At both a ministerial and Aramco level, Saudi Arabia has been a proponent of avoiding short-term fuel shortages through the dual funding of fossil fuel supplies and the green transition.

"We don't see enough investment getting into the markets right now," he reiterated on the Sunday call. "We encourage the industry, policymakers, investors... to avail additional investment to really increase the amount in the sector, so that we can meet future demand."

Aramco said average hydrocarbon production last year was 13.6 million barrels of oil equivalent per day, including 11.5 million barrels per day of total liquids. Saudi Arabia most recently produced 10.39 million barrels per day of crude oil in January, the International Energy Agency found in the February issue of its Oil Market Report.

As chair of the influential OPEC+ producers' alliance, Saudi Arabia has been leading by example the group's efforts to collectively reduce their output targets by 2 million barrels per day, agreed in October and reaffirmed at technical and ministerial meetings since. The group's move towards limiting supply availabilities has put OPEC+ at odds with some international consumers, sparking a war of words with Washington towards the end of the last year, as U.S. President

Joe Biden's administration stressed the need to easing the burden on households.

Long-time rivals Saudi Arabia and Iran on Friday struck a China-brokered deal to resume diplomatic relations. Iran has previously been blamed for a major attack on Aramco's facilities in 2019 that caused a dramatic spike in prices and undermined the stability of global supplies. Tehran has denied involvement.

"The deal will hopefully result in less geopolitical tension and enhance regional stability, which will definitely have a positive impact on the global market," Nasser said in response to a question about the Saudi-Iran development.

Growth horizon

The company reaffirmed it would continue to invest to increase its maximum production capacity to 13 million barrels a day by 2027.

Capital expenditure rose by 18% to $37.6 billion last year, and is expected to increase to $45 billion to $55 billion in the coming years, anticipating increases "until around the middle of the decade."

"Our focus is not only on expanding oil, gas and chemicals production, but also investing in new lower-carbon technologies with potential to achieve additional emission reductions in our own operations and for end users of our products," Nasser said.

Mr. FERGUSON. Next, I will call on my colleague and friend from Texas, Ms. Jackson Lee. Ms. Jackson Lee, you are recognized.

Ms. JACKSON LEE. Thank you very much. I am sorry, Director. Can we look at each other? I don't have a direct line here of being able to see. We appreciate the work that is going on in this room. Let me thank the Chairman and the Ranking Member for the time allotted, and thank the Director, the leadership of the Biden Administration for timely submission of a budget. Just a question. Have you gotten a budget from Speaker McCarthy, from the majority in the House?

Ms. YOUNG. You might remember I said I worked here for a long time, and I will say budgets are congressional documents, so we would not be in receipt of that, but there are various proposals floating around. I don't want to speak for the Chairman.

Ms. JACKSON LEE. But you have not seen a final floating around budget at this time.

Ms. YOUNG. I have not.

Ms. JACKSON LEE. Thank you. Let me get you focused back on this deficit, and I am very delighted—and I have to go quickly I see—that the budget lowers the deficit by $3 trillion. Just a quick response. The deficit could be increasing, but what is the value of the fact that this budget puts it down $3 trillion, because from my perspective, there is movement and recognition that we continually, as the deficit grows, we are still building to take it down. So please explain that.

Ms. YOUNG. So look, the $2.9 trillion, nearly $3 trillion is a reflection of nothing changed, no policies were enacted, the deficit would be almost $3 trillion higher than the President's policies he has put forward.

Ms. JACKSON LEE. And could you explain the value of making the child tax credit permanent for families in America, working and middle-class families in America?

Ms. YOUNG. Look, it is one of the few programs we get to say we beta tested in 2021, and we saw the results for American families, for children who are lifted out of poverty, and this President believes that that was a good statistic, and we have seen those poverty levels go back up, which means that the child tax credit worked, and we would like to see it continued.

Ms. JACKSON LEE. And maybe as large as housing, childcare, where your budget provides a vital infusion of dollars for childcare for working families, how does it see that being an economic engine booster?

Ms. YOUNG. I talked about it a little earlier. We saw women drop out of the labor market during the pandemic at high levels. Thankfully, we are seeing the return, but if we want to increase labor market participation for people with young children, childcare is often an economic burden for those families, and we would like to do something about that.

Ms. JACKSON LEE. Let me follow up with the issue of housing, 30 percent of a family's income or more. Do you plus up housing opportunities or housing products to encourage, even with the lack of supply, how does the budget respond to that need?

Ms. YOUNG. So we continue to support vouchers because in some parts of the country where there is housing supply, vouchers are still needed for families, but we recognize that many parts of the country and your districts' housing supply is tight. In some places, they are at crisis level. So we have a suite of proposals, mainly through tax credits, that would promote the building of affordable housing.

Ms. JACKSON LEE. Let me do a round robin. I am looking at a proposed Freedom Caucus budget that wants to go back to 2019 levels, and I am seeing the slashing of veterans' healthcare, education, healthcare programs gutted $29 billion, defunding of law enforcement and disaster response. What do 2019 levels really mean? The country is growing. We have to respond to that. We are the United States, not an individual State. How do you respond to that?

Ms. YOUNG. Look, cutting means you do less, and the discussion will be what is tolerable and what doesn't impact the economy negatively. This President certainly does not agree that he would like to see fewer FBI personnel, and that would mean that. It would mean fewer law enforcement grants, meaning fewer cops in our communities and fewer Pell Grants. The list goes on. Opioid crisis we talked about earlier. We can send less State grants to governors to battle that, and many nutrition programs.

Ms. JACKSON LEE. I will move to a next question very quickly. It is important to have civil rights for all Americans. For some reason, people think civil rights is a race-based determination. My school district, the Houston Independent School District, is being taken over unfairly by the State of Texas. Civil rights is important for those children. How are you funding civil rights? And I believe it is not woke agenda. It is being awake. How are you funding civil rights entities in the various agencies that respond to Americans who feel that their civil rights have been violated?

Ms. YOUNG. You know, the Department of Justice Civil Rights Division, I think most people are aware of, this budget would seek an increase for that and ensure that we make sure people, States are following the law when it comes to civil rights in this country.

Chairman ARRINGTON [presiding]. The gentlelady's time has expired. I thank my friend from Texas.

Ms. JACKSON LEE. I was just going on. Thank you very much.

Chairman ARRINGTON. You bet. No problem.

Ms. JACKSON LEE. And I thank the Director very much for her leadership.

Chairman ARRINGTON. You bet. You bet. Now I would like to yield 5 minutes to my friend from California, David Valadao.

Mr. VALADAO. Thank you, Chairman. Thank you, Director Young, for your time today. I really appreciate you testifying in front of the Budget Committee today. I want to talk about two issues that really hit close to home for my constituents—first, energy prices, and second, water—and how the President plans to address these issues in the Fiscal Year 2024 budget.

The President has called on the domestic oil and gas industry to produce more energy, but the President's Fiscal Year 2024 budget removes tax deductions on small, independent oil and natural gas producers. These producers account for over 90 percent of the wells in the U.S. and produce over 80 percent of America's oil and 90 percent of America's natural gas. These local producers are ramping up production to meet our pressing energy needs, while creating high-paying jobs and generating critical revenue that support our local public services in California's Central Valley.

The President's budget proposes to end some of the tax deductions that many of these independent producers use to maintain depleted wells and invest in exploration for oil and gas. These are no different from standard deductions a business takes for the depreciating value of equipment or investments in research and development. Do you think it is contradictory for President Biden to call on oil and gas companies to increase production while at the same time his budget eliminates the tax deductions and burdens domestic energy producers with significant tax increases?

Ms. YOUNG. Congressman, I will point out that domestic production is about a million barrels per day, greater than it was in January 2021, so we continue to see robust energy production in this country, and as you know, the debate about what loopholes to close, what taxes, is countered with what spending to cut. So we have a choice if we want to get our long-term fiscal house in order.

Mr. VALADAO. So what policies in the President's budget will encourage oil and gas exploration and spur investment, and increase supply?

Ms. YOUNG. I will just point out, again, we see over a million barrels a day more than when the President took office. We see refinery up more than 28 percent over, than 2 years ago, so his policies are not getting in the way of production. We are seeing increased production and refinery.

Mr. VALADAO. We are actually seeing a decrease in production in Central Valley. We are not seeing as much investment. We have seen it to the point where local communities have actually had to increase sales tax to make up for the difference in losses of revenues because of the number of jobs that were created, the number of investments that were made, the amount of equipment that was purchased, the amount of even local revenue to the local businesses, to the point where they have actually had to raise revenue through sales tax to make up for the losses because of the lack of permitting approved, and some of that is State, and some of that Federal. Sadly, we are fighting it from both sides in California.

And I know that the tax credits are something that the administration doesn't support, but in the previous comments from my colleague from Texas, tax credits were mentioned as one of the ways that you would increase housing by giving tax credits to people to build more, and I would say the same thing would work for oil. If you take away those tax credits, you are going to have the opposite effect of what you are going to do for housing.

Now onto water. My district in the Central Valley is one of the many across the Western U.S. that has struggled with severe drought in recent years. While the last few months have brought much-needed rainfall to our State, we do not have enough water storage to capture and store this critical resource. Drought will be back before we know it, and the people in my community will once again be asking why we couldn't hold on to more of the rain we have seen in recent months, and the reason I bring this up, Sites Reservoir is a reservoir in Northern California that we have been talking about in California for 60 years, so longer than my life obviously and a lot of people in this room, and we can't get those permits approved. Lake Success Reservoir, not far from me, that is overflowing as we speak because of all this rainfall, it took 30 years—I was probably still in high school when they started talking about this—just for them to be able to expand an existing reservoir 10 feet to be able to hold some of this water.

And so when we look at the situation where I have now got neighbors sending me pictures as they are evacuating their houses, they are evacuating their farms. One neighbor only a mile from my house, a couple miles from my house, is actually moving his cows off of his farm as we speak, and so we are losing all this water out into the ocean. We are losing it into people's farms, people's homes. We are not able to capture this water because of the permitting.

This administration is something, and I know this isn't directly under OMB, but it is something that needs to be addressed, and I would hope that the President would understand the value of that water that we are wasting today because that would help us create jobs for years to come because we would be able to farm ground instead of the situation where we had over the last year or two where we weren't able to farm a lot of our ground because of the lack of water.

So what policies in the President's budget support water storage, and what is the administration doing to ensure regulatory red tape is removed so these critical storage projects can be constructed as soon as possible?

Ms. YOUNG. So I spoke about this earlier, and I know we are short on time, but one, I think there is room here in a bipartisan way to work around permitting. Both sides have plans. Both sides have said they want to do something about it. We have to sit down and do something about it. OMB has a small piece of guidance we put out to try to help streamline, but it is going to take congressional action to do something further, and you have heard the President talk about this, so I hope the room opens to be able to have fulsome conversations that result in changes there.

We do with bill resources, the Bipartisan Infrastructure Law, put some funding in the West towards drought, and we are not taking it for granted that the rain will not continue forever, and we have got to find long-term solutions. Water Smart is one of the things we are doing, but we know it is too little, and we have got to figure out something. Forty million people, I know more than half, are in California who are dealing with the Colorado River situation alone. So you have my commitment to work on long-term drought solutions in the West.

Mr. VALADAO. Just one thing to note. In the Bipartisan Infrastructure Bill, one of the reasons why I was very much in opposition to it was because it specifically was drafted in a way that would prevent one of our most affordable projects from being expanded, which is Shasta Reservoir, and why they would do that in a piece of legislation. I mean, if you are looking to save money and invest, that would be one way, and in California, it is always interesting. If they want to build high-speed rail or they want to build a football stadium in LA or San Francisco, environmental regulations almost don't even exist to them, but we talk about a reservoir for 60 years and can't break ground on it?

Chairman ARRINGTON. The gentleman's time has expired.

Mr. VALADAO. Oh. Thank you, and I yield back.

Chairman ARRINGTON. Very important issue for the West and the Southwest, and I appreciate the dialogue and the openness to bipartisan solutions. With that, I would like to yield to Ms. Wexton from Virginia for 5 minutes.

Ms. WEXTON. Thank you very much, Mr. Chairman, and Director Young, it is wonderful to see you again. Thank you so much for coming back to join us today. Before I start with my questions, I do want to comment a little about the comments of the gentleman from Utah about waste, fraud, and abuse, the three sisters. I agree that we need to get rid of waste, fraud, and abuse, and especially waste, but the issue that we are seeing with waste is that one person's waste is another person's valuable program.

And for me, you know, it really was driven home to me when we saw the littoral ships, what happened with them in the 2022 debate over the NDAA. Now, the Navy had wanted to discontinue this program. They asked that the Littoral Ship Program be discontinued, but it was a pet project of one of the very powerful Members of the Appropriations Committee, so then, oddly enough, it ended up back in there, right? You know, the Navy didn't want it, so they thought it was wasteful, but this one Member and her allies thought it was also very useful for her district, so it remained in there.

So that is, you know, a good example of waste not being waste in the eyes of all. I believe that some of the issues that are priorities in this budget, things like cutting childhood poverty in half by helping women reenter the workforce and increasing the slots available for high-quality daycare and high-quality childcare slots, and also high-quality preschool, the increasing availability of affordable workforce housing, and encouraging the production of clean and renewable energy, these are important things that I don't view as wasteful at all. So I just want to thank the President and you for getting this great budget to us.

I would ask the question. I just want to thank you for a couple things included in this year's budget. At the risk of sounding like a broken record from our conversation last year, as you are aware, I have a lot of Federal workers in my district here just out in Northern Virginia, and I do want to thank you. Every year, I turn right to the employee compensation part of the budget. I was pleased to see that President Biden included a large pay increase for both civilian and Federal workers, Federal workers and military service members for 2024, and I hope that we can get to that 8.7 percent number. Can you talk about how the pay increase will help Federal employees and their families in today's economy as well as how it will boost retention and recruitment efforts at Federal agencies?

Ms. YOUNG. Congresswoman, one, I know your constituents thank you for your continued hard work on these issues. I have heard from you many times and the amplification of the work that they have done, many of them, you know, who toil without a lot of thanks. They do it for the mission, certainly not for the money. I would like to point out the 5.2 percent from military and civilians is based on a statutory formula, and the President went with that formula because of the recognition of the disparity between private sector and public sector has just grown.

I am not sure if 5.2 percent closes that much, but it is a first step to accept the recommendations of that formula and also in recognition of the hard work Federal workers do. Many of them throughout the pandemic worked in our veterans' hospitals, on the border, and all of them, including the men and women at my agency, just worked hours beyond regular hours to make sure that all of their agencies' talent was brought to bear during this pandemic.

Ms. WEXTON. Thank you, Director Young. I was also really happy to see that the budget request includes $1.4 billion in compensation for TSA employees. For too long, they have been undercompensated, given the work that they do. I want to thank you for building on the raise that we included in the Fiscal Year 2023 omnibus. Thank you for that. Also, Virginia's 10th Congressional District is home to just about every kind of air traffic control that there is, including we have three airports, two regional and one international airport with Dulles Airport. We have a lot of air traffic controllers there. We have the Leesburg Air Traffic Control Center in Leesburg, which does basically all the air traffic for the East Coast. We have got Potomac TRACON in Fauquier County and Warrenton, and so we have a whole lot of air traffic controllers who work in this district. What would the impact of a 22-percent budget cut to the FAA be on air traffic control and the safety of our Nation's airspace——

Ms. YOUNG. I mean, one——

Ms. WEXTON [continuing]. Not to mention what has happened with bringing back all the air travel. What would happen then?

Ms. YOUNG. So, one, I think we all can agree and have seen that our air system must be modernized in this country. We have taken far too long to do that. This budget will put resources to do that. If we went backwards, we do less, and one analysis shows that air traffic control would be one of those things. They are in non-defense discretionary, and our analysis shows that 125 air traffic control towers would be shut.

Ms. WEXTON. How many air traffic control towers?

Ms. YOUNG. A hundred and twenty-five.

Ms. WEXTON. That is a whole lot of the air traffic control that wouldn't be happening. Very good, and as far as transportation and safety upgrades, we have seen a number of high-profile accidents and near-misses in international rail and aviation systems so far this year, and we have also seen an uptick in pedestrian and cyclist injuries and deaths caused by drivers in the past few years. I look forward to discussing these topics with Secretary Buttigieg and Ambassador Nolan in our Appropriations hearing next month. Thank you very much. I see my time has expired. I will yield back.

Chairman ARRINGTON. I thank the gentlelady from Virginia, Ms. Wexton, and now yield and recognize my friend from, well, also my friend from Michigan, Mrs. McClain.

Ms. MCCLAIN. You need to look up and down the aisles.

Chairman ARRINGTON. I don't know why I was looking for Fischbach, but Mrs. McClain from Michigan, I yield 5 minutes.

Ms. MCCLAIN. Thank you, Mr. Chairman, and thank you, Director Young, for being here. I want to talk a little bit to get our arms around the statement that you talked about at the very beginning, right, and it is asking the wealthy and the corporations to begin paying their fair share. I realize that we have a progressive tax system in the United States, but I just want to start with some facts from the IRS. Not right-wing sources, but the IRS.

So in 2020, the IRS reported that the top 1 percent—the top 1 percent—paid 42 percent of all the Federal income taxes. The top 10 percent paid almost 74 percent. So 10 percent paying 74 percent of all the total income taxes, right? Again, this is information from the IRS. I am trying to wrap my arms around what is the number that the wealthy and the corporations would have to pay for you and this administration to feel like they paid their fair share, and I am asking for a numeric number. Is it 78, 92, 104?

Ms. YOUNG. Just like I answered your former colleague, the gross number is not, in my view, the appropriate way to look at these metrics. We look at these metrics as a percentage of GDP, for example, and as I pointed out, when we had surpluses in the mid-90s, we were at about 19.6 percent of revenue.

Ms. MCCLAIN. With all due respect, you are a very intelligent woman. You have done really good work. It is a great answer to a question that I didn't ask. It is not a tough question. It is not a difficult question. It is a direct question. Right now, we have the top 10 percent of the wealthy and corporations, and let's not forget, it is the economic system that give us our social programs, right? We don't want the producers to stop producing because then who is going to pay? I don't have a money tree in my backyard that I can just go out and take money. I realize I come from the business sector, and business could never operate the way government does because we would be out of business. So with that said, I am just looking for a really simple number. Do you want the wealthy and the corporations to pay 82 percent? It is not a "got ya." What is the right number?

Ms. YOUNG. Well, you asked me my opinion, and I told you that is not how we analyze what policies go here. Let me point out one thing. The idea, one, that those making less than $400,000 pay less into the system——

Ms. MCCLAIN. Let's stick with the topic, though.

Ms. YOUNG. Sure.

Ms. MCCLAIN. And please, and I am not trying to be disrespectful. I am trying to get to a number because it seems like you are evading the number. Ten percent of the people pay 74 percent of the taxes. Is it 78? Would that make you feel comfortable?

Ms. YOUNG. The question is what are those 10 percent worth compared to the 90 percent of other Americans? What is——

Ms. MCCLAIN. Well, 90 percent of the other Americans——

Ms. YOUNG. What is their wealth compared with the 90 percent?

Ms. MCCLAIN [continuing]. Pay 24 percent of the taxes. So should only the top 10 percent pay the taxes and we raise that number so only the top 10 pay the taxes? I mean, we have a progressive tax system. It is a numerical number. Why are you avoiding it?

Ms. YOUNG. To me, the question is, and this is how we analyze what policies to put out, what are the top 10 percent worth in this country, and what percentage of their income are they paying into taxes? What we have found——

Ms. McCLAIN. And the last I checked, we do have a progressive tax rate, correct?

Ms. YOUNG. What we have found is——

Ms. McCLAIN. Is that correct?

Ms. YOUNG [continuing]. Is that billionaires, some of the wealthiest families, 400 of the wealthiest families pay about an 8 percent effective tax rate.

Ms. McCLAIN. And you know what?

Ms. YOUNG. That is less than most middle-class families——

Ms. McCLAIN. We are talking 400 families. I am with you on that. You should——

Ms. YOUNG [continuing]. Of the top bracket.

Ms. McCLAIN. Right. One-point-five million tax returns are put into the IRS system for the top 1 percent. We are talking about 400. I am talking about the other 99 percent, which you don't want to talk about. So it is a real simple question. I don't understand why we are dodging it.

Ms. YOUNG. But——

Ms. McCLAIN. I agree with you with the four.

Ms. YOUNG. Yeah.

Ms. McCLAIN. Is it 82 percent? I mean, why is it so difficult to give an answer?

Ms. YOUNG. Yeah, that is fine. I just think that is not how——

Ms. McCLAIN. It is because you haven't been able to give us an answer.

Ms. YOUNG. It is the President's budget, and I am trying to tell you how we approach these things. I am worried about——

Ms. McCLAIN. So it is the bottom line that counts provided you do not know how to count——

Ms. YOUNG. I am worried about the 99 percent——

Ms. McCLAIN [continuing]. If we can do a shell game.

Ms. YOUNG [continuing]. Versus the 10 percent who have more income than the rest of the 90 percent, and they pay an effective less tax rate than most teachers and nurses in this country.

Ms. McCLAIN. And I would say, you are talking about 400 people out of 100——

Ms. YOUNG. What are they worth?

Ms. McCLAIN [continuing]. 1.5 million.

Ms. YOUNG. Well, what are they worth compared to the rest of the country?

Ms. McCLAIN. And what are they paying? Those top 10 percent are paying 74 percent of what we bring——

Ms. YOUNG. Eight percent of what——

Ms. McCLAIN [continuing]. Of what we bring in.

Ms. YOUNG. Eight percent of their income.

Ms. McCLAIN. We should be celebrating those people.

Ms. YOUNG. Eight percent of their income, which we think is unfair.

Ms. McCLAIN. And again, this is the problem with the American people. We refuse to answer the question. We only want to frame the issue on how we want to frame it. So again, my disappointment is that, again, we have a very intelligent person, and we can't get an answer.

Ms. YOUNG. Well——

Ms. MCCLAIN. We can't get a numeric answer.

Chairman ARRINGTON. The gentlelady's time has expired.

Ms. YOUNG. Thank you.

Ms. MCCLAIN. Thank you, and I yield back.

Chairman ARRINGTON. I thank gentlelady from Michigan and now recognize Mr. Yakym from Indiana for 5 minutes.

Mr. YAKYM. Thank you, Mr. Chairman, and congratulations, Ranking Member Boyle, on your appointment, and thank you to Director Young for being here today.

Inflation is the single biggest issue I hear from my constituents as I travel the 11 counties within my district. Seniors can't keep up with the price of food. Farmers, many of whom from my district are here with me today, can't keep up with skyrocketing input costs, and the same is true for small businesses. Families feel the pain at the grocery store and at the pump. Local governments can't get vital infrastructure projects done because of the skyrocketing costs. These are the stories I hear from real people as I travel the district. It is generally accepted in the economics community that there are two main ways to lower inflation, and that is to reduce Federal spending or raise interest rates, and we saw that just yesterday, the Federal Reserve is taking their foot off the gas as it relates to interest rate hikes, and so what about the spending equation from our Federal Government?

Well, as I see the President's budget, it doubles down on policies that supercharged this generational inflation. It is a fiscally irresponsible economic disaster, and that stands in stark contrast with your written testimony, which speaks of the President's "commitment to fiscal responsibility," because this budget spends $1.8 trillion in terms of a deficit that we don't have next year, which is larger than Fiscal Year 2023. It also calls for $82 trillion of spending over the next 10 years, which adds $17 trillion to our debt on top of the $31 trillion that we already have.

And from my vantage point as a father—our oldest child is 13—10 years from now, she will be graduating college and looking for her first job, and I don't believe it is responsible to hand her $51 trillion of national debt, and that doesn't even include some of the budget-busting gimmicks, like temporarily expanding the child tax credit for 3 years at a cost of $470 billion, which hides the true cost over 10 years, which is likely to be closer to a trillion and-a-half. We need to seriously evaluate out-of-control government spending and the negative implications that has on everyday Americans.

We have heard from Democrats many times over the course of the last 3 months about the debt ceiling, and the debt limit, and the fiscal irresponsibility that it would be to not increase the debt limit this summer, but I also think about, and would be curious as to your thoughts, about the debt, and the spending crisis, and the consequences over the course of the next 10 years by adding, as the President's budget calls for, an additional $17 trillion to our national debt.

Ms. YOUNG. Congressman, thank you for that. I will point out that CBO has given you a baseline, and it states what will happen to our debt and deficits if nothing else happens. What the President's budget does is lay out a set of proposals. I have heard lots of disagreement on those proposals. That is fair, but he does lay out a set of proposals, many of them targeting those that make over $400,000, and billionaires, and hundreds of millionaires, so his investments are paid for. I get the disagreement, but it would be fiscally irresponsible had he not put a proposal to pay for his investments and put some of those savings to deficit reduction.

Mr. YAKYM. And you are correct, the CBO does lay out a baseline, but I think for us as government leaders, both in the Congress and with the President, it is our responsibility to figure out how we restore fiscal responsibility to our Nation's fiscal state. Do you believe that with the President's budget of $17 trillion of additional deficit spending, which, again, takes us to $50 trillion of total debt in 10 years, do you believe that that is the definition of a commitment to fiscal responsibility, $50 trillion of national debt?

Ms. YOUNG. I feel very strongly, and it is a fact, that this President's policies, whether you agree with him or not, will bring down the deficit over a 10-year period by more than $3 trillion compared to if we did nothing. So this President is doing something, and I get the disagreements, but he is putting forth proposals that would bring down the deficit by $3 trillion through tax reform.

Mr. YAKYM. Comparing doing nothing is like comparing ourselves to the worst team in football. I don't think we need to compare ourselves to doing nothing. I think what we need to compare ourselves to is what does success look like ultimately, and I don't believe that it is $17 trillion in debt. Do you believe that the American Rescue Plan reduced or increased inflation?

Ms. YOUNG. Congressman, for your last comment, I will just point out that the President's budget is the only thing out there, so we are comparing ourselves to if we did nothing. So I look forward to seeing other proposals, but this is the President's plan. This is the thing before us. Do I believe inflation was due to the ARP, I think was the last——

Mr. YAKYM. Do you believe the ARP increased or decreased inflation?

Ms. YOUNG. I believe, and I know you won't like the answer, that we see inflation across the globe. The ARP was not passed in France, or the U.K., or the Netherlands, and they see persistent inflation, often not as bad as the United States.

Mr. YAKYM. But do you believe that the ARP increased or reduced inflation in the United States?

Ms. YOUNG. Look, this President has been clear. Prices are too high. That is why we have proposals that deal with costs for American people in this budget: childcare, energy——

Mr. YAKYM. So the ARP increased or reduced inflation. I just want an answer. Did it increase or reduce inflation from your——

Ms. YOUNG. I am sure it had some impact on inflation, and as the acting Chair at the time pointed out, it was passed at a time of lower inflation. However, we believe, given the global climate and global inflation coming out of the pandemic, supply chain issues, lack of competition and shipping, for example, certainly had a greater role because all major economies are saying inflation——

Mr. YAKYM. I thank you for your time today. I thank you for the call that we had earlier this week as well.

Ms. YOUNG. Thank you so much.

Mr. YAKYM. And, Mr. Chairman, I yield back.

Chairman ARRINGTON. Thank you, Mr. Yakym. Now I would like to recognize for 5 minutes my friend from Oklahoma, Josh Brecheen.

Mr. BRECHEEN. Thank you, Mr. Chairman. Ms. Young, thank you. I am at the tail end, so I know you have been through a grueling process. I am looking at the 2022 budget from the President, so just to kind of put this in context, we are talking a couple years ago, and noticing that you all have said that you are going to save $3 trillion over the next 10-year window, and the way that you are doing that is you are saying, the CBO, if we change nothing, gets us to a $20 trillion total debt load by deficit spending within 10 years, which would put our national debt at $50 trillion in 10 years, to go from $30 trillion to $50 trillion, and you are saying that we will still grow trillions of dollars in our debt. We just won't get to $20 trillion. We will get to $17, thus a $3 trillion reduction over the baseline. Is that accurate?

Ms. YOUNG. That is one way to say it.

Mr. BRECHEEN. Okay. So in looking at that, we are looking at the 2022 budget from a few years ago. In the first year change, you all laid out a 10-year window, and you had $100 billion increase from one year to the next, and then you averaged about a $15 billion increase year after year. So what you did was you front-loaded a large increase, and then the next several years you averaged $15 billion. The reason why I am pointing that out is in this budget, there is a very similar tactic that you move from one year to the next of $150 billion, the next year $75 billion, and then you project a 1.7 percent increase, which is $35 billion over the next, you know, 7, 8 years. So what you have done is you say we are going to increase a massive amount the first 2 years, but then we are going to slow it to 1.7 percent growth of government versus the first couple of years. If we average it from 2 years ago, it has been 7 percent.

So my question is this. The greatest predictor of future behavior is past behavior. How is this not a gimmick, and how is this leading to a $3 trillion in savings ever going to be realized when your past is going to predict your future? If you have averaged 7 percent growth in government, and you say, hey, we will get our savings in year 2, 3, and 4, 5, 6, 7, and 8 by only growing 1.7 percent, is that not a gimmick?

Ms. YOUNG. So I will point out our $3 trillion in savings are heavily tied to our revenue proposals. Those are not plugs. They are analyzed, scored by career staff at Department of Treasury mostly. The growth in Medicare, Social Security, and other entitlements, we get those estimates from our agencies like the Centers for Medicare and Medicaid. So I say that to say, you know, our level of being able to manipulate these things are not high. The vast majority are scored that way. Now, it depends on how we develop our policies. Are some of our policies earlier years implementation? Yes, but that is how we are proposing developing those policies. It is not meant to be a gimmick. It is just our view of how best to implement them. Some are actually the opposite way where we slowly ramp up.

Mr. BRECHEEN. Reclaiming my time——

Ms. YOUNG. Sure. I am sorry.

Mr. BRECHEEN. Just I am watching the clock, and as a new Member, I am trying to figure out how to manage my time here, Mr. Chairman. So I am not saying that other administrations haven't done this. I would just contend if you look at the history and look at the future, then at 7 percent, instead of saving $3 trillion, it actually adds $2 trillion more above the baseline. So I just contend I think it is a great way to get the numbers we want for our purposes of looking like we are saving money, but I contend it is not ever going to be realized, and it is going to be greater than this.

Let me ask you this. Congressman Norman mentioned $3 billion is going to be added in your budget proposal for gender equity, climate change mentioned 42 times, LGBTQ mentioned 7 times. You all are taxing on the death tax. You are doubling the death tax for farmers and ranchers. I am, a little small ranch. My family lost a sizable piece of property years ago on my mother's side because of the death tax. You all claim that you are not going to see a tax increase for those who make above $400,000. The average rancher/farmer, according to USDA, makes $92,000 or less. So can you guarantee the American people that a doubling of the death tax is not going to be borne by the farmers and ranchers who make, on average, less than $92,000 per year?

Ms. YOUNG. Congressman, this President has an ironclad commitment. Those making under $400,000 will not see more taxes. I think you are talking about our stepped-up basis plan, and certainly those smaller farms are exempt from that, and you have my commitment to work to make sure we do commonsense policies, but we have got to do something to make sure that larger corporations, no matter what business they are in, pay more into the system to make sure we can save those small family farms.

Mr. BRECHEEN. Mr. Chair, I will just say I contend that the small farmer and rancher will pay it. It will be borne by those who make a small amount of money, who keep assets in their land value, and I just think it is misguided to think the farmer and rancher, the average person making a small amount, is not going to pay this tax. I yield.

Chairman ARRINGTON. I thank the gentleman from Oklahoma. His time has expired, and I now want to recognize Ms. Schakowsky from Illinois for 5 minutes.

Ms. SCHAKOWSKY. Thank you so much. Director Young, it is great to see you. Happy to be back on the Budget Committee. As I know you know, the Bipartisan Infrastructure Law that we passed also included the Build America, Buy America Act, which I am so happy is part of that legislation, that requires that all Federal-financed infrastructure projects use American iron, and steel, manufactured products, and make sure that we really are buying and building America. In your role at OMB and really implementing this, I wanted to just say that I think that it is so critical that the Federal infrastructure programs maximize the creation of good union jobs at the same time as we are addressing the supply chain and making it clean and more secure.

So while I understand that there are some exceptions in the law of Build America, Buy America, I want to make sure that we are implementing that in a targeted way, in a transparent way, and a time-limited way, and so I just wanted to ask you if there is any update on the implementation of the Build America, Buy America and taking into consideration what I was saying about some exceptions.

Ms. YOUNG. If you want to hear the President get excited, talk about Made in America, and I am happy to say the Made in America Office, which was established by the President and made statutory by the Bipartisan Infrastructure Law, so I thank you all for that, is housed in OMB, and for far too long, agencies would just issue waivers, would buy America without real analysis to see what products they could secure from American manufacturers. The President, and I have heard him say it to his Cabinet over and over, not on his watch, and if there are waivers, they better be term limited, and they have to have justification that it would imperil these projects. So we are very much aligned to make sure that we not only take the spirit of Buy America, which has been on the books, I think, what, 70 years, but actually do it, and you have our commitment to continue to work together, be aggressive here.

Let me just give you one example. We worked extensively with the Department of Transportation to develop their plan for domestic content participation for EV chargers. That will support investments in the supply chain, consistent with an aggressive expansion of domestic manufacturing, because we all said we wouldn't go down this route of having supply chain shortages if we ever found ourselves in a pandemic or in other complicated situations like we see with the invasion of Ukraine. We need to make more here. We also see the updated rule increase the percentage of value for manufactured products from 55 to 60 percent this past fall. It will go up to 65 percent in 2024 and 75 percent in 2029.

Ms. SCHAKOWSKY. Good.

Ms. YOUNG. So we welcome the collaboration. I am happy to take input on where we could do better. We don't want to stall projects, but people need to look for American products. They are out there, and agencies have to take the time to find them when they make sense.

Ms. SCHAKOWSKY. So with just a half a minute remaining, what is an example of something that, at least right now, might have to be an exception?

Ms. YOUNG. So if we can't find enough minerals, for example, as we ramp up our battery production in this country, we might have to bring in some content. But the idea is that won't be forever and that we need to do more here because we have seen now that every American now knows what "supply chain" means, and that was not the case before the pandemic, and we should never find ourselves in that position again.

Ms. SCHAKOWSKY. And it would be limited in time, right?

Ms. YOUNG. That is the goal for all of this. As we see our manufacturing boost, almost 800,000 jobs in manufacturing added under this President, so as we see these jobs come back to the U.S., more Made in America, the idea is that will create systemic, long-term change.

Ms. SCHAKOWSKY. Thank you.

Chairman ARRINGTON. The gentlelady's time has expired. Great conversation, discussion, but let's now move to my Texas colleague, senior physician in the House, Dr. Burgess, for 5 minutes.

Dr. BURGESS. Well, I thank the Chairman, and I thank you for your endurance today. I know it has been a long day. You had a conversation with Senator Romney in the Senate hearing, and you implied that we are going to need bipartisan effort to work together to find common ground to save Social Security and protect Medicare. Is that still an operational statement?

Ms. YOUNG. You see an old congressional staffer here. All of these things in the President's budget will require Congress to act, so absolutely.

Dr. BURGESS. So sometimes it is a little disconcerting that some of the rhetoric that comes out directed at people like myself, who have genuinely worked on this problem for a long time, being accused of things that are just simply not true, but I have to ask you, over the last 2 years, have there been cuts in Medicare over the last 2 years?

Ms. YOUNG. Congressman, there have not been cuts from the President, presented in the President's budget, or administratively.

Dr. BURGESS. Any doctor in this country that you asked that question will tell you that they have suffered significant reimbursement reductions in the last 2 years, on top of a base inflation rate that is unlike anything that has been seen in 20 years, and that is just simply a fact. So I think we ought to agree that we can work together. No one's hands are completely clean here, but we need to be focused on what can be done for the future. Now, in previous budgets for President Obama and President Trump, they talked about site-neutral policy in payments in Medicare, site-neutral payment policy being that it didn't matter whether the service was delivered in a doctor's office or a hospital, the reimbursement rate would be the same, and yet current law is that, under the patient payment rates, it costs 3 times to do something in a hospital what it costs to in the doctor's office, but wouldn't you agree that site-neutral policy is something that we should be pursuing?

Ms. YOUNG. Congressman, I am happy to look at those proposals. Clearly, that is not reflected in the President's budget, and yet he has a plan on solvency. So I offer to sit down and talk to you about those, but those are not reflected in the President's budget.

Dr. BURGESS. Correct, and it was curious to me why the two previous administrations talked about a site-neutral policy, and this administration did not. Look, the fact remains over the last 2 years, House and Senate Democrats and the administration worked together on mammoth reconciliation bills that didn't include any Republican input, raided money, $300 billion, from Medicare to pay for Green New Deal programs. Why was it not a priority to fix these problems that you are now talking about? Why was it not a priority to fix these problems while the Democrats were doing their reconciliation bills the last 2 years?

Ms. YOUNG. Congressman, it is extremely beneficial to the taxpayer and to seniors, the prescription drug benefit seen in the Inflation Reduction Act, so we absolutely did address Medicare in a substantial way. Seniors will not only see reduced out-of-pocket costs, but also the taxpayer will because we will pay less.

Dr. BURGESS. Yeah. Just suffice it to say there is a difference of opinion on that, and there is a difference of opinion on what it does to the downstream effects of innovation. However, those cuts that occurred in the Part B Program basically affect physicians' offices, and those dollars saved were basically used to go to pay insurance companies in the Affordable Care Act, and it increased subsidies of the Silver Plan in the Affordable Care Act, and it is that fundamental unfairness that makes people suspicious of what the administration has in store, what it has in the plan when it talks about the future for Medicare and Social Security.

Ms. YOUNG. Well, I hope they look at the budget because we are very clear. It moves the net investment tax to the Trust Fund. It raises the tax from 3.8 percent to 5 for those making over $400,000, and that is laid out very clearly for those who are concerned about what our policy is, and those policies will extend the solvency by 25 years at least.

Dr. BURGESS. But to look at other policies, like a site-neutral policy, perhaps as the way the purchase of prescription drugs occurs in CMS. There are other programs, there are other approaches that would yield real savings right now, and it seems like the administration is not interested in pursuing those. Thank you, Mr. Chairman. I will yield back.

Chairman ARRINGTON. I thank the gentleman from Texas and now recognize Mr. Buddy Carter from the great State of Georgia.

Mr. CARTER. Thank you, Mr. Chairman. Ms. Young, thank you for being here. I appreciate it very much. This is actually the third time that I have had the opportunity to ask you questions since I have been on the Budget Committee, and I am sure you don't remember, but the first 2 times, I made it clear that I don't agree with the President on his priorities and spending. I understand it, but certainly we have our differences on that, but I think that we do agree that we should be protecting Americans and protecting our citizens, and our number one responsibility to the Federal Government is to protect our homeland and protect our citizens.

And that is why I am so concerned about what is going on down at the border, the Southern border, the Southwest border. You see, I am a pharmacist, a healthcare professional, and, you know, we are losing upwards to 300 people every day as a result of drug overdose, much of it fentanyl poisoning. Poisoning. Not overdose. Poisoning, not addiction, and it concerns me. Listen, I can rattle off the figures with you, you know: 1.9 billion people. That is enough to kill, fentanyl in our country, enough to kill 1.9 billion people. You know, it has gotten so bad, if you will look here, Ms. Young, I actually carry naloxone in my backpack. You know, this will reverse the effects, if used quickly enough, of fentanyl, and I actually carry it my backpack everywhere I go.

And I believe there are two things that we have to do in order to address this problem with the fentanyl poison in our country. One is that you got to stop the supply, and most of it is coming from the Southern border, and secondly, I want to make sure that we have access to this. There is enough over here now that we have got to make this available without a prescription. We got to remove the barriers. This ought to be like syrup of ipecac anymore. It ought to be in every medicine cabinet, every emergency box.

Where you see a defibrillator, you ought to see that. That is how bad that problem is now. That is why it baffles me that, that this budget seeks to spend 3 times as much money on zero-emission vehicles than combating the fentanyl crisis. Can you tell me how this budget addresses the fentanyl crisis in any serious way?

Ms. YOUNG. Sure. Congressman, you have heard me rebut the cut narrative on DHS, and I will continue to point out that DHS grows by over 9 percent, but specifically on the border with fentanyl, I think we have some common agreement here. I have been to the border. I have seen them pop off the sides of cars and drugs packed to the hilt. The cartels know that our land ports of entry, because that is where most of the drugs come through, don't have the technology in place to track, so they are willing to drive things through, lose some of their goods because they know they can get enough through. What are you doing to get that equipment?

Mr. CARTER. That is what I am asking.

Ms. YOUNG. And we have——

Mr. CARTER. And I appreciate the fact that you know, and I hope you are communicating that to the administration.

Ms. YOUNG. And that is why we have money to continue, and thanks to the Bipartisan Infrastructure Law, we have land ports of entry money. This would add more of that NII equipment to make sure we are scanning more cars that come through the border, Congressman.

Mr. CARTER. If you will, Ms. Young, I have been to the border 7 times since I have been a Member of Congress, and the last time I was there, we were told that only 5 to 10 percent of the fentanyl that is coming in over that border is coming through ports of entry. Now, granted we may be capturing 97 percent of that at the port of entry, but that is 97 percent of only 10 percent of the total fentanyl. So what are we doing to secure the border to stop fentanyl coming across that border to stop killing our citizens? What does this budget do to address that?

Ms. YOUNG. One, I am happy to talk offline about your analysis. Mine is that most fentanyl is coming through the land ports of entry, so technology will help. What we also need to do is make sure we are supporting the men and women down at the border. This budget funds CBP to hire 350 more Border Patrol agents. We have a border surge plan that I have not heard much interest in taking up, but we think it is novel. As migration flow changes, we are asking that, depending on how many migrants are coming across, more money is released to help us deal with what will most likely be an increase flow——

Mr. CARTER. Okay. That is fine, but I am failing to see how we are addressing this because we are allowing American citizens to be killed as a result of fentanyl poison. You know, if we were to lose 300 people in a plane crash, we would stop every plane from flying right now until we got it fixed, yet we lose 300 people every day to fentanyl poisoning, and we don't do anything about it at the border.

Ms. YOUNG. We agree with you, Mr. Carter. That is why we have money here to help stop the crossing of fentanyl and to go after these cartels. We agree with you.

Mr. CARTER. I don't see it in the budget, though.

Ms. YOUNG. After this, we can go through it, and I will show you——

Mr. CARTER. I will be glad to because I need to know that this administration is serious about this.

Ms. YOUNG. I have worked on these issues a long time, and I am happy to work with you.

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

Chairman ARRINGTON. Thank you to the gentleman from Georgia and would like to recognize now my friend from Kansas, Mr. Estes, for 5 minutes.

Mr. ESTES. Thank you, Mr. Chairman, and thank you, Director Young, for being here. I know it has been a long day for you and some of us coming in and out and going through the process. So I just want to skim the surface on two or three things and then a deep dive on a couple.

I mean, one of the things when we passed the Tax Cuts and Jobs Act was intentionally addressing companies being motivated to leave the United States because of taxes, and we were seeing a lot of inversions, and even the Obama Administration, President Obama before President Trump came in, was talking about how bad inversions were, and since the Tax Cut and Jobs Act was passed in 2017, there have been no inversions, companies leaving United States through that process, and that was the intention of making sure that we do that.

So I am really concerned, some of the things in the budget, going through and adding taxes back and defeating some of the value that was in that program of helping make companies stay here, and particularly, as we talked about, I mean, one of the things talked about, raising a trillion dollars from the global minimum tax under the theory that it would prevent a race to the bottom in taxes around the world when, in reality, the underreporting process is going to allow other countries who have passed that law, which nothing has been brought before Congress yet to be able to change U.S. tax law, to have that process. So I am really concerned that the numbers in here for revenue are going to be worse than what moves forward.

And part of the reason why that bothers me is, you know, this past year, this current year, we are borrowing $1 out of every $5 that we spend. I mean, $1 out of $5 we spend, and the budget that is proposed for next year, $1 out of every $4 that is spent is borrowed, and to me, it looks like, as I go through the math, you are saying that the deficit is reduced by $3 trillion, but I just don't see that. When I look at the numbers, I look at S.1, the table in the budget, and it talks about a $1.5 trillion deficit this year. Next year that goes up. The next year it goes up. A couple of years are stable, right about the same as this year, but then it goes up and goes up and goes up, and, you know, over the 10-year period, on that Table S.1, it says that the deficit is increasing by $17 trillion. So I am wondering where the claim is that it is $3 trillion less when it is going up to $17 trillion over the 10 years.

Ms. YOUNG. Congressman, if you look on S.2—we have S-tables—I would point out if you look on S.2 at the bottom, total proposals in the 2024 budget shows the year-over-year deficit reductions, and it adds to $2.9 trillion of the nearly $3 trillion we have talked about over many hours in this room.

Mr. ESTES. Right, but if you look at the debt, it actually continues to go up. Just because we didn't raise the deficit $20 trillion, we can't claim that as a $2.9 trillion savings because we are raising the deficit by $17 trillion.

Ms. YOUNG. You can. I mean, yearly deficits, yearly, feed into the debt, and you can't make deficits worse. It will make the debt problem worse. So it absolutely does help get our fiscal house in order to save $3 trillion with the President's policies.

Mr. ESTES. But it doesn't save $3 trillion. It just means we spend $3 trillion less than we could have spent on other avenues——

Ms. YOUNG. The savings.

Mr. ESTES [continuing]. Because the debt actually continues to go up in this next 10 years, the breakdown for that. So I know a lot of discussion around that. I don't understand that math, that process going through there.

I do want to hit one other quick point. I know this is real quick to go through in 5 minutes, and you have been hit with a lot of different issues, but one of the things we talked about earlier was Social Security, and I don't see anywhere where the President proposes to save anything on Social Security. I mean, you know, all the projections are out there that within 10 years, the Trust Fund will be depleted, that at that point in time, the projections are there will be a 23-percent cut in monthly payments. So if you are making $1,000 a month in your Social Security payment, you will drop down to $770. So what has the President done to fix that?

Ms. YOUNG. So, Congressman, as we sit here in 2023, we absolutely—the budget speaks to this—want to work with people in Congress who have solutions for the Trust Fund running out of solvency in 2033. Today, unfortunately, we believe the largest crisis is those who have, as the Ranking Member pointed out, had policies that would cut Social Security benefits. This budget says the President will not do that.

Mr. ESTES. Okay. So if I look at this, there is really nothing in there that helps Social Security over the next 10 years.

Ms. YOUNG. It helps seniors not lose benefits.

Mr. ESTES. We will have to do that work.

Ms. YOUNG. Yeah.

Mr. ESTES. Thank you, and I yield back Mr. Chairman.

Chairman ARRINGTON. I thank the gentleman from Kansas and now yield 5 minutes recognition to Ms. Stephanie Bice from the State of Oklahoma.

Ms. BICE. Thank you, Mr. Chairman and Ranking Member Boyle, for hosting this hearing today, and thank you, Director Young, for being here. It looks like we are close to the end.

Ms. YOUNG. So are we. [Laughter.]

Ms. BICE. In Ranking Member Boyle's opening remarks this afternoon, he questioned or suggested that the U.S. Senate would be considering cutting Social Security, and he read a list of Members, but I didn't hear a single House Member mentioned, and in fact, Speaker McCarthy and Republican leadership have expressly stated that they are not interested in cutting Social Security benefits. So I find it a bit insulting that the other side of the aisle would be so disingenuous to sort of suggest that that is on the table. No Member that I am aware of here has filed legislation——

Mr. BOYLE. Sorry. Would the gentlelady yield just for a second since she invoked my name——

Ms. BICE. I would not. I want to finish my line of questioning.

Mr. BOYLE [continuing]. Because I do have the quotes right here if she wanted them from House Members.

Ms. BICE. And I wasn't allowed to finish, Representative Boyle. There has been no legislation filed to suggest that Social Security benefits are going to be cut. I find it disingenuous to speak to such thing.

America is facing serious questions about the future with the budget, the debt ceiling, and markets being on the forefront of my constituents' minds. The President's answer to the budget is to make history by raising spending to the highest sustained level in American history, by increasing taxes to the highest sustained level in American history, and by bringing our Nation's deficits to the highest sustained level in American history. This is not the direction the American people want to see our Nation go, and this budget shows the President is out of touch and doesn't care.

I want to pivot to energy. It is important to the State of Oklahoma. The Small Business Administration recently filed comments critical of EPA's oil and natural gas methane rule. The comment letter states that EPA's proposal will have a significant and disproportionate impact on small businesses. Oklahoma has many small businesses that are part of our oil and gas sector. The EPA's proposed rule will have a devastating impact on the future viability of those businesses. OMB will have an opportunity to weigh in on the EPA's rule before it is published. What will you do to protect small businesses from unreasonable and harmful aspects of the EPA's methane rule?

Ms. YOUNG. So, Congresswoman, I am unaware of the letter. I am happy to look at whatever you received. Was it from the Small Business Administrator?

Ms. BICE. I believe that is correct.

Ms. YOUNG. I would be surprised by that, but I am happy to look at that, and when it comes into OMB, as you know, it will be an OIRA, the regulatory office, review. We would not comment on how we review that regulation. That would be improper. We do take—as part of the 12866 process, from Members of Congress, from outside organizations that have an interest in the rule, we do offer meetings to make sure that all of their positions are known and put into the record. So I promise you we will follow that process and make sure we have a robust 12866 process.

Ms. BICE. Thank you. In response to Representative McClintock's questioning earlier, you suggested that oil and gas companies have made record profits this last year and should pay their fair share. Is that accurate?

Ms. YOUNG. A little more nuanced, but I said profits were $200 billion last year, and——

Ms. BICE. Can you share with Members of this Committee what the total losses for oil and gas companies were in 2020?

Ms. YOUNG. I do not have that, but I——

Ms. BICE. Okay. Would you be surprised to know that with just the five integrated super majors—ExxonMobil, BP, Shell, Chevron—in total, the posted combined total losses for those five entities was $76 billion in 2020, in one year, and the reason I bring that up is that it is surprising to me that this administration would think that taxing the oil and gas industry would be a viable option in raising revenue. As you know, yes, oil and gas companies have been able to make a profit this last year, but this is a cyclical market.

I come from the great State of Oklahoma where 25 percent of our State revenues come from oil and gas. Some years it is great. Some years it is really bad, and 2020 was one of those years. There were a record number of bankruptcies in the oil and gas industry, a record number of job losses, and so to suggest that taxing the oil and gas industry is a way for you to be able to have a bigger budget and to a larger spend, I think is a detriment to the American people because at the end, that is going to require us increasing goods' and services' cost, and that is a hit to Americans' pocketbooks.

So, Mr. Chairman, with that, thank you, and I yield back.

Chairman ARRINGTON. I thank the gentlelady, and I would like to yield 5 minutes to my friend Chuck Edwards from North Carolina.

Mr. EDWARDS. Thank you, Mr. Chair. Director Young, thanks for being with us this afternoon. I am not going to ask a lot of questions about the budget. I know my colleagues have dug into that quite thoroughly and certainly exposed it for what it is. I have got two questions. One is going to be fairly simple, the other might not. We heard the Ranking Member earlier this morning mention that perhaps billionaires were not paying their fair share. Do you recall that statement or something similar to that?

Ms. YOUNG. I do.

Mr. EDWARDS. And yet this budget places new taxes. Not only does it raise taxes on the middle class by about $2,000 per year, but it places new taxes on anyone making more than $400,000 a year. Is that right?

Ms. YOUNG. Yes, including to extend Medicare, but not on middle-class families. Middle-class families don't make $400,000.

Mr. EDWARDS. Okay. So let's talk about that for just a minute. If our concern is with billionaires, why was $400,000 the number that was chosen to draw a line and add a new tax bracket?

Ms. YOUNG. Congressman, I think, and I don't want to speak for the Ranking Member, but I will speak for the budget. One tax proposal to raise revenue is a billionaire tax. It also deals with hundreds of millionaires. That is one. Another goes after large corporations, not taking their tax rate back to 35 percent before the 2017 tax cuts, but to 28 percent. So I think we were talking about one particular focus, which was what we call the billionaire tax, but the President has made an ironclad commitment, while you continue to hear $400,000, is he wants to make sure he communicates clearly to the American people that none of these tax policies that are up for debate will he negotiate to raise taxes, including when we go to the extension of the 2017 on those making under $400,000. It is a value statement.

Mr. EDWARDS. But it does raise taxes on farmers and small businesses that might make $400,000, and I think that you hit the nail on the head when you said that the "intent of this," and I think this is most conservatives' problem is to raise revenue that I know my colleagues have pointed out that this government, this body should not be spending. Are you a small business or a farmer?

Ms. YOUNG. I am not either. Just a child and grandchild of one.

Mr. EDWARDS. Okay. Are you aware that folks in those positions that grow our country's food, that provide jobs for Americans, do not have a regular income? They don't make $400,000. Even if they make $400,000, they don't make it from year to year to year. Are you aware of that? I said I would only ask one question.

Ms. YOUNG. Yeah.

Mr. EDWARDS. Okay.

Ms. YOUNG. No, I am well aware that many assets are not income and are land and other equipment.

Mr. EDWARDS. So I have asked one of my two questions. I am going to try to keep it to just two, but I do have some comments and I am going to ask you a question about in just a minute because you and I here are both messengers. You are messaging the President's budget. I am messaging on behalf of small businesses, farmers, and folks in my district, and my gosh, 5 minutes goes so fast. The reality is many years, folks are struggling, and they have to go take out loans to keep their business afloat, and to draw a line at $400,000, because everybody is looking for that breakout year, to draw a line at $400,000 is punitive to those folks for accomplishing what they want to, which is to have that breakout year.

And after businesses and small farms have gone through what they have gone through, and let's run through that real quick. After enjoying the strongest economy ever under the Trump Administration, they were hit with a pandemic. Many of them were forced to close. They were hit with inflation. The correction for the inflation was that interest rates needed to be raised. Now they are paying more on their debt in addition to the items that they were hit on inflation, and now they are being told that they are not doing their part, that they are not paying their fair share. I suggest that is a slap in the face to small businesses and farmers, and it cripples growth, it stalls our economy, and it limits the possibilities for our American workforce, and my question is as a messenger, would you take that back to the President?

Ms. YOUNG. I will, but if I can, Mr. Chairman.

Chairman ARRINGTON. Please.

Ms. YOUNG. I know we are over time.

Chairman ARRINGTON. Please.

Ms. YOUNG. With regard to American farmers, and I feel strongly about this, and I have talked to Secretary Vilsack. As you know, he has done this a long time, so I am privileged to be able to serve with him in the Cabinet. You know, we have got to do something where only 10 percent of farmers make money in this country. What can we do to make sure these family farmers stay around? So you have my commitment. If we want to find solutions, they are going to take bipartisan effort. I know the farm bill is coming up this year. What can we do to make sure these family farmers stay around? So I commit to working with you and others, and Secretary Vilsack and others, to look at how to reauthorize the farm bill coming up this year.

Mr. EDWARDS. I would say we are talking about more than farm. I am out of time, Mr. Chairman. I yield.

Chairman ARRINGTON. I thank my friend from North Carolina, and the time now has come, as much fun as I know you are having and would love to go for another 2 hours. I don't mean to put words in your mouth, Madam Director, but you have done, I have to say, an outstanding job just persevering through the questions. The President, I think, is well served by your candor and your constructive tone, and, you know, for our first hearing, Ranking Member. I want strong debate. I don't want us to back down, shy away, pull punches. I just want it to be about the policy differences, and I want the American people to understand where we disagree and why we disagree, and the principles behind it, and the policies behind it, and then let the democracy, you know, have its effect, and I know you are committed to that, too. In the spirit of civility——

Mr. BOYLE. Yeah.

Chairman ARRINGTON [continuing]. Why don't you give some closing remarks? I will give just a few, and we will let the good lady go about her way.

Mr. BOYLE. I am happy to. First, if we learned just one thing over the last 3-and-a-half hours is that Shalanda Young knows her stuff, so thank you for being so knowledgeable about the budget, a consummate professional. It is an honor to work with you. I also congratulate you, Chairman, chairing your first Committee hearing. Between this session and the session that we moderated in the CVC for all House Members of both parties with the CBO Director, I think both were, by and large, conducted on a bipartisan basis and were informative. So I hope and believe that we have set a tone for hopefully the rest of these 2 years.

One final comment I will make is I understand Director Young has to do this all over again this afternoon in the Senate.

Ms. YOUNG. I do.

Mr. BOYLE. I believe the——

Ms. YOUNG. The House Approps is doing this to me.

Mr. BOYLE. Oh, House Approps? I believe the Constitution has an amendment banning cruel and unusual punishment, so, Director Young, you might have a lawsuit that I would support if you pursue it, but with that, I yield back to you.

Chairman ARRINGTON. Well, I thank my friend from Pennsylvania. Just a couple of comments because it was mentioned multiple times about the Republicans' vision, budget framework, and the values that that will reflect in comparison or contrast with the ones that were articulated by you and discussed by our Members today. Our commitment is there to get that budget framework out, to have this same robust debate, and, again, to make that comparison about our vision for a stronger, safer, freer country, and to address probably most of the problems we agree on in terms of the needs, but probably disagree, and I know for me, in many ways, starkly disagree with how to address those, how best to address them to satisfy all stakeholders, and the public interest, and our taxpayers as fiduciaries.

So that is forthcoming, and I commit to that to my Ranking Member and to my colleagues, and the principles will be reining in spending because we believe that is a big problem, and we believe we can't get to the debt and we can't guarantee our children that blessing of security, and a stable economy, and future without doing it. We also commit to growing the economy, among other things that I hope will be clear about our budget, but thank you for your time, and your long suffering, and your great attitude.

And with that, I will read my little remarks here. We have got to get a bigger gavel——

Ms. YOUNG. Oh yes. [Laughter.]

Chairman ARRINGTON. This is so disrespectful to a Texan. I think you know that as a good Louisiana country girl. This is——

Ms. YOUNG. It is not right.

Chairman ARRINGTON. This is not right, so we will let it slide this time. I want to thank the Director again for appearing today.

Please be advised that Members may submit written questions to be answered later in writing. Those questions and their answers will be made part of the formal hearing record. Any Member who wishes to submit a question or any extraneous material for the record may do so within 7 days, and with that, the Committee stands adjourned.

[Whereupon, the Committee was adjourned.]

Questions for the Record

Committee on the Budget

Hearing on the President's Fiscal Year 2024 Budget Request

March 23, 2023

Questions for the Record Submitted by Representative Stephanie Bice (OK-05)

- **EPA Standards of Performance for New, Reconstructed, and Modified Sources of Emissions Guidelines for Existing Sources: Oil and Natural Gas Sector Climate Review**

  - The Small Business Association's Office of Advocacy filed comments and sent a letter on February 13, 2023 that are critical of the EPA's oil and natural gas methane rule. Oklahoma has many small businesses that are part of the state's oil and gas industry and the proposed rule will put them at a disadvantage. The President's Budget request emphasizes growing the economy from the bottom up and the middle out, including supporting small businesses and promoting fair competition.

  - Question: Do you agree that the proposed rule will disadvantage small businesses in the ONG industry and works against the President's budget to support small businesses?

- **EPA Standards of Performance for New, Reconstructed, and Modified Sources of Emissions Guidelines for Existing Sources: Oil and Natural Gas Sector Climate Review**

  - The Small Business Association's Office of Advocacy filed comments and sent a letter on February 13, 2023 that are critical of the EPA's oil and natural gas methane rule. Oklahoma has many small businesses that are part of the state's oil and gas industry and the proposed rule will put them at a disadvantage. The comments filed by the SBA contained suggestions such as having the super-emitter response program provide protections for small businesses operating in good faith and emphasize reports of super-emitter events are not evidence of violating the Clean Air Act permit or regulations.

  - Question: When the OMB has an opportunity to weigh in on the EPA's rule will it consider recommendations put forward by the SBA?

Questions for the Record Submitted by Representative Bob Good (VA-05)

Background: Last year, Congress enacted $61 billion for the Department of Homeland Security. This year, the budget proposes "$60.4 billion in discretionary budget authority for 2024, a $0.6 billion or one-percent decrease from 2023 enacted level." In that year, there were over 2.7 million border patrol enforcement actions taken by CBP. This represents a 30 percent increase over FY21. These drastic increases in border patrol enforcement actions coupled with mass migration events such as 'migrant caravans' have overwhelmed CBP agents and adversely affected operational stability.

America's top adversaries including Mexican drug cartels are well-aware of the strain at the border and are taking advantage. In just the first four months of FY23, 53 people whose names appear on the terrorist watchlist, including 15 in January alone, were stopped trying to cross the U.S.-Mexico border between ports of entry. This total is more than the encounters in all FY17, FY18, FY19, FY20, and FY21 combined and is on track to exceed the disturbing 98 encounters in FY22.

Questions:

- What conversations have you had with officials at CBP as you and the President drafted this budget? Who, if anyone, asked for a $600 million reduction in funding?
- How does the President justify a $4.7 billion dollar fund to facilitate the processing and release of illegal migrants into the country? Aren't these resources better spent preventing illegal immigration in the first place?
- How can you justify allocating $123 million for DHS to support "market shaping investments to Zero-Emission Vehicles and only allocate $40 million for combatting fentanyl trafficking?

Questions for the Record Submitted by Representative Michael Burgess (TX-26)

- Director Young, I have long been a champion of the policy that we need to pass the rebate savings the government receives from insulin manufactures on to the patients who need it most. This budget proposes expanding price controls on insulin at $35 for every American, even those not on government plans.
    - **Does this budget account for the loss of the $17.3 billion that CBO calculated Medicaid plans would gain through the removal of rebate caps enacted through the American Rescue Plan?**
    - **What do you think this arbitrary price control mandate does to innovation and health care premiums?**
- Director Young, I have heard you say multiple times over the last few weeks that this budget would ask the top 1% to "begin to pay their fair share."
    - **What do you mean by "begin"?**
    - **Where does it end? What would you consider to be a "fair share" for the top 1%, who employ a large majority of Americans?**
- Director Young, as acting Director of OMB during the passage of the American Rescue Plan, **did you not consider the inflationary effects it would have?**
- In speaking to Senator Lujan, you committed to working on the health care workforce shortage, an issue that I have long been concerned about even prior to the stresses of the pandemic.
    - **Does this commitment include working with CMS to raise the pay of those very health care professionals who have had their pay cut every year, only adding to the stresses of their job?**

Questions for the Record Submitted by Representative Scott Peters (CA-50)

- **Director Young:** *The Center for Medicare and Medicaid Services (CMS) recently issued guidance on the Medicare Drug Price Negotiation program. This guidance will implement the first round of Inflation Reduction Act (IRA) negotiations to take effect in 2026. This inquiry relates to the Maximum Fair Price (MFP) Methodology. The MFP methodology will start with net prices of therapeutic alternatives and adjust upwards or downwards based first on clinical comparisons and then second on the manufacturer specific factors (research and development costs, cost of production, federal financial support, patent information, and market data). However, there is a need to clarify further how CMS will address an unmet need or how it will adjust the MFP for therapeutic advance over the course of a product's lifetime. These types of considerations are necessary to maintain innovation and ensure patients with difficult and complex diseases can continue to see new therapies come to market.*

  We can ensure that the Medicare negotiation paradigm in the IRA is successful, while also making sure investments continue to flow in high-risk areas, especially those diseases like Alzheimer's that disproportionately harm traditional underserved communities.

  - **As the OMB clears the final guidance, how will it ensure that true innovation, which addresses unmet patient needs, continues to be rewarded?**

- **Director Young:** *As CMS officials have noted, the administration has been working hard to implement the IRA's drug pricing provisions under very tight deadlines.*

  - **Can you tell me what steps your office is taking to work with CMS and make sure they are following open and transparent practices to implement these provisions, including (but not limited to): publishing draft policies for comment, allowing at least 60 days for comment wherever possible, and providing robust responses to comments received?**

- **Director Young:** *One area the IRA did not address was the role of Pharmacy Benefit Managers (PBMs) in driving the up the cost of medicines for patients in need. Three PBM's currently control about 80% of prescription claims in the US. Despite the availability of authorized generic versions of certain brand medicines – which may have considerably lower list prices than their otherwise therapeutically equivalent brand name counterparts – PBMs do not always include these medicines on their standard commercial formularies. PBMs may exclude lower list price versions of brand medicines from their formularies in favor of higher list price versions. This increases PBM revenue but can force patients to pay higher out-of-pocket costs.*

  - **Can you tell me what the president's budget does to address PBMs and their role in driving up prescription drug prices?**

Questions for the Record Submitted by Representative Jan Schakowsky (IL-09)

- As OMB's Made in America Office continues to implement Build America Buy America Act, can you provide an update on the use of *de minimis*, small grants, and minor components general waivers and whether OMB intends to update its guidance?

- Limited use of these tools can be effective in advancing implementation while providing commonsense flexibility. However, if these tools are applied too broadly, they have the effect of limiting Buy America coverage. I am aware of concerns that some departments have sought *de minimis* waivers that allow for a significant amount of non-compliant products to be used in projects. For instance, the Department of Transportation proposed a *de minimis* waiver policy set at 5% of overall project costs, which effectively creates a non-compliance allowance that may well exceed the actual amount of materials used in many projects.

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EPA oil and natural gas methane: Rule 1

EPA Standards of Performance for New, Reconstructed, and Modified Sources of Emissions Guidelines for Existing Sources: Oil and Natural Gas Sector Climate Review

- **The Small Business Association's Office of Advocacy filed comments and sent a letter on February 13, 2023 that are critical of the EPA's oil and natural gas methane rule. Oklahoma has many small businesses that are part of the state's oil and gas industry and the proposed rule will put them at a disadvantage. The President's Budget request emphasizes growing the economy from the bottom up and the middle out, including supporting small businesses and promoting fair competition.**

- **Question: Do you agree that the proposed rule will disadvantage small businesses in the ONG industry and works against the President's budget to support small businesses?**

EPA's proposal and supplemental proposals related to the Oil and Natural Gas Sector Climate Review identified small business impacts. OMB participated in a review panel with SBA and EPA to gather feedback from small businesses on this issue. In the supplemental proposal, EPA proposed or took comment on several regulatory alternatives that could reduce impacts on small business.

Rep. Bice

EPA oil and natural gas methane: Rule 2

When the OMB has an opportunity to weigh in on the EPA's rule will it consider recommendations put forward by the SBA?

OIRA considers all interagency comments received during its review process, including those that might be submitted from the SBA, and shares inter-agency feedback with the authoring agency.

Rep. Burgess

Insulin price cap

Director Young, I have long been a champion of the policy that we need to pass the rebate savings the government receives from insulin manufactures on to the patients who need it most. This budget proposes expanding price controls on insulin at $35 for every American, even those not on government plans.

- **Does this budget account for the loss of the $17.3 billion that CBO calculated Medicaid plans would gain through the removal of rebate caps enacted through the American Rescue Plan?**
- **What do you think this arbitrary price control mandate does to innovation and health care premiums?**

Section 9816 of the American Rescue Plan Act eliminated a cap on Medicaid manufacturer drug rebates, ensuring manufacturers pay proportional rebates covering all price increases for a drug, and therefore lowering costs for states and taxpayers.

As part of the Inflation Reduction Act, nearly 4 million seniors on Medicare with diabetes started to see their insulin costs capped at $35 per month this past January, saving some seniors hundreds of dollars for a month’s supply. The Administration believes this life-saving benefit should be available and affordable to everyone, which is why the President’s FY 2024 Budget extends the insulin price cap to privately insured individuals and it does so without driving up the cost of premiums. In fact, some manufacturers have followed the President's lead in lowering their insulin prices, a clear sign that they were price gouging without innovating. In addition, the Administration believes that fostering scientific innovation is essential to both promoting better health care and improving health, which is why the Biden Administration 2021 Comprehensive Plan for Addressing High Drug Prices includes innovation as one of its key guiding principles.

Rep. Burgess

Taxes

Director Young, I have heard you say multiple times over the last few weeks that this budget would ask the top 1% to "begin to pay their fair share."

- **What do you mean by "begin"?**
- **Where does it end? What would you consider to be a "fair share" for the top 1%, who employ a large majority of Americans?**

For too long, it has been too easy for the wealthiest Americans to reduce their taxes by taking advantage of loopholes and special tax advantages. Right now, under our current system, some of the wealthiest people in our country end up paying a lower tax rate, as a share of their income, than a middle-class family. Some recent research estimated that the average tax rate of the richest 400 billionaires was just 8%. The President doesn't believe that is fair. And the American people agree with the President that billionaires should not be paying lower tax rates than ordinary middle-class families. That's why the President's Budget includes several proposals—including a proposed Billionaire Minimum Tax—to ensure that those at the top pay a share of their income comparable to the rates paid by working Americans in professions such as nursing and teaching. The President takes a reasonable approach to tax reform. For example, the corporate tax rate increase in the budget would see the rate go from 21% to 28%, which is still far lower than the 35% tax rate on corporations that was in place prior to the 2017 tax cuts.

Rep. Burgess

American Rescue Plan and inflation

Director Young, as acting Director of OMB during the passage of the American Rescue Plan, did you not consider the inflationary effects it would have?

I did not work for the Administration, as I was not yet confirmed as Deputy Director, until after the passage of the American Rescue Plan.

Rep. Burgess

Healthcare workforce

In speaking to Senator Lujan, you committed to working on the health care workforce shortage, an issue that I have long been concerned about even prior to the stresses of the pandemic.

- **Does this commitment include working with CMS to raise the pay of those very health care professionals who have had their pay cut every year, only adding to the stresses of their job?**

The health workforce plays a vital role in responding to public health threats including the behavioral health crisis, addressing health disparities, and improving the health and resiliency of communities. As the demand for healthcare workers increases and concerns of potential shortages grows, the Administration remains committed to strengthening and expanding the workforce. The FY 2024 budget provides $2.7 billion to HRSA workforce programs, including $947 million in mandatory resources, to expand workforce capacity across the country.

The Budget includes proposals that would expand coverage and payment, providing additional reimbursement to parts of the workforce, such as certain behavioral health professionals and community health workers. The Budget also provides $150 billion for home and community-based services including increased Medicaid reimbursement for well-paid home care workers.

Rep. Good

Customs and Border Protection funding

Background: Last year, Congress enacted $61 billion for the Department of Homeland Security. This year, the budget proposes "$60.4 billion in discretionary budget authority for 2024, a $0.6 billion or one-percent decrease from 2023 enacted level." In that year, there were over 2.7 million border patrol enforcement actions taken by CBP. This represents a 30 percent increase over FY21. These drastic increases in border patrol enforcement actions coupled with mass migration events such as 'migrant caravans' have overwhelmed CBP agents and adversely affected operational stability.

America's top adversaries including Mexican drug cartels are well-aware of the strain at the border and are taking advantage. In just the first four months of FY23, 53 people whose names appear on the terrorist watchlist, including 15 in January alone, were stopped trying to cross the U.S.-Mexico border between ports of entry. This total is more than the encounters in all FY17, FY18, FY19, FY20, and FY21 combined and is on track to exceed the disturbing 98 encounters in FY22.

Questions:

What conversations have you had with officials at CBP as you and the President drafted this budget? Who, if anyone, asked for a $600 million reduction in funding?

The facts remain that, when adjusted for how TSA passenger fees are treated, DHS would receive a 6.3% increase in the President's Budget. Total discretionary budget authority outside of special funding for the border last year for DHS was $60.8 billion and the President's Budget proposes $64.6 billion, when TSA passenger fees are not deducted from the DHS topline. To go even further this administration asked Congress to provide a $4.7 billion contingency fund to strengthen border management as part of the President's Budget. With that accounted for, DHS would receive $69.3 billion, a 9.1% increase over last year's total funding.

Consequently, the FY 2024 Budget invests in personnel and technology to enhance border security, to disrupt drug and human trafficking, and to provide safe and orderly pathways that stem irregular migration. We look forward to working with you to secure the President's 9% increase for the Department of Homeland Security.

Rep. Good

Immigration processing

How does the President justify a $4.7 billion dollar fund to facilitate the processing and release of illegal migrants into the country? Aren't these resources better spent preventing illegal immigration in the first place?

The FY 2024 Budget invests in personnel and technology to enhance border security, disrupt drug and human trafficking, and provide safe and orderly immigration pathways that stem irregular migration. That includes the creation of a $4.7 billion contingency fund to provide resources to address increases in southwest border migration when necessary. The fund is an innovative policy that will come into play only if there is a migration surge. The fund would receive quarterly appropriations only if pre-defined southwest border encounter levels are met, and would help DHS be prepared to address border management needs that may arise. This is an acknowledgment that migration patterns can quickly change and provides a funding structure that allows for quick response, only if necessary. To be clear, funding these border management activities and agencies is necessary whether done through a contingency fund or as has historically been done, as part of the regular appropriations for DHS. We believe the contingency fund is more fiscally responsible as DHS would only access funds if migration patterns change. To properly manage the border, under the current laws of the United States, the Administration continues to call on Congress to enact meaningful immigration reform, consistent with the President's immigration plan submitted to Congress on day one of his Administration.

Rep. Good

DHS Zero-Emission Vehicles

How can you justify allocating $123 million for DHS to support "market shaping investments to Zero-Emission Vehicles and only allocate $40 million for combatting fentanyl trafficking?

The FY 2024 Budget includes $7.4 billion for drug control activities at the Department of Homeland Security, including activities to combat fentanyl trafficking, a 6 percent increase above the FY 2023 Enacted level. This includes $4.3 billion at U.S. Customs and Border Protection, $2.2 billion at the U.S. Coast Guard, and $726 million at Immigration and Customs Enforcement (ICE).

In support of the President's goal of transitioning to a fully zero emission vehicle Federal fleet, the Department of Homeland Security's budget includes $123 million for zero-emission vehicle (ZEV) acquisitions and deployment of supporting charging stations and infrastructure. As the third-largest Federal agency, DHS's investment in ZEVs is an important step towards curbing the carbon emissions from tailpipes that threaten the planet and harm U.S. communities. The proposed funding level will enable DHS to be responsive to the ongoing supply chain issues while maintaining operational requirements as the fleet transitions to ZEVs.

Rep. Peters

Maximum Fair Price Methodology

Director Young: The Center for Medicare and Medicaid Services (CMS) recently issued guidance on the Medicare Drug Price Negotiation program. This guidance will implement the first round of Inflation Reduction Act (IRA) negotiations to take effect in 2026. This inquiry relates to the Maximum Fair Price (MFP) Methodology. The MFP methodology will start with net prices of therapeutic alternatives and adjust upwards or downwards based first on clinical comparisons and then second on the manufacturer specific factors (research and development costs, cost of production, federal financial support, patent information, and market data). However, there is a need to clarify further how CMS will address an unmet need or how it will adjust the MFP for therapeutic advance over the course of a product's lifetime. These types of considerations are necessary to maintain innovation and ensure patients with difficult and complex diseases can continue to see new therapies come to market. We can ensure that the Medicare negotiation paradigm in the IRA is successful, while also making sure investments continue to flow in high-risk areas, especially those diseases like Alzheimer's that disproportionately harm traditional underserved communities.

- **As the OMB clears the final guidance, how will it ensure that true innovation, which addresses unmet patient needs, continues to be rewarded?**

The Administration is committed to supporting public and private research and ensuring market incentives promote discovery of innovative and accessible new treatments. It is the Administration's belief that fostering scientific innovation is essential to both promoting better health care and improving health, which is why the Biden Administration 2021 *Comprehensive Plan for Addressing High Drug Prices* includes innovation as one of its key guiding principles. These principles will continue to guide our drug pricing reform efforts including implementation of the Inflation Reduction Act. Specifically, the recently released *Medicare Drug Price Negotiation Program Initial Guidance* solicits comment on how to evaluate the clinical benefit, among other attributes, of drugs selected for negotiation as compared to their therapeutic alternatives in order to determine the initial offer and maximum fair price.

Rep. Peters

Inflation Reduction Act drug pricing provisions

Director Young: As CMS officials have noted, the administration has been working hard to implement the IRA's drug pricing provisions under very tight deadlines.

- **Can you tell me what steps your office is taking to work with CMS and make sure they are following open and transparent practices to implement these provisions, including (but not limited to): publishing draft policies for comment, allowing at least 60 days for comment wherever possible, and providing robust responses to comments received?**

The Administration and the Centers for Medicare & Medicaid Services (CMS) are taking steps toward implementing the Medicare Drug Price Negotiation Program, setting the stage for multiple comment opportunities for members of the public, people with Medicare and their families, beneficiary and consumer advocates, pharmaceutical manufacturers, health care providers, and other interested parties. As the law is implemented, CMS intends to prioritize transparency and robust engagement among all interested parties. Additional information on IRA implementation and opportunities to engage can be found on CMS' "Inflation Reduction Act and Medicare" website (https://www.cms.gov/inflation-reduction-act-and-medicare).

Rep. Peters

Pharmacy Benefit Managers

Director Young: One area the IRA did not address was the role of Pharmacy Benefit Managers (PBMs) in driving the up the cost of medicines for patients in need. Three PBM's currently control about 80% of prescription claims in the US. Despite the availability of authorized generic versions of certain brand medicines – which may have considerably lower list prices than their otherwise therapeutically equivalent brand name counterparts – PBMs do not always include these medicines on their standard commercial formularies. PBMs may exclude lower list price versions of brand medicines from their formularies in favor of higher list price versions. This increases PBM revenue but can force patients to pay higher out-of-pocket costs.

- **Can you tell me what the president's budget does to address PBMs and their role in driving up prescription drug prices?**

The Budget builds upon the Inflation Reduction Act to continue lowering the cost of prescription drugs. This carries indirect impacts for PBMs as misaligned incentives and exorbitant prices and price increases are addressed. The Administration has taken targeted regulatory action to ensure Part D plans and PBMs share all discounts they receive from network pharmacies at the point of sale so beneficiaries can also share in the savings. This policy, effective January 1, 2024, reduces beneficiary out of pocket costs, improves price transparency and market competition in the Part D program, and works to address PBMs and their role in driving up prescription drug prices. We look forward to working with Congress on the President's Budget proposals and other ways to reduce drug costs.

Rep. Schakowsky

Build America Buy America waivers

As OMB's Made in America Office continues to implement Build America Buy America Act, can you provide an update on the use of de minimis, small grants, and minor components general waivers and whether OMB intends to update its guidance?

Limited use of these tools can be effective in advancing implementation while providing commonsense flexibility. However, if these tools are applied too broadly, they have the effect of limiting Buy America coverage. I am aware of concerns that some departments have sought de minimis waivers that allow for a significant amount of non-compliant products to be used in projects. For instance, the Department of Transportation proposed a de minimis waiver policy set at 5% of overall project costs, which effectively creates a non-compliance allowance that may well exceed the actual amount of materials used in many projects.

On November 4, 2022, DOT posted for public comment a proposed de minimis costs, small grants, and minor components waiver. As you note, DOT received public comments with respect to the applicability of the proposed de minimis waiver, which would apply if "the total value of the non-compliant products is no more than the lesser of $1,000,000 or 5 percent of total allowable costs under the Federal financial assistance award." DOT is considering the comments received during the comment period. The Made in America Office will ensure waivers issued by agencies are consistent with policy.