116TH CONGRESS
1st Session

COMMITTEE PRINT

SERIAL NO.
CP–1

COMMITTEE ON THE BUDGET
U.S. HOUSE OF REPRESENTATIVES

VIEWS AND ESTIMATES

OF

COMMITTEES OF THE HOUSE

(With Additional, Supplemental, and Minority Views)

ON THE

CONCURRENT RESOLUTION ON THE BUDGET FOR FISCAL YEAR 2020

SUBMITTED PURSUANT TO SECTION 301(d) OF THE
CONGRESSIONAL BUDGET AND IMPOUNDMENT
CONTROL ACT OF 1974

ONE HUNDRED SIXTEENTH CONGRESS
FIRST SESSION

APRIL 2019

VIEWS AND ESTIMATES OF COMMITTEES OF THE HOUSE

[COMMITTEE PRINT]

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U.S. House of Representatives
Committee on Agriculture
Washington, DC 20515

February 27, 2019

The Honorable John Yarmuth
Chairman
Committee on the Budget
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

Pursuant to section 301(d) of the Congressional Budget Act of 1974 and clause 4(f) of House Rule X, we offer the following budget recommendations with respect to programs within the Committee on Agriculture's jurisdiction. The Committee appreciates this opportunity to share its views and estimates for the fiscal year 2020 budget cycle.

The Committee's budget priorities are aligned with the full implementation of the Agriculture Improvement Act of 2018 (the 2018 Farm Bill) that was signed into law on December 20, 2018. Through the farm bill development process, Members of Congress debated many facets of the now-enacted policies, including their associated purposes, structures, and costs. The Committee took our duty to be fiscally responsible to taxpayers seriously, reauthorizing and improving programs without increasing the overall bill cost. According to the Congressional Budget Office (CBO), the 2018 Farm Bill is expected to spend no new money, preserving the significant savings achieved through the 2014 Farm Bill. Final passage of the 2018 Farm Bill was supported by more than 700 groups and received broad bipartisan support, passing by a margin of 369 to 47 in the House and 87 to 13 in the Senate.

The improved programs and authorities in the 2018 Farm Bill were enacted at a time of great need for farmers, ranchers, and those struggling to put food on their tables. While approximately 76 percent of farm bill spending goes to the Supplemental Nutrition Assistance Program (SNAP), which is intended to provide temporary food assistance for those in need, the actual cost of SNAP has decreased as the economy has recovered from the Great Recession and people have gone back to work. SNAP is on pace to spend $64 billion less over the 2014 through 2023 time period than CBO originally forecasted in 2014. The 2018 Farm Bill was able to stay on track for reduced SNAP spending by making commonsense reforms to strengthen program administration and integrity without cutting benefit eligibility.

While many sectors of the economy have continued to improve over the last decade, February 2019 estimates by the U.S. Department of Agriculture (USDA) project that net farm income declined by an additional $6.3 billion in 2018, following previous declines in four of the last five years. Looking to the future, those same estimates also project an $8.4 billion increase in 2019. While encouraging, the longer-term outlook shows little sign of substantial recovery.

This Committee has long highlighted trade-distorting foreign subsidies, tariffs, and non-tariff trade barriers that put American farmers and ranchers at a competitive disadvantage in international markets. While negotiations to reduce some of these challenges are underway, the ongoing trade disputes have compounded already tough market conditions. Recent administrative measures have attempted to help farmers cope with trade damages in the near term, but the underlying market challenges persist and several new trade agreements are still in the early stages of negotiation. Farmers, ranchers, and rural communities impacted by recent natural disasters, including wildfires in the West and hurricanes in the South and East, have had to contend with even more challenging conditions.

While producers of most agricultural products are facing steep declines in income, U.S. dairy farmers have been some of the hardest hit. The 2018 Farm Bill establishes flexible and affordable risk management tools for dairy farmers and reauthorizes important existing authorities. When fully implemented, significant improvements made in the 2018 Farm Bill should help dairy farmers better manage their continued market risks.

As the world grapples with the threat of animal diseases like African Swine Fever, Avian Influenza, and Foot and Mouth Disease, the 2018 Farm Bill expands the U.S.'s animal pest and disease prevention and response capacity. These new resources and authorities protect the health and wellbeing of our animals and the safety and security of our food value chain. The House voted to support funding for these programs by a margin of 392 to 20 during the Motion to Instruct Conferees on the 2018 Farm Bill.

Farmers growing grains, oilseeds, cotton, and peanuts also look to the full implementation and continuation of essential risk management and mitigation authorities including federal crop insurance, Price Loss Coverage, and Agriculture Risk Coverage. For growers of fruits, vegetables, and nuts, block grants and research for specialty crops and the Emergency Citrus Disease Research and Development Trust Fund provide necessary research and resources.

Other tools like voluntary conservation programs help farmers address water quality and quantity issues facing many regions of the United States. The 2018 Farm Bill conservation programs also help provide funding to address soil health, habitat concerns, and other regional and local resource needs.

The 2018 Farm Bill paves the way for the next generation of farmers and ranchers by investing in the Beginning Farmer and Rancher Development Program, a new scholarship program for 1890 institutions, and the Outreach and Assistance for Socially Disadvantaged and Veteran Farmers and Ranchers program. The bill also provides investments in programs that support local foods, organic research, and value-added products that provide resources and opportunities for new and innovative business models and practices.

As farmers and ranchers struggle, so do the rural communities in which they live and work. The 2018 Farm Bill addresses efforts to increase the availability of high-speed broadband in rural areas, both for farmers' use in precision agriculture and other aspects of their operation, as well as for the small businesses that are working to stay and grow in rural areas despite limited access to internet and adequate healthcare. The 2018 Farm Bill also focused on providing better access to medical and rehabilitation services to help fight the opioid crisis facing rural America, including expanding access to counseling and mental health services for farmers, ranchers and their families.

Given the strong political support for the programs mentioned above and the economic realities facing many Americans, the Committee believes that the farm, rural, and nutrition program benefits of the 2018 Farm Bill should be maintained. The Committee on Agriculture is planning thorough oversight and monitoring of the implementation of the 2018 Farm Bill, as well as the continuing authorities of USDA and the Commodity Futures Trading Commission. Our goal is to ensure that the investments made in these programs and authorities yield results consistent with Congressional intent. The Agriculture Committee will also continue to gather new insight into how to improve programs and authorities, including ways to continue to invest taxpayer money wisely.

Sincerely,

Collin C. Peterson
Chairman

K. Michael Conaway
Ranking Member

cc: The Honorable Steve Womack
Ranking Member
Committee on the Budget

COMMITTEE ON ARMED SERVICES

U.S. House of Representatives

Washington, DC 20515–6035

ONE HUNDRED SIXTEENTH CONGRESS

March 13, 2019

The Honorable John Yarmuth
Chairman, Committee on the Budget
U.S. House of Representatives
207 Cannon House Office Building
Washington, D.C. 20515

Dear Mr. Chairman,

Pursuant to section 301(d) of the Congressional Budget Act of 1974, and clause 4(f) of rule X of the Rules of the House of Representatives for the 116th Congress, I am forwarding to you the views of the Committee on Armed Services regarding the National Defense Budget Function (050) for fiscal year 2020.

As the Chairman of the Committee on Armed Services, I am encouraged to see that your committee intends to focus on important national priorities such as national defense. The Committee on Armed Services takes its responsibility to resource national defense very seriously. As has been the emphasis in recent years, the committee will continue to pursue solutions to restore the readiness of our Armed Forces, while implementing reforms and conducting rigorous oversight in order to ensure the proper and effective execution of funds received.

The United States asks much of the Department of Defense. The country's defense posture, properly supported and resourced through the budget process, must effectively deter actors posing strategic challenges to the United States. While addressing readiness and modernization challenges within the Department, and while also remaining ready to conduct full-spectrum military operations should the need arise, our armed services undertake global efforts to bolster military deterrence against Russian aggression, deter the malign activities of the Islamic Republic of Iran, respond to Chinese military modernization and expansionism, ensure readiness on a dynamic Korean peninsula, support ongoing operations in Afghanistan and against the Islamic State of Iraq and Syria, counter terrorism, strengthen global partnerships, combat nuclear proliferation, provide for homeland defense, secure our interests in space and cyberspace, and maintain a credible nuclear deterrent.

In turn, the country invests a considerable sum in national defense. Enactment of the Bipartisan Budget Act of 2018 (the BBA) set appropriate discretionary spending levels for

The Honorable John Yarmuth
March 13, 2019
Page 2

fiscal years 2018 and 2019, including a large increase in defense spending. Such an increase remains justified in light of national security challenges, including readiness shortfalls in our Armed Forces. Addressing such issues is the work of years. Last year's BBA agreement, in conjunction with timely passage of authorizing and appropriating legislation, provided the Department of Defense with the significant increases in funding requested by then-Secretary Mattis. That increase and the timely and effective action of Congress have placed the Department on a viable path to recovery.

Although enactment of the BBA set appropriate discretionary spending levels for fiscal years 2018 and 2019, it provided only a temporary shelter from sequestration. Sequestration levels remain in effect for discretionary funding for fiscal years 2020 and 2021. I am deeply concerned at the effects that the implementation of sequestration would have on the Department and its operations. However, I am strenuously opposed to the use of gimmicks to bypass budgetary norms. The wholesale use of Overseas Contingency Operations funding to support base budget requirements makes a mockery of the federal budget process. This committee will reject any such ill-advised effort to obscure the true cost of military operations and shortchange other investments vital to our national and economic security. Instead, Congress must eliminate the specter of sequestration and raise or repeal Budget Control Act (BCA) caps in order to advance national interests along a broad front.

National security threats continue to evolve, and the constantly changing security environment must always be considered when formulating defense budgets. I support further increases in discretionary authority, in this year and in future years, should the security environment so warrant. However, future growth in discretionary funding levels will necessarily depend on the existence of a budgetary environment that is conducive to such growth. In addition to eliminating sequestration and the BCA caps, Congress must increase revenues, re-establish regular order in the appropriations process, dispel fiscal uncertainty, and empower economic performance to effectuate real growth in out-year funding levels.

Equally important to the adequacy of the funding for national defense is the predictability and stability of that funding. In addition to the harms inflicted by the BCA and sequestration, years of budgetary standoffs, threatened and actual shutdowns, overreliance on continuing resolutions, and wildly fluctuating future-year spending plans have combined to produce debilitating fiscal uncertainty, undermining the ability of the Department of Defense and other Federal Departments and Agencies to plan and execute funding for the actions that are expected by the American people. It also erodes the ability of the defense industrial base to meet requirements. A responsible budget resolution, addressing the full spectrum of defense and nondefense-related needs, is a critical first step to the reestablishment of fiscal stability, the restoration of regular order, and the recovery of the myriad of efficiencies gained in a predictable budget environment.

Committee Legislative Activities

The primary legislative vehicle of the Committee on Armed Services is the National Defense Authorization Act (NDAA). The NDAA contains all the essential authorities required to sustain our military and is the chief mechanism through which Congress exercises its Article I, Section 8 responsibilities to raise and support armies and to provide and maintain a navy. The importance of this responsibility has ensured that this bill has been signed into law for 58 consecutive years. As this committee develops the NDAA for fiscal year 2020, it will continue its practice of conducting significant hearings, briefings, and roundtable discussions to examine the current security environment, to evaluate proposals for reform, and to assess the military requirements supporting a coherent strategy.

The vast sum invested in national defense makes it imperative that Congress conduct extensive oversight to ensure proper executive branch stewardship of the taxpayers' investment. In recent years, the NDAA has contained numerous efforts to reform the Department of Defense, in areas ranging from military retirement and compensation to acquisition. The committee will continue to review the defense enterprise and conduct oversight on the numerous reform efforts already underway, including the annual audit. The committee will also conduct rigorous oversight over any abuses of the flexibilities that Congress has granted to the Department, such as transfer authorities and funds, for purposes other than as intended by Congress. Such mechanisms are indeed helpful to the management and operations of the Department of Defense, but they are not essential. The committee is strenuously opposed to abuse of these tools and will work as necessary to protect Congressional prerogatives.

I appreciate the opportunity to express these views on behalf of the Committee on Armed Services. I look forward to working with you and the members of the Committee on the Budget to construct a budget plan that reflects our commitment to meeting emerging threats and securing our national defense.

Sincerely,

Adam Smith
Chairman

Cc: The Honorable Steve Womack, Ranking Member, Committee on the Budget

COMMITTEE ON ARMED SERVICES

U.S. House of Representatives

Washington, DC 20515–6035

ONE HUNDRED SIXTEENTH CONGRESS

March 11, 2019

The Honorable John Yarmuth
Chairman, Committee on the Budget
U.S. House of Representatives
207 Cannon House Office Building
Washington, D.C. 20515

Dear Mr. Chairman,

Pursuant to section 301(d) of the Congressional Budget Act of 1974, and clause 4(f) of rule X of the Rules of the House of Representatives for the 116th Congress, I am forwarding to you the views of the Republican Members of the Committee on Armed Services regarding the National Defense Budget Function (050) for fiscal year 2020 (FY20).

We appreciate the Committee on Budget's focus on the first job of the federal government—to provide for the common defense—and we are dedicated to fulfilling our responsibility to conduct oversight of the Department of Defense. We are committed to restoring the readiness of our Armed Forces and to implementing institutional reforms that ensure that our military has the best equipment, the best training, and the best pay and benefits our nation can possibly provide.

Our military is standing guard around the world to defend us and our way of life. Less than one percent of the Nation's total population is currently serving in the all-volunteer active force, guard, and reserves. Nearly half of those currently serving are 25 years old or younger, and they represent the best our country has to offer. Our duty in Congress is to provide the resources and authorities they need to accomplish the missions the Nation asks of them.

Strategic Environment

Unlike many other government programs, national security needs must necessarily reflect the strategic environment in which we find ourselves. We have consistently received testimony that the United States faces the most complex security challenges in its history from a variety of actors using a multitude of tools and tactics. Among those with whom we must be concerned are: Russia, China, Iran, North Korea, and a variety of terrorist groups. Among the domains in which we must be prepared to fight and to prevail are: land, sea, air, space, and cyberspace.

Ongoing Readiness Restoration

"Let me be clear: As hard as the last 16 years of war have been on our military, no enemy in the field has done as much to harm the readiness of U.S. military than the combined impact of the Budget Control Act's spending caps, worsened by operating of 10 of the last 11 years under continuing resolutions of varied and unpredictable duration.[1]*"*

The funding levels Congress provided for fiscal years 2018 and 2019 through the Bipartisan Budget Act of 2018 began to rebuild our military, repairing damage caused by years of high demands and low budgets. The military services have begun the long process of simultaneously restoring forces and equipment worn down by years of combat and accelerating critical modernization programs to stay ahead of strategic competitors with modern militaries, such as China and Russia. A return to an unstable and uncertain budget situation would be incredibly irresponsible, especially when we already know the consequences.

The cost of not providing the resources needed to maintain equipment, provide adequate training, and maintain appropriate manning levels is stark. There is no doubt that failure to provide appropriate funding directly affects the safety of our men and women in uniform. As just one example of the consequences of inadequate resourcing, there is a direct correlation between decreased defense spending and aviation mishaps. The trend lines are clear: reduced funding for maintenance and training clearly impacts safety.

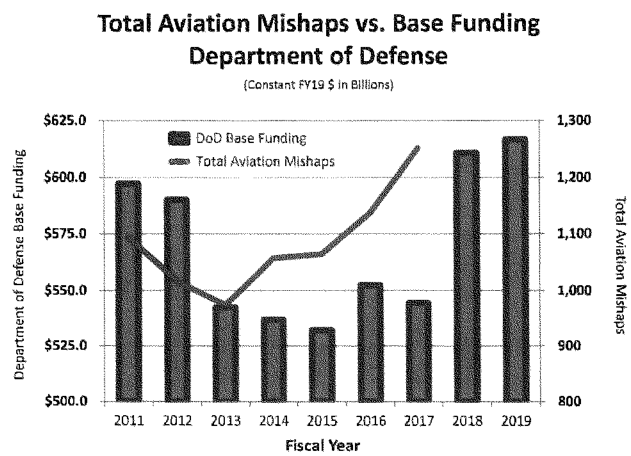

Table 2-1: Base Budget, War Funding and Supplementals by Military Department, by P.L. Title, National Defense Budget Estimates for FY 2019 (aka "Green Book")

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[1] Testimony of James N. Mattis, Secretary of Defense, before the House Armed Services Committee, "The National Defense Strategy and the Nuclear Posture Review," February 6, 2018

Nuclear Arsenal and Deterrent

"They are viable today. They are safe, secure, reliable, ready, [and] they can do all the missions they need to do today, ... [b]ut in the not-too-distant future, that won't be the case. Sadly, we've delayed the modernization of those programs really too long. And now if you lay all the modernization programs out on a single table and you look at when they all deliver, they all deliver just in time".[2]

Our nuclear deterrence is the cornerstone upon which all of the rest of America's national security is built. Documents and testimony provided to the Committee demonstrate that shortfalls remain across the nuclear complex. Aging nuclear infrastructure includes one-of-a-kind production facilities that are significantly past their design life. The most recent Nuclear Posture Review correctly highlighted that while the United States has continued to reduce the number of nuclear weapons, others, including Russia and China, have moved in the opposite direction. They have added new types of nuclear capabilities to their arsenals; increased the importance of nuclear forces in their strategies and plans; and engaged in increasingly aggressive behavior, including in outer space and cyberspace.[3] Delayed investment in the safety of our nuclear complex is inconsistent with the expectations and trust the American people and our allies place in our stewardship of these weapons.

Ground Forces

"Today we are outranged, outgunned, and outdated."[4]

Ground forces are struggling to balance executing current ongoing and emerging missions, focused mainly on non-state actors, while simultaneously preparing to deter future conflict. The Army and Marine Corps continue to operate at a high operational pace while simultaneously managing the consequences of earlier reductions to their authorized personnel levels (end strength). The combination of these two factors have put strain on our ground forces. In response, the Army and Marine Corps will need continued funding to meet their readiness challenges for current operations and successfully respond to future contingencies.

At the same time, the Army and Marine Corps must also renew their focus on fighting and winning high-end conflicts against near-peer state competitors. The ground force's ability to maintain its combat dominance and overmatch through combined arms maneuver warfare is being challenged by competitors who are developing capabilities and techniques specifically designed to counter competencies in which the United States has competitive advantage. Congress must provide resources for investment in modernization to rapidly develop and procure next-generation capabilities that improve the survivability and lethality of soldiers and marines, including long-range fires; air and missile defense; future vehicle lift technology; next generation combat vehicles; improved target acquisition; and close combat lethality capabilities.

Naval Force Projection

Our naval presence projects power across the globe, allowing for the freedom of movement for both commercial activities and defensive maneuvers. Freedom of navigation across the global

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[2] General John Hyten, Commander U.S. STRATCOM https://www.stratcom.mil/Media/News/News-Article-View/Article/1282165/usstratcom-commander-describes-challenges-of-21st-century-deterrence/

[3] Executive Summary of the 2018 Nuclear Posture Review. https://media.defense.gov/2018/Feb/02/2001872877/-1/-1/1/EXECUTIVE-SUMMARY.PDF

[4] General Daniel B. Allyn, Vice Chief of Staff, United States Army, written testimony for the House Armed Services Committee, "The State of the Military," February 7, 2017

commons is a key tenet of the unprecedented American and global prosperity of the post-World War II era and is underwritten by American naval power. Strategic competitors such as China seek hegemony over critical maritime regions to control access to critical shipping lanes and to infringe on the sovereignty of neighboring countries. At the same time, deferred maintenance and diminished shipbuilding budgets erode our ability to project power. For example, the inadequacy of our aircraft carrier force structure is having an acute impact. Our commander responsible for the Middle East, General Joseph Votel, testified that Central Command is not adequately resourced with Navy aircraft carriers because of insufficient force structure.[5] A previous commander of the Pacific, Admiral Harry Harris, indicated he received less than half of the attack submarines he needed to conduct peacetime operations.[6] Admiral John Aquilino, the current commander of the Pacific Fleet, stated the Navy is 6,200 sailors short of adequately manning the surface fleet.[7] Addressing these readiness shortfalls needs to be coupled with a disciplined focus on modernizing the fleet as well as adding additional naval force structure and manpower.

Air Dominance

Since the end of the Cold War, the United States has assumed air dominance in all military engagements and overseas contingency operations–an advantage that is quickly eroding as near-peer competitors continue to rapidly develop advanced air defense system capabilities. Proliferation of these advanced integrated air defense systems will challenge even our most strategic aircraft, including 5th generation strike fighters. Potential opponents have had nearly 30 years to study our air warfighting tactics, techniques, and procedures, which depend on stealth and precision, and have developed countermeasures and competing capabilities. In addition, shortfalls in defense spending have diminished the capacity, capability, and readiness of the United States tactical aviation (TACAIR) forces. Unprecedented operational tempo and reduced levels of funding for maintenance for our TACAIR forces have led to extremely low readiness rates across the Air Force, Navy, and Marine Corps. We must continue to fund readiness recovery, while also increasing investment in modernization (future readiness). This modernization must include the development and procurement of advanced capabilities, such as the F-35 Joint Strike Fighter, that will be able to penetrate the most extreme contested environments.

Finally, we continue to fly an aged bomber fleet and to operate refueling aircraft designed and constructed over 60 years ago. To address these issues, the Air Force is developing the advanced Long Range Strike Bomber, B-21, and has begun accepting delivery of the new refueling tanker, KC-46A, this year. Successful integration of these capabilities, while retiring expensive older aircraft, will require a stable and reliable level of base funding. In the interim, the Air Force and industry are sustaining these capabilities, but at a steadily increasing cost.

National Security Space

"Space is integral to our way of life, our national security, and modern warfare. Although United States space systems have historically maintained a technological advantage over those of our

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[5] https://www.military.com/daily-news/2019/03/07/4-star-some-requests-carriers-middle-east-are-getting-turned-down.html?utm_source=Sailthru&utm_medium=email&utm_campaign=ebb%2008.03.19&utm_term=Editorial%20-%20Early%20Bird%20Brief

[6] https://thediplomat.com/2017/05/us-pacific-command-needs-more-submarines-as-navy-struggles-to-maintain-force/

[7] Testimony of Admiral John C. Aquilino, USN Commander U.S. Pacific Fleet before the House Armed Services Committee, "Naval Surface Forces Readiness: Are Navy Reforms Adequate?," February 26, 2019

potential adversaries, those potential adversaries are now advancing their space capabilities and actively developing ways to deny our use of space in a crisis or conflict. It is imperative that the United States adapt its national security organizations, policies, doctrine, and capabilities to deter aggression and protect our interests.[8]"

Our space capabilities (Intelligence, Surveillance, and Reconnaissance; communications; Global Positioning Systems) are vulnerable during peacetime and are largely not survivable during a conflict. Armed Service Committee Members have led the effort to stop the decline of our advantage in space and will continue to shape the development of the establishment of the Space Force through the National Defense Authorization Act (NDAA).

Protecting Critical Technologies

The National Defense Strategy framed the current security environment as one of "rapid technological advancements that is changing the character of war." We must adapt to this new reality or risk the erosion of our own military superiority. Since World War II, our U.S. military dominance has been assured by our technological advantage. We are entering a new era of strategic competition that is defined by our advancements in technologies, including artificial intelligence, microelectronics, hypersonics, and synthetic biology. We must protect these critical capabilities, and, more importantly, preserve the innovation ecosystem we depend on to develop and mature these groundbreaking technologies. The Committee will focus on investments in cybersecurity, counterintelligence, emerging science and technologies, and preserve the integrity of our research enterprise.

Perspectives on the Budget Environment

"Stable budgets and increased funding are necessary because of four forces acting on the Department at the same time.... Each of these four forces – 16 years of war, the worsening security environment, contested operations in multiple domain, and the rapid pace of technological change, require stable budgets and increased funding to provide for the protection of our citizens and for the survival of our freedoms. Because as expensive as it is for the American people to fund the military, it is far less costly in lives and treasure than a conventional war that we are unable to deter because we are seen as weak."[9]

The primary job of the federal government is to provide for the common defense; yet today, only 15 percent of the budget is devoted to that task. By comparison, it was about 50 percent in the early 1960s. We spend about 3.4 percent of Gross Domestic Product on defense and international affairs compared to the 15 percent of GDP we spend on federal payments to individuals. In addition, while defense spending was cut approximately 20 percent in real terms starting in 2010, there was no similar reduction in the threats we faced. In fact, many of our global threats increased and diversified in scale and complexity. Congress must consider defense funding on the basis of current and projected threats, not on the basis of an arbitrary cap, or by attempting to balance defense spending with non-defense spending. Entitlement spending is the driver of our fiscal challenges and getting mandatory spending under control should be the focus of deficit reduction efforts. Even if we were to eliminate the Department of Defense, the deficit would still exist. We must address our Nation's spending problem without compromising the defense of the Nation and all we hold dear.

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[8] Space Policy Directive-4: Establishment of the United States Space Force

[9] Testimony of James N. Mattis, Secretary of Defense, before the House Armed Services Committee, "The Fiscal Year 2018 National Defense Authorization Budget Request from the Department of Defense," June 12, 2017

What is Required

"We know now that continued growth in the base budget for at least three percent above inflation is the floor necessary to preserve today's relative competitive advantage.... We are confronted with literally what has been described as a bow wave of modernization in the nuclear enterprise, in the cyber capabilities, our electronic warfare capabilities, space resilience, maritime capabilities, land forces. And so what we try to do is just get the right balance within the top line that we have been given. It is also why I highlighted that minimum of three percent just to maintain the competitive advantage that we have today."[10]

Several times before our Committee, Secretary Mattis and General Dunford testified that after Fiscal Year 2019, a minimum of three to five percent real growth in the defense budget would be required to continue to restore our readiness and to make progress in meeting the threats posed by near-peer competitors, such as Russia and China. Therefore, we support defense budgets that meet this minimum threshold.

Committee Legislative Activities

The primary legislative vehicle of the Committee on Armed Services is the (NDAA). The NDAA contains all the essential authorities required to sustain our military and is the chief mechanism through which Congress exercises its Article I, Section 8 responsibilities to raise and support armies and to provide and maintain a navy. The importance of this responsibility has ensured that, for 58 consecutive years, this bill has been signed into law. We intend to do the same this year and, working with our partners in the Senate, our goal is to file and pass a conference report before the end of the current fiscal year. As we develop the NDAA for fiscal year 2020, the committee will continue its practice of conducting significant hearings, briefings, and roundtable discussions to examine the current security environment, to evaluate proposals for reform, and to assess the military requirements supporting a coherent strategy.

We appreciate the opportunity to express these additional views on behalf of the Republican Members of the Committee on Armed Services. We look forward to working with you and the Members of the Committee on the Budget to construct a budget plan that reflects our commitment to meeting emerging threats and securing our national defense.

Sincerely,

William M. "Mac" Thornberry
Ranking Member

cc: The Honorable Steve Womack, Ranking Member

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[10] Testimony of Gen Joseph F. Dunford Jr. USMC, Chairman, Joint Chiefs of Staff before the House Armed Services Committee, "The Fiscal Year 2018 National Defense Authorization Budget Request from the Department of Defense," June 12, 2017

RALPH LEE ABRAHAM
Member of Congress

JIM BANKS
Member of Congress

ROB BISHOP
Member of Congress

BRADLEY BYRNE
Member of Congress

PAUL COOK
Member of Congress

SCOTT DESJARLAIS
Member of Congress

MIKE GALLAGHER
Member of Congress

VICKY HARTZLER
Member of Congress

DON BACON
Member of Congress

JACK BERGMAN
Member of Congress

MO BROOKS
Member of Congress

LIZ CHENEY
Member of Congress

MICHAEL CONAWAY
Member of Congress

MATT GAETZ
Member of Congress

SAM GRAVES
Member of Congress

TRENT KELLY
Member of Congress

DOUG LAMBORN
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PAUL MITCHELL
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MIKE ROGERS
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AUSTIN SCOTT
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COMMITTEE ON EDUCATION AND LABOR
U.S. HOUSE OF REPRESENTATIVES
2176 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-6100

March 8, 2019

The Honorable John Yarmouth
Chairman
Committee on the Budget
U.S. House of Representatives
204-E Cannon House Office Building
Washington, D.C. 20515

RE: Committee Budget Views and Estimates

Dear Chairman Yarmouth:

Pursuant to section 301(d) of the Congressional Budget Act of 1974 and clause 4(f) of Rule X of the Rules of the House of Representatives, attached please find the Budget Views and Estimates for Fiscal Year 2020 of the Committee on Education and Labor, together with Minority Views.

Sincerely,

ROBERT C. "BOBBY" SCOTT
Chairman

Enclosure

cc: The Honorable Steve Womack, Ranking Member, Committee on the Budget
The Honorable Virginia Foxx, Ranking Member, Committee on Education and Labor

[COMMITTEE PRINT]

116th CONGRESS

SUBMISSION OF BUDGET VIEWS AND ESTIMATES FOR FISCAL YEAR 2020 OF THE COMMITTEE ON EDUCATION AND LABOR

MR. SCOTT, from the Committee on Education and Labor, submitted to the Committee on the Budget the following.

116th CONGRESS

SUBMISSION OF BUDGET VIEWS AND ESTIMATES FOR FISCAL YEAR 2020 OF THE COMMITTEE ON EDUCATION AND LABOR

The Committee on Education and Labor (the Committee) provides the following Fiscal Year 2020 Budget Views and Estimates pursuant to section 301(d) of the Congressional Budget Act of 1974 and clause 4(f) of Rule X of the Rules of the House of Representatives. The Committee notes the President is required by law to submit a comprehensive federal budget on or before the first Monday in February (31 U.S.C. 1105(a)) but has failed to meet this basic obligation. While we are unable to comment on the President's budget request in this letter, we affirmatively state that the Committee will advance legislation in the coming fiscal year to invest in the education of all students, boost the wages of working Americans, strengthen workplace safety and health, strengthen health care protections for workers, address urgent threats to workers' retirement security, improve child welfare systems, and strengthen supports for children and families. To secure these goals, this letter recommends either specific allocations or three deficit neutral reserve funds for inclusion in the Budget Resolution. In addition, we recommend increasing the caps on non-defense discretionary spending to allow for needed investments in children, students, workers, and families.

Promoting Educational Opportunity

The Committee recognizes that achieving educational equity for all students requires bold federal investments in education – from early education through higher education – and recommends allocations or a deficit-neutral reserve fund in the budget resolution for Fiscal Year 2020 for these vital investments.

Strengthening Early Childhood Education

An investment in our youngest children is an investment in the nation's economy. Providing children with high-quality supports during the first five years of life can put them on a track to lifelong success. Yet today, far too few children have access to the quality programs that support strong, healthy development. It is the Committee's position that all children, regardless of family socioeconomic background or disability, have year-round access to the programs and services that can help them flourish. This includes access to quality child care for all children, Head Start for our country's most economically disadvantaged children, and public pre-

Kindergarten for the nation's four-year-olds. The impact of these early learning programs on young children will only be as strong as the quality of the services they provide; thus, Congress must ensure that efforts to broaden access to these programs also include supports for quality improvement. Providing quality, year-round services that fulfill families' needs will not only support children's strong and healthy development but will also allow many more parents to join the workforce and enable those parents already in the workforce to secure stable, reliable child care.

K-12 Education
A high-quality education is the cornerstone of opportunity. To be most impactful, the Committee will advance legislation to increase investments to support a quality public education for every child, with a focus on programs authorized under the *Elementary and Secondary Education Act* (ESEA) and the *Individuals with Disabilities Education Act* (IDEA). Such investments will facilitate effective implementation of the *Every Student Succeeds Act* (ESSA), the long overdue 2015 reauthorization of the ESEA, to support states and school districts in improving academic outcomes and closing persistent achievement gaps. Additionally, increased federal commitment to IDEA programs will ensure that all students with disabilities receive a free, appropriate public education in the least restrictive environment. For too long, Congress has failed to meet its obligation to disadvantaged children. Increased federal investment in these programs will strengthen communities and improve academic achievement, ensuring all students graduate from high school ready for college and career.

The Committee seeks significant federal investment in the physical and digital infrastructure of public schools across the country to ensure that all students and school staff learn and work in safe, welcoming, and well-resourced schools. Also, public schools must be prioritized in federal infrastructure investment.

Higher Education
The Committee will pursue a comprehensive reauthorization of the *Higher Education Act* to ensure that every student has an opportunity to obtain a high-quality degree or credential that leads to a rewarding career. The Committee will work to make higher education more accessible by strengthening existing access programs, authorizing targeted programs that allow traditionally underrepresented students to enroll in college, and simplifying the financial aid application. Increasing access to two- and four-year degrees will also require providing multiple points of entry, such as high-quality certificates that provide transferable, life-long skills and in-demand technical skills, while also creating a structured path to a college degree. Postsecondary certificates supported by federal funds should serve as the foundation for further study, if the student chooses to continue her education.

The Committee will push legislation to make college more affordable by securing robust investments in the Pell Grant program, incentivizing states to reinvest in their public systems of higher education, and streamlining the student loan system to make it easier for students to repay their loans. To ensure more students finish college, the Committee will promote investment in programs and services – such as career counseling and campus-based child care – that will help students graduate and put them on a path to success. Further, the Committee will reauthorize mandatory funding for Historically Black Colleges and Universities and Minority-Serving Institutions to ensure students are supported at these institutions.

Career and Technical Education
Last Congress, Committee Democrats led the effort to pass the *Strengthening Career and Technical Education for the 21st Century Act*. In the 2016-2017 school year, approximately 8.3 million high school students were enrolled in one or more career and technical education courses. The Committee supports continued strong federal investment in career and technical education to engage students in life-long learning and prepare them for college and career.

Raising the Minimum Wage
American workers are more productive than ever, but they are not receiving their fair share of economic growth. Raising the minimum wage is one part of the Committee's commitment to get workers and middle-class families a long overdue raise.

No person working full-time in the richest nation on earth should be living in poverty, yet, according to the Economic Policy Institute, one in nine U.S. workers are paid wages that leave them in poverty, even when working full-time and year-round.[1] There is no place in America where a full-time worker making $7.25 an hour can afford the essentials.

After nearly ten years with no increase in the minimum wage, the Committee will advance legislation that will gradually raise the minimum wage to $15 by 2024. Two-thirds (67.3 percent) of the working poor in America would receive a pay increase if the minimum wage were raised to $15 by 2024.[2] By putting money in the pockets of nearly 40 million hardworking Americans who will then spend that money in their local economies, this legislation will be good for workers, good for businesses, and good for the economy.

Protecting Workers' Lives: Workplace Safety and Health
The Committee will advance legislation to strengthen workplace safety and health protections by modernizing the almost 50-year-old Occupational Safety and Health Act and by ensuring that vigorous action is taken to stem the rising rates of black lung disease. Due to frozen budgets for the past decade and a shrinking number of safety and health inspectors, the Occupational Safety and Health Administration (OSHA) only has sufficient resources to inspect each establishment in its jurisdiction once every 158 years. To better protect workplace safety, there will need to be a substantial increase in the discretionary budgets for OSHA, the Mine Safety and Health Administration, and the National Institute for Occupational Safety and Health.

Protecting Workers' Voices: Whistleblower Protections
Whistleblowers must be able to file complaints without fear of retaliation. This is critical for a government to operate honestly and for workers to be productive in a safe work environment. OSHA enforces the anti- retaliation provisions of more than 20 laws protecting workers who

[1] David Cooper, *One in nine U.S. workers are paid wages that can leave them in poverty, even when working full time*, The Economic Policy Institute (June 15, 2018), https://www.epi.org/publication/one-in-nine-u-s-workers-are-paid-wages-that-can-leave-them-in-poverty-even-when-working-full-time/.
[2] David Cooper, *Raising the Minimum Wage to $15 by 2024 Would Lift Wages for Nearly 40 Million American Workers*, Economic Policy Institute (February 2019), https://www.epi.org/publication/raising-the-federal-minimum-wage-to-15-by-2024-would-lift-pay-for-nearly-40-million-workers/.

report a broad range of alleged misdeeds – from workplace safety to food safety lapses, railroad hazards, and securities and accounting fraud. The quantity of whistleblower complaints coming to OSHA increased by 29 percent over the last five years while the number of investigators declined by 24 percent. To remedy this problem, there will need to be a substantial increase in the budget for OSHA's whistleblower protection program.

Protecting the Trust Fund that Provides Black Lung Benefits to Coal Miners and Survivors
Steps need to be taken to ensure the solvency of the Black Lung Disability Trust Fund, which has been undermined by the 55 percent reduction in the excise tax rate on coal that went into effect on December 31, 2018. According to the Government Accountability Office, if Congress does not renew the excise tax rate, the outlays for benefits, administrative costs, and debt service will exceed excise tax revenues for each year for the next 30 years, and the deficit in the Trust Fund will grow from approximately $5 billion to $15 billion by the year 2050.[3] This shortfall will have to be made up by taxpayers. The costs of black lung disease should be borne by the industry and those who purchase coal and should not be shifted onto the shoulders of taxpayers.

Protecting and Improving Access to Health Coverage
The Committee is committed to building upon the historic achievements of the *Affordable Care Act* (ACA). Thanks to the ACA, an additional 20 million Americans now have health coverage, workers and their families have access to preventive health care without cost-sharing, young adults can stay on their parents' policy until age 26, plans cannot impose lifetime or annual limits on coverage, and more than 130 million Americans with preexisting health conditions cannot be discriminated against by insurance companies. As the primary committee of jurisdiction regarding employer-sponsored health plans, the Committee is at the center of efforts to solidify the foundation of the ACA and take additional steps to further expand access to quality, affordable, comprehensive health coverage that is essential to the economic security of working Americans.

The Administration has endlessly worked to undermine the law through recent rulemaking by the U.S. Departments of Labor, Treasury, and Health and Human Services. These Executive actions have expanded the reach of association health plans and short-term, limited duration plans – that are not subject to fundamental consumer protections under the ACA – while limiting women's access to contraceptive care. The Committee will exercise its oversight authority over these rules and other actions that jeopardize access to affordable coverage for the American people, particularly those with preexisting conditions.

Promoting Retirement Security by Addressing the Multiemployer Pension Crisis
The Committee recommends allocations or the inclusion of a deficit-neutral reserve fund in the budget resolution for Fiscal Year 2020 to address the multiemployer pension crisis. Over 100 multiemployer pension plans are headed toward insolvency and will soon be unable to pay out benefits owed to 1.4 million retirees. Making matters worse, the Pension Benefit Guaranty Corporation (PBGC), which insures 1,400 plans covering 10.6 million participants in multiemployer benefit plans, is rapidly running out of money to backstop plans.

[3] Government Accountability Office, *BLACK LUNG BENEFITS PROGRAM: Options for Improving Trust Fund Finances*, (GAO 18-351) (May 2018), https://www.gao.gov/assets/700/692103.pdf.

The PBGC has approximately $2.3 billion in assets (including meager premium income and investment returns) to meet $56 billion in liabilities over the next ten years. The Joint Select Committee on Solvency of Multiemployer Pension Plans, which conducted five hearings in 2018, examined the history and structure of multiemployer pensions plans, and it received testimony that made it clear that if Congress fails to act, there will be catastrophic consequences for workers, retirees, and employers, as well as huge costs to the federal budget. The Joint Select Committee learned that the costs of inaction to the federal budget dwarf the costs to taxpayers for any of the solutions under consideration. In Fiscal Year 2020, the Committee intends to advance legislation to responsibly address the solvency of the PBGC's multiemployer pension program and fix the multiemployer pension crisis that is threatening the retirement security of millions of Americans.

Legislative proposals include the *Rehabilitation for Multiemployer Pensions Act* (H.R. 397), which would establish a Pension Rehabilitation Administration to administer federal loan financing to troubled pension plans to help the plans return to firmer financial footing without pension cuts.

Shifting Toward Prevention in Child Welfare

The Committee recommends allocations or the inclusion of a deficit-neutral reserve fund in the budget resolution for Fiscal Year 2020 to support and improve child welfare systems to provide support for the nation's most vulnerable children at a critical time in their young lives. Historically, child welfare efforts have largely focused on identifying and treating children who may have suffered abuse or neglect. It is the Committee's position that child welfare systems must be responsive to the latest science and, moving forward, integrate a prevention perspective in their work. Congress needs to invest in and support families before child abuse and neglect occurs to prevent the suffering that follows instances of abuse and neglect. The Committee wants to ensure that families that experience multiple, complex needs – who are the most at-risk of experiencing child abuse and neglect – receive adequate prevention supports. This federal investment may also serve to fight racial inequities within the child welfare system that unjustly hurt children and families of color.

Investing in the Health and Nutrition of Children and Families

The Committee recommends robust investment in child nutrition programs – the bulk of which receive mandatory funding – including the National School Lunch Program, the School Breakfast Program, and the Child and Adult Care Feeding Program, among others. In 2017, nearly one in six American children lived in a food insecure household, meaning that they did not have a consistent source of adequate nutritious food.[4] Moreover, childhood obesity nearly tripled between 1970 and 2000, resulting in poor health and high health care costs.[5] Healthy food in schools for the approximately 30 million children who eat school meals every day can serve as a powerful tool to combat both.

The authorization for child nutrition programs as well as the Special Supplemental Nutrition Program for Women, Infants and Children (WIC) lapsed in 2015. Improvements made in the

[4] U.S. Department of Agriculture, Economic Research Service, *Household Food Security in the United States in 2017* (September 2018), https://www.ers.usda.gov/webdocs/publications/90023/err-256.pdf?v=0.

[5] Robert Wood Johnson Foundation, *The State of Obesity, Childhood Obesity Trends*, https://stateofobesity.org/childhood-obesity-trends/ (last visited Feb. 28, 2019).

Healthy, Hunger-Free Kids Act of 2010, such as the Community Eligibility Provision (CEP), should be the basis on which we continue to strengthen federal feeding programs. School environments play a key role in ensuring children have access to the nutrition they need and develop healthy eating habits for a lifetime. The Committee supports robust funding for kitchen infrastructure to support schools in serving healthier meals, testing and replacement of school drinking water infrastructure to ensure water is lead-free and safe to drink, and nutrition education programs such as Team Nutrition.

The Committee also recognizes that the need for healthy food does not end when the school day or school year ends. The Summer Food Service Program, the Child and Adult Care Food Program, and the summer Electronic Benefit Transfer (EBT) program allow healthy food to reach children in other settings.

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BUDGET VIEWS AND ESTIMATES FOR FISCAL YEAR 2019
COMMITTEE ON EDUCATION AND LABOR
116th CONGRESS, FIRST SESSION
MARCH 7, 2019

MINORITY VIEWS

INTRODUCTION

Committee Republicans' relentless focus on economic growth and individual opportunity during the 115th Congress clearly paid off. Legislation the Committee produced and President Trump signed, along with regulatory relief efforts pursued by the Administration, resulted in near-record low unemployment, exponential growth in private-sector wages, and historic levels of workforce participation for women and Americans of color. No shift in political leadership should change this Committee's focus on improving opportunities for every American.

An era of historic opportunity must not be met with solutions from the past. In the 116th Congress, Committee Republicans will continue to challenge the status quo in education and workforce policy, fighting for new ideas and innovation that can only be driven by individual Americans. Local control and input in educational opportunities at every level will remain vital to building stronger communities and, in future generations, an even stronger country. With seven million unfilled jobs in the American economy, Committee Republicans will ensure workforce development remains at the forefront of all education policy deliberations, striving to give American students, workers, and families the options they need to build the lives they want.

Committee Republicans affirm once again their commitment to American workers and job seekers by ensuring job creators have the flexibility and freedom they need to attract, retain, and reward employees. Strong, affordable and reliable healthcare options and retirement security are of vital importance to American workers of all ages and remain a top priority for Committee Republicans. Workplaces must remain safe and productive environments, and Committee Republicans will continue to advocate for responsible, forward-looking policies that will keep the American workforce the strongest and most prosperous in the world for future generations.

EDUCATION PRIORITIES

With more than seven million unfilled jobs and more than a trillion dollars in student debt, American families cannot sustain the status quo in federal education policy. They are the reason Committee Republicans believe we should be pursuing a reform agenda, rather than recycling the same old ideas, for the issues within its jurisdiction.

Following its record of success in empowering parents and local leaders to ensure K-12 education serves the needs of communities, Committee Republicans believe we must work to change the way Americans view and pursue postsecondary education options. Improving access, completion, and innovation to promote better awareness of options for skills-based education as well as earn-and-learn opportunities are the principles that should guide the Committee's legislative and oversight work.

Committee Republicans respectfully offer the following recommendations for consideration by the Committee on the Budget (Budget Committee) as it prepares its FY 2020 Budget Resolution.

Expanding College Access and Promoting College Affordability and Completion

For over 50 years, the federal government has supported students' abilities to select the colleges or universities that best suit their postsecondary education needs. The diversity of educational programs offered by the more than 6,000 higher education institutions participating in federal student aid programs is vital to the strength of the nation's economy.

Higher Education Reform

Higher education is not serving America's college students. Excessive tuition hikes have made college increasingly unaffordable. Tuition and fees at institutions are rising over 3 percentage points beyond inflation and have for decades.[1] If the cost of a new car had risen as fast as tuition over the last three decades, the average new vehicle today would cost more than $80,000.[2] Over 80 percent of parents say four-year schools charge too much, and about 50 percent of parents think four-year schools are inaccessible to middle-class Americans.[3]

At the same time, completion rates are low and stagnating. Colleges enroll but do not graduate students, and non-completers struggle to repay their student loans. The four-year completion rate for a baccalaureate degree for the 2011 starting cohort is 41.6 percent.[4] Each additional year of school in a public baccalaureate degree-granting college will cost a student $22,826 on average.[5] The total cost of not graduating on time exceeds $60,000 per year when factoring in lost wages.[6]

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[1] https://trends.collegeboard.org/sites/default/files/2017-trends-in-college-pricing_0.pdf

[2] https://www.nytimes.com/2015/04/05/opinion/sunday/the-real-reason-college-tuition-costs-so-much.html

[3] https://static01.nytimes.com/files/2018/op-ed/0319poll.pdf

[4] https://nces.ed.gov/programs/digest/d18/tables/dt18_326.10.asp?current=yes

[5] https://completecollege.org/article/new-report-4-year-degrees-now-a-myth-in-american-higher-education/

[6] *Id.*

A postsecondary education system that does not prepare students for careers has real consequences for employers and society. Just 13 percent of the country believes college graduates are well prepared for success in the workplace.[7] This disconnect between skills education and workforce development is a contributing factor to the over 7 million unfilled jobs available today.

There are ways to reverse these damaging trends, and Republicans in previous Congresses have proposed solutions to reform higher education.[8] Overall, Committee Republicans urge the Budget Committee to examine the role the federal government plays in ever increasing college costs and take the steps necessary to put postsecondary education within reach for aspiring Americas. Additionally, the Budget Committee should be aware of the widespread college completion failure and put forward proposals that will help address the disconnect between institutions and businesses to better prepare students for career success. These things can be done by focusing on the following three touchstones for postsecondary education reform: strengthening innovation and completion; modernizing student aid; and promoting student opportunities. These touchstones will help Americans develop the skills they need to enter the workforce.

Strengthening Innovation and Completion

Congress can support innovation and focus on completion by reversing archaic federal rules that stop schools from leveraging technology and using creative learning models. The federal government can clear the way for new providers of higher education by repealing antiquated and rigid definitions in statute. Congress should create a clear pathway for competency-based education, which rewards students for mastery of subject matter instead of time spent in a classroom. Reforms to accreditation can inject needed flexibility in higher education so the sector can meet students where they are at in their lives. Committee Republicans believe the federal government should streamline higher education data collection requirements to reduce confusion for students and curb compliance costs for institutions. This effort can and should be done without repealing the student unit record ban by harnessing cutting edge technology. The budget, by further aligning programmatic incentives to student outcomes, can change the paradigm of higher education so that more students earn their postsecondary credential on time.

Modernizing Federal Student Aid

The federal government's decades long pursuit to make college affordable for all Americans has given rise to a convoluted maze of federal student aid programs With the five loans, numerous grants, nine repayment plans, and 32 different deferment and forbearance options found in current law, many students—particularly first-generation and low-income students—are bogged down by the complexity of the current system, which ultimately deters them from accessing aid that will make college an affordable reality. Reforms introduced by the Committee in previous Congresses should serve as the guiding beacon for the 116th Congress. Specifically, the federal government should simplify the free application for federal student aid, eliminate hidden penalties on borrowers, and streamline repayment and forgiveness options into an income-based

[7] http://news.gallup.com/opinion/gallup/182867/america-no-confidence-vote-college-grads-work-readiness.aspx
[8] https://republicans-edlabor.house.gov/prosper/

repayment plan where every borrower can have his or her loan balance capped at the principal balance plus 10 years' worth of interest. Students would be better served if Congress bolstered counseling requirements, provided institutions authority to categorically lower loan limits, and disbursed aid more like a paycheck.

Additionally, the Pell Grant program is the cornerstone of federal student aid for low-income students and the single largest source of postsecondary student aid, providing aid to approximately 7.4 million students in AY 2018-19.[9] Committee Republicans recognize the important role this program plays in providing access to postsecondary education for low-income students, but the program is not meeting the needs of today's college students.

Adding to the cost of the Pell Grant program is the fact that the majority of full-time students do not graduate on time. Today, the traditional "four-year" degree is more often a five- or even six-year degree for a majority of students. This means that rather than completing on time using only four years' worth of a Pell Grant, Pell-eligible students are using the grant for a fifth and sixth year of undergraduate education, which costs federal taxpayers approximately an additional $6,000 per student eligible for the maximum award per year.

Committee Republicans urge the Budget Committee to pursue reforms that will simplify the complex maze of federal financial aid programs, update the Pell Grant and federal student loan programs for the needs of today's college students while also putting those programs on a path to long-term fiscal stability. These reforms will ensure the programs are able to continue helping millions of low-income students pursue the dream of a postsecondary education.

Promoting Student Opportunities

It is time to develop a postsecondary education system designed beginning to end with students in mind. For example, the federal government can better inform prospective students about their financial aid options. Preventing the use of institutional aid grants for dual enrollment purposes is limiting student potential and increasing college costs. Additionally, the federal government spends over a billion dollars annually on college access programs. Committee Republicans' previous proposal to evaluate college access programs can help serve students better by measuring when college access program providers are effective.

More can also be done when students are enrolled to increase and strengthen their educational pathways. For instance, Committee Republicans strongly urge the Budget Committee to reconsider federal requirements that are stifling interaction between businesses and college campuses. The federal government can strengthen the relationship between schools and employers so institutions can provide their students the opportunity to develop the skills necessary to succeed in the workforce. Committee Republicans encourage consideration of proposals to expand employer participation in postsecondary education such as Workforce Pell, earn-and-learn opportunities, and the federal work-study program. Such reforms will set the next generation up for lifelong success.

Assessing the True Taxpayer Costs of Student Loans

[9] https://www2.ed.gov/about/overview/budget/budget19/justifications/o-sfa.pdf

The Committee believes budget gimmicks have masked the true cost of federal student loan programs for decades. The Congressional Budget Office (CBO) recommends moving from budgetary estimate constructs under the *Federal Credit Reform Act of 1990* (FCRA) to fair-value scoring to more accurately account for the cost of federal credit programs.[10] Fair-value scoring incorporates market risk, providing a more accurate and fiscally responsible way to account for liabilities hardworking taxpayers face through programs like the Federal Direct Loan program.

CBO's April 2018 baseline for the student loan program also compares the estimated budgetary costs of all the student loan programs under the FCRA to fair-value scoring. On a FCRA basis, four out of the five Direct Loan programs would yield *savings* and subsidized Stafford loans to undergraduates would be a cost to the government. Yet, on a fair-value basis, four out of the five Direct Loan programs would be a *cost* and parent PLUS loans would still produce savings under fair-value scoring. Enabling the Committee to utilize a more accurate estimate of the federal government's costs associated with the student loan programs will ensure reforms of the law make sense for students, families, and taxpayers. Committee Republicans call on both chambers of Congress to extend the option of using the more accurate fair value estimate for assessing the student loan programs.

Enhancing Career and Technical Education

The Bureau of Labor Statistics recently reported more than 2.2 million Americans between the ages of 16 and 24 are looking for jobs. Meanwhile, industries critical to our economy have jobs to fill and not enough qualified applicants to fill them. Committee Republicans believe full implementation of the *Strengthening Career and Technical Education for the 21st Century Act*, signed in to law in July 2018, will be critical to help solve the skills gap. The law, which empowers state and local community leaders, improves program alignment with in-demand jobs, increases transparency and accountability, and ensures a limited federal role, will go into effect on July 1, 2019.

Promoting State and Local Education Reform

Implementing the Every Student Succeeds Act

Across the country, state and local leaders are promoting innovative solutions to raise achievement and foster school and teacher accountability to ensure students have the knowledge and skills they need to graduate high school and succeed in life. That is why House Republicans led the effort to replace the *No Child Left Behind Act*. The *Every Student Succeeds Act*, signed into law in December 2015, reforms K-12 education to reduce the federal role, restore local control, and empower parents. Committee Republicans applaud the current administration for its continued commitment to implementation consistent with the law. With all state plans now approved and states actively moving forward on implementation, Committee Republicans are eager to see the law's reforms take root.

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[10] Should Fair-Value Accounting Be Used to Measure the Cost of Federal Credit Programs?, Congressional Budget Office, March 25, 2012.

Most importantly, the law includes responsible funding authorizations for elementary and secondary education programs. The law focuses the federal role in education on supporting long-standing efforts designed to improve student achievement and teacher effectiveness. The law consolidated several previously authorized programs into the Student Support and Academic Enrichment Grants (SSAEG) program and other broad funding streams. The SSAEG in particular is a flexible grant program that provides states and school districts more authority in how taxpayer dollars are spent. The program includes a wide range of activities that school districts may use this funding to cover, including mental health services for students, professional development for school personnel in crisis management and school-based violence prevention strategies, advanced coursework, and technology. School districts know best the needs of their communities, and resource flexibility is critical to meeting the needs of students and keeping communities safe. Committee Republicans urge the Budget Committee to incorporate into the FY 2020 Budget Resolution the important reforms made by the *Every Student Succeeds Act* and urge the Appropriations Committee to fund the law as it is written.

Committee Republicans also urge the Budget Committee to resist calls from Democrats to return to the failed policies of the past. Democrats have already shown they intend to spend more money, put more control back in the hands of bureaucrats in Washington, and ignore the commitments we have already made. Committee Republicans believe true education reform must come from the bottom up, and we will pursue policy objectives that empower parents, teachers, and local communities.

Supporting Parental Choice, Including the Successful D.C. Opportunity Scholarship Program

Committee Republicans continue to support expanded school choice options that allow parents to select the best school for their children. The D.C. Opportunity Scholarship program, created more than a decade ago, has allowed thousands of students in the District of Columbia to attend private schools of their choice. If not for this critical program, almost all the students who receive these scholarships (1,645 students as of fall 2018) would otherwise be forced to attend some of the District of Columbia's lowest-performing schools. The program was reauthorized for three years as part of H.R. 244, the *Consolidated Appropriations Act, 2017*. Committee Republicans urge the Budget Committee to support funding for the D.C. Opportunity Scholarship program to help families in the District of Columbia access high-quality education options for their children. The Committee looks forward to working with the Committee on Oversight and Reform to reauthorize and strengthen the law to ensure more students have access to educational options that meet their needs.

In addition, Committee Republicans are eager to work with the Trump administration to give parents more freedom to make the right educational choices for their children through the *Education Freedom Scholarships and Opportunity Act*. This bill would empower states to create or grow programs that will expand educational options for children.

Making Special Education a Priority

In 1975, Congress passed the *Individuals with Disabilities Education Act* (IDEA) in part to help states with the cost of educating students with disabilities. Congress has covered up to 18 percent of the national average per-pupil expenditure in the past. However, the percentage has decreased in recent years.

Committee Republicans recognize current budgetary constraints require tough choices in the funding of education programs. However, the failure to appropriately fund IDEA only exacerbates ongoing budget challenges at the state and local levels. Funds that could support important state and local priorities are instead used to fill the gap in special education funding.

Some argue converting IDEA funding into yet another mandatory spending program is the answer. However, with the nation's debt being driven by explosive growth in entitlement spending, now is not the time to add to the burden facing future generations. Additionally, entitlement programs are difficult to improve and reform, meaning converting IDEA into an entitlement program would make it nearly impossible for parents, educators, and policymakers to update the law to ensure it is continually meeting the needs of students, families, and communities.

Improving Early Childhood Care and Education Programs

Since 1935, the federal government has funded early childhood care and education programs to promote healthy development of vulnerable children, as well as help parents participate in the workforce or further their education. Early childhood environments, whether at home or in an outside care arrangement, play an important role in the healthy growth of children. Since the "War on Poverty," the number of federal programs providing support services to young children has exploded to 44 separate programs at a cost of more than $15 billion a year.[11] Simultaneously, states have become increasingly involved and are leading the way when it comes to addressing the needs of families and local communities. In 1980, just four states offered early education programs,[12] compared to 44 states and the District of Columbia that operate early education programs today. Recognizing the very real fiscal challenges facing the country and the very real needs of low-income families, policymakers have a responsibility to examine and reform or eliminate existing programs before creating new ones.

Child Care and Development Block Grant

Created in 1990, the *Child Care and Development Block Grant* (CCDBG) is the primary federal funding stream that provides financial assistance to pay for child care for low-income, working families with children under age 13. In 1996, as part of the *Personal Responsibility and Work Opportunity Reconciliation Act*, commonly known as "welfare reform," CCDBG was consolidated with other federal child care programs and funding was increased to serve both low-income, working families and families attempting to transition off welfare through work. The

[11] Agencies Have Helped Address Fragmentation and Overlap through Improved Coordination, GAO-17-463, U.S. Government Accountability Office, July, 2017.

[12] Cascio, Elizabeth, and Diane Whitmore Schanzenbach, Promoting Early Childhood Development, Proposal 1: Expanding Preschool Access for Disadvantaged Children, The Hamilton Project, June 19, 2014.

program has dual goals of promoting families' economic self-sufficiency by making child care more affordable and fostering healthy child development by improving the quality of child care.

The *Child Care and Development Block Grant Act of 2014* was signed into law on November 19, 2014, reauthorizing CCDBG for the first time since 1996. The reauthorization updates and streamlines services, improves safety for children, and increases transparency to make it easier for providers and parents to understand their options.

In general, Committee Republicans look forward to strengthening this essential support for working parents who are looking to move their families out of the welfare system. We look forward to working with the Trump administration to maintain the program's voucher-based approach, continue state flexibility, and focus on working parents.

The recent budget agreement, the *Bipartisan Budget Act of* 2018, included an agreement to increase discretionary spending for CCDBG by $2.9 billion per year in both FY 2018 and FY 2019, for a total of $5.8 billion—effectively doubling discretionary funding for the program. Committee Republicans have heard concerns from some in the field about the capacity of the system to receive the influx of children, as well as what might happen in when the increased federal funding runs out. The funding could help more working families have access to child care, but it could also have unintended consequences if the funding is not targeted responsibly. GAO released a report in February 2019 indicating that most states plan to use the funds to provide professional development for the child care workforce and increase provider payment rates, in a few instances specifically for serving families with non-traditional working hours. Committee Republicans believe that the funds should continue to support full implementation of the 2014 reauthorization through FY 2019 but should not simply be extended to increase access without first ensuring lasting improvements in high quality care.

Preschool Development Grants

In 2014, the Obama administration created a new, unauthorized preschool development grant program. The preschool development grant program was provided $250 million annually for FY 2014 through FY 2016, with the funds disbursed through the Department of Education (ED). The *Every Student Succeeds Act* included a stand-alone authorization for a revamped preschool development grant program that differs in a number of important ways from its predecessor. Foremost, Congress tasked the Department of Health and Human Services (HHS) with implementation, in consultation with ED, rather than continuing ED's lead role. The program now addresses existing duplication and fragmentation; promotes an integrated mixed delivery system among local agencies, private and public organizations, and faith-based providers; and provides governors discretion to determine grant recipients in their states rather than the federal government steering funds only to state departments of education. With the reformed preschool development grant program, Congress recognizes the leading role of state and local leaders in delivering high-quality early childhood education. Currently, HHS's Office of Child Care has awarded 46 states and territories a Preschool Development Grant Birth Through Five grant as authorized under ESSA.[13] The grant awards range between $538,000 and $10,620,000. States and territories will use this first year to conduct a comprehensive statewide birth through five

[13] *46 States and Territories to Receive Preschool Development Grants*, First Five Years Fund, January 4, 2019.

needs assessment, followed by in-depth strategic planning, while enhancing parental choice and expanding the current mixed-delivery system. To further this goal, the Committee urges the Budget Committee to continue to fund the program through HHS as authorized in *Every Student Succeeds Act*.

Head Start

Federal taxpayers spend over $9 billion a year on Head Start. HHS provides Head Start grants directly to organizations, school districts, and other community-based entities to promote school readiness in low-income children from birth to age five. Unfortunately, not all Head Start programs provide lasting gains. A 2010 Head Start Impact Study conducted by HHS showed the program had little to no success improving children's cognitive, social-emotional, or "health measures," as well as little to no success improving parenting practices.[14] The study also showed any benefits that may have accrued while a child participated in the program had dissipated by the time the child reached first grade.[15] A follow-up to the Impact Study released in December 2012 found similar results— the few gains were seldom present by the end of third grade.[16]

Committed to meeting the needs of vulnerable children and families while also balancing the interests of taxpayers, Committee Republicans outlined the following principles for reforming Head Start: reducing unnecessary regulatory burdens, encouraging local innovation, strengthening coordination between Head Start and programs at the state and local levels; improving the quality of eligible providers; and enhancing parental engagement to support their children's best interests. Committee Republicans plan to continue working with HHS to pursue lasting reforms to the Head Start program, including reinstating flexibility for local programs.

Ensuring High-Quality Child Nutrition

Programs under the *Child Nutrition Act* and the *Richard B. Russell National School Lunch Act* are designed to combat hunger and poor nutrition among low-income children and families. According to the Congressional Research Service, federally-supported nutrition programs reach about 30 million children daily.[17] In 2010, Congress passed the *Healthy, Hunger-Free Kids Act*, which empowered the federal government to micromanage school lunches, breakfasts, suppers, snacks, and other food sold on school campuses.

Committee Republicans believe the Obama Department of Agriculture's (USDA) enacted implementation regulations are overly burdensome and costly for states and schools. GAO released a report in 2014 that highlighted the challenges elementary and secondary schools face implementing the new regulations.[18] The report found that student participation in the programs decreased and that departmental guidance was confusing and too voluminous for schools to follow. USDA has acknowledged and implemented additional flexibility in certain areas, but more must be done. Committee Republicans believe we should work with the Trump

[14] https://www.acf.hhs.gov/sites/default/files/opre/hs_impact_study_final.pdf
[15] Ibid.
[16] https://www.acf.hhs.gov/sites/default/files/opre/head_start_report.pdf
[17] http://www.crs.gov/Reports/IF10266?source=search&guid=cf8626798ea042c5b0108e3bab52f9ab&index=0
[18] https://www.gao.gov/products/GAO-14-104

administration to reauthorize the *Child Nutrition Act* and the *Richard B. Russell National School Lunch Act*. In particular, Committee Republicans believe those reforms should make the program easier to operate and less expensive, meaning the programs need to be allowed to serve healthy foods students will want to eat. Committee Republicans believe Congress should work with USDA to ensure limited taxpayer resources are used effectively, while providing support to children most in need. Further, Committee Republicans urge the Budget Committee to provide us flexibility to reauthorize the child nutrition laws in a budget neutral manner.

WORKFORCE PRIORITIES

The Committee is on the frontline of many issues facing workers and job creators. Whether the issues relate to health care, worker protections, workplace democracy, retirement planning, workforce development, or employee wages and benefits—it is the Committee's responsibility to ensure those policies are in the best interests of workers, employers, and taxpayers.

A pronounced difference exists between the Obama and Trump administrations and their prescriptions to grow the economy. By reducing government burdens, taxes, and regulatory costs, the current administration has empowered employers to decide how best to expand their businesses, invest in equipment, and hire workers. These policies are yielding positive results for America's economy as more Americans are entering the workforce, the economy has added nearly 4.9 million jobs since February 2017, and wages continue to rise.

However, despite significant improvement in the economy over the past two years, challenges remain for workers and employers. There are still 6.5 million individuals out of work, 1.3 million of whom have been unemployed for at least 27 weeks. By 2022, the United States will not have the necessary number of workers with postsecondary education, including a need for 6.8 million workers with bachelor's degrees and 4.3 million workers with a postsecondary vocational certificate, some college credits, or an associate degree. In total the United States will face a shortage of nearly 11 million workers who have the necessary education to satisfy the needs of the workforce. Now more than ever, effective education and workforce development policies are critical to closing the skills gap and growing the American economy for the future.

Committee Republicans respectfully offer the following for consideration by the Committee on the Budget as it prepares its FY 2020 Budget Resolution.

Protecting Employee Freedom and Promoting Union Accountability

Committee Republicans remain deeply concerned with efforts by congressional Democrats and organized labor to undermine employees' freedom of choice in the workplace. At a time when deregulation and free-market innovation are driving job growth and higher wages, Democrats are focused on depriving individual liberty at the expense of increasing the coercive power of labor unions, which represent less than seven percent of all private sector workers in the United States. Workers in the United States should be allowed to decide for themselves—free from intimidation and harassment—whether joining a union is right for them.

Committee Republicans are encouraged by the efforts of the Trump administration to create a regulatory environment that works better for employers and workers alike. Committee

Republicans support the National Labor Relations Board's rulemaking updating the joint-employer standard to require substantial direct and immediate control over essential terms and conditions of employment in order to prove joint-employer status and look forward to future Board actions reforming the union election process and other workplace labor rules under the *National Labor Relations Act*. In addition, Committee Republicans encourage the Department of Labor's (DOL) Office of Labor-Management Standards to improve union transparency and accountability by restoring rules pursued by the George W. Bush administration requiring more detailed LM-2 and LM-30 filings and reestablishing Form T-1, as well as by expanding the reach of the *Labor-Management Reporting and Disclosure Act* to include intermediate bodies and so-called "worker center" labor organizations.

Retirement Security for Workers and Their Families

Committee Republicans remain dedicated to the goal of enhancing retirement security, with continuing attention to both employer-sponsored defined benefit and defined contribution pension plans. The Committee should continue to work to ensure pension security for all Americans by expanding coverage for a greater number of workers, creating flexibility in the voluntary private pension system, and encouraging adequate funding in order to meet workers' retirement needs.

The fiscal health of defined benefit pension plans and the stability of the Pension Benefit Guaranty Corporation (PBGC) remain a consistent focus for Committee Republicans. The Committee should seek bipartisan solutions that strengthen the pension safety net and safeguard the retirement security of American workers and retirees. These solutions should also protect taxpayers and be fiscally responsible forward-looking reforms to the multiemployer pension plan system, including enacting important structural and operational reforms to ensure the future solvency of multiemployer pension plans.

Committee Republicans will work to preserve and improve the private pension system, while opposing proposals that seek to replace that system with one run by the federal government. In short, Committee Republicans will support efforts to maintain the viability of our private-sector pension system and stand ready to ensure that our nation's pension laws protect taxpayers and provide workers with access to strong, voluntary, and portable private sector retirement options.

Improving Health Care Affordability, Quality, and Access

Committee Republicans remain dedicated to the goal of making health care insurance more affordable for all Americans. Committee Republicans are deeply concerned about the rising costs of health care premiums for the approximately 181 million workers and their families who receive their health insurance through their employer.

Private health care insurance is largely regulated through the *Employee Retirement Income Security Act* (ERISA), which provides minimum standards for health plans and preempts individual state legislative health care insurance mandates. For almost 40 years, the current ERISA structure has permitted employers, on a voluntary and nationwide basis, to design high quality, affordable and uniform health care plans that are uniquely tailored to the needs of their workers and families across the country. The *Patient Protection and Affordable Care Act* (ACA) was the most radical change to the health care system in decades. ACA focuses primarily on expanding access to health insurance through a complicated structure of federal subsidies, Medicaid expansions, and new rules governing health insurance markets. In addition to changing the way health insurance is purchased, ACA places additional mandates on employers, increasing the cost of insurance coverage and making it more difficult to hire workers and grow businesses. Many of the changes have resulted in increased costs for not only employers but also workers and their families.

The vast majority of employees enjoy their health care benefits and many employers want to continue to play a role in providing such benefits; however, any erosion or elimination of ERISA, including current proposals to expand Medicare through a government takeover of private markets, would force employers to drop coverage, resulting in massive disruptions in coverage, higher costs, more uninsured individuals, and increased burdens on the country's health care system. The Committee should continue to support the current employer-sponsored system, including the DOL's final rule on Association Health Plans, which allows small businesses to pool resources and provide more individuals with access to quality, lower-cost health care.

Health Care Costs

Health care costs, especially the rising cost of prescription drugs, continue to pose a major concern for workers and families. Although they have moderated somewhat in recent years, these costs continue to increase at unsustainable rates. Rising costs continue to force both employers and employees to shoulder greater financial burdens. Increased cost sharing and the increasing practice of surprise billing drive up costs for employees and their families. Committee Republicans will continue to evaluate health care proposals to address these issues.

Association Health Plans

In the 115th Congress, Reps. Sam Johnson (R-TX) and Tim Walberg (R-MI) introduced H.R. 1101, the *Small Business Health Fairness Act of 2017*, to allow small businesses to band together through association health plans (AHP) and negotiate for lower health insurance costs. In March 2017, the Committee approved, and the House passed H.R. 1101 with bipartisan support.

In October 2017, President Trump issued Executive Order (EO) 13813, "Promoting Healthcare Choice and Competition Across the United States." The EO directed DOL and the Departments of Health and Human Services and Treasury to issue additional regulations that would expand access to AHPs, short-term limited duration insurance plans (STLDI), and health reimbursement arrangements (HRA). In January 2018, DOL released a Notice of Proposed Rulemaking (NPRM) implementing the health care EO. The Committee submitted formal comments on the proposed rule in support of expanding access to AHPs as a longstanding Committee priority, and held a March 20, 2018 Subcommittee on Health, Employment, Labor, and Pensions hearing on "Expanding Affordable Health Care Options: Examining DOL's Proposed Rule on Association Health Plans."

The AHP final rule was published in the Federal Register on June 21, 2018. It allows three additional types of groups to form AHPs: employers in the same industry anywhere in the country; employers in any industry in the same state and/or metro area; or new employer organizations formed solely for the purpose of providing health care. In addition, self-employed sole proprietors will be eligible to participate as "employers" for purposes of participating in an employer group or association sponsoring a health plan. The final rule is going into effect in three stages: September 1, 2018 for fully-insured plans; January 1, 2019 for self-insured plans sponsored by an existing association; and April 1, 2019 for self-insured plans sponsored by a new association.

"Medicare-for-All"

Finally, the Committee should carefully consider the impact of efforts to enact radical and disruptive proposals, such as Medicare-for-All, on employer-sponsored health care coverage, and reject efforts to undermine the federal ERISA system or move towards a one-size-fits-all single payer system. Proposals such as this undermine freedom and market choices, destroy the ability of private health plans to provide individuals with innovative, flexible, high-quality, cost-effective coverage, and increase unsustainable government spending by over $32 trillion. Expansion of a federally-run single payer system would end private health insurance as we know it and make it impossible to develop workable solutions to reduce health care cost growth.

Access to Equal Employment Opportunity

The Committee has a duty to ensure all workers may utilize equal employment opportunity laws. This work includes the Committee's examination of the Equal Employment Opportunity Commission's (EEOC) implementation and enforcement of Title VII of the *Civil Rights Act of 1964* and the *Equal Pay Act*. Committee Republicans believe policies pursued during the Obama administration caused the EEOC to stray from longstanding and effective enforcement strategies including its statutory duty to conciliate. Instead, the Obama EEOC engaged in punitive enforcement, pursued novel legal theories, and significantly increased paperwork burdens on employers. Committee Republicans are encouraged by actions taken by the Trump administration, including its stay of proposed changes to the EEO-1 form. Committee Republicans also look forward to the Senate confirming President Trump's nominees to the EEOC to restore a Republican majority. The Committee should continue its work with the EEOC and other relevant agencies—including DOL's Office of Federal Contract Compliance Programs—to ensure robust policies are in place to combat workplace discrimination and provide equal employment opportunity.

Updating the *Fair Labor Standards Act*

The *Fair Labor Standards Act* (FLSA) is the principal federal law governing wages, hours of work, child labor standards, and recordkeeping requirements for more than 135 million workers in the private sector and in state and local governments. Given the broad scope of the FLSA and its deep impact on workers, Committee Republicans are mindful the FLSA was enacted over 80 years ago and aspects of this law no longer meet the legal realities or the realities of today's modern workforce and workplace. As such, Committee Republicans continue their commitment to engage with employers, workers, and other stakeholders to consider how best to modernize federal wage and hour laws.

Committee Republicans have been encouraged by Trump administration actions, including the decision to revoke sub-regulatory Administrator Interpretations related to independent contractors and joint employment as well as the implementation of the Payroll Audit Independent Determination program to facilitate resolution of potential overtime and minimum wage violations. Committee Republicans are further encouraged by the decision to reinstate the Wage and Hour Division's longstanding policy of issuing opinion letters to provide fact-specific legal guidance on wage and hour issues.

In the spirit of these positive developments, Committee Republicans are optimistic, but will remain watchful over DOL's efforts to revise the overtime standards under the FLSA. Committee Republicans will continue working to ensure any updates to the overtime standards reflect a responsible approach, taking into account the impact of such changes on workers, small businesses, nonprofit organizations, and institutions of higher education. Committee Republicans also urge DOL to continue to pursue efforts to clarify what constitutes a joint employment relationship to assist the regulated community in complying with the FLSA.

Modernizing the *Fair Labor Standards Act*

Numerous hearings held by the Committee over the past several years demonstrated the need to update the 1938 *Fair Labor Standards Act*'s regulatory scheme. In response to the clear need for reform, the George W. Bush Administration undertook a historic initiative ensure the regulations reflected the intent of Congress and the realities of a modern workforce. The updated regulations provided a catalyst for compliance and helped to ensure that the law is more relevant for today's workforce. In addition, the changes helped to clarify workers' rights to overtime, assisted employers in determining how to pay their employees, and assisted DOL in its enforcement of these important workplace protections. Committee Republicans believe DOL should continue efforts to utilize a combination of strong and effective targeted enforcement, technical assistance, and education to promote and encourage compliance under the FLSA.

In addition, as the Committee continues its focus on ways for employers to provide more family-friendly workplaces, Committee Republicans believe tbe Committee should place a high priority on looking at ways to eliminate impediments within the FLSA, which prevent employers and employees from working out mutually beneficial and innovative arrangements regarding compensation and flexibility in work schedules. In particular, flexible compensatory time arrangements would help many employees in their attempts to achieve a better balance between work and family obligations.

Reforming the *Federal Employees' Compensation Act*

Committee Republicans support efforts to improve the administration and management of the *Federal Employees' Compensation Act* (FECA). In particular, the Committee should examine ways to improve overall FECA program management, simplify certain administrative aspects, and strengthen the integrity of the program. Committee Republicans are committed to working with the Trump administration to identify areas to improve the efficiency of the workers' compensation program for federal employees, while ensuring that the program is responsive to the needs of injured federal employees.

Enhancing Workplace Health and Safety

Committee Republicans strongly support policies to ensure workers can do their jobs under safe and healthful conditions. In so doing, Committee Republicans encourage policies that combine proactive safety programs, compliance assistance, and effective enforcement of workplace safety laws. The Committee should continue its oversight of workplace safety agencies and their enforcement and regulatory proposals to ensure a proper balance between protecting worker safety and health and allowing job growth and opportunity to flourish.

Occupational Safety and Health Administration

The Occupational Safety and Health Administration (OSHA) enforces laws ensuring safe and healthful conditions in the workplace. OSHA's coverage extends to more than eight million workplaces employing approximately 130 million workers. The Committee should continue to engage with the Trump administration to ensure OSHA is putting a strong emphasis on compliance assistance, as well as continuing to work with stakeholders to ensure the agency is crafting regulations that are based on workable and sound policy that protects workers. In addition, the Committee should monitor OSHA to ensure consistency in its enforcement actions across its 10 regions and among its entire staff of compliance officers.

Mine Safety and Health Administration

The mining industry provides important natural resources that America's economy, homes, and businesses need, and workers in this essential industry should have a safe and healthful workplace. The Mine Safety and Health Administration (MSHA) is responsible for the safety and health of mine workers through its administration and enforcement of the *Federal Mine Safety and Health Act of 1977*, as amended by the *Mine Improvement and New Emergency Response Act of 2006*. As MSHA examines how best to promote safe and healthful workplaces, it is important the agency commit to working with all stakeholders to implement responsible, commonsense policies that protect workers. The Committee should continue to engage with stakeholders and the Trump administration to encourage MSHA to adopt a collaborative approach by emphasizing compliance assistance, outreach to stakeholders, and innovative and effective worker safety programs.

Examining the Sharing Economy

The Committee should continue to take a leadership role in Congress as it examines new advancements in our economy and their impact on workers. One such example is the "sharing economy," a term that broadly describes transactions involving internet application-based platforms that connect individuals seeking a good or service with a supplier. This form of work has improved the American quality of life, fostered entrepreneurship, expanded consumer choice, and created flexible work opportunities. For example, according to the Internet

Association, approximately 3.2 million people earn income through sharing economy services, 79 percent of which perform services on a part-time basis. The Internet Association further estimates that by 2020, 7.6 million people are expected to provide services through the sharing economy.[19]

Recognizing that the growth of the sharing economy has broad implications for job opportunity and economic growth, the Committee should continue to engage with stakeholders, analyze data related to workers in the sharing economy, and examine legislative proposals. Possible reforms the Committee should pursue include expanding workplace flexibility, clarifying the status of sharing economy workers, and expanding access to portable health care and retirement benefits.

[19] Internet Assoc., The Sharing Economy, https://cdn1.internetassociation.org/wp-content/uploads/2016/03/SharingEcon2Pager5.pdf.

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Views and Estimates
For Fiscal Year 2020 Budget

Submitted by

The Honorable Frank Pallone, Jr., Chairman

House Committee on Energy and Commerce

March 8, 2019

INTRODUCTION

Each standing Committee of the House is required by the Congressional Budget Act of 1974 and Rule X, clause 4(f) of the Rules of the House to submit to the Committee on the Budget its views and estimates on the Budget with respect to matters within its jurisdiction or functions. Budget views and estimates afford each Committee an opportunity to provide a response to the President's budget.

For the second year-in-a-row, the President's budget request will not be released until after the House's own prescribed deadline for views and estimates. Therefore, we cannot respond formally or comprehensively to the President about his administration's budget.[1] Instead the following comments are to inform the House Budget Committee about the priorities of our Committee in the 116th Congress that affect the Fiscal Year 2020 budget either through mandatory or discretionary spending. The following discussion is not exhaustive, but it seeks to highlight the views of the House Energy and Commerce Committee on a number of important matters and issues within the Committee's jurisdiction.

This Congress the Committee will work to push policies that build a stronger economy, create more good-paying jobs, combat climate change and protect consumers from skyrocketing costs that make it increasingly difficult for them to make ends meet.

This Committee will once again put consumers first – fighting to lower health care, prescription drug and energy bills. We want to ensure all Americans have access to affordable and quality health care, safe drinking water, high-speed internet and a cleaner environment. We'll also strengthen our economy by rebuilding America and combatting the growing threat of climate change.

INFRASTRUCTURE

In the 115th Congress, House Energy and Commerce Committee Democrats contributed and collaborated on the LIFT America Act (H.R. 2479). The various legislative provisions making up the LIFT America Act reflect and are in-line with some of our party's key priorities and legislative objectives. The budget items referred to in LIFT will be prominent parts of our Committee's legislative agenda for consideration and action in the 116th Congress on infrastructure.

The LIFT America Act is a comprehensive package of infrastructure legislation that provides public funding and investments for essential infrastructure improvements, job growth,

[1] In the last fiscal year, the Office of Management and Budget released high-level budgetary proposals on February 12, 2018, before the Administration went on to offer more detail in subsequent amendments, transmitted on April 13, 2018.

and greater protections for public health and safety, consumers, and the environment. The provisions of the legislation span across key Committee jurisdictional areas, including broadband communications and technology, drinking water, healthcare, the electric grid, brownfields and renewable energy infrastructure.

ENERGY, THE ENVIRONMENT, AND CLIMATE CHANGE

The Committee will prioritize energy legislation that reflects our priorities of ensuring America's energy security and independence by expanding our commitment to clean and renewable energy. Our reliance on fossil fuel has created a climate crisis that must be addressed by reducing our dependence on these fuels. The Committee will prioritize development and deployment of energy and pollution control technologies that reduce harmful emissions and accelerate the transition to a low-carbon economy.

Energy expenditures are a significant part of every American's household budget. To help reduce these costs, the Committee will work to incentivize greater development and deployment of energy efficient products, buildings, and transportation systems. Also, we will work to ensure the energy sector has a well-trained, diverse workforce to provide the array of energy services we need now and into the future.

The Trump Administration consistently seeks cuts to the renewable energy, alternative energy, and energy efficiency programs of the Office of Renewable Energy and Efficiency within the Department of Energy (DOE). Past U.S. investment in renewable energy has lowered the costs of solar and wind technology, making these energy sources competitive and enabling their expanded use. Funding for programs in renewable energy, energy storage technologies, geothermal energy, and alternative, low-carbon fuels must be increased if we are to achieve emission reductions that will bring climate change under control and to maintain U.S. leadership in these industries.

The Committee seeks to increase energy infrastructure investments to maintain a competitive economy, providing essential energy services, and to ensure energy infrastructure is more resilient, reliable and flexible. The electricity sector is undergoing significant transformation. Consumer demands for grid services are changing and there are new energy technologies, products and services that require a grid that is more responsive and flexible. In addition, grid modifications and charging infrastructure are needed to enable expanded electrification of the transportation sector. At the same time, the threat to reliable electricity delivery from severe storms and cybersecurity attacks has increased. Investments in the grid must address these issues to ensure reliability, energy security, and better environmental performance.

In addition, the Committee recognizes that significant investment is needed in natural gas distribution systems to reduce unnecessary greenhouse gas emissions, improve public health, and promote public safety. Private utilities are making some of these investments, but the Committee believes there is a role for federal support in areas with significant populations of low- and moderate-income residents where the higher utility rates to recover costs will be a deterrent to moving forward. The significant leakage of methane from older systems contributes to global warming and these leaks can result in devastating explosions if they go undetected and addressed.

HEALTH

MEDICAID

Medicaid provides health insurance to 70 million Americans, including children, the elderly, and people with disabilities. Medicaid is also an invaluable source of funding for community hospitals, health clinics, and safety-net providers. The Affordable Care Act's historic Medicaid expansion extended the benefits of Medicaid coverage to over 14 million Americans. Unfortunately, some states remain ideologically opposed to expanding Medicaid, despite the strong evidence that expansion is associated with improved access to care, earlier diagnoses of a range of diseases and conditions, improved access to behavioral health treatment, and improved financial security for low-income Americans.

The Committee will examine ways to encourage more states to fully expand Medicaid and extend its protections to millions more Americans. The Committee will also continue its oversight over the Trump Administration's efforts to undermine the Medicaid program through administrative action.

AFFORDABLE CARE ACT (ACA)

The ACA is providing millions of families across the country with quality, affordable insurance and the security that comes from being covered. Nearly 20 million Americans have gained health care coverage under the ACA. However, recent efforts by the Trump Administration to sabotage the ACA and weaken its protections, has resulted in higher costs and has put consumers at risk. The Trump Administration's decision to cut funding for outreach and enrollment, promote short-term limited duration health insurance plans that do not have any consumer protections, and efforts to encourage states to undermine the ACA's protections through harmful waivers are resulting in rising costs for consumers and weakened protections for preexisting conditions.

The Committee will work to reverse the Trump Administration's sabotage of our health care system and examine ways to build upon the ACA. The Committee will also work to make health care more affordable and to expand coverage to more Americans.

MEDICARE

The Committee will take action to address the catastrophic rise in prescription drugs prices. The Committee will examine ways to allow the federal government to effectively negotiate lower drug prices in the Medicare Part D program and use its bargaining leverage to reduce prescription drug costs for seniors. The Committee will also examine ways to improve the Medicare program for the over 55 million seniors and disabled individuals, by closing gaps in coverage and addressing the program's lack of protection against catastrophic healthcare costs.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Robust public health infrastructure and services promote the health and well-being of communities and increase our ability to prepare and respond to public health emergencies, such as newly emerging infectious diseases and natural disasters. Over time, there is less overall state and local funding available for publicly funded projects and services – much of which arose directly from the economic hardships borne out of the Great Recession.

As our nation faces more dire public health and safety challenges, increased federal funding and support for agencies, like the Centers for Disease Control and Prevention (CDC) and Food and Drug Administration (FDA) could not come at a better or more needed time. Such an increase will be critical to bolstering the surveillance and response efforts to public health events like the spread of infectious diseases, food outbreaks, or unsafe or illegal importation of medical and cosmetic products. The Committee will seek opportunities to promote, reauthorize, and develop programs to bolster our nation's public health workforce and infrastructure.

The Committee will undertake more evaluation and study to assess reauthorization and creation of programs to support individuals with behavioral health conditions and developmental disabilities. These efforts will include the reauthorization of the Autism Collaboration, Accounting, Research, Education, and Support or Autism CARES Act of 2014, which provides funding for autism education, early detection, and intervention.

The Committee will also continue its work to improve the availability and accessibility of mental health and substance use disorder services. For example, the Committee will work to extend the direct appropriations of funding to respond to the opioid epidemic first enacted through the 21st Century Cures Act. Such programs and laws are far too important to risk losing the life-changing services and critical supports that they have delivered to their intended beneficiaries.

An estimated 100 Americans die each day from gun violence, and hundreds more are injured. More research is desperately needed into the causes of gun violence and building evidence-based gun violence prevention strategies. Legislation and federal funding to study the gun violence impacts should also be restored together with a clearer mandate to CDC to produce and research data, findings, and reports relating to gun violence.

The Indian Health Service (IHS) is charged with providing health and public health services to 2.2 million American Indians and Alaska Natives. Recent struggles of IHS facilities to provide quality care at facilities in the Great Plains Area make clear that action is needed to improve health care services for American Indians and Alaska Natives. That action must include reversing the decades-long, chronic underfunding of IHS by Congress. Such funding will ensure IHS has the resources necessary to recruit and retain qualified health care providers and modernize the buildings, equipment, and other infrastructure needed to provide quality care in the 21st century.

Finally, and very importantly, our Committee will work to extend the group of critical public health programs, collectively referred to as health extenders. These extenders include such programs as the Community Health Center Fund, Teaching Health Centers, Special Diabetes Program, and Special Diabetes Programs for Indians. The funding for these programs expires at the end of FY 2019. We are committed to reauthorizing these programs in a timely manner to provide certainty to both the programs as well as the individuals and communities that they serve.

COMMUNICATIONS AND TECHNOLOGY

Federal Communications Commission (FCC)

The deployment of broadband communications technology will be necessary for the economic, educational, civil, and social welfare of consumers. It is a leading priority for Committee Democrats. Significant federal funding will be needed to facilitate the build-out of secure and resilient broadband to 98 percent of unserved areas across the nation, not including critical areas that are underserved.

Next Generation 9-1-1 (NG 911) is the next iteration of 9-1-1 technology that is more redundant and resilient than traditional networks and can continue to operate even if some parts of the network go down. Upgrading existing systems will cost an estimated $13-16 billion and will facilitate the safety of Americans, including first responders.

CONSUMER PROTECTION AND COMMERCE

Federal Trade Commission (FTC)

Protecting consumer privacy is a growing problem as technology becomes more complex and companies more actively exploit consumer information. To effectively police industry and stay ahead of changes in technology, the FTC needs a significant increase in staff and resources for the Bureau of Consumer Protection. The Committee will continue to look for ways to better empower the FTC to accomplish its mission, including through increased resources and authorities.

National Highway Traffic Safety Administration (NHTSA)

The auto industry continues to face a safety crisis, with a record number of recalls and auto safety violations. NHTSA needs appropriate funding to take a more proactive approach in preventing safety defects and violations; and to get defective vehicles off the roads faster.

In addition, NHTSA is looking towards a future of advanced vehicle technology and the potential for fully autonomous vehicles for which it does not have the expertise and resources to properly handle. To effectively oversee continued safety issues and stay ahead of technological advances, NHTSA needs additional funding for expert staff and resources.

Consumer Product Safety Commission (CPSC)

The CPSC is the federal regulatory body tasked with protecting the public from unreasonable risks of injuries or death associated with over 15,000 consumer products. The agency is under staffed. It has also refused to aggressively pursue necessary recalls and enforcement actions against harmful products, or to pursue safety standards to improve consumer safety. To strengthen its compliance and enforcement functions, CPSC needs an increase in its budget.

CONCLUSION

The Energy and Commerce Committee looks forward to working with the Committee on Budget as we pursue these Committee priorities.

FRANK PALLONE, JR.
Chairman
House Energy and Commerce Committee

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CHAIRMAN

GREG WALDEN, OREGON
RANKING MEMBER

ONE HUNDRED SIXTEENTH CONGRESS

Congress of the United States

House of Representatives

COMMITTEE ON ENERGY AND COMMERCE

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March 8, 2019

The Honorable John Yarmuth
Chairman
Committee on the Budget
204-E Cannon House Office Building
Washington, DC 20515

The Honorable Steve Womack
Republican Leader
Committee on the Budget
507 Cannon House Office Building
Washington, DC 20515

Dear Chairman Yarmuth and Republican Leader Womack:

Pursuant to clause 4(f) of Rule X of the Rules of the House of Representatives and section 301(d) of the Congressional Budget Act of 1974, I am writing to provide the views and estimates of the Republican members of the Committee on Energy and Commerce on the President's budget for fiscal year 2020, which are attached.

Please let me know if you have any questions about this submission.

Sincerely,

Greg Walden
Republican Leader

Attachment

Views and Estimates for Fiscal Year 2020
Energy and Commerce Committee
Republicans Views

Commerce

Federal Trade Commission

Committee Republicans will focus on efforts to the authorize the Federal Trade Commission (FTC), to modernize Commission practices, improve transparency, and support innovation in the economy. The Committee Republicans will review relevant FTC offices and programs, including matters related to consumer privacy and data security, deceptive advertising and marketing practices, and fraud targeting specific vulnerable populations.

National Highway Traffic Safety Administration

The Committee Republicans will continue to promote vehicle safety, both through oversight of the National Highway Traffic Safety Administration (NHTSA) and ongoing efforts to promote the development and deployment of American-built self-driving cars. In addition, the Committee Republicans will monitor NHTSA's implementation of the Fixing America's Surface Transportation (FAST Act), which was enacted in 2015.

Consumer Protection Safety Commission

The Committee Republicans will monitor the Consumer Protection Safety Commission's (CPSC) efforts to expand opportunities to work with regulated communities and affected stakeholders in order to promote a safe, efficient, and cost-effective consumer product recall system, to promote voluntary standards and the award winning Fast Track recall program as a preferred method of removing unsafe products from interstate commerce, and to use clear, data-driven, evidence-based decision making in all of its processes, including safety standards and product recalls. The Committee Republicans will review the CPSC's efforts to implement reductions in third-party testing burdens as required by P.L. 112-68.

Department of Commerce

The Committee Republicans will continue to support agencies within the Department of Commerce, particularly the Economic Development Administration, International Trade Administration, and the Bureau of Economic Analysis, to the extent their activities remain cost-effective, promote efficiency, reduce and eliminate barriers for U.S. companies to the marketplace, and avoid burdensome reporting requirements.

Energy

Department of Energy

The Committee Republicans will support many of the Department of Energy's (DOE) national security, defense, and civilian program priorities, and will continue to review funding levels to ensure the cost-effective use of taxpayer dollars and to ensure the Department's priorities align with current and anticipated national security, economic, and energy security challenges. The Committee Republicans also will support DOE's efforts to elevate the functions of the Department to address cyber threats, and the implementation of policies to support emergency authorities for grid security emergencies. In addition, the Committee Republicans will support the responsible development and deployment of renewable, alternative, and conventional energy sources; but agree that the role of the federal government and federal spending in these areas may need to be examined closely. The Committee Republicans will support DOE's ongoing nuclear energy programs to support the fleet of existing commercial power plants and the public-private partnership to license and ultimately deploy small modular reactors.

Federal Energy Regulatory Commission

Through its oversight and budgetary authorities for the Federal Energy Regulatory Commission (FERC), the Committee Republicans will focus on grid modernization, including barriers to permitting and building electricity infrastructure.

Nuclear Regulatory Commission

The Committee Republicans will monitor the Nuclear Regulatory Commission's (NRC) implementation of regulatory reforms, budget development and management, and development of advanced nuclear regulatory process.

Strategic Petroleum Reserve

The Committee Republicans will work to modernize the Strategic Petroleum Reserve (SPR) and supports the sale of SPR crude oil to fund such efforts.

Environment

Climate Change

The Committee Republicans will pursue a solutions-oriented discussion about how to address climate risks, while protecting the interests of the American public and the United States' economic well-being.

Comprehensive Environmental Response, Compensation, and Liability Act

The Committee Republicans believe it is important to make the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) cleanup process more efficient and cost effective so that more cleanups can be completed in a timely matter.

Drinking Water

The Committee Republicans will support the Environmental Protection Agency's (EPA) efforts under the Drinking Water State Revolving Funds and the Water Infrastructure and Finance Innovation Act.

Environmental Protection Agency

The Committee Republican will support the EPA's emphasis on protecting taxpayer resources and delivering efficient environmental protection, and its commitment to the Rule of Law by engaging with state regulators as partners and including the public in its rulemaking process.

Nuclear Waste Policy Act

With respect to the review of the Yucca Mountain license application, the Committee Republicans will continue to promote policies, funding, and other actions that will enable fulfillment of the government's obligations under the Nuclear Waste Policy Act.

Toxic Substances Control Act

The Committee Republicans will support EPA's efforts to evaluate and manage existing chemicals under the Title I of the Toxic Substances Control Act.

Health

FDA Reauthorization Act

Committee Republicans will work with the Food and Drug Administration (FDA) to implement the FDA Reauthorization Act (FDARA), which reauthorized FDA's critical medical product user fee programs—the Generic Drug User Fee Amendments, the Biosimilar User Fee Act, the Prescription Drug User Fee Act, and the Medical Device User Fee Amendments. This law ensures the agency has the tools it needs to efficiently deliver safe and effective drugs, devices, and treatments to patients. FDARA includes the Lower Costs Through Competition Act, which created an expedited approval process for a generic drug for products that do not have competition. Under FDARA, in 2018, the FDA approved record numbers of novel devices and drugs, with 59 new drugs approved by the Center for Drug Evaluation and Research (CDER), including 19 first-in-class agents, 34 novel drugs for rare diseases, and a record seven biosimilars.

Ending the HIV/AIDS Epidemic

Committee Republicans applaud the Administration's plan to end the of human immunodeficiency virus (HIV) in the United States by 2030. Although ending HIV is within reach, the Centers for Disease Control and Prevention (CDC), the number of new HIV infections has plateaued to approximately 39,000 per year since 2013. The President's plan to improve access to treatment and prevention efforts is greatly needed.

Medicaid

Committee Republicans support the Administration's efforts to empower states, improve access, prioritize vulnerable patients, improve health outcomes, modernize outdated and inefficient rules, increase efficiency, and put Medicaid spending on a more sustainable path. Committee Republicans are also encouraged that states have offered proposals to achieve these goals.

Medicare

Committee Republicans are committed to preserving Medicare for current and future generations and believes the Committee should avoid cannibalizing the program to fund new spending. For instance, the Patient Protection and Affordable Care Act (PPACA), diverted $716 billion from Medicare to fund new programs, including over $300 billion from the Medicare Advantage program, which provides care to one-third of seniors in the Medicare program. Over 60 million Americans rely on Medicare for healthcare coverage, but the current financing of the program is not sustainable.

National Institutes of Health

Committee Republicans believe biomedical research at the National Institutes of Health (NIH) is a national priority and are committed to providing robust support for it work. Committee Republicans will continue to monitor NIH's implementation of the 21st Century Cures Act (Cures), which will ensure that America to continues to be the global leader in biomedical research and development.

Opioid Use Disorder and Other Substance Use Disorders

Committee Republicans are committed to continuing to tackle the opioid crisis and improving the prevention and treatment of substance use disorder. Committee Republican will continue to monitor the implementation of the Comprehensive Addiction and Recovery Act, the 21st Century Cures Act, and H.R. 6, the SUPPORT for Patients and Communities Act provisions related to substance use disorder. The SUPPORT for Patients and Communities Act improved treatment and recovery options, implemented new prevention methods, protected communities from illicit drugs, and provided tools to fight fentanyl. Committee Republicans will monitor implementation of the SUPPORT for Patients and Communities Act, seek out bipartisan solutions to address substance use disorder, and continue investigating the causes and effects of the opioid crisis.

Patient Protection and Affordable Care Act

Committee Republicans support the Administration's efforts to increase patient choice, enhance state flexibility, and more efficiently utilize tax resources, including the elimination of the Obamacare individual mandate tax penalty, authorization of more small businesses to form Association Health Plans (AHPs) to provide more affordable health insurance choices, and expansion of short-term, limited-duration insurance (STLDI) plans. The Council of Economic Advisors recently projected these reforms would expand consumer options and generate $450 billion in benefits to Americans over the next decade. Committee Republicans also support the Secretary of Health and Human Services' (HHS) and the Secretary of the Treasury's efforts to provide states flexibility to implement reforms within their health care markets that are budget neutral to the federal government. To date, seven states have approved section 1332 waivers for reinsurance programs, which have led to dramatic premium reductions at no additional cost to federal taxpayers.

21st Century Cures Act

Committee Republicans support the goals of the 21st Century Cures Act, which was enacted on December 13, 2016, and was the culmination of a bipartisan, multi-year effort by Congress to modernize the cycle of discovery, development, and delivery of innovative medical products, and touched almost every agency within HHS, including the NIH and the FDA.

Cures modernized the cycle of discovery, development, and delivery of innovative medical products; authorized resources for NIH-funded basic, translational, and clinical research; and gave the NIH tools and flexibility to alleviate administrative burdens, increase data sharing among NIH-supported researchers, authorize innovation prize competitions, support high-risk, high-reward research, increase funding opportunities for young investigators, improve privacy protections for research volunteers, and encourage the inclusion of diverse populations in clinical research. Cures also provided multi-year funding to support the Precision Medicine Initiative, the Cancer Moonshot, the Regenerative Medicine Innovation Project, and the Brain Research through Advancing Innovative Neurotechnologies (BRAIN) Initiative. Committee Republicans will continue to monitor the implementation of this landmark legislation.

340B Drug Pricing Program

The Committee Republicans will continue to support efforts to improve the oversight and operation of the section 340B of the Public Health Service Act, which gives certain health care providers access to discounted drugs. Under PPACA, the program's definition of covered entities expanded, allowing the number of covered entities to increase dramatically. From 2001 to 2017, the number of covered entities increased from 8,605 to 12,722. The Medicaid and CHIP Payment and Access Commission (MACPAC), HHS Office of Inspector General (OIG), and the Government Accountability Act (GAO) have highlighted concerns about the 340B program, including the Health Resources and Services Administration's (HRSA) ability to oversee the program. While the number of covered entities and contract pharmacies has grown, the number of full time equivalent HRSA staff has not grown proportionately. Although HRSA has increased the number of annual audits from 51 to 200, this represents less than two percent of all covered entities.

Additionally, questions have arisen about how covered entities use the revenue generated through the 340B program. Covered entities may generate revenue by selling 340B drugs to individuals with insurance. This revenue, which is the difference between a drug's 340B discounted price and the reimbursement received from insurance plans, has been used by covered entities in a variety of ways. Some covered entities pass this revenue along to activities that address the mission of serving low-income and uninsured patients. Some covered entities use this revenue for general operations or other activities not related to vulnerable populations. The HHS OIG found that some covered entities do not offer discounts to low-income or uninsured patients, even though they participate in the 340B program. The Committee Republicans will continue to support efforts to improve the 340B program's oversight and operation.

Telecommunications

Federal Communications Commission

The Committee Republicans will continue to work to reauthorize the Federal Communications Commission (FCC) and conduct oversight of the Commission, including efforts to make the Universal Service Fund (USF) more effective and sustainable.

National Telecommunications and Information Administration

The Committee Republicans will continue to examine the role of National Telecommunications and Information Administration (NTIA) in spectrum management, with a focus on producing continued results for both government users and the economy. Both the FCC and NTIA have responsibilities with respect to spectrum, and the Committee Republicans will focus on ways to remove any barriers this fragmentation of authority may have in making spectrum available to the public. The Committee Republicans also will pay close attention to stubborn executive departments and agencies standing in the way of common-sense spectrum policy.

Views and Estimates of the Committee on Financial Services on Matters to be Set Forth in the Concurrent Resolution on the Budget for Fiscal Year 2020

Pursuant to applicable rules and laws, the Committee on Financial Services transmits to the Committee on the Budget the following views and estimates on matters within its jurisdiction or functions to be set forth in the concurrent resolution on the budget for fiscal year 2020.

A NEW DAY FOR THE AMERICAN PEOPLE

The 116th Congress has ushered in a historically diverse Congress, one that is finally beginning to resemble the rich diversity that makes this country great. It is from this diversity that Congress' priorities will return to putting consumers and investors first and protecting the most vulnerable. In particular, this Committee will return to considering policies that advance shared prosperity, ensure fair rules of the road, protect against fraud and abuse, and support our most vulnerable populations. Having been deployed successfully following the financial crisis, these policies have already been proven to lead to economic stability and opportunity. However, more needs to be done. It is vital to the health of our economy that Congress robustly funds in the Fiscal Year 2020 budget (FY 2020) the Federal government agencies responsible for running and overseeing the critical programs that benefit American families.

The American public has rejected the reckless and misguided policies championed by President Trump that have led to significant harm for lower- and middle-income Americans, and especially the most vulnerable. For example, the tax legislation passed last Congress added $1.8 trillion to the national debt and handed the wealthy and corporations a windfall while leaving hardworking taxpayers and future generations to pick up the tab. In addition, using a rarely used law, the Congressional Review Act, President Trump repealed 15 important safeguards that were put in place by the previous Administration, including a rule that preserved the constitutional rights of Americans who have been harmed by financial institutions to join together and have their day in court, and another that combated corporate corruption by requiring oil companies to disclose their payments to foreign countries. More recently, President Trump presided over the longest government shutdown in U.S. history, and in the process harmed consumers, federal employees, contractors, small businesses, and the economy.

The Committee is also concerned that President Trump's appointees have begun a deregulatory agenda that is seeking to undo many of the important reforms Congress passed following the financial crisis of 2008. At the Consumer Financial Protection Bureau, which was the centerpiece of the Dodd-Frank Wall Street Reform and Consumer Protection Act, Trump's appointees have acted to tear down the agency from the inside, declining to carry out the agency's important mission, failing to use the agency's authority to hold bad actors accountable, and allowing predatory lending and abusive practices to go unchecked.

The Committee rejects the regressive agenda advanced by the Trump Administration because it jeopardizes the economic progress realized during the previous Administration. In contrast, the Committee urges this Congress to support funding for the following policies to ensure broadly shared economic growth and opportunity, promote diversity and inclusion, and protect vulnerable families.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

The Department of Housing and Urban Development (HUD) plays a critical role in our nation's housing market and social safety net by carrying out its mission to "create strong, sustainable, inclusive communities and quality affordable homes for all." HUD programs help lift families out of poverty and homelessness, expand homeownership to underserved borrowers, bolster the economy, and ensure equal access to housing opportunities. The past two fiscal year budget requests, however, have been woefully inadequate to meet the needs of the nation's affordable housing crisis and the homelessness crisis. The FY 2020 budget should robustly fund HUD housing and community development programs to ensure that every family has access to safe, decent, and affordable housing. The Committee will also explore proposals to strengthen HUD's ability to effectively carry out its mission and to ensure accountability when administrative decisions stray from this mission.

Homeless Assistance Programs

According to the most recent HUD data, there are over 550,000 people experiencing homelessness in this country on a given night, including nearly 30 percent who are children or youth. The Committee fully supports the goal of ending homelessness and believes the FY 2020 budget should reflect this priority. HUD's homeless assistance grants play a key role in serving those who are experiencing homelessness in America. There are also various other federal programs that are targeted to people experiencing homelessness and the Committee recognizes the critical role of the U.S. Interagency Council on Homelessness (USICH) in coordinating across the different federal agencies and programs to effectively implement a federal strategy to end homelessness in America. The Committee supports robust funding for HUD's homeless assistance grants in FY 2020, as well as continued funding for the USICH. The Committee will also consider proposals to expand and better target funding for families and individuals who are homeless and who are at risk of homelessness. In particular, the Committee is committed to ending youth homelessness. Children remain an over-represented group within the homeless population, with an estimated 4.2 million youth and young adults up to age 24 experience homelessness each year according to the Department of Education, disrupting their education, increasing their risk of mental illness, and increasing the cost of the delivery of health care and other social services.

Rental Assistance Programs

HUD's rental assistance programs are responsible for providing stable housing for over 10 million individuals in nearly 5 million rental units across the country. Without this important federal assistance, millions of current and future households would be severely rent-burdened or homeless. According to the Center on Budget and Policy Priorities, federal rental assistance has kept 4.1 million people, including 1.4 million children, out of poverty. In particular, public housing is home to 1.1 million families, with nearly sixty percent of families headed by a person who is elderly, disabled, or both, and more than forty percent of public housing families having school-aged children in the home. The Committee recognizes the importance of these programs and supports robust funding to ensure they have enough resources to help families in need. The Committee also rejects proposals that increase burdens on HUD-assisted families by imposing arbitrary time limits on their tenancy or unduly increasing rents.

The Federal Housing Administration

The Federal Housing Administration (FHA) continues to play a vital role in promoting long-term stability in the housing market and expanding access to homeownership for creditworthy borrowers, especially first-time homebuyers, low- and moderate-income households, and minority households. Despite the strong financial health of FHA, certain budgetary restrictions have prevented FHA from investing in much needed technology upgrades to its systems supporting origination, servicing, default, and claims. According to HUD, FHA's outdated systems are putting the Mutual Mortgage Insurance Fund at significant risk and hampering FHA's ability to effectively partner with the industry. The HUD Inspector General has also raised concerns that FHA's outdated systems are resulting in poor performance, high operation and maintenance costs, and increased susceptibility to security breaches. The Committee will consider legislation to allow FHA to invest in its technology infrastructure.

The Committee is also concerned with FHA's current practice of charging annual premiums for the life of the loan while private mortgage insurers cancel premiums once the outstanding principal balance reaches 78 percent of the original home value, and is examining steps to address these premiums.

Lastly, HUD Housing Counseling Assistance providers help expand homeownership by educating prospective homebuyers and prevent foreclosures by providing mitigation services. Housing counseling helps keep families in homes, protect the FHA Mutual Mortgage Insurance Fund, and stabilize communities. The FY2020 budget should increase funding from current levels for Housing Counseling Assistance to meet needs all across the country.

Government National Mortgage Association

The Government National Mortgage Association (Ginnie Mae) plays a critical role in providing liquidity for government backed mortgages, including FHA, VA, and USDA-backed mortgages. Since the 2008 financial crisis, Ginnie Mae's issuer base has substantially shifted to include a much larger share of nonbanks, which present a new set of risks for Ginnie Mae to manage. The Committee will continue to monitor Ginnie Mae's actions to manage these risks. The Committee supports additional funding for Ginnie Mae in FY 2020, and will consider whether to provide additional authority to enhance loss mitigation options for borrowers in a rising interest rate environment. The Committee is also concerned that FHA multifamily risk share loans no longer have access to financing through the FHA's partnership with the Federal Financing Bank after the Trump Administration discontinued this partnership. The Committee will examine whether to take steps to renew this partnership.

Housing and Community Development Programs

HUD programs that support housing and community development, such as the Community Development Block Grant (CDBG) program, the HOME Investment Partnerships program (HOME), and the National Housing Trust Fund (HTF), play a key role in addressing the lack of supply of affordable housing, particularly for the lowest income families. They have also proven to be effective in leveraging private investment and supporting local economies. For example, CDBG leverages $4.07 in private funding for every $1.00 of CDBG funding invested and has created or retained over 387,000 jobs between FY 2015 and FY 2016 alone, benefiting over 42 million people through affordable housing and public services. The HOME program has also supported nearly 1.6 million jobs and generated $105 billion in local income since its inception, while building over 1.3 million units of affordable housing since 1992. The Committee supports robust funding in the FY 2020 budget to carry out these programs fully, and will consider legislation to ensure effective public-private partnerships and address the severe lack of affordable housing across the country.

Fair Housing

HUD plays a central role in fighting discrimination in housing and promoting fair housing practices, primarily through its implementation and enforcement of the Fair Housing Act. In particular, the Fair Housing Act requires that recipients of federal housing funding take steps to "affirmatively further fair housing" (AFFH). Unfortunately, the AFFH provision was largely dormant for years due to ineffective implementation. For example, a GAO report from 2010 highlighted several weaknesses and inadequacies in HUD's implementation of AFFH. Under the previous Administration, HUD finalized a new AFFH rule that provided greater clarity to jurisdictions on how to identify and combat barriers to fair housing opportunity that often restrict the development of affordable housing. The rule also provided jurisdictions with better data to help them analyze local housing needs and ultimately equip them to make smarter local planning decisions. The Trump Administration's decision to halt implementation of this important rule harms HUD's ability to implement this key mandate under the Fair Housing Act and its ability to allocate federal housing funding. The Committee will take steps to ensure that HUD is adequately enforcing the Fair Housing Act.

Native American Housing

The Committee supports the fundamental recognition of tribal self-determination under the Native American Housing Assistance and Self-Determination Act of 1996 (NAHASDA) as well as robust funding for the NAHASDA programs. The Committee will also reauthorize and strengthen NAHASDA programs.

USDA'S RURAL HOUSING PROGRAMS

The United States Department of Agriculture's (USDA's) Rural Housing Service (RHS) plays a distinct and critical role in the Federal government's housing assistance strategy, and in the housing market overall. RHS programs help address unique housing challenges that rural residents and communities face, including the prevalence of substandard housing conditions, the challenges of farm workers remaining stably housed despite the seasonal nature of their work, and the lack of access to affordable mortgage credit in some rural areas. Unfortunately, due to the lack of funding and lack of strategy from USDA, hundreds of thousands of USDA-backed multifamily programs are projected to exit the programs that keep the units affordable for low-income residents in the coming decades. Further, housing advocates have sued USDA alleging misuse of limited funding available to address the preservation of units or displacement of tenants. The Committee supports robust funding for RHS to carry out its programs fully and will consider proposals to preserve RHS-subsidized properties, avoid resident displacement, and hold USDA accountable in its management of these programs.

GOVERNMENT SPONSORED ENTERPRISES

The Committee believes that a robust mortgage market is required for a healthy, growing middle class and broad economic growth. The secondary mortgage market plays a significant role in ensuring the health of the financial system, and efforts to reform that market should: maintain affordable, long-term fixed-rate mortgage products such as the 30-year pre-payable fixed rate mortgage; protect taxpayers by paying for an explicit government guarantee; provide stability and liquidity to the market, and prevent disruptions during a transition to a new finance system; support a broad-based strategy for promoting access to affordable housing, including affordable rental housing; and, ensure that financial institutions of all sizes can equally participate in the market.

The Committee supports the actions taken by the Federal Housing Finance Agency (FHFA), as conservator of Fannie Mae and Freddie Mac, that expand responsible access to sustainable homeownership and affordable rental housing while still protecting the taxpayer, including the continued contributions to the Housing Trust Fund (HTF) and Capital Magnet Fund (CMF).

TERRORISM RISK INSURANCE PROGRAM

In the aftermath of the terrorist attacks on September 11, 2001, the market for terrorism risk insurance experienced significant disruption as insurers and reinsurers pulled back from offering this coverage. Without coverage, businesses, venues, universities, and other important economic drivers were left unprotected in the event of another attack. Congress responded by passing the Terrorism Risk Insurance Act of 2002 (TRIA), establishing a government risk-sharing program at no cost to taxpayers. This program ensures that affordable terrorism insurance coverage is broadly available. The Committee will reauthorize TRIA beyond its current expiration on December 31, 2020.

NATIONAL FLOOD INSURANCE PROGRAM

The National Flood Insurance Program (NFIP), which provides flood insurance to over five million homeowners, renters, and businesses, is set to expire on May 31, 2019. The last long-term authorization of the NFIP expired on September 30, 2017. Ever since, Congress has been passing short-term extensions without a comprehensive plan to provide certainty to the market, keep flood insurance affordable, or deal with the lack of stable funding for mapping or mitigation. The Committee believes that the NFIP must be reauthorized for the long term with a plan to keep coverage affordable and available, to adapt to a changing climate, and to keep our communities resilient in the face of increasing flood risks.

Further, although Congress recently forgave $16 billion of the NFIP's debt, the remaining $20.5 billion in debt has been ignored and continues to burden policyholders with approximately $400 million in interest payments every year. Meanwhile, nearly 65 percent of NFIP premiums and fees are spent on losses and debt reduction, including interest payments. The Committee believes that these costs contribute to affordability challenges for policyholders and will examine steps to address this issue.

The Committee also believes that flood mapping must be improved in part by providing funding for upgraded technology. Finally, mitigation, which saves $4 for every $1 spent, should be encouraged whenever it is a viable and cost-effective option.

OFFICES OF MINORITY AND WOMEN INCLUSION

Since our nation's founding, the diversity of the American experience has been cited by numerous historians, authors, and economists as one of the country's greatest assets. This principle of "diversity as an asset" was recognized nearly 75 years ago by President Franklin D. Roosevelt who, in an Executive Order banning discrimination in the defense industry, asserted "the firm belief that the democratic way of life within the Nation can be defended successfully only with the help and support of all groups within its borders." While President Roosevelt sought to ban discrimination in the defense industry as a means of bolstering national security, in the decades since, researchers and academics have recognized the value of diversity to promote innovative decision-making and combat the problem of "group-think."

Section 342 of the Dodd-Frank Act established Offices of Minority and Women Inclusion (OMWIs) in most of the federal financial agencies—the Department of the Treasury, Federal Deposit Insurance Corporation (FDIC), each of the Federal Reserve banks, the Federal Reserve Board of Governors, National Credit Union Administration (NCUA), Office of the Comptroller of the Currency (OCC), Securities and Exchange Commission (SEC), and Consumer Financial Protection Bureau (Consumer Bureau)—that are responsible for all matters relating to diversity in management, employment, and business activities. Section 1116 of the Housing and Economic Recovery Act of 2008 created an OMWI with similar authorities at the Federal Housing Finance Agency (FHFA).

The Committee supports robust funding for each OMWI to carry out its programs, including by using data collection and analysis, to ensure: transparency from the top-down; a diverse talent pipeline for current and future employment opportunities within the agencies; sufficient training to increase cultural awareness and inclusiveness in the agencies; and effective supplier diversity initiatives to secure the fair inclusion of minority-owned and women-owned businesses. As the American population becomes increasingly more racially and ethnically diverse, it is vital that the federal financial services agencies attract, hire, develop, and retain a highly-qualified and diverse workforce and operate in a manner that promotes an inclusive and non-discriminatory workplace.

COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS (CDFI) FUND AND THE CAPITAL MAGNET FUND

The Committee supports robust funding of the CDFI Fund to fully carry out its programs in FY 2020, and rejects efforts to eliminate funding for CDFI Fund's discretionary grant and direct loan programs.

The CDFI Fund has had a growing impact across the country by giving private institutions access to the capital needed to extend credit and provide financial services to communities, especially those in lower-income and traditionally underserved areas. For example, the Bank Enterprise Award (BEA) program incentivizes banks to make investments in the most severely distressed communities throughout the country, by providing monetary awards to banks that have increased investments in census tracts where the unemployment rate is 150% higher than the national rate and where approximately one-third of residents' incomes are less than the poverty level. According to data released by the Department of Treasury in 2016, the BEA Program awarded more than $18.6 million to organizations that increased their loans and investments in distressed communities by $308.2 million, producing a significant return on investment.

The Committee also supports funding Section 1206 of the Dodd-Frank Act, which directs the CDFI Fund to make grants to certified institutions, including nonprofits, banks and credit unions, for loan loss reserve funds in order to defray the costs of establishing small dollar loan programs. Section 1206 was enacted to increase consumer access to mainstream financial institutions and to provide more affordable and safe alternatives to high-cost payday loans. Although $10 million was requested for the program in the FY 2017 budget, the program has not been funded since its creation under the Dodd-Frank Act.

The Committee also supports the CDFI Capital Magnet Fund (CMF), which is funded by allocations from Fannie Mae and Freddie Mac and administered by the CDFI Fund. This program awards grants to finance affordable housing and community revitalization efforts that benefit low-income people and communities nationwide.

SUPPORTING SMALL BUSINESS INVESTMENTS

The Committee supports reauthorizing and funding the successful State Small Business Credit Initiative (SSBCI), which Congress created as part of the Small Business Jobs Act of 2010. The program expired in 2016, but in the five years it operated new financing to small businesses totaled $10.7 billion with only $1.2 billion of federal funding. According to Treasury, the program helped create or save more than 240,000 jobs. In addition to authorizing a second round of funding for the program, the Committee will consider ways to target SSBCI-supported loans or investments to businesses in low- and moderate-income communities.

Small businesses are our nation's innovators and job creators. Congress has a responsibility to review, reform, and modernize our laws and regulations to allow American small businesses to compete and win both domestically and globally. The Committee will advance bipartisan efforts, to enact legislation to ensure small business capital formation rules promote entrepreneurship, business expansion, innovation, or investment in our nation's small businesses.

CONSUMER FINANCIAL PROTECTION BUREAU

The Committee strongly supports the mission and independent funding of the Consumer Financial Protection Bureau (Consumer Bureau), which was created under the Dodd-Frank Act, to better protect consumers from unfair, deceptive or abusive acts or practices, and to promote fair and transparent markets for the provision of consumer financial products and services.

Since the Consumer Bureau was established, it has implemented new rules for mortgage markets and prepaid cards, released comprehensive studies on private education lending and credit reporting, among other topics, and successfully recovered over $12 billion for more than 31 million consumers harmed by predatory and illegal financial practices. The Consumer Bureau has also established a transparent and robust consumer complaint mechanism, which has received over 1.5 million complaints. To date, an impressive 97 percent of the complaints that were sent to companies for review have received timely responses, which underscores the tremendous value the database is providing to consumers.

Despite these successes, the Committee is concerned by the actions taken after the Trump Administration's appointees took over the leadership of the Consumer Bureau in November 2017. For example, enforcement activity against bad actors sharply decreased, fair lending efforts were diminished, and student lending concerns were suppressed. Notably, plans were made to shrink the size of the agency, including proposing that Congress eliminate its independent funding.

Furthermore, the Consumer Bureau has adopted a misguided policy to not supervise financial institutions for compliance with the Military Lending Act, weakening oversight Congress intended to protect active-duty servicemembers. The Consumer Bureau has also proposed to significantly weaken the payday lending rule, including by rescinding its ability-to-repay provision, thereby increasing consumers' risk of predatory lending practices.

Given the Consumer Bureau's statutory mission to protect American consumers from unlawful and predatory lending practices, the Committee remains vigilant in its commitment to preserve and implement robust safeguards for consumers, as well as ensuring the Consumer Bureau fulfills its mission. The Committee will also seek to protect the Consumer Bureau's independent funding to ensure not only that consumers are protected, but to also reduce the risk to taxpayers from another financial crisis.

SECURITIES AND EXCHANGE COMMISSION

The Committee supports robust funding for the FY 2020 budget of the Securities and Exchange Commission (SEC) so that it is able to fulfil fully its three-part mission to: (1) protect investors; (2) maintain fair, orderly, and efficient markets; and (3) facilitate capital formation. Pursuant to that mission, the SEC oversees $82 trillion a year in securities trading and more than 26,000 market participants that employ over one million people in the United States. These market participants include investment advisers, mutual funds, broker-dealers, national securities exchanges, credit rating agencies, clearing agencies, and self-regulatory organizations like the Securities Information Processors, the Public Company Accounting Oversight Board, the Financial Industry Regulatory Authority, the Municipal Securities Rulemaking Board, the Securities Investor Protection Corporation, and the Financial Accounting Standards Board. The SEC also reviews the disclosures and financial statements of over 8,000 reporting companies, including approximately 4,300 exchange-listed public companies with an approximate aggregate market capitalization of $30 trillion.

Since 2017, the SEC has sought to fulfill its broad and complex mission with flat funding of approximately $1.6 billion, despite increases in market complexity and the number of regulated entities. To manage cost increases over two fiscal years of flat funding, the SEC imposed a strict hiring freeze, which the SEC estimates resulted in a 9 percent loss of its workforce by the end of FY 2018. The Committee believes that independence from the annual Congressional

Appropriations process may provide the SEC with advantages in better managing its staffing needs.

The Committee urges the SEC to prioritize its enforcement and examinations activities, and to complete the remaining Dodd-Frank Act rulemakings. The SEC is responsible for prosecuting violations of the securities laws and holding violators accountable in cases involving everything from corporate disclosure violations to fraudulent sales of complex financial products. The Committee will continue to demand that the SEC increase its enforcement efforts, including against illegal initial coin offerings and virtual currency investment scams, and against traders that engage in abusive and manipulative practices at the expense of retail investors.

In addition, the SEC must vigorously police the markets through regular compliance checks, including annual examinations of registered investment advisers, which have grown steadily over the past decade. In FY 2018, the SEC staff examined only 17 percent of registered investment advisers.

The SEC must also complete its rulemaking obligations under the Dodd-Frank Act, including establishing a comprehensive regulatory regime for security-based swaps, enhanced investor disclosures, and executive compensation rules for public companies and SEC-regulated entities. The Committee urges the SEC to finalize these long-overdue rules. The Committee also encourages the SEC to put retail investors first and revise its proposed regulations governing the standards of care owed by broker-dealers when providing retail investors with personalized investment recommendations.

Troublingly, the Trump Administration has consistently supported the elimination of the SEC's Reserve Fund, which provides the SEC with up to $50 million annually to support long term information technology (IT) initiatives and respond to unforeseen events, like the 2016 breach of its Electronic Data Gathering, Analysis, and Retrieval (EDGAR) system for public company filings. Eliminating the Reserve Fund would force the SEC to choose between funding its cybersecurity efforts or syphoning resources from other underfunded programs, such as investment adviser examinations. It would also hamstring the SEC's ability to keep pace with ever-evolving threats to our financial infrastructure.

FINANCIAL STABILITY OVERSIGHT COUNCIL & OFFICE OF FINANCIAL RESEARCH

In the years leading up to the financial crisis, the American regulatory and supervisory framework did not keep up with the risks posed to our country's financial stability caused by the increasing size, complexity, interconnectedness, and globalization of large financial institutions. The Financial Stability Oversight Council (FSOC) and the Office of Financial Research (OFR) were established under Title I of the Dodd-Frank Act to close these regulatory gaps and serve as an early warning system for emerging threats to financial stability.

The Committee believes the FSOC's functions and its supervisory tools are vital to safeguarding the U.S. financial system. Along with promoting market discipline and responding to emerging threats, the FSOC, consisting of the federal financial regulatory agencies, is tasked with identifying elevated risks to the economy due to risky business practices at both bank and nonbank institutions.

The Committee also supports the OFR, which was created to provide insights into the shadow banking system and support the work of the FSOC. The OFR's data collection ensures that regulators' assessments of systemic threats, and decisions about any steps to mitigate them, reflect the deepest body of research and analysis of the financial sector possible.

The Committee is concerned by the Trump Administration's efforts to significantly shrink the OFR and undermine the FSOC. The Committee supports the preservation of both the OFR's and FSOC's independence from the annual Congressional appropriations process and notes that their budgets are offset by a fee imposed on systemically important financial institutions (SIFIs), and do not affect the U.S. deficit.

ENHANCED PRUDENTIAL STANDARDS TO PREVENT FUTURE BAILOUTS

The financial crisis demonstrated that several large, interconnected financial institutions could pose an existential threat to the American financial system. These institutions' size, complexity, interconnectedness, and global scale forced the Federal government to expend enormous resources to prevent their failures in order to avoid an international economic collapse.

The Dodd-Frank Act instructed regulators to limit the risks these firms pose to the economy. For example, the law requires that the largest banks and systemically important financial firms be subject to more stringent rules for capital, leverage, liquidity, and risk management. It also subjects these firms to regular, forward-looking stress testing requirements to ensure these large firms are better prepared for eventual economic downturns or unexpected shocks to the system. In fact, banks in the United States have added more than $750 billion in capital to absorb potential losses and, because of these safeguards, are much less reliant on short-term funding, which disappeared in the crisis. Furthermore, the Volcker Rule now prohibits banks from proprietary trading, limiting the practice of allowing banks to gamble with their customers' and the taxpayers' money.

The Committee remains focused on ensuring rigorous oversight of large financial institutions, ensuring they can never again threaten our economy or the taxpayer. Furthermore, the Committee remains vigilant in its efforts to oversee the regulators of these financial institutions and encourage them to maintain and strengthen prudential safeguards that protect the U.S. economy from another costly financial crisis. The Committee also encourages these regulators to utilize their full supervisory and enforcement tool kit to hold megabanks and other institutions, and their senior executives accountable when they break the law.

ORDERLY LIQUIDATION AUTHORITY

Because not all threats to economic stability can be foreseen and there are critical shortcomings with the Bankruptcy Code, the Dodd-Frank Act provides financial regulators with additional authorities to resolve systemically important financial institutions (SIFIs) in an orderly fashion – known as the Orderly Liquidation Authority (OLA). Under OLA, financial regulators are provided certain mechanisms, primarily the temporary use of government funds to resolve an institution in order to prevent contagion or an economic catastrophe, and all funds would be recouped from fees imposed on the failed firm or other SIFIs to ensure no cost to the American taxpayer.

While proposals to enhance the Bankruptcy Code to better handle a resolution of large, complex financial firms warrant further scrutiny and analysis of their efficacy and impact, they are not a substitute to the OLA. The Committee strongly supports the Dodd-Frank Act's OLA provision and opposes any effort calling for its repeal. The Committee notes that the Trump Administration's Treasury Department, "recommends retaining OLA as an emergency tool for use under only extraordinary circumstances. While bankruptcy must be the presumptive option, the bankruptcy of large, complex financial institutions may not be feasible in some circumstances, including when there is insufficient private financing."

INTERNATIONAL FINANCIAL INSTITUTIONS

The Committee believes sustained international economic cooperation is the most promising path to ensure national security, prosperity and well-being. The Committee regrets the fact that the Treasury Department is supporting fewer multilateral institutions and programs than any previous administration of the past 30 years.

The advantages of global cooperation to U.S. interests stand in stark contrast to the costs of going it alone. The costs of going it alone can be measured by the financing leverage that the United States gives up when the United States cuts multilateral funding, such as with International Fund for Agricultural Development (IFAD), where every dollar contributed by the United States delivers nearly 80 dollars of assistance to developing countries. Harder to quantify are the potentially wide-ranging effects of not having the United States at the table to help shape multilateral strategies, standards, and priorities on issues that implicate a wide range of US economic, security, and foreign policy interests. The United States needs to maintain its leadership position in the international financial institutions if they are to be effective vehicles for supporting U.S. interests and responsive to U.S. calls for reform.

The multilateral development banks (MDBs), including the World Bank and the regional development banks, play a leading role in efforts to promote growth and alleviate poverty around the globe. The Committee believes that the MDBs are directed at some of the central challenges faced by the United States—strategic, economic, political and moral—and, in many ways, they are often the most effective means for responding to these challenges. The United States has also often looked to the MDBs to meet strategic objectives in countries and regions at critical moments, and the degree to which the MDBs support U.S. interests depends upon the strength of our roles within these institutions. U.S. support for the MDBs also leverages limited U.S. resources with the broader resources of the MDBs, which are funded by other member nations. The Committee believes it is in the national and economic interest of the United States that the MDBs remain strong, credible, and effective, and supports funding U.S. commitments to these institutions, including U.S. arrears.

The Committee also supports a Congressional authorization for U.S. participation in general capital increases for the International Bank for Reconstruction and Development and the International Finance Corporation (IFC) in the FY 2020 budget. The Committee will consider such a request in the context of certain additional reforms that should accompany such a large expansion of the World Bank's capital base, including an examination of financial transfers between International Development Agency (IDA) and the IFC with respect to both transparency and development impact. The Committee will also examine the degree to which IDA's bond issuances affect the ability of IDA to offer grants and highly concessional loans to the world's poorest countries.

The Committee also expects to authorize the United States' participation in the first capital increase for the North American Development Bank (NADB) during the FY 2020. The NADB is an important development institution funded and governed equally by the United States and Mexico. As a valued and trusted institution on both sides of the border, the NADB can continue to help mitigate high poverty rates and security challenges along the U.S.-Mexico border. Strengthening the NADB would be an important demonstration of the United States' shared commitment with Mexico to build a stable and prosperous border region.

THE COMMITTEE ON FOREIGN INVESTMENT IN THE UNITED STATES

The Committee will monitor implementation of the Foreign Investment Risk Review Modernization Act of 2018 (FIRRMA) and actions taken by the Committee on Foreign Investment in the United States (CFIUS) to identify and address foreign investments that pose threats to national security. The Committee recognizes that a successful implementation of FIRRMA requires that Congress and Treasury allocate significantly more funding than in previous years given the additional workload of CFIUS. The Committee will closely monitor CFIUS' progress in implementing FIRRMA-related rulemakings and the effectiveness of pilot projects authorized by the legislation.

EXPORT-IMPORT BANK

For 85 years, the Export-Import Bank of the United States (EXIM) has been the official export credit agency of the United States, which provides export financing through its loan, guarantee, and insurance programs to help U.S. exporters compete in the global market while supporting jobs in the United States. EXIM assumes credit and country risks that the private sector is unable or unwilling to accept so that U.S. businesses can compete on an equal footing against foreign competitors who have access to generous export financing through their own government's export credit agencies.

When fully operational, EXIM operates on a self-sustaining financial basis, which means that it is able to fund its own administrative expenses entirely through fees it charges borrowers for its services. After paying these operational and program costs, EXIM contributes its remaining revenues to the Treasury. Over the last 10 years, EXIM financed more than $255 billion in U.S. exports, supported more than 1.5 million American jobs, and remitted more than $3.4 billion in deficit-reducing receipts to the Treasury.

In December 2015, an overwhelming majority of members in both parties voted to renew EXIM's operating charter through September 30, 2019. The reauthorization legislation mandated a number of important reforms, including a provision to boost the share of financing for small businesses and reforms to ensure that EXIM maintains its fiscal soundness, including through measures to better mitigate risk, increase loan loss reserves, and review fraud controls.

Despite long-standing, bipartisan Congressional support for EXIM, the Senate has been unable to confirm the directors of the EXIM's board, thereby denying the board the quorum it needs to approve transactions over $10 million. Without the ability to consider the full range of transactions pending approval, EXIM has reported that $40 billion worth of transactions, which would support an estimated 250,000 jobs, continue to languish in its approval pipeline.

Last fiscal year, EXIM authorized only $3.3 billion in financing and supported an estimated 33,000 American jobs. By contrast, in 2014, when the Bank was last fully functioning, EXIM authorized $20 billion in financing, supporting nearly 165,000 jobs.

Without the ability to operate at full capacity, EXIM's ability to send deficit-reducing receipts to the Treasury also will continue to fall. In fact, the absence of a board quorum already resulted in EXIM remitting $0 back to the Treasury in both FY 2017 and FY 2018.

Failure to restore EXIM to full functionality undermines the U.S. government's efforts to support American jobs, maintain the vitality of critical industry sectors in the United States, and thwart the movement of manufacturing production overseas. The Committee will consider legislation to reauthorize the EXIM.

FINANCIAL CRIMES ENFORCEMENT NETWORK (FINCEN)

The Committee supports robust funding in the FY 2020 budget for Treasury's Financial Crimes Enforcement Network (FinCEN) to support fully U.S. efforts to curtail illicit finance networks. FinCEN implements and enforces the Bank Secrecy Act (BSA), which is the country's primary anti-money laundering and counter-terrorism financing law. However, loopholes in FinCEN's regulations exempt high-risk entities, including those in the luxury real estate sector, from maintaining even the most basic BSA program requirements. Also of concern are the legal obstacles to collecting, maintaining, and analyzing information on the beneficial owners of companies formed in this country, which expose the U.S. financial system to significant risk.

The Committee also urges FinCEN to address and provide regulated entities guidance on illicit financing risks posed by a constantly changing threat environment, including human trafficking, lone-actor terrorism, and vulnerabilities from emerging technologies such as virtual currencies. FinCEN must take steps, including the provision of clear guidance, to ensure that legitimate actors remain able to access the financial system, and thereby reverse a trend among depository institutions to "de-risk" or end account services for whole categories of customers.

OFFICE OF FOREIGN ASSETS CONTROL

The Committee sees an increasingly important role for the Treasury Department's Office of Foreign Assets Control (OFAC) and its administration of sanctions against countries, regimes, terrorists, drug traffickers, proliferators of weapons of mass destruction, and other threats to America's national security. The Committee recognizes that the situation with North Korea presents an urgent and dangerous risk to bilateral and regional peace and security, and thus, sanctions coupled with aggressive multilateral engagement are critical to a peaceful resolution and the ultimate denuclearization of the Korean Peninsula. In particular, the Committee recognizes that sanctions on Russia as a consequence for its active interference in the most recent American Presidential elections and its unlawful annexation of Crimea are an essential tool to holding the Russian government accountable. The Committee supports robust funding for OFAC in the FY 2020 budget to carry out its functions and strengthen existing sanctions regimes.

OFFICES OF INSPECTOR GENERAL

The Committee supports robust funding for FY 2020 for the federal inspectors general to carry out their functions, whose offices are essential to maintaining the functions of our federal agencies by shining a light on waste, fraud and abuse. Over the course of the next fiscal year, the Committee expects inspectors general to do important work, including: 1) ensuring that the Consumer Bureau is fulfilling its statutory mandate to protect consumers; 2) investigating reports that Treasury officials broke security protocols by sending and receiving email messages to and from private Gmail and Hotmail accounts created by Russian officials; 3) examining claims that internal chaos and dysfunction have compromised FinCEN's operation and, thereby, have negatively affected national security; 4) monitoring HUD's administration of disaster recovery assistance to victims of the 2017 hurricane season and 2017–2018 California wildfires; and, 5) assessing the efficacy of federal financial regulators amid reported significant decreases in employee morale and related agency workforce attrition.

FINANCIAL TECHNOLOGY (FINTECH)

The committee supports the advancement of responsible financial, innovative technology companies, otherwise known as "fintech" companies, and greater regulatory certainty for fintech products and firms as well as reasonable safeguards and consumer protections. Fostering responsible fintech benefits both consumers and small businesses. For consumers, fintech innovation can help reach underserved consumers, reduce transaction costs, and offer faster, more secure payments. For businesses, fintech can mean better product offerings, streamlined operations, and access to lower-cost capital. Fintech is an important component of developing a comprehensive, competitive financial services industry for the 21st century, and it is critical for the United States to remain a global leader in this emerging industry.

Minority Views

The following represent the views of the Republican Members of the Committee on Financial Services for consideration during the development of the Concurrent Resolution on the Budget for Fiscal Year 2020.

Committee Republicans are committed to policies that promote competition, innovation, and entrepreneurship, and continue to believe that our nation's economy and financial systems are stronger and more resilient under a less burdensome regulatory paradigm – ultimately benefiting and protecting American families and consumers.

Since President Trump was elected, our nation's economy and workers have experienced the benefits of an unleashed economy. Since 2016, Gross Domestic Product has expanded every quarter – closing 2018 at a rate of 3.1 percent. Unemployment reached a 47-year low in November 2018 at 3.7 percent, with the unemployment rate for African Americans dropping to 6.5 percent for 2018 – the lowest rate ever recorded by the Bureau of Labor Statistics. Average hourly earnings increased by more than 33 percent since 2006, and workers' year over year earnings have risen to levels not seen since 2009. The national poverty rate reached its lowest level since 2002, and the Hispanic poverty rate hit an all-time low. According to the Washington Post, "Altogether, 2018 was the best year for job creation since 2015."[1] Committee Republicans support these positive economic trends and the policies that have put the country back on a path to growth and prosperity. Committee Republicans believe encouraging these economic policies and innovative ideas will continue to lead to growth in employment, which will ultimately lead to greater independent and self-sufficient individuals, families and communities.

Strengthening America's Economy

Financial Stability Oversight Council: The Financial Stability Oversight Council (FSOC), chaired by the Secretary of the Treasury, is an interagency body tasked with identifying risks to the United States' financial system.

Committee's View: Committee Republicans believe that the FSOC should focus on appropriate responses to emerging threats whose effects may be uncertain or poorly understood. These include risks related to cybersecurity and illicit finance, as well as spillover effects resulting from a slowing Chinese economy, the United Kingdom's withdrawal from the European Union ("Brexit"), and any significant weaknesses in the financial sectors of Eurozone members.

[1] https://www.washingtonpost.com/business/2019/01/04/saw-strong-job-growth-looks-riskier/?utm_term=.be2e528a88fe.

Export-Import Bank: The Export-Import Bank is an independent agency providing taxpayer-backed export financing through various loan, guarantee, and insurance programs.

Committee's View: The Export-Import Bank's authorization expires on September 30, 2019. Committee Republicans continue to support rigorous oversight of its operations and governance to protect taxpayers from the risk associated with those operations, ensure it complements rather than supplants the private market, and adequately addresses waste, fraud, and abuse from within or related to the Export-Import Bank. With thorough oversight and a quorum of the board to ensure that previously adopted reforms are fully implemented, the Bank will be an important tool in the fight to increase the global competitiveness of U.S. job creators—particularly with respect to China's abusive practices.

Implementing Regulatory Reform: Last year, the Economic Growth, Regulatory Relief, and Consumer Protection Act (S. 2155) was signed into law on a bipartisan basis. The new law reformed the most sweeping overhaul of our nation's financial system in more than a generation, the Dodd Frank Act. The Dodd Frank Act encompasses banks, securities, insurance, mortgages, systemic risk, and consumer protection, and mandated more than 400 separate rulemakings.

Committee's View: Committee Republicans continue to support and monitor the implementation of S. 2155 and policies that promote competition, free markets, less regulation, and more innovation. Committee Republicans support continued oversight of the financial agencies that are charged with the implementation of S. 2155 to ensure that Congress's clear intent matches finalized rulemaking.

Government Risk Transfers: Government risk transfers have been successfully demonstrated by agencies within the Committee's jurisdiction to minimize taxpayer exposure, promote price transparency and enhance market liquidity. Both the Federal Housing Finance Agency and the National Flood Insurance Program currently employ, and have benefitted from, the use of risk transfers, which shows the ability of different federal agencies to work with the private sector to manage their risks and mitigate potential losses embedded in their portfolios.

Committee's View: Committee Republicans believe that Federal agencies and departments that hold credit, guarantee, or insurance risk that expose taxpayers to potential losses should explore, and to the greatest extent practical, employing risk transfers to the capital and reinsurance markets. De-risking federal programs by transferring risk to private sector entities willing and capable of bearing risk can help mitigate the real world impact of potential losses from both significant events during ordinary economic conditions (e.g., a wave of housing foreclosures) and unanticipated or extraordinary events (e.g., damage from hurricanes or flooding). Committee Republicans will continue to support public private-partnerships that accomplish this goal.

Orderly Liquidation Authority: The Orderly Liquidation Authority, established under Title II of the Dodd-Frank Act, gives the Federal Deposit Insurance Corporation (FDIC) the authority to decide the outcome of financial institutions whose failure, government officials believe, might pose a threat to the financial stability of the United States.

Committee's View: Committee Republicans continue to object to the Dodd-Frank Act's Orderly Liquidation Authority and the manner in which such authority would be implemented. Specifically, Committee Republicans reject the premise that taxpayers are protected from future bailouts because the FDIC may borrow from the Treasury's "Orderly Liquidation Fund", which is available to make creditors of a failed firm whole. Committee Republicans believe the Orderly Liquidation Authority perpetuates the "government guarantee" myth enjoyed by creditors during the recent financial crisis, potentially making taxpayers responsible for financial institution bailouts. Accordingly, Committee Republicans support replacing the Orderly Liquidation Authority with established bankruptcy procedures so that shareholder and creditor claims are resolved through the legal system rather than the arbitrary discretion of regulators. Moreover, Committee Republicans support the savings that would result by repealing the authority. The Congressional Budget Office previously estimated that repealing Orderly Liquidation Authority would achieve savings of $14.5 billion between fiscal years 2018 and 2028.

NATIONAL SECURITY AND FIGHTING TERRORIST FINANCING

Strengthening, Simplifying, and Updating the Bank Secrecy Act: The current anti-money laundering (AML)/countering the finance of terrorism (CFT) legal regime has seen only iterative changes since its inception, and is in need of reform. The reforms are necessary to prevent undue regulatory burdens on financial institutions, while simultaneously promoting national security interests and deterrence of criminal activity through the financial system.

Committee's View: Committee Republicans support changes to the Bank Secrecy Act (BSA) to address gaps in the AML/CFT regime. FinCEN's adoption of its Customer Due Diligence rule in May 2016 demonstrated the need to modernize the BSA. Furthermore, the Financial Action Task Force evaluated the domestic AML/CFT regime later in December 2016 and identified gaps in the AML framework. Committee Republicans support efforts to ensure the vast resources that U.S. financial institutions direct towards AML/CFT efforts are both efficient and effective; and simultaneously enhance national security and contribute to law enforcement efforts to combat financial crime. Committee Republicans support efforts to address the compliance burdens of financial institutions and the need to provide law enforcement with a more complete and detailed picture of illicit financial activity.

U.S. Department of Treasury's Office of Terrorism and Financial Intelligence: The Office of Terrorism and Financial Intelligence (TFI) coordinates the Treasury Department's efforts to stop the financing of terrorism, money laundering, and similar forms of illicit finance through its Office of Foreign Assets Control (OFAC) and the Financial Crimes Enforcement Network (FinCEN). It also works alongside the Office of Technical Assistance (OTA) to build capacity. As a major component within TFI, OFAC is responsible for administering U.S. sanctions against drug traffickers, human rights abusers, and rogue nations, while FinCEN receives, analyzes, and makes available to law enforcement data reported by financial institutions on activities that potentially indicate violations of the law.

Committee's View: Committee Republicans appreciate the importance of robust diligence to fight the funding of terrorism and other financial crimes in a global and increasingly digital financial system. Committee Republicans further support additional funding for TFI that will: (1) enhance national security and allow Treasury to continue to apply maximum economic pressure to isolate rogue nations, such as North Korea; and (2) strengthen multilateral cooperation in the Persian Gulf with the build out of the Terrorist Financing Targeting Center in Saudi Arabia. Committee Republicans support responsible reforms to enhance FinCEN's ability to meet the new challenges posed by the growth of threats from North Korea, terrorist organizations, and drug trafficking organizations that are fueling the opioid crisis.

Committee Republicans also fully support the important job the Department of Treasury's OTA does to enhance the capacities of public finance ministries and central banks in developing and transitioning economies to strengthen their public finances and safeguard their financial sectors. These efforts by OTA help strengthen ministries of finance, create more equitable and effective tax policies, develop means of public finance and government debt management, assist with the development of anti-money laundering, and counter terrorist financing regimes around the world. A government that builds effective public financial institutions and maintains effective oversight of private institutions can become a valuable partner in the global effort to combat terrorist financing. Committee Republicans fully support the OTA's mission to help developing and transitioning nations establish the building blocks of a modern market economy.

Committee on Foreign Investment in the United States: The Committee on Foreign Investment in the United States (CFIUS) is a multi-agency panel chaired by the Secretary of the Treasury and charged with analyzing proposed foreign direct investment. CFIUS is responsible for identifying and, if possible, mitigating any threat to national security a proposed transaction might present. Under Section 721 of the Defense Production Act of 1950, the President may prevent a transaction from occurring or unwind a transaction if an identified threat has not been mitigated. CFIUS is currently facing increasing challenges, such as China's aggressive, state-driven industrial policy and its investments in critical U.S. technologies with potential military applications.

Committee's View: Each agency that is a formal part of the CFIUS process, and any other agency with expertise in a particular transaction, contributes its own staff to the CFIUS analysis of a transaction. Notwithstanding these respective roles, the Department of Treasury performs a "ministerial" role, including arranging meetings of agency staff and scheduling transactions for consideration. Thus, the Department of Treasury has a particular need for staff assigned to CFIUS. Moreover, the breadth of the Department of Treasury's CFIUS work over several mission areas and the peculiarities of appropriating for Treasury's non-tax work, prevent CFIUS from having an identifiable budget line. The President and the Department of Treasury have made their commitment to a well-functioning and effective CFIUS process clear. Committee Republicans continue to support efforts to bring more certainty to the resources CFIUS needs, including financial and human. Finally, Committee Republicans support the Treasury Department's longstanding commitment to the United States' open investment climate and its contributions to the national interest, consistent with national security considerations.

International Monetary Fund: The International Monetary Fund (IMF) seeks to ensure the stability of the international monetary system and provides loans to countries that are experiencing actual or potential balance of payment problems. The IMF also provides technical assistance to low and middle-income countries intended to help such countries effectively manage their financial affairs.

Committee's View: Committee Republicans will continue to monitor the operations of the IMF's lending programs to ensure that Treasury is managing risk effectively and securing the timely repayment of taxpayer funds. Committee Republicans urge the Administration to advocate for greater fiscal discipline and budget transparency in countries borrowing from the IMF.

Multilateral Development Banks: The multilateral development banks (MDBs) provide concessional lending and grants to the world's poorest countries and engage in non-concessional lending to low and middle-income creditworthy countries.

Committee's View: Previously, the U.S. determined the level of its support to MDBs through pledges made by the Treasury Department on behalf of the U.S. to international organizations. Pledges are subsequently considered and funded by Congress through the appropriations process. Committee Republicans note that, relative to Congress's willingness to appropriate funds in support of the MDBs, previous Administrations have over-committed the United States in pledges to such entities. Committee Republicans recommend that the Administration refrain from making commitments that the U.S. is not prepared to fully fund.

To that end, Committee Republicans urge the Department of Treasury to strongly advocate that governments receiving assistance from the MDBs refrain from human rights abuses and corrupt activities as a condition of continued funding. Finally, Committee Republicans believe that the MDBs should undertake rigorous program evaluations and forensic audits to ensure that U.S. taxpayer contributions are not squandered on ineffective initiatives.

FINANCIAL INNOVATION AND INCLUSION

Consumer Financial Protection Bureau: The Consumer Financial Protection Bureau (CFPB) is a federal agency created by the Dodd-Frank Act to regulate providers of credit and other consumer financial products and services. The Dodd-Frank Act confers upon the CFPB Director a broad mandate that includes consumer protection functions transferred from seven different federal agencies. In addition, the Dodd-Frank Act authorized the CFPB to write rules, supervise compliance, and enforce all consumer protection laws and regulations other than those governing investment products regulated by the Securities and Exchange Commission (SEC) or the Commodity Futures Trading Commission (CFTC.)

Committee's View: Notwithstanding its placement in the Federal Reserve System, the Dodd Frank Act clearly states that the CFPB is an "independent bureau," with no accountability to Congress or the Federal Reserve System with respect to its budget or operations. The CFPB's funding mechanism has the impact of directly reducing the Federal Reserve System's annual remittances to the Department of Treasury for every dollar it spends, thus limiting the use of remittances to lower the federal deficit.

Committee Republicans continue to believe that the CFPB's structure and funding make it unaccountable to the President, Congress, and the American people. Historical evidence supports the position that agencies shielded from accountability are prone to abuse their authority. The CFPB is no exception. Under former-Director Richard Cordray, the CFPB abused its power, needlessly harming consumers and companies. Former Acting Director Mick Mulvaney reversed that trend by imposing a temporary regulation and hiring freeze, and ordering a review of active investigations and lawsuits. Committee Republicans look forward to working with current Director Kathy Kraninger to improve the agency by supporting reforms that enhance accountability and greater transparency. This includes subjecting the CFPB to the annual appropriations process and reforming the CFPB's statutory mandate to ensure that it provides for robust market competition.

Offices of Financial Innovation: A number of agencies under this Committee's jurisdiction have started Offices of Innovation to promote new and innovative financial products in a responsible way. These offices must continue to prioritize investor and consumer protection, as well as safety and soundness concerns, while prioritizing the evolving needs of investors, consumers, and the financial markets.

Committee Views: The U.S. financial regulatory structure is complex, overlapping, outdated, and fragmented. Committee Republicans support efforts by regulators to provide more clarity to innovators and promote responsible innovation through pilot programs, no-action letters, and other initiatives. Committee Republicans remain concerned with the lack of uniformity and coordination among the various Offices of Innovation and will continue to push legislation that creates a new framework to promote responsible innovation.

Offices of Minority and Women Inclusion: Federal financial agencies have undertaken several initiatives to promote greater economic opportunity throughout the financial services industry, including, but not limited to, Section 342 of the Dodd-Frank Act, which established the Offices of Minority and Women Inclusion (OMWI) within various federal financial regulatory agencies.

Committee's View: Committee Republicans support increased economic opportunities for all and increased participation for under-represented populations in all aspects of the financial services industry. Committee Republicans support the efforts of the OMWIs to obtain and analyze data to ensure resources are deployed in the most effective and efficient way to increase participation and opportunity.

IMPACT INVESTING IN AMERICA'S SMALL BUSINESSES

The Securities and Exchange Commission: The SEC's three-part mission is to (i) protect investors; (ii) maintain fair, orderly, and efficient markets; and (iii) facilitate capital formation. The Chairman of the SEC sets the agenda for the agency.

Committee's View: Under the previous Administration, the SEC wasted thousands of man-hours and tens of millions of dollars in pursuit of Dodd-Frank Act mandates that were irrelevant to its three-part mission. This included promulgating rules on political and social issues unrelated to the causes of the financial crisis, which only distracted investors from the disclosure of truly material information. Committee Republicans will continue to support policies that promote free markets, innovation and investor choice.

Committee Republicans are also cautious of further budget increases in light of the degree to which the SEC's budget authority increased over the most recent decade. However, a substantial portion of the requested increase during this current fiscal year can be attributed to IT and Cybersecurity enhancements. The SEC must address the vulnerabilities associated with protecting the sensitive data it maintains, as was demonstrated by its disclosure last year that hackers breached thc SEC's EDGAR database. The security vulnerabilities were also highlighted in two GAO reports that found cybersecurity concerns were not adequately addressed during the prior Administration.

Committee Republicans urge the SEC to prioritize capital formation for America's startups and small businesses. The SEC should continue in its efforts to address the lack of harmonization between the public and private markets by prioritizing emerging growth companies and investment crowdfunding.

Committee Republicans look forward to supporting policies that return the SEC's focus to its core three-part mission, including dedicating new resources on capital formation objectives and supporting key enforcement priorities like its Retail Strategy Task Force and the Cyber Unit.

AFFORDABLE HOUSING

Fannie Mae and Freddie Mac: The Government Sponsored Enterprises (GSEs), Fannie Mae and Freddie Mac, are government-chartered public companies that purchase mortgages from lenders and package them into mortgage-backed securities (MBS), which they guarantee and sell off to investors. The GSEs have been in conservatorship under the auspices of their regulator, the Federal Housing Finance Agency, since their financial collapse in September 2008. As of December 2018, the two GSEs owned or guaranteed more than $5 trillion in single-family mortgages—roughly half of the outstanding single-family mortgage debt in the United States. When combined with the portfolio of the Government National Mortgage Association (Ginnie Mae), a wholly-owned government corporation within the Department of Housing and Urban Development that guarantees the timely payment of principal and interest of an additional $2 trillion residential mortgages, the three government or quasi-government institutions control approximately $7 trillion of the U.S. housing mortgage finance market.

Committee's View: More than ten years have passed since the housing market collapsed and the GSEs' financial implosion. Committee Republicans remain extremely concerned about the continued risk the GSEs pose to taxpayers, especially through their expanded activities and the further consolidation of their dominant market share. Despite recent improvements to their corporate balance sheets, the GSE's model is inherently flawed and unsustainable without taxpayer support.

Accordingly, Committee Republicans continue to support legislative initiatives to reform the GSEs' operation and replace their failed business model with a more sustainable model that protects taxpayers, enhances consumer choice in mortgage financing, encourages private sector investment and innovation, and eliminates moral hazard. CBO previously estimated that under current policy, the GSEs will guarantee almost $12 trillion in new MBS over the next 10 years and those guarantees will cost the government approximately $19 billion on a fair-value basis. Committee Republicans continue to support legislation to reform the nation's housing finance system in the 116th Congress.

In the interim, Committee Republicans urge the House of Representatives and Senate to adopt a realistic budget treatment of the assets and liabilities of the GSEs. This includes preventing the misuse of the proceeds from the guarantee fees charged by the GSEs to investors. Such funds are an important risk mitigation tool that will better protect the GSEs and taxpayers from future losses and should not be diverted to finance unrelated government programs or initiatives. Additionally, Committee Republicans continue to recommend that the Office of Management and Budget (OMB) move the GSEs to an "on budget" accounting standard, as CBO has already done, to provide a more transparent and accurate accounting of the impact on the federal budget.

Department of Housing and Urban Development: Established in 1965, the Department of Housing and Urban Development (HUD) is a cabinet-level agency that has principal responsibility for implementing and overseeing federal housing assistance programs. HUD administers a wide variety of programs, such as rental assistance programs for lower-income families, homeless assistance programs, community development programs, the Federal Housing Administration's (FHA) mortgage insurance programs, Ginnie Mae's MBS guarantee program, fair housing programs, and programs that aid community and neighborhood development and preservation.

Committee's View: Committee Republicans believe innovative proposals should be pursued to assist HUD in meeting its mission "to create strong, sustainable, inclusive communities and quality affordable homes for all." In the past, that mission was measured by how many programs were created and how many taxpayer dollars were appropriated. Yet, 53 years later and more than $1.655 trillion in total lifetime appropriations, it is unclear whether HUD has truly met its mission. HUD remains overly bureaucratic and fails to set priorities that define its mission. Committee Republicans believe that HUD needs to be restructured and its mission refined to ensure the root causes of poverty are identified and addressed. Moreover, restructuring would allow HUD to streamline its operations, including deploying its human capital resources in a more efficient and effective manner. Such reforms would both result in greater budget savings for taxpayers and allow for assistance to be targeted to individuals with the most acute need.

Enhancing Housing Choice Portability: Committee Republicans continue to believe new policies should be pursued that would enhance the housing choice voucher program. Currently, the Section 8 program provides housing assistance to over three million low-income families and individuals each year in one of two ways: tenant-based rental assistance and project-based rental assistance. Tenant-based rental assistance vouchers are semi-portable subsidies that low-income individuals can use to offset part of their rent in the private market with any participating housing provider. By contrast, project-based rental assistance is a subsidy attached to a unit of privately-owned housing that houses low-income tenants. If the family moves, the subsidy remains with the unit of housing.

<u>Committee's View</u>: Committee Republicans question the effectiveness of the current voucher program in facilitating access for low income families to affordable housing, employment or education opportunities. The tenant-based rental assistance voucher program should be enhanced to encourage recipients of housing assistance move to areas with greater opportunities. H.J.Res. 31, enacted on February 15, 2019, included the Housing Choice Voucher Mobility initiative. This initiative, a product of the Committee, will facilitate collaboration between different jurisdictions ultimately providing families with greater economic opportunity. Committee Republicans believe that further improvements to the program would result in greater long-term economic and educational achievements for the children of families who benefit from this enhanced mobility, thus breaking the intergenerational dependence on government assistance.

U.S. Interagency Council on Homelessness: The United States Interagency Council on Homelessness (Council) was originally created in 1987 as an independent executive agency responsible for coordinating strategies to end homelessness among Federal, state, and local governments. In 2010, the Council initially developed and implemented a strategic plan entitled "Opening Doors: Federal Strategic Plan to End Homelessness." The plan, which was later amended in 2012 and 2015, focuses on four objectives:

1. To finish the job of ending chronic homelessness by 2017.
2. To prevent and end homelessness among Veterans by 2015.
3. To prevent and end homelessness for families, youth, and children by 2020.
4. To set a path to ending all types of homelessness.

<u>Committee's View</u>: Committee Republicans continue to support the objectives of the Council and share the goal of ending homelessness as we know it. Committee Republicans note two points. First, federal funding for programs targeted to end homelessness or address individuals or families at-risk of homelessness grew from $3.8 billion in 2010 to $6.144 billion in 2018. Moreover, there are approximately 23 Federal programs across 8 Federal agencies that are charged in some form with ending homelessness. Committee Republicans look forward to discussing how the Council can coordinate as well as unifying Federal agency strategies, definitions and applications to achieve the objective of ending homelessness for all Americans.

FINDING SAVINGS FOR THE AMERICAN TAXPAYER

Identifying Waste, Fraud, and Abuse: The effort to identify and root out waste, fraud, and abuse in the federal government reflects a desire to strengthen government programs so they can serve constituents more effectively. The Government Accountability Office (GAO) alone has identified hundreds of billions of dollars in potential savings from recommendations to strengthen government operations that are at high risk, or that need broad-based transformation. GAO and other public and private entities have identified actions Congress or executive branch agencies could take to reduce, eliminate, or better manage fragmented and duplicative programs; achieve cost savings; or enhance revenue.

Committee View: Committee Republicans believe whistleblowers and other sources of information can assist the effort to develop a comprehensive inventory of programs that could be strengthened to better serve constituents. To identify such allegations, Committee Republicans established a whistleblower hotline to allow federal employees, contractors, and the public to submit information or share concerns. Committee Republicans believe taxpayers and constituents benefit from committing investigative resources to identify and investigate allegations of waste, fraud, and abuse at the federal agencies within the Committee's jurisdiction.

Offices of Inspectors General: Congress created the community of inspectors general (IGs) to establish independent and objective units within each agency whose duty it is to combat waste, fraud, and abuse in the programs and operations of that agency. The IGs conduct audits and investigations in support of their shared mission to reduce costs and improve efficiency throughout the federal bureaucracy. In the most recent fiscal year, the IGs issued recommendations for reform with the potential to save taxpayers approximately $45.1 billion.

Committee View: Committee Republicans recognize the savings arising from the IG community's recommendations can only be realized when those recommendations are implemented by the agency in question. The IGs periodically report their inventory of unimplemented recommendations—those for which the agency has been unable or unwilling to take corrective action. Those reports yield valuable data for policymakers seeking to improve the economy, efficiency, and effectiveness of the federal government. Committee Republicans will support the efforts of the community of inspectors general and urge agencies to implement outstanding recommendations to the greatest extent practicable.

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MICHAEL T. MCCAUL, TEXAS
RANKING REPUBLICAN MEMBER

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One Hundred Sixteenth Congress
U.S. House of Representatives
Committee on Foreign Affairs

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MAR 06 2019

March 7, 2019

The Honorable John Yarmuth, Chairman
The Honorable Steve Womack, Ranking Member
Committee on the Budget
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairman Yarmuth and Ranking Member Womack:

As Democratic Members of the House Committee on Foreign Affairs, we write to share our views on the international affairs budget – or Function 150 – for Fiscal Year 2020. While the President has not yet provided Congress with a proposed FY 2020 budget, we believe it is essential that the international affairs budget be funded at no less than the FY 2019 enacted level of $56.1 billion. This top-line funding level must be provided regardless of the amount of Overseas Contingency Operations (OCO) funds that are available for the 150 account.

We are extremely disappointed that the Trump Administration's budgets and actions continue to devalue America's international diplomatic and development efforts. The President's misguided approach to foreign policy – including denigrating allies and embracing dictators -- has isolated our country politically and economically, and done lasting damage to our credibility as a world leader. The Administration's numerous policy blunders have been exacerbated by a long list of reckless budgetary decisions – including cuts to stabilization assistance, a freeze on critical democracy aid, and repeated attempts to not spend money Congress has appropriated – that undermine the ability of our diplomats and development experts to do their jobs.

As a co-equal branch of government, Congress must take action when our country is moving in the wrong direction, and the international affairs budget is the most important tool

The Honorable John Yarmuth, Chairman
The Honorable Steve Womack, Ranking Member
March 5, 2019
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to reinforce our partnerships around the globe. Unfortunately, the President's actions have made it clear he does not respect our constitutional power of the purse.

We urge your support for a robust international affairs budget in FY 2020 and look forward to working with you to ensure that the State Department, USAID and other federal agencies funded under the Function 150 account receive the resources they need to protect our security and effectively promote American interests and values around the world.

Thank you for your attention to this urgent matter.

Sincerely,

Eliot L. Engel
ELIOT L. ENGEL
Chairman
House Foreign Affairs Committee

BRAD SHERMAN
Chairman
Subcommittee on Asia, the Pacific, and Nonproliferation

GREGORY W. MEEKS
Member
House Foreign Affairs Committee

ALBIO SIRES
Chairman
Subcommittee on Western Hemisphere, Civilian Security, and Trade

GERALD E. CONNOLLY
Member
House Foreign Affairs Committee

TED DEUTCH
Chairman
Subcommittee on Middle East, North Africa, and International Terrorism

The Honorable John Yarmuth, Chairman
The Honorable Steve Womack, Ranking Member
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Karen Bass
KAREN BASS
Chairwoman
Subcommittee on Africa, Global Human Rights, and International Organizations

WILLIAM R. KEATING
Chairman
Subcommittee on Europe, Eurasia, Energy, and the Environment

David N Cicilline
DAVID CICILLINE
Member
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Ami Bera
AMI BERA
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SUSAN WILD
Member
House Foreign Affairs Committee

DEAN PHILLIPS
Member
House Foreign Affairs Committee

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The Honorable Steve Womack, Ranking Member
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Member
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COLIN ALLRED
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March 7, 2019

The Honorable John Yarmuth, Chairman
The Honorable Steve Womack, Ranking Member
Committee on the Budget
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairman Yarmuth and Ranking Member Womack:

As Republican Ranking Member of the Committee on Foreign Affairs, I am writing to share views and estimates on the Fiscal Year 2020 (FY 2020) budget, which are being provided in addition to the Majority views included in this transmittal. Because these views have been requested prior to both the submission of the President's FY2020 budget request and the availability of anticipated country and project-level allocations for FY 2019, I am not able to include insights from and reactions to that information.

I recommend that the FY 2020 Concurrent Resolution on the Budget provide authority for spending at FY 2019 enacted levels for the discretionary Function 150 International Affairs, Function 300 International Commissions, Function 800 General Government, and Function 970 Civilian Activities agencies, programs, and activities within the Committee's oversight and legislative jurisdiction. (This includes all Budget Function 150, 300, 800, and 970 agencies, commissions, programs, activities, and accounts funded through the annual *State Department, Foreign Operations, and Related Programs* appropriations bill, less funding provided under Title V for International Financial Institutions and Title VI for Export and Investment Assistance. This also includes Budget Function 150 programs and activities funded through Title V of the annual *Agriculture, Rural Development, Food and Drug Administration, and Related Agencies* appropriations bill for Food for Peace Title II grants and McGovern-Dole International Food for Education and Child Nutrition Program Grants.)

Committee Republicans believe that we must use these limited resources in the most efficient and effective manner possible – including by eliminating duplication and waste – in order to ensure lasting impact. Although the International Affairs budget comprises less than 1.5 percent

Chairman Yarmuth and Ranking Member Womack
March 7, 2019
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of the total annual budget, it is vital to advancing the core interests and values of the United States in an increasingly volatile world. We remain eager to work with the Administration to: counter threats to U.S. national security; enhance diplomatic effectiveness; modernize the workforce and operating structure at the Department of State and USAID; promote democracy and human rights; respond to disasters; and encourage the growth of healthier, more stable societies that share our values and interests. We also believe that maintaining broad public support for our overseas programs requires precluding the expenditure of taxpayer funds for divisive and deeply objectionable purposes, such as funding for organizations overseas that perform or promote abortion as a method of family planning, or that support or participate in the management of a program of coercive abortion or involuntary sterilization.

Thank you for your consideration. Committee Republicans remain willing to provide additional views as additional budget requests and information become available.

Sincerely,

MICHAEL T. McCAUL
Ranking Member
House Committee on Foreign Affairs

THE VIEWS AND ESTIMATES
OF THE
COMMITTEE ON HOMELAND SECURITY
FOR FISCAL YEAR 2020
FOR THE DEPARTMENT OF HOMELAND SECURITY

Pursuant to clause 4(f) of Rule X of the Rules of the House of Representatives, and section 301(d) of the Congressional Budget Act of 1974 (2 U.S.C. 601 *et seq.*), the Committee on Homeland Security (the Committee) is transmitting the attached Views and Estimates on matters within its jurisdiction or functions to be set forth in the budget of Fiscal Year (FY) 2020 to the House Committee on the Budget (Budget Committee). These Views and Estimates were circulated to all Members of the Committee for review and comment. The Committee notes that it is submitting generalized Views and Estimates to facilitate a timely appropriations process but regrets that it does not have the opportunity to respond to specific Trump Administration proposals for FY 2020, as the Administration has failed to meet the statutory deadline for submitting a federal budget to Congress.

President Donald Trump's relentless focus on building a wall along the southern border, *which we expect will be reflected again in the White House's FY 2020 budget request,* demonstrates a fundamental misunderstanding of national security needs and the current threat environment[1] and shortchanges progress on critical homeland security gaps and operational challenges within the Department of Homeland Security (DHS). Instead of making needed investments in activities proven to enhance homeland security, the President, instead, wants Congress to waste billions of taxpayer dollars on his misguided vanity project. The President's single-minded obsession with building a southern border wall culminated in a 35-day partial government shutdown that crushed Department morale and is certain to hinder departmental operations for months — or even years.

As the Budget Committee moves forward with its work, we respectfully request that its members consider our Committee's priorities to ensure the budget reflects the complex threats to the homeland that our nation faces.

[1] Daniel R. Coats, Director of National Intelligence, "Worldwide Threat Assessment of the US Intelligence Community," (January 29, 2019), *available at* https://www.dni.gov/files/ODNI/documents/2019-ATA-SFR---SSCI.pdf.

Customs and Border Protection (CBP)

Border Security

The Committee believes that the FY 2020 budget should make investments in effective border security technology and infrastructure. The Committee notes that U.S. Customs and Border Protection (CBP) has identified $5 billion in port of entry infrastructure needs. Given that roughly 90% of narcotics are interdicted at ports of entry, it is critical that the FY 2020 budget make investments in such infrastructure. Further, the lack of adequate infrastructure and resources at remote border stations on the U.S.-Mexico border is of heightened concern after the deaths of two migrant children in December 2018.

The Committee continues to be concerned about the Administration's limited understanding of the diverse and complex nature of border security and its outsized interest in constructing new miles of the President's long-promised border wall. The significant funding that has been sought for the border wall combined with drastic reductions in border technology demonstrate a lack of balance in a layered approach to border security over the past two years.

The Committee is troubled that the Department has not developed a tracking system for children separated from their parents by DHS personnel. The Committee believes that the FY 2020 budget should provide funding to ensure that such a tracking system exists within DHS. Moreover, CBP must maintain its border facilities to ensure that families and other vulnerable populations encountered by CBP personnel can receive humane treatment.

As in years past, the Committee remains concerned about the lack of metrics in place to measure the return on investments and effectiveness of the significant Congressional expenditures dedicated to border security. DHS must fully comply with section 1092 of the National Defense Authorization Act for FY 2017 (Public Law 114-328) and establish metrics that use substantive data instead of simply counting activities as a measure of operational control of our borders.

CBP Staffing

The Committee is pleased that the FY 2019 DHS Appropriations Act included funding for an additional 600 CBP Officer positions. The Committee is deeply concerned that CBP's approach to recruitment and hiring is not effective at addressing the 3,000-person shortage that has existed in recent years.

Inspection Systems

The Committee is pleased that the FY 2019 DHS Appropriations Act included funding for CBP's non-intrusive inspection (NII) systems at ports of entry. Given that most narcotics and contraband move through land border crossings, the Committee supports continued investment in recapitalization efforts for NII in FY 2020.

Additional Funding Activities

The Committee believes the FY 2020 budget should address the full scope of CBP's mission space. FY 2019 DHS Appropriations included funding for additional Air and Marine Operations assets to continue modernization of the fleet and made important investments in technology for the detection of opioids at mail facilities. The Committee is concerned that these kinds of investments may not be prioritized by the Administration and urges the Budget Committee to take a balanced assessment of priorities moving forward.

Cybersecurity and Infrastructure Security Agency (CISA)

The Cybersecurity and Infrastructure Security Agency (CISA), formerly the National Protection and Programs Directorate, enhances the security and resiliency of the nation's critical infrastructure and coordinates a national effort to manage risks from natural disasters, terrorist attacks, cyber threats, or other large-scale incidents.

CISA was elevated to an operational component on November 16, 2018. This milestone was the product of bipartisan negotiations spanning two Congresses and put CISA on the right path for maturing into a more effective partner in its mission space across the interagency and within the private sector. Unfortunately, the President shut down the government in a stand-off over border wall funding five weeks later. The shutdown could not have happened at a more inopportune time. At a critical moment in the transition of the agency, nearly half of its workforce was furloughed, including those responsible for transition and organizational planning.

Looking ahead, protecting the United States from emerging threats and emboldened adversaries, particularly in cyberspace, remains an utmost concern for the Committee. Russia, China, Iran, and the North Korea cyber capabilities become more sophisticated every day; CISA must have adequate funding to counter these threats and carry out its ever-growing mission – from election security, to supply chain security, to protecting Federal networks.

Cybersecurity Division
CISA's Cybersecurity Division leads the Federal government's civilian cybersecurity efforts. In September 2018, Secretary Nielsen made the following statement:

> "[C]yber-attacks now exceed the risk of physical attacks. . . . Don't get me wrong: terrorists, criminals, and foreign adversaries continue to threaten the physical security of our people and they are likely to do so for the foreseeable future. **But cyberspace is now the most active battlefield, and the attack surface extends into every single American home."**[2]

The Committee believes the budget should support CISA's cybersecurity activities to reflect Secretary Nielsen's assessment. The Committee supports CISA's cyber activities to secure critical infrastructure and federal networks. CISA needs funding to enable DHS to improve its cybersecurity threat information sharing platforms and its ability to protect Federal networks. Past budget submissions have sought to reduce funding for Stakeholder Engagement and Cyber Infrastructure Resilience office. The Committee would oppose a request to reduce funding and would have concerns about proposals to reorganize these important outreach efforts. The Committee also opposes requests to establish duplicative capabilities at other Federal agencies.

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[2] Kirstjen M. Nielsen, Secretary, Department of Homeland Security, "Rethinking Homeland Security in an Age of Disruption," (September 5, 2018), *available at* https://www.dhs.gov/news/2018/09/05/secretary-nielsen-remarks-rethinking-homeland-security-age-disruption (emphasis added).

National Risk Management Center

Secretary Nielsen announced the launch of the National Risk Management Center (NRMC) in July 2018 to "foster[] a cross-cutting approach to defend our nation's critical infrastructure."[3] Last year, the NRMC announced a series of activities that it would undertake "to develop actionable solutions to defend our critical infrastructure," including launching a trisector working group focusing on the financial service services, telecommunications, and energy sectors.[4] The NRMC began work on an Information and Communications Technologies Supply Chain Risk Management Task Force, a Pipeline Security Initiative, and election security and resilience. Unfortunately, these activities ground to a halt during the government shutdown.

In general, the Committee supports the NRMC but expects that Department to provide more detail regarding NRMC's operations, including deadlines for deliverables and its plans to integrate the findings of its various "sprints" into a comprehensive, cross-sector understanding of risk.

Infrastructure Division

The Infrastructure Division leads federal efforts to secure critical infrastructure from physical and cyber threats, primarily through voluntary public-private partnerships. The Committee is concerned that the Infrastructure Division may not have the resources to adequately staff its Protective Security Advisor cadre who engage with State and local government mission partners to secure critical infrastructure.

The Infrastructure Division also administers CISA's sole regulatory program, the Chemical Facilities Anti-Terrorism Standards (CFATS). Since its formal authorization in 2014, the program has reduced risk at chemical facilities across the country, making our communities safer. The Committee supports allocation of the resources necessary to continue the important progress the CFATS program has made over the past four years, and to build upon it.

Federal Emergency Management Agency (FEMA)

FEMA Staffing

FEMA continues to face challenges in ensuring adequate federal staffing for concurrent, complex disasters — as evidenced during the response to and recovery from historic hurricanes and western wildfires in 2017. Between August 25 and November 30, 2017, FEMA reportedly deployed 73 percent of its full-time workforce to disaster-impacted areas. The agency was forced to rely on hundreds of non-FEMA federal employees, who received last-minute training before being deployed, which temporarily took these employees away from their duties at other federal agencies. FEMA has made progress in its hiring efforts but continues to fall well short of its target staffing goals in several key areas, including procurement and acquisition, operations, and hazard mitigation. Additionally, a significant portion of the agency's workforce is not deemed "qualified" under the FEMA Qualification System (FQS), highlighting the need for additional and ongoing education and training. These combined factors have potential to impact the effectiveness and efficiency of FEMA's response to future disasters. The Committee seeks adequate funding to address the agency's longstanding workforce challenges.

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[3] Kirstjen M. Nielsen, Secretary, Department of Homeland Security, "National Cybersecurity Summit Keynote Speech," (July 31, 2018), *available at* https://www.dhs.gov/news/2018/07/31/secretary-kirstjen-m-nielsen-s-national-cybersecurity-summit-keynote-speech.

[4] *Id.*

Federal Assistance

The Committee supports increased funding for state and local grant programs that have helped first responders develop important preparedness and response capabilities since September 11, 2001. FEMA-administered preparedness grants are integral to our nation's homeland security. These preparedness grants are a lifeline to state and local governments, whose budgets are already stretched thin.

The President's previous two budget submissions proposed significant reductions in preparedness grant funding. The drastic cuts, had they been enacted by Congress, would have devastated the work done to address the capability gaps that state and local governments have identified. The Administration fails to understand that cuts of this magnitude are not merely dollars and cents. Cuts mean lost opportunities for first-responder training, harder choices about what protective gear and equipment communities can afford to provide first responders, and forgone opportunities to harden transit and port infrastructure. As such, Congress should continue to reject all proposals by the Trump Administration to cut these programs, which strengthen our communities and serve as a line of support to first responders.

Additionally, the Committee supports funding programs that will make our communities more resilient as natural disasters grow more severe and more frequent as a result of climate change. Increased preparedness grant funding will help harden communities as they work to address a diverse range of threats, including the effects of climate change and the changing nature of terrorist attacks.

Moreover, as climate change continues to affect our planet, scientists are detecting a strong link between the planet's warming and extreme weather events. Stronger natural disasters will put millions of Americans at risk. Research has shown that every $1 dollar of mitigation funding saves approximately $6 on future disaster costs, but the U.S. still disproportionately spends money responding to disasters once they occur rather than investing in mitigation beforehand. The Committee supports increased funding for the Pre-Disaster Mitigation Grant Program in FY 2020 to improve disaster preparedness across the nation.

Immigration and Customs Enforcement (ICE)

Enforcement and Removal

The Committee is concerned that the President's approach to immigration enforcement is rooted in a divisive ideology that could, in the long run, jeopardize national security. Given that the number of border apprehensions and attempts to cross the border illegally are at historic lows, the Committee is skeptical of maintaining detention space at the appropriated amount for FY 2019. The Committee strongly opposes funding any proposal that attempts to indiscriminately scale up ICE's Enforcement and Removal Operations. Immigration enforcement actions must focus first on those individuals who have been convicted of violent crimes and pose a serious threat to public safety. The Committee has policy concerns about ICE deputizing state and local law enforcement to enforce federal immigration laws under the 287(g) program. Since 2017, the number of 287(g) participants rose from 36 to 76, but DHS's Inspector General found that ICE admitted new agencies into the program without plans in place to scale up program management, deliver necessary technical support, or ensure training.

The Committee believes that ICE should prioritize use of the Alternatives to Detention program for family units and other vulnerable populations who should not be subject to detention, given the cost efficiency of the program compared to maintaining detention facilities.

Transportation Security Administration (TSA)

TSA Staffing

The Committee believes the FY 2020 budget should provide adequate funding for TSA's frontline workforce, which secures the nation's aviation system by screening passengers and property. TSA consistently ranks last among all government agencies in worker pay satisfaction and struggles with high attrition rates that affect the agency's ability to execute its security mission. Due to TSA's unique pay structure, many Transportation Security Officers (TSOs), who comprise the majority of TSA's frontline workforce, have worked for the agency for a decade or more without significant raises to their base salaries. Further, the recent lapse in appropriations highlighted that many TSOs live paycheck-to-paycheck. TSA should be provided a significant funding increase to raise the base pay of all TSOs, provide regular raises to TSOs who continue to meet performance standards, and invest in recruitment, retention, training, and career development policies to address attrition and improve TSA's effectiveness as a security agency.

Passenger Security Fees

Since 2014, Committee Democrats have raised concerns that over $1 billion dollars in TSA passenger security fees have been diverted from aviation security to the U.S. Treasury. The Committee cannot support any additional increases passenger security fees if fees will continue to be diverted away from aviation security.

Surface Transportation Security

The Committee believes TSA should be fully funded to execute its mission to secure surface modes of transportation, including mass transit, rail, highways, and pipelines. Surface systems are often crowded and open to the public, providing soft targets to bad actors looking to inflict mass casualties, as evidenced by recent attacks overseas as well as the attempted bombing in New York City's subway in December 2017. Despite increasing threats and obvious vulnerabilities, the Administration has repeatedly proposed cuts to programs supporting surface transportation security. The Committee rejects all proposals to cut such programs and instead recommend investing in improving the security of surface transportation systems.

Computed Tomography (CT) Technology

The Committee believes that rapid development, procurement, and deployment of effective CT technology is critical to defending aviation against current threats. The Committee supports fully funding TSA's CT activities to ensure aggressive efforts to improve detection capabilities.

Cybersecurity of Transportation Systems

Cyber threats are quickly emerging and developing across critical infrastructure sectors, including transportation systems. Although DHS has made progress in addressing such threats, additional focus should be placed on hardening transportation systems against cyber attacks. The Committee supports increased funding for TSA's cybersecurity activities.

Air Cargo Security
Air cargo remains a vulnerable sector of the transportation system, and Congress should fund TSA to improve its security. The Administration's FY 2020 should include funding for the piloting of new or emerging air cargo screening technologies, such as computed tomography technology, required under the TSA Modernization Act (Public Law 115-254).

United States Coast Guard

The Committee supports full funding for the operating expenses of the U.S. Coast Guard (USCG). Increased operational funding for the USCG would allow additional support for its port, waterways, and coastal security missions as well as drug and migrant interdiction efforts. The Committee also believes that increases to USCG assets, personnel, operational hours, and required maintenance must be accounted for in any border security funding, as securing the vast maritime border is a critical part of a comprehensive border security plan.

USCG Recapitalization
While the USCG has made progress in procuring replacement assets, the age of the cutter and aircraft fleet will likely require decommissioning more cutters and aircraft before replacements are operational, creating significant gaps in capability. Failure to fund existing assets and account for maintenance costs will limit the service's ability to keep its aging assets operational and deployed to conduct homeland and border security missions. The Committee supports increased operational expenses beyond the initial program of record for USCG assets. Recapitalization of the USCG fleet is vital to the nation's maritime security and a priority for the Committee.

Cybersecurity at Ports
The Committee has identified the USCG's role in combatting cybersecurity vulnerabilities at ports as critical to the marine transportation system and the security of the supply chain. The Committee supports increased funding for the USCG to expand its programs to evaluate cybersecurity risks and mitigation efforts at the nation's maritime ports.

United States Secret Service (USSS)

In the wake of multiple security-related incidents on the White House grounds, a 2015 proposal detailed plans to build a White House Mock-up at the Rowley Training Center. While the USSS indicated last year that funding for the Mock-up would be in the FY 2019 budget, the Administration did not include it. The Committee supports adequate funding for this project.

The Committee continues to be concerned about morale among employees of the USSS, particularly in the wake of the recent lapse in appropriations, which brought financial harm and emotional pain to thousands of USSS employees and their families across the country. The Committee supports robust funding for USSS employee compensation, which must include fair overtime pay.

Additionally, the Committee supports continued funding for USSS' National Threat Assessment Center (NTAC), which serves as a resource to public safety officials, including school personnel, as they learn to respond to the evolving threat of targeted violence. NTAC researches and develops threat assessment techniques to understand and prevent acts of violence and provides training and guidance to institutions and law enforcement on these subjects.

Other Homeland Security Priorities

Science and Technology Directorate (S&T)
The Science and Technology Directorate is the home of research and development of security technologies at DHS. In previous submissions, the President has proposed dramatic cuts to S&T, severely hampering its ability to equip the Department and the first responder community with cutting edge technology to prevent, interdict, and respond to national security threats.

As security threats rapidly evolve, the Committee opposes the elimination of important labs that serve as the training facilities for first responders and assist in helping better understand the impact of chemical and biological weapons. The Committee additionally opposes the gutting of DHS funding for Centers of Excellence and University Programs which help solve pressing security problems. Finally, previous budgets have requested that cybersecurity research and development activities be transferred to CISA. The Committee has strong reservations regarding any such future proposal.

Office of Inspector General (OIG)
The DHS Office of Inspector General (OIG) is responsible for identifying and addressing waste, fraud, abuse, and mismanagement of taxpayer funds. The OIG accomplishes this goal by conducting independent audits, inspections, and investigations and thereafter making recommendations on how the Department can better operate in an effective and efficient manner. The FY 2019 budget request proposed increasing the Department's total budget authority by approximately $6 billion — or 8.8 percent — over FY 2017 enacted appropriations while decreasing the OIG's budget by $36.6 million — or 20.9 percent — during the same period. This is unacceptable. When DHS' mission expands, the OIG's workload increases. Congress partially restored the President's proposed cuts, but OIG funding still lags behind FY 2017 levels. At a minimum, the OIG's budget authority must return to $175 million — the amount appropriated in FY 2017 — plus an additional increase at least in proportion to departmentwide budget increases over the past three fiscal years.

St. Elizabeths
The Committee supports continued consistent funding for development of the DHS Headquarters Consolidation Project at St. Elizabeths. Historically, Congress has not provided adequate funding to keep the St. Elizabeths project on schedule, resulting in cost overruns and delays. Timely completion of this long overdue project will reduce the Department's physical footprint, create operational efficiencies, and lessen DHS' reliance on short- and long-term leases.

Conclusion

The Committee remains committed to ensuring that DHS has the resources it needs to keep our communities safe and that funding is allocated to the activities with proven value. We are concerned that the Administration has become consumed by a single-minded focus on building a wall along the southern border to the detriment of addressing other critical homeland security priorities. We urge the Budget Committee to take our views and estimates into account.

Respectfully,

BENNIE G. THOMPSON
Chairman
House Committee on Homeland Security

SHEILA JACKSON LEE
Member
House Committee on Homeland Security

JAMES R. LANGEVIN
Member
House Committee on Homeland Security

CEDRIC L. RICHMOND
Member
House Committee on Homeland Security

DONALD M. PAYNE JR.
Member
House Committee on Homeland Security

KATHLEEN M. RICE
Member
House Committee on Homeland Security

J. LUIS CORREA
Member
House Committee on Homeland Security

XOCHITL TORRES SMALL
Member
House Committee on Homeland Security

LAUREN A. UNDERWOOD
Member
House Committee on Homeland Security

MAX N. ROSE
Member
House Committee on Homeland Security

ELISSA B. SLOTKIN
Member
House Committee on Homeland Security

EMANUEL CLEAVER II
Member
House Committee on Homeland Security

AL GREEN
Member
House Committee on Homeland Security

YVETTE D. CLARKE
Member
House Committee on Homeland Security

DINA TITUS
Member
House Committee on Homeland Security

BONNIE WATSON COLEMAN
Member
House Committee on Homeland Security

NANETTE D. BARRAGÁN
Member
House Committee on Homeland Security

VAL DEMINGS
Member
House Committee on Homeland Security

Views of the Republican Members of the Committee on Homeland Security

Committee Republicans believe that under the current threat environment, the Nation's homeland security is at significant risk, and Congress and the Administration have a duty to ensure the American people are secure. As the Budget Committee moves forward with its work, it should strongly consider our Committee's priorities to ensure the Budget reflects these important issues:

- Preventing terrorist attacks on the homeland;
- Securing America's borders;
- Protecting against cyber-attacks;
- Reauthorization of the Department of Homeland Security (DHS);
- Ensuring effective management and oversight of DHS to prevent waste, fraud and abuse;
- Implementing transportation security reforms; and
- Ensuring effective disaster preparedness and focusing on the preparedness, training and safety of first responders.

Customs and Border Protection (CBP)

Border Security

Border security is national security. The Committee Republicans concur with the Majority that the FY 2020 budget should make significant investments in effective border security technology and infrastructure.

The Committee Republicans note that according to CBP seizure data, roughly 7 million more pounds of drugs have actually been seized between ports of entry than at them between FY12 and FY18.

While the Committee Republicans support considerable investment in port of entry infrastructure, we would also like to see considerable investment in a border wall system where it is practical and effective along the U.S.-Mexico Border. To gain operational control of the border, the Department must take an all-of-the-above approach at the border including the use of technology, physical barriers, and personnel. Force-multiplying technology such as anti-tunnel detection and sensors must be integrated in a border wall system.

Additionally, the Committee Republicans concur that resources need to be invested in our remote border stations. The Committee Republicans recognize the challenges posed by the changing demographics of those attempting to illegally enter the United States that is causing both a humanitarian and security crisis. These challenges include record numbers of unaccompanied minor and family unit apprehensions at the border, unprecedented high number of groups of more than 100 migrants arriving at the border, the spike in overall apprehensions at five-year-high levels, the number of people arriving at our border in need of immediate medical attention, and the large increase in migrants from Central American countries that prevent the consequence delivery that CBP has traditionally been able to use.

Committee Republicans believe that the capability gap analysis that Border Patrol conducted to determine what tools and resources are needed to secure the border point to a mix of technology, physical barrier, personnel, and access roads as necessary to achieve operational control.

Committee Republicans agree that the Department needs to expeditiously develop a tracking system for children that are referred from the Department of Homeland Security to the Department of Health and Human Services. The spike in apprehensions of unaccompanied arrivals that began under the Obama Administration should be tracked to ensure there are no delays in reunification, and to ensure that notice of whereabouts to separated families are made.

The Minority concurs that the Department needs to improve the development of border security metrics and fully comply with P.L. 114-328.

CBP Staffing

Committee Republicans are pleased with FY 2019 allocations for CBP officers, yet believes more funding is needed to reach optimal staffing levels. To this end, we were disappointed that funding was not provided for additional Border Patrol Agents and sees this as a gross oversight. It is our belief that more agents are needed to secure our border especially at a time when increasingly large groups are attempting to cross our border illegally. Committee Republicans believe CBP needs to create a workload staffing model for each law enforcement subcomponent to assist with communicating CBP hiring needs. It is our hope that CBP will continue to improve recruitment, hiring, and retention efforts.

Inspection Systems

Committee Republicans support continued funding of Non-Intrusive Inspection Systems, and notes the importance of technology, K-9 Units, and trained CBP Officers in seizing drugs, counterfeit goods, and other contraband at ports of entry.

Additional Funding Activities

Drugs cross our border every day by land, air, and sea. Committee Republicans believe the Department's investments in resources and technology needs to be flexible to reflect the constantly changing dynamic of this threat. We are encouraged by Administration and Department of Homeland Security counter-opioid strategies and believe they are extremely important to CBP opioid detection capability at international mail facilities.

Cybersecurity and Infrastructure Security Agency (CISA)

The Cybersecurity and Infrastructure Security Agency (CISA) was created in November 2018 with the passage of the Cybersecurity and Infrastructure Security Agency Act of 2018. It reorganized the National Protection and Programs Directorate into CISA. CISA's priority is to be the Federal leader for cybersecurity and physical infrastructure security.

Three key components within CISA include –

- National Risk Management Center, formed in August 2018 to facilitate strategic, cross-sector risk management of cyber and physical threats to critical infrastructure. The Center has several large areas of focus including the Information and Communications Technology Supply Chain Risk Management Task Force, Pipeline Cybersecurity Initiative and Election Security and Resilience.
- Infrastructure Security Division, which coordinates and collaborates with the private sector and other public sector partners to understand risk and protect critical infrastructure. This includes the administration of the Chemical Facilities Anti-Terrorism Standards program, whose authorization will expire in April 2020.
- Cybersecurity Division, which is the civilian head of the federal government's cybersecurity efforts as well as responsible for the protection of the .gov domain.

Since the creation of CISA is relatively new, we expect to conduct rigorous oversight of the agency as it is stood up. We expect the President's budget to provide adequate funding to support CISA's mission as the Federal government's civilian lead agency for cybersecurity and critical infrastructure.

With the growing number of cyber threats each year, the expanding attack surface with the creation and deployment of emerging technologies, and the emerging threats of our near peer nation state actors such as China, Russia, North Korea and Iran, the Cybersecurity Division and the National Risk Management Center, should be funded with the growing threats in mind.

Federal Emergency Management Agency (FEMA)

FEMA Staffing

Committee Republicans concur with the Majority that the FY 2020 budget should incorporate adequate funding to address FEMA's staffing levels. The number and severity of natural disasters experienced by the United States has shown the need for a more expansive staff at FEMA. We support FEMA's mission and believes that FEMA must have the resources, structure, and support to accomplish this mission.

Federal Assistance

Committee Republicans continue to support appropriate funding for homeland security grants provided for in FEMA's Federal Assistance account. Since 9/11, these grants have helped communities and the nation to build capabilities and strengthen preparedness across the country. These grants often represent the only chance local and state governments have to update their preparedness activities. The Majority correctly states that these grants are a much-needed lifeline to state and local governments and as such should be funded at appropriate levels.

Committee Republicans will continue to monitor FEMA's ability to establish meaningful performance measures and metrics for homeland security grant programs. In these difficult fiscal times, we must ensure that these grants are monitored appropriately and are providing a positive return on investment. We will continue to monitor these efforts to ensure the efficient and effective use of these important homeland security grants.

Immigration and Customs Enforcement (ICE)

Enforcement and Removal

While the Majority's views state that apprehensions and attempts at illegal crossings are at a historic low, Committee Republicans note that the number of people attempting to illegally enter the southwest border are at a five-year high and increasing. More than 76,000 people attempted to illegally enter the United States at the southwest border in February 2019, a more than 100 percent spike from the same time last year. We also note the Majority failed to account for the changing demographic of those attempting to illegally enter at our southwest border, which has led to more people being held by the Department rather than being placed into expedited removal proceedings as was possible in the past.

Committee Republicans reject the labeling of ICE as the "Trump Administration's deportation force." This inflammatory remark is uncalled for and offensive to the men and women of ICE who carry out their jobs in accordance with the law. ICE is operating well within the parameters of the law and unfortunately any enforcement delta compared to the past Administration is likely a result of selective enforcement of our laws by that Administration.

Committee Republicans do not support a reduction in funding for detention space. We concur that priority must be made for individuals who have been convicted of violent crimes and pose a serious threat to public safety. ICE must remain vigilant in removing these individuals and those associated with violent groups from this country.

We recognize the remote and regional challenges to the immigration enforcement mission and backs the responsible and appropriate use of the 287(g) program by ICE to ensure security of the homeland.

Committee Republicans take issue with the cost efficiency assessment of the Majority as the high abscond rate of Alternatives to Detention contribute to the cost of illegal immigration to American taxpayers.

Transportation Security Administration (TSA)

Committee Republicans believe that the nation's transportation infrastructure continues to be a persistent target for terrorists and that the threat landscape has continued to evolve, presenting new threat streams and increasingly sophisticated threat actors. Committee Republicans feel strongly that adequate resources must be allocated to mitigate threats to critical transportation systems.

Screener Workforce

TSA's multi-layered approach to its mission and operations must be risk-based and intelligence-driven, and the agency should allocate its resources accordingly. Committee Republicans recognize that the strength of the national economy continues to grow passenger volume at many domestic airports, requiring additional investment in the screener workforce to improve recruitment, retention, morale, and effectiveness. Committee Republicans support ensuring adequate staffing to meet growing passenger volume and expect TSA to utilize any additional full-time equivalents (FTE) to improve screening effectiveness for both passengers and aviation personnel.

Federal Air Marshal Service

The Federal Air Marshal Service (FAMS) is designed to promote confidence in civil aviation by effectively deploying FAMs to detect, deter, and defeat hostile actors targeting the United States. However, Committee Republicans believe the size of FAMS workforce should be consolidated and better-managed to overcome challenges with employee integrity, training, and performance metrics.

Passenger Screening Program

Committee Republicans agree with the Majority that the effective deployment of Computed Tomography (CT) is of critical importance to improving aviation security. While Committee Republicans support continued investment in this critical technology, we hope that TSA will find ways to improve communication with stakeholders on acquisitions plans, to ensure continued innovation and ensure investments are long-term strategic decisions that address not just the threats of today, but the threats of tomorrow.

National Explosives Detection Canine Team

The National Explosives Detection Canine Team Program (NEDCTP) trains and deploys explosives detection canine teams to deter and detect the introduction of explosive devices into the transportation system. Explosives threats cause disruption of air, land, and sea transportation and pose an unacceptable danger to the traveling public. Committee Republicans strongly support adequate funding for the important security benefit provided by explosives detection canines and intend to continue oversight of the program to ensure its continued effectiveness. Committee Republicans also expect TSA to improve coordination and communication with canine stakeholders, in order to overcome supply challenges, while also ensuring effective and consistent training of explosives trace detection canines once they are deployed.

Law Enforcement Officer Reimbursement Program

The Law Enforcement Officer Reimbursement Program partially reimburses state and local authorities for expenses related to stationing their officers in airports pursuant to airport security agreements. These officers provide a critical layer of security to the traveling public, aviation personnel, and TSA personnel, particularly as threats targeting crowded spaces, or soft targets, continue to evolve. Committee Republicans believes state and local law enforcement plays an important role in ensuring the safety of the traveling public at America's airports and that this program should be fully funded at authorized levels to ensure that airport law enforcement officers continue to act as force multipliers for security incident response.

Surface Transportation Security

This funding supports TSA's surface transportation operations that are conducted in coordination with federal, state, and local entities for modes including pipelines, mass transit, buses, highways, and rail. Committee Republicans would like to see TSA align surface transportation security resources more closely with current threats to critical transportation infrastructure. TSA's surface transportation security programs should be risk-based, and resources should be allocated to programs proven to be effective. To that end, Committee Republicans encourage TSA to refine its operations by working with stakeholders in the surface environment to become more intelligence-driven and focused on detection and mitigating threats. Moreover, Committee Republicans remain concerned that existing TSA programs, such as the Visual Intermodal Prevention and Response (VIPR) teams, are not adequately risk-based and that such resources may be better allocated to other means of support for transportation system operators.

U.S. Coast Guard (USCG)

Committee Republicans support increased funding for operations to allow additional aircraft hours for maritime surveillance in support of drug and migrant interdiction, as well as port, waterways, and coastal security missions. Committee Republicans believe strongly that reducing flight hours will directly impact the USCG's ability to maintain situational awareness and react to threats to the homeland. Republican Members agree with the Majority that increases to USCG assets, personnel, operational hours, and required maintenance are critical to homeland security.

USCG Recapitalization

Republican Members of the Committee support the Majority's views on fully funding the operational and recapitalization needs of the USCG. Committee Republicans believe that continued funding consistency for a National Security Cutter and additional replacement of aging cutters and aircraft is essential to ensuring the service's ability to fulfill its homeland security mission. Additionally, Republican Members believe funding must account for maintenance and increased operational costs. Committee Republicans support full funding for Fast Response Cutters to assist with law enforcement, drug and migrant interdiction, as well as search and rescue missions as the service continues to replace its existing fleet of 110-foot patrol boats passed their expected service lives. Committee Republicans are concerned that failure to provide adequate funding will further delay recapitalization efforts, including for the Offshore Patrol Cutter. Committee Republicans believe recapitalization of the Coast Guard fleet is vital to the nation's maritime security.

Committee Republicans also support funding for activities involved with the new Polar Security Cutter and are encouraged by recent funding consistencies and planning from the service. Moreover, Republican Members support funding for the research, development, and procurement of a viable unmanned aerial system (UAS) that can be deployed and recovered off USCG surface assets, as well as land-based UAS to increase maritime patrol aircraft hours in the Transit Zone. A functioning UAS program will greatly enhance maritime domain awareness while reducing the burden on a limited number of aging manned airframes.

Cybersecurity at Ports

Committee Republicans concur with the Majority's views on cybersecurity at ports.

United States Secret Service (USSS)

The United States Secret Service (USSS) protects and investigates threats against U.S. officials, visiting leaders, and other individuals as directed by the President. The Agency also investigates violations of laws relating to financial and electronic crimes, including but not limited to: counterfeiting, fraud, identity theft, and computer-based attacks. In FY19, Congress appropriated $2.2 billion for this account. We support robust funding for the USSS to increase the workforce and improve training and human resources initiatives, which are critical to address morale deficiencies across the agency.

Science and Technology Directorate

The Science and Technology Directorate (S&T) is the primary research and development arm of the Department of Homeland Security and manages science and technology research, from development through transition, for the department's operational components and first responders to protect the homeland.

In FY2019, the President's budget reduced S&T's budget by 25% from FY2017 to $583.3 million, but Congress appropriated $820 million in the final FY2019 appropriations. As a result of the President's budget request, S&T is undergoing a reprioritization in order to connect the research and development conducted more tightly with the needs of the DHS operational components.

We are encouraged by the reprioritization to more effectively align S&T's research with the missions of the DHS and expect to conduct oversight associated with the reprioritization.

Analysis and Operations (A&O)

The Analysis and Operations funding provides resources for the support of the Office of Intelligence and Analysis (I&A) and the Office of Operations Coordination (OPS). For FY19, the President requested, and Congress funded $253.2 million for the combined A&O account. We support continued funding for the offices and programs within this account, particularly efforts to expand counterintelligence and insider threat programs across the Department of Homeland Security. Additionally, we support I&A's efforts to assist with the establishment of the National Vetting Center (NVC), established pursuant to National Security Presidential Memorandum 9. The NVC is coordinating Federal efforts, including within the Intelligence Community, to improve security vetting for individuals and goods moving in and out of the United States. We fully support this effort.

Departmental Management and Operations

Office of the Secretary and Executive Management (OSEM)

OSEM directs and leads management of the Department and provides policy guidance to operating bureaus within the organization; plans and executes departmental strategies to accomplish agency objectives; and provides leadership to the Department.

It is essential for DHS to continue to promote an appropriate balance between oversight of the Department and headquarters operations. We expect the President's budget to provide continued support for these important priorities such as the Immigration Data Integration Initiative and the Blue Campaign.

Office of the Chief Financial Officer (OCFO)

OCFO handles basic support for financial and budget operations for DHS. OCFO provides support funding for budget policy and operations; program analysis and evaluation; development of Departmental financial management policies, including consolidated financial statements; management of Department internal controls; and Department-wide oversight of grants and assistance awards and resource management systems. We urge the Department to continue heightened oversight over modernizing financial systems to avoid waste and inefficiency.

Office of the Chief Procurement Officer (OCPO)

OCPO oversees procurement and acquisition at the Department. OCPO works to strengthen the acquisition framework to avoid cost overruns and schedule delays of DHS's acquisition programs. We recognize DHS's efforts to mature its acquisition framework; however, rigorous oversight is necessary to ensure DHS receives needed capabilities and that taxpayer dollars are not put to waste.

Department of Homeland Security Consolidated Headquarters Project (St. Elizabeth's)

The FY 19 appropriations bill provided $120 million in resources for building, equipping, relocation expenses, and operations costs for the Department's consolidated headquarters at St. Elizabeth's. We support continued funding for St. Elizabeth's, but note that the Department of Homeland Security Headquarters Consolidation Accountability Act of 2015, was signed into law on April 29, 2016 (P.L. 114-150), which required DHS to fully implement recommendations outlined in GAO's report, *Federal Real Property: DHS and GSA Need to Strengthen the Management of DHS Headquarters Consolidation (GAO-14-648).*

Additionally, the Department committed to providing an updated plan to the Committee at the hearing "Building for the Future: Examining Challenges Facing the Department of Homeland Security's Consolidated Headquarters Project" on April 12, 2018. Unfortunately, the Department has yet to comply and still has not submitted to Congress information on the implementation of the enhanced plan for headquarters consolidation. While we appreciate the Department's efforts to shrink its footprint, we urge caution for funding moving forward and reiterate that DHS should work to curtail further delays and cost overruns and fully address all requirements of P.L. 114-150.

ZOE LOFGREN, CALIFORNIA
CHAIRPERSON

RODNEY DAVIS, ILLINOIS
RANKING MINORITY MEMBER

Congress of the United States
House of Representatives
COMMITTEE ON HOUSE ADMINISTRATION
1309 Longworth House Office Building
Washington, D.C. 20515-6157
(202) 225-2061
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March 14, 2019

The Honorable John A. Yarmuth
Chairman
Committee on the Budget
204-E Cannon House Office Building
Washington, DC 20515

Dear Chairman Yarmuth:

Pursuant to § 301 (d) of the Congressional Budget Act of 1974 and clause 4(f) of rule X of the Rules of the House of Representatives, attached, please a copy of the Committee on House Administration's Views and Estimates for fiscal year 2020. I have also attached Minority Views and Estimates.

In the following pages the Committee highlights some accounts of special concern and we urge careful consideration by you, and the Committee on the Budget, as you begin working to fashion a budget resolution that will encompass the budget priorities of the House of Representatives.

Sincerely,

Zoe Lofgren
Chairperson

Jamie Raskin
Vice Chairperson

Susan Davis

G.K. Butterfield

Marcia L. Fudge

Pete Aguilar

Views and Estimates

Fiscal Year 2020

Committee on House Administration

Election Assistance Commission

Congress established the U.S. Election Assistance Commission with the passage of the Help America Vote Act of 2002 (HAVA). The Commission was created to help election officials and administrators improve elections around the country. As the Commissioners wrote in their budget submission, "EAC's offices are aligned to address the mandates of the Help America Vote Act to: serve as a clearinghouse of information on voting; test and certify voting systems; administer and maintain the National Voter Registration Act (NVRA) voter registration form; assist States with administration of HAVA funds; and report to Congress on NVRA and Uniformed and Overseas Citizens Absentee Voting Act voting activity."[1] Statutorily, EAC is headed by four bipartisan Commissioners appointed by the President and confirmed by the U.S. Senate.

HAVA also created the Board of Advisors, the Standards Board, and the Technical Guidelines Development Committee (TGDC) to advise EAC. The three groups advise the agency and help it achieve its mission, including but not limited to the development of the Voluntary Voting System Guidelines.

HAVA dictates the membership of the three statutory groups. The Standards Board is a 110-member board consisting of 55 state election officials (the 50 states, the District of Columbia, American Samoa, Guam, Puerto Rico, and the Virgin Islands) selected by their respective chief state election official, and 55 local election officials selected through a process supervised by the chief state election officials.

The Board of Advisors is comprised of representatives from groups representing governors; mayors; state legislatures; secretaries of state; state election directors; county recorders; election officials; county clerks; voter advocacy groups; federal agencies; and professionals in the fields of science and technology.

TGDC helps EAC develop its Voluntary Voting System Guidelines. It is composed of 14 members appointed jointly by EAC and the Director of the U.S. Department of Commerce's National Institute of Standards and Technology (NIST), who is the chairperson of TGDC.

For FY 2019, EAC received $9,200,000 (of which $1,250,000 was to be transferred to the National Institute of Standards and Technology for election reform activities under HAVA. For FY 2018, the EAC received $10,100,000 (of which $1,500,000 was to be transferred to NIST). $380 million was provided in a separate account (Election Reform Program) "for necessary expenses to make payments to States for activities to improve the administration

[1] U.S. Election Assistance Commission FY 2019 Budget Submission, at 8.

of elections for Federal office, including to enhance election technology and make election security improvements[.]"[2]

The Committee has considered H.R. 1, and recommends additional funding for the EAC for FY 2020. In addition, the Committee recommends an appropriate amount be provided to the States to replace antiquated voting machines, provide resources to election administrators, train poll workers and prepare for the 2020 elections.

Federal Election Commission

The Federal Election Commission (FEC) is an independent regulatory agency responsible for administering, enforcing, defending and interpreting the Federal Election Campaign Act of 1971 (FECA). As the foundation of Federal campaign finance regulation, FECA reflects Congress's efforts to prevent corruption through two principal means. First, it ensures that voters have access to information about the sources of financial support for Federal candidates, political party committees and other political committees. Second, FECA imposes amount limitations and source prohibitions on contributions received by certain types of political committees. The Commission's responsibilities also include overseeing the Federal public funding programs for Presidential campaigns.[3]

For FY 2019 and FY 2018, the FEC received $71,250,000. For FY 2017, the FEC received $79,119,000 (of which $8,000,000 was provided for lease expiration and replacement lease expenses).

As we noted last year in our then-Minority Views:

> We need a functioning FEC to enforce our existing laws, and to promulgate rules that respond to the changing media environment. During the 2016 election, Russia spread propaganda and misinformation on social media platforms without ever disclosing that they were behind the effort. The FEC must takes its duties seriously and promulgate rules that provide for similar disclosure regimes for political advertising on the internet as is required for radio and television advertisements. In addition, the FEC must enforce the existing laws and keep foreign actors out of our democracy.

The need for a fully reformed and functioning FEC, as made clear in H.R. 1, requires an adequate level of funding. We ask that you consider providing additional funding above the flat-lined funding levels of the last few years (save for additional resources provided to address lease issues).

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[2] P.L. 115-141, Consolidated Appropriations Act of 2018.
[3] Federal Election Commission FY 2019 Budget Justification at 2.

House of Representatives

For the House of Representatives, the Committee recommends sufficient resources to meet the many challenges the institution faces this Congress, including increased legislative activity, ensuring that the IT backbone of the House is secure and robust and meets the needs of Members, staff, and the general public, and that capital projects, especially the ongoing renovations of House Office Buildings continue apace with realistic levels of budget requirements. We also request such sums as are necessary to support the work of the Office of Diversity and Inclusion as well as the Select Committees on the Modernization of Congress and the Select Committee on the Climate Crisis.

Office of Congressional Workplace Rights

The Office of Congressional Workplace Rights, formerly the Office of Compliance, authorized by section 305 of the Congressional Accountability Act of 1995 (2 U.S.C. § 1385), received $6,332,670 for FY 2019; $4,959,000 for FY 2018, and $3,959,000 in FY 2017. The Congressional Accountability Act Reform Act of 2018 created a new dispute resolution process for Legislative Branch Employees and tasked the agency with new responsibilities such as undertaking a climate survey on the state of the Legislative workplace. The Committee recommends additional funding in FY 2020 to provide the necessary resources for the Office of Congressional Workplace Rights.

U.S. Capitol Police

The U.S. Capitol Police is a highly skilled and trained force dedicated to protecting and serving the Legislative Branch. In FY 2019, the USCP received an appropriated level $374,804,000. As the USCP is required to do more, and the threats and challenges facing the legislative branch grow greater and more complex, we ask that you provide additional resources for the USCP.

Library of Congress

For FY 2019, the LOC received $480,052,000; FY 2018, $477,017,000, and in FY 2017 $457,017,000.

As the LOC pointed out in its FY 2018 budget justification, the LOC needs included:

- Embrace modernization to meet business objectives, customer needs, and the demands of the 21st Century across the Library's services, IT infrastructure, and collections management.
- Ensure strong management and workforce capabilities to fulfill the Library's core responsibilities to support and advise Congress, to serve users of the Copyright Office, and to assist the American people and researchers who benefit from its extraordinary collections.

- Expand access to Library collections and programming by translating more holdings into digital content, opening physical spaces, and increasing on-site offerings.[4]

The LOC must continue its efforts in IT modernization and in making further improvements to the Copyright Office.

The Library is a one-of-a-kind national resource and treasure, and the Committee would recommend increased resources be provided to the LOC.

Note – The Minority did not provide Minority Views and Estimates and therefore such views are not attached.

[4] Library of Congress Budget Justification, FY 2018, at 1.

JERROLD NADLER, New York
CHAIRMAN

DOUG COLLINS, Georgia
RANKING MINORITY MEMBER

U.S. House of Representatives
Committee on the Judiciary

Washington, DC 20515–6216
One Hundred Sixteenth Congress

March 6, 2019

The Honorable John Yarmuth
Chairman
Committee on the Budget
204-E Cannon House Office Building
Washington, D.C. 20515

The Honorable Steve Womack
Ranking Member
Committee on the Budget
507 Cannon House Office Building
Washington, D.C. 20515

Dear Chairman Yarmuth and Ranking Member Womack,

As the First Session of the 116th Congress gets underway, the House Judiciary Committee continues to pursue an agenda that includes among its top priorities efforts to spur economic growth, create jobs, reduce economic and social inequality, protect civil rights, and to make the economy work for the American people. As Chairman and Ranking Member, we strongly support the goal of focusing Congress' efforts on achieving a better and brighter future for all Americans.

Accordingly, please find enclosed the views and estimates of the Committee on the Judiciary for fiscal year 2020 pursuant to section 301(d) of the Congressional Budget Act of 1974 (2 U.S.C. § 632(d)) and House Rule X, clause 4(f)(1), These views and estimates encompass a broad range of programs within the Judiciary Committee's jurisdiction. We hope these views and estimates provide valuable guidance to your Committee as you prepare the budget resolution. We note that, while this document reflects the views of the Members of this Committee, some Members may have individual views that are not reflected in this document. Please feel free to contact us or our staffs if you have any questions or concerns.

Sincerely,

Jerrold Nadler
JERROLD NADLER
Chairman

Doug Collins
DOUG COLLINS
Ranking Member

Enclosure

COMMITTEE ON THE JUDICIARY
VIEWS AND ESTIMATES FOR FISCAL YEAR 2020

Mandatory Budget Authority

FEDERAL JUDICIARY

The Federal Judiciary is comprised of the U.S. Supreme Court and the lower federal courts. Combined, they adjudicate criminal and civil disputes as well as other constitutional and congressionally-assigned responsibilities.

The Committee recognizes the Federal Judiciary's essential role in providing justice to all citizens. The Committee understands that although the Federal Judiciary has no control over the number of cases that are filed in the courts, it must handle each case filed and has limited flexibility in how quickly it must handle some of these cases. Moreover, the Federal Judiciary's workload is greatly affected by the policies of the Executive and Legislative Branches.

The Committee supports a FY 2020 funding level necessary for the Federal Judiciary to accomplish its mission.

Discretionary Budget Authority

DEPARTMENT OF JUSTICE

GENERAL ADMINISTRATION

General Administration (GA) supports the Attorney General and the Department of Justice's senior policy level officials in managing Department resources and developing policies for legal, law enforcement, and criminal justice activities. GA consists of four decision units: Department Leadership, Intergovernmental Relations and External Affairs, Executive Support and Professional Responsibility, and the Justice Management Division.

The Department Leadership decision unit includes the Offices of the Attorney General, Deputy Attorney General, Associate Attorney General, Privacy and Civil Liberties, Rule of Law, and Access to Justice. Intergovernmental Relations and External Affairs includes the Offices of Public Affairs, Legislative Affairs, and Tribal Justice. Executive Support and Professional Responsibility includes the Offices of Legal Policy, Professional Responsibility, Information Policy, and the Professional Responsibility Advisory Office. Finally, the Justice Management Division provides advice to senior DOJ officials and develops departmental policies in the areas of management and administration, ensures compliance by DOJ components with departmental and other federal policies and regulations, and provides a full range of management and administration support services.

The Committee supports funding GA at a level that will enable it to accomplish its mission.

EXECUTIVE OFFICE FOR IMMIGRATION REVIEW

The Executive Office for Immigration Review (EOIR) contains the corps of Immigration Judges, the Board of Immigration Appeals, and the Office of the Chief Administrative Hearing Officer. EOIR presides over administrative immigration hearings such as removal, bond, and employer sanctions proceedings.

The Committee recognizes that EOIR's immigration court case backlogs have continued to grow, lengthening case adjudication times. Timely and fair adjudication of cases in immigration courts is an essential part of the effective administration and enforcement of the immigration laws. Funding for EOIR personnel and programs must keep pace with funding for other immigration enforcement activities in order for the entire immigration system to function properly. The Committee also supports funding of Legal Orientation Programs for detained noncitizens at a level necessary to accomplish the goals of the program.

The Committee recommends that EOIR be funded at a level that will enable it to achieve these goals.

OFFICE OF THE INSPECTOR GENERAL

The Office of the Inspector General (OIG) is an independent office within the Department of Justice that is charged with investigating allegations of fraud, waste, abuse, and misconduct by DOJ employees, contractors, and grantees and promoting economy and efficiency in DOJ operations.

The Committee supports funding the OIG at a level that will enable it to achieve these goals.

GENERAL LEGAL ACTIVITIES

Office of the Solicitor General

The Office of the Solicitor General supervises and processes all appellate matters and represents the United States and federal agencies in the U.S. Supreme Court. The Committee considers the work of the Solicitor General an important element of the role played by the Justice Department.

The Committee supports funding the Solicitor General's office at a level necessary to accomplish its mission.

Tax Division

The Tax Division represents the United States in virtually all litigation arising under the internal revenue laws. This work includes both a civil component as well as assistance to U.S.

Attorneys in prosecuting criminal tax violations. In addition, the Division's attorneys lend their financial crimes expertise to the enforcement of other laws with financial aspects.

The Committee supports funding the Tax Division at levels necessary to accomplish its mission and notes that every additional dollar provided to the Tax Division will result in many additional dollars being recovered for the Treasury.

Criminal Division

The Criminal Division is responsible for supervising the application of all federal criminal laws except those specifically assigned to other divisions. Its mission is to identify and respond to critical and emerging national and international criminal threats, and to lead the enforcement, regulatory, and intelligence communities in a coordinated, nationwide response to reduce those threats. The Division provides expert guidance and advice to U.S. Attorneys and other federal, state, and local prosecutors and investigative agencies, as well as foreign criminal justice systems. It also oversees the use of the most sophisticated investigative tools available to federal law enforcement, including all federal electronic surveillance requests in criminal cases, and secures the return of fugitives and other assistance from foreign countries.

In addition to other initiatives, the Criminal Division uses its resources to prosecute the most significant financial crimes, including mortgage fraud, corporate fraud, and sophisticated investment fraud; coordinate multi-district financial crime cases; and assist U.S. Attorneys' Offices in financial crime cases with significant money laundering and asset forfeiture components.

The Committee supports funding the Criminal Division at a level necessary to accomplish its various missions.

Civil Division

The Civil Division represents the United States, its departments and agencies, Members of Congress, Cabinet officers, and other federal employees in litigation in federal and state courts. Each year, it successfully defends the United States against billions of dollars in unmeritorious claims. In its affirmative litigation, the Division brings suits on behalf of the United States, primarily to recoup money lost through fraud, loan defaults, and the abuse of federal funds. As a result of the work of the Civil Division, hundreds of millions of dollars are returned to the Treasury, Medicare, and other programs annually.

The Committee considers the work of the Civil Division important to the Justice Department's mission. The Committee supports funding the Civil Division at a level necessary to accomplish its mission.

9/11 Victims Compensation Fund

Congress originally enacted the 9/11 Victims Compensation Fund (VCF) as an alternative to litigation and to compensate physical injuries and death suffered during or in the immediate aftermath of the September 11th terrorist attacks. The original program stopped accepting claims in December 2003.

In the years since the September 11th attacks, however, thousands of 9/11 responders and survivors have become ill and many have lost their lives from exposure to toxic debris and chemicals. In 2010, Congress enacted the James Zadroga 9/11 Health and Compensation Act to reopen the VCF through October 3, 2016, and to provide compensation for illnesses, injury, or death caused by exposure to 9/11 attack sites. Congress reauthorized the Act in 2015.

On February 15, 2019, the VCF announced that under its current policies and procedures the Fund would be unable to fully compensate current and future claimants. Given the Fund's $7.375 billion appropriation, VCF states that responders and survivors would receive a 50% cut to awards for pending claims and a 70% cut to awards for future claims.

The Committee supports funding the VCF at the levels necessary to accomplish its goals. To that end, Chairman Nadler intends to report H.R. 1327, the "Never Forget the Heroes: Permanent Authorization of the September 11th Victim Compensation Fund Act," which would extend funding for the VCF for such sums as may be necessary for fiscal year 2019 and every succeeding fiscal year through October 1, 2090.

Environment and Natural Resources Division

The Environment and Natural Resources Division (ENRD) enforces the Nation's civil and criminal environmental laws; defends environmental challenges to federal laws and actions; and performs a variety of other important legal activities related to the environment and our nation's natural resources. ENRD's responsibilities include litigating disputes under the Clean Air Act, the Clean Water Act, the Comprehensive Environmental Response, Compensation, and Liability Act (Superfund), the Endangered Species Act, and other federal environmental statutes; defending against environmental challenges to federal programs and activities; representing the United States in matters concerning the protection, use, and development of national natural resources and public lands; and litigating on behalf of individual Indians and Indian tribes.

The Committee supports funding ENRD at a level necessary to accomplish its mission.

Civil Rights Division

The Civil Rights Division of the Department of Justice is the primary institution within the federal government responsible for enforcing federal statutes prohibiting discrimination on the basis of race, sex, disability, religion, and national origin. The Division enforces federal laws prohibiting discrimination in education, employment, credit, housing, public accommodations, voting, and certain federally funded and conducted programs.

The Division has eleven sections: Appellate, Coordination and Compliance, Criminal, Disability Rights, Educational Opportunities, Employment Litigation, Housing and Civil Enforcement, Office of Special Counsel for Immigration Related Unfair Employment Practices, Special Litigation, Policy and Strategy, and Voting.

As a general matter, the Committee recommends that funding for each section in the Civil Rights Division be increased to a level that ensures it is able to carry out its critical mission of guaranteeing equality under the law.

INTERPOL Washington

INTERPOL Washington facilitates cooperation and information sharing among police agencies in different countries. It is the link between more than 18,000 federal, state, and local law enforcement authorities and the 187 other member countries for INTERPOL-related matters. The main goals of INTERPOL Washington are facilitating international law enforcement cooperation; transmitting information of a criminal justice, humanitarian or other law enforcement-related nature among law enforcement agencies; responding to law enforcement requests; coordinating and integrating information for investigations of an international nature; and identifying patterns and trends in criminal activities. INTERPOL Washington also actively screens all inbound international flights for passports that are reported as lost or stolen to INTERPOL and generates over 200 hits monthly that require human analysis.

The Committee supports INTERPOL Washington's continued efforts to enhance information sharing among international police authorities and supports funding INTERPOL Washington at a level allowing it to achieve its mission.

Antitrust Division

The mission of the Antitrust Division is to promote competition through enforcing and providing guidance on antitrust laws and competition policy. In addition to enforcing the antitrust laws, the Antitrust Division also acts as an advocate for competition, seeking to promote competition in sectors of the economy that are or may be subject to government regulation.

The Committee supports funding the Antitrust Division at levels necessary to accomplish its various missions.

Executive Office for U.S. Attorneys

There are 94 U.S. Attorneys located throughout the United States, the District of Columbia, Guam, the Northern Mariana Islands, Puerto Rico, and the Virgin Islands. The U.S. Attorneys who lead each office are the chief law enforcement representatives of the Attorney General. Each enforces federal criminal law, handles most of the civil litigation in which the United States is involved, and initiates proceedings for the collection of fines, penalties, and forfeitures owed to the United States. For FY 2020, the Committee expects that U.S. Attorneys will continue to investigate and prosecute the diverse workload of criminal cases brought by the federal government and will continue to initiate civil actions to assert and protect the interests of the United States.

The Committee supports funding the Executive Office for U.S. Attorneys at a level that will allow it to accomplish its mission.

U.S. Trustee Program

The U.S. Trustee Program is charged with supervising the administration of bankruptcy cases and trustees. Its mission is to protect and preserve the integrity of the federal bankruptcy system by regulating the conduct of parties, ensuring compliance with applicable laws and procedures, bringing civil actions to address bankruptcy fraud, securing the just and efficient resolution of bankruptcy cases, and referring bankruptcy crimes for prosecution. The Program is self-funded through user fees paid by participants in the bankruptcy system. The Program's appropriation is offset by fees it collects during the fiscal year. These monies are paid into the U.S. Trustee System Fund. The Program's funding is also subsidized by quarterly fees paid by chapter 11 debtors. The remaining funding is derived from a portion of filing fees paid to commence bankruptcy cases, interest earnings, and other miscellaneous revenues.

The Committee supports funding the U.S. Trustee Program at a level necessary to accomplish its mission.

Community Relations Service

The Community Relations Service's mission is to assist state and local governments, private and public organizations, and community groups in quelling conflicts and tensions arising from differences of race, color, and national origin. The Community Relations Service is also authorized to work with state and local governments and groups to restore racial stability and harmony while preventing, resolving, and responding to alleged violent hate crimes committed on the basis of actual or perceived race, color, national origin, gender, gender identity, sexual orientation, religion or disability.

The Committee supports funding the Community Relations Service at a level necessary to continue performing its mission.

U.S. Marshals Service

The U.S. Marshals Service (USMS) administers the Asset Forfeiture Program of the Justice Department; conducts investigations involving escaped federal prisoners, unregistered sex offenders, and other fugitives; ensures safety at judicial proceedings; assumes custody of individuals arrested by all federal agencies; houses and transports prisoners; and manages the Witness Security Program.

The Committee supports funding the USMS at levels necessary to accomplish its various missions.

National Security Division

The National Security Division (NSD) was authorized by Congress in the USA PATRIOT Improvement and Reauthorization Act of 2005 (Public Law No. 109-177). The NSD consists of the elements of DOJ (other than the Federal Bureau of Investigation) engaged primarily in support of the intelligence and intelligence-related activities of the United States

Government, including: (1) the Assistant Attorney General for National Security, (2) the Office of Intelligence Policy and Review, (3) the counterterrorism section, (4) the counterespionage section, and (5) any other office designated by the Attorney General.

The Committee supports funding the National Security Division at a level necessary to carry out its mission.

Foreign Agent Registration Act (FARA) Unit

The Foreign Agents Registration Act of 1938 (FARA) is a public disclosure law that generally requires an "agent of a foreign principal" engaged in certain activities on behalf of such foreign principal to register with the Justice Department within ten days of becoming an agent and to file supplements detailing their activities with the Department every six months; regularly disclose copies of informational materials the agent distributes on behalf of the foreign principal to the Justice Department; and keep records of his or her activities while an agent and for three years following the end of their agent status.

The FARA Registration Unit is primarily responsible for the enforcement and administration of FARA. The FARA Unit, which is a part of the National Security Division's Counterintelligence and Export Control Section, has a limited staff consisting of one Unit Chief, two staff attorneys, one Supervisory Program Manager, one Intelligence Research Specialist, one Program Specialist, and two Case Management Specialists. The Unit is responsible for, among other things, processing and monitoring new and existing FARA registrations, performing periodic inspections of registrations, and conducting searches to identify persons who may be obliged to register.

H.R. 1, the "For the People Act of 2019," contains two provisions that would strengthen the Department's ability to enforce FARA. It provides the Department with discretionary authority to impose civil penalties for FARA violations. It also establishes a dedicated FARA enforcement unit within the counterespionage section of the Department's National Security Division. The unit would have the authority to take appropriate legal action against individuals suspected of violating the Act and to coordinate any legal action with the relevant U.S. Attorney office. Additionally, in operating the unit, the Attorney General may consult with the Director of National Intelligence, the Secretary of Homeland Security, and the Secretary of State. It would also authorize $10,000,000 to carry out the unit's activities for FY 2019 and each fiscal year thereafter.

The Committee supports funding the FARA unit at levels necessary to achieve its important objectives.

Federal Bureau of Investigation

The Federal Bureau of Investigation (FBI) is the Nation's largest federal law enforcement agency, charged with investigating terrorism, cybercrimes, public corruption, white-collar crime, organized crime, civil rights violations, and other federal offenses. The FBI is also the primary federal domestic counter-terrorism and counter-intelligence agency.

The Committee supports funding the FBI at levels necessary to achieve its important objectives.

Drug Enforcement Administration

The Drug Enforcement Administration (DEA) is the lead federal agency tasked with reducing the illicit supply and abuse of narcotics and drugs through drug interdiction and seizing of illicit revenues and assets from drug trafficking organizations.

The Committee supports funding DEA at a level necessary to accomplish its mission.

Bureau of Alcohol, Tobacco, Firearms and Explosives

The mission of the Bureau of Alcohol, Tobacco, Firearms, and Explosives (ATF) is to reduce violent crime, prevent terrorism, and protect the United States through enforcing laws and regulating the firearms and explosives industries. Congress must do more to address gun violence in our communities, and must fund the Justice Department's relevant agencies and programs at appropriate levels, including increasing funding for the investigations and inspections functions of the ATF in addition to any further resources that may be allocated to the processing of applications for regulated firearms and related devices.

Federal Prison System

The Federal Bureau of Prisons (BOP) is responsible for the custody and care of federal offenders in prisons and community-based facilities. BOP is currently responsible for housing approximately 180,000 federal offenders, which includes sentenced inmates as well as persons awaiting trial and/or sentencing.

The BOP cannot control the number of inmates committed to its custody, and adequate resources are needed to assure the safety of inmates, employees, and visitors, while providing appropriate rehabilitation for offenders. Therefore, the Committee supports funding for BOP at a level that ensures that BOP can securely and humanely house all of the inmates in its care as well as fully activate its newly constructed prison facilities to help relieve prison overcrowding in existing facilities and add space for new inmates.

Federal Prison Industries, Incorporated

The Committee supports the work of Federal Prison Industries, Incorporated (FPI). Statistics from the Bureau of Prisons reveal that inmates who participate in work programs are 24% less likely to offend again, 14% more likely to find work outside of prison, and less likely to have misconduct issues in prison. The Committee supports funding FPI at a level necessary to support its mission.

Office on Violence Against Women

The Office on Violence Against Women ("OVW") provides national leadership in developing the nation's capacity to reduce violence against women through the implementation of the Violence Against Women Act ("VAWA"). Created in 1995, OVW administers financial and technical assistance to communities across the country that are developing programs, policies, and practices aimed at ending domestic violence, dating violence, sexual assault, and stalking.

The House Judiciary Committee intends to reauthorize VAWA in 2019. The authorization for VAWA has lapsed and it is imperative that its programs be not only extended, but also updated to better prevent and address instances of domestic violence, dating violence, sexual assault, and stalking. Therefore, we support full funding and increased investment to ensure that programs under VAWA operate at an even greater level of effectiveness.

Community Oriented Policing Services

Community-Oriented Policing Services ("COPS") is an important tool in the effort to fight crime. Implemented in 1994, COPS focuses on local strategies to fight crime and has been praised by federal, state, and local law enforcement and political officials.

The Committee supports funding for COPS at levels appropriate to ensure the effectiveness of the program.

Office of Justice Programs

The Office of Justice Programs (OJP) works in partnership with the justice community to identify crime-related challenges confronting the justice system and to provide information, training, coordination, and strategies and approaches for addressing such challenges. OJP administers grant funding in the areas of Research, Evaluation and Statistics; Juvenile Justice Programs; and State and Local Law Enforcement Assistance.

The Committee supports funding of OJP programs at levels appropriate to ensure effectiveness in program administration.

Byrne Justice Assistance Grants

The Byrne Justice Assistance Grants (Byrne JAG) program provides direct grants to states and local communities for a number of criminal justice purposes. It is the only source of federal funding for multi-jurisdictional efforts to prevent, fight, and prosecute drug-related and violent crime.

The Committee supports funding these programs at appropriate levels.

DNA Backlog Elimination

The Committee supports full funding for the Debbie Smith Act, which funds reducing the backlog of DNA evidence in the nation's labs, as well as the Innocence Protection Act, which funds post-conviction DNA testing.

Juvenile Justice

This account includes programs that support state, local, and tribal community efforts to develop and implement effective and coordinated prevention and intervention juvenile programs. The objectives of these programs are to reduce juvenile delinquency and crime, improve the juvenile justice system so that it protects public safety, hold offenders accountable, and provide treatment and rehabilitative services tailored to the needs of juveniles and their families.

The Committee supports funding the Juvenile Justice programs at appropriate levels.

Second Chance Act

The Second Chance Act of 2008, as amended and reauthorized last year, provides critical grants to establish and expand various adult and juvenile offender reentry programs and funds reentry-related research. The Committee supports funding the Second Chance Act at appropriate levels.

National Criminal History Improvement and NICS Improvement Amendments Act

The National Criminal History Improvement Program (NCHIP) provides grants and technical assistance to help states and territories improve the quality, timeliness, and immediate accessibility of their criminal history and related records. The NICS Act Records Improvement Program (NARIP) grants help to address gaps in the information available to the National Instant Criminal Background Check System (NICS) by providing grants to states for the establishment or upgrade of information and identification technologies related to firearms purchasing eligibility determinations. Both programs were reauthorized by the Fix NICS Act last year.

Congress must increase funding assistance that the Justice Department provides states in connection with records that are included in NICS, including the funding of programs reauthorized through the Fix NICS Act.

Comprehensive Addiction and Recovery Act (CARA)

The Comprehensive Addiction and Recovery Act leverages the Drug Courts Program, Residential Substance Abuse Treatment Program, Prescription Drug Monitoring Program, Mental Health Courts Program, Adult and Juvenile Collaboration Program, and Veterans Treatment Courts Program, together with additional, new purpose areas, to offer communities desperately needed resources to respond to the epidemic of abuse use disorders. The Committee supports full funding for these grants.

First Step Act

Our nation's criminal justice system is in dire need of reform. Recognizing this, many states have adopted legislation to both address injustices and to stop wasting taxpayers' money on policies that are also ineffective. It is time for Congress to do the same for the federal criminal justice system.

Last year, the First Step Act, a bipartisan measure to to allow some federal prisoners to earn early entrance into pre-release custody by participating in programs or activities to reduce recidivism, was enacted. The First Step Act also required that a number of other reforms be implemented in the federal prison system and provided limited but important relief from some mandatory minimum sentencing provisions. We urge the provision of full funding of the First Step Act, particularly as the Federal Bureau of Prisons works to significantly expand recidivism reduction programming.

Congress must also consider reforms that address injustices for individuals and generate cost savings for our citizens, with the goal of reducing our prison population while preserving public safety. This effort may include consideration and oversight of statutes carrying mandatory minimum sentences. Criminal justice reform, if pursued in an appropriately aggressive and comprehensive way, would save money, and cost savings could be re-invested in other initiatives that we know would reduce crime and make our communities safer.

DEPARTMENT OF COMMERCE

U.S. PATENT AND TRADEMARK OFFICE

The U.S. Patent and Trademark Office (USPTO) issues patents and registers trademarks, which provide protection to inventors and businesses for their inventions and corporate and product identifications. The agency also advises other government agencies on intellectual property issues and promotes stronger intellectual property protections in other countries.

The USPTO is funded through user fees that are paid by individuals and businesses that file for patent and trademark protection or use other USPTO services. These fees are deposited in a special account at the Treasury. Although passage of the Leahy-Smith American Invents Act resulted in additional safeguards that allow the agency to devote all fees collected toward supporting operations, as a practical matter, the agency still must be appropriated fees collected through annual appropriations acts. The Committee therefore supports full funding for USPTO.

DEPARTMENT OF HOMELAND SECURITY

U.S. CUSTOMS AND BORDER PROTECTION

U.S. Customs and Border Protection (CBP) is the federal agency within the Department of Homeland Security principally responsible for the security of the nation's borders, at and between the land ports of entry and at our seaports and airports. The Committee supports CBP's various security and enforcement missions, including the work of Inspectors and Border Patrol agents who are an essential component of our immigration, customs, and trade enforcement systems.

The Committee supports funding CBP at levels necessary to accomplish its various missions. The Committee also supports the use of funding for the addition and improvement of Border Patrol facilities.

U.S. IMMIGRATION AND CUSTOMS ENFORCEMENT

U.S. Immigration and Customs Enforcement (ICE) is the largest investigative arm of DHS. Comprised of several components from the former Immigration and Naturalization Service (INS) and the U.S. Customs Service, the agency combines the investigative, detention and removal, and intelligence functions of the former INS with the investigative and intelligence functions of the former Customs Service. ICE's mission is to promote homeland security and public safety through the criminal and civil enforcement of federal laws governing immigration, customs, and trade.

The Committee supports funding ICE at levels necessary to accomplish its missions.

U.S. SECRET SERVICE

The Secret Service is tasked with dual law enforcement missions: protection of national and visiting foreign leaders and conducting criminal investigations. Criminal investigation activities encompass financial crimes, bank fraud, mortgage fraud, identity theft, counterfeiting, and computer fraud. Secret Service protection extends to the President, Vice President, and their families, among others.

The Committee supports funding the U.S. Secret Service at a level necessary to accomplish its missions.

U.S. CITIZENSHIP AND IMMIGRATION SERVICES

U.S. Citizenship and Immigration Services (USCIS) administers the immigration service functions described in the Immigration and Nationality Act, such as adjudicating citizenship and immigration benefit applications and petitions. USCIS is also the agency responsible for implementing and maintaining E-Verify, the federal government's electronic system that allows employers to check the work eligibility of their employees.

USCIS is principally a fee-based agency. The Committee supports funding USCIS at levels necessary to accomplish its various naturalization and immigration benefit missions that are not covered by immigration benefits fees.

OFFICE OF BIOMETRIC IDENTITY MANAGEMENT

The Committee supports sufficient funding to meet entry-exit requirements first mandated by Congress in 1996 in order to identify who is entering and exiting the country. The

Committee supports the use of unobligated funds appropriated in previous years to proceed with implementation. The Committee recommends that the Office of Biometric Identity Management be funded at a level that will enable it to achieve full implementation.

DEPARTMENT OF HEALTH & HUMAN SERVICES

OFFICE OF REFUGEE RESETTLEMENT (HHS)

The Office of Refugee Resettlement (ORR) within the Department of Health and Human Services (HHS) provides assistance and services to refugees, asylees, unaccompanied alien minors, victims of human trafficking, and certain Amerasian, Iraqi, Afghan, Cuban, and Haitian immigrants. ORR assists these populations by providing a range of services, including cash and medical assistance, housing assistance, and economic and social integration services.

The Committee recommends that ORR be funded at levels necessary to accomplish its missions.

HEALTH CARE FRAUD AND ABUSE

The Health Insurance Portability and Accountability Act (HIPAA) directed that the Department of Justice (DOJ) and the Department of Health and Human Services (HHS) establish a joint Health Care Fraud and Abuse Control (HCFAC) program. Funding to combat health care fraud is a sound investment from the standpoint of protecting our citizens and recapturing money obtained by criminals. Through these efforts, DOJ and HHS have obtained billions of dollars, allowing recoveries and payments to the Medicare Trust Fund and funding for victim programs, yielding a high return-on-investment for the HCFAC program.

Therefore, the Committee urges appropriate funding for this program.

OFFICE OF MANAGEMENT & BUDGET

U.S. OFFICE OF THE INTELLECTUAL PROPERTY ENFORCEMENT COORDINATOR (US-IPEC)

Intellectual property theft presents a substantial threat and imposes significant harm, including major economic damage, to the United States. To address this problem, the Committee authorized, through the Prioritizing Resources and Organization for Intellectual Property (PRO-IP) Act of 2008 (Public Law No. 110-403), the creation of an Intellectual Property Enforcement Coordinator (IPEC) within the Executive Office of the President. The IPEC chairs an interagency intellectual property enforcement advisory committee, coordinates the development of the Joint Strategic Plan against counterfeiting and infringement, and provides other assistance in the coordination of intellectual property enforcement efforts. The first IPEC was appointed in December 2009. The Committee again urges the Administration to provide a detailed plan to keep the office staffed with permanent full-time equivalents, appropriate resources, and a travel budget. This plan will assist the Committee in determining what funding levels are necessary to meet the objectives of the PRO-IP Act.

The Committee supports funding the IPEC at the level necessary to enable the IPEC to fully execute his statutory duties.

OFFICE OF INFORMATION AND REGULATORY AFFAIRS

The Office of Information and Regulatory Affairs (OIRA) implements executive regulatory oversight activities under Executive Order 12866 (Regulatory Planning and Review), and Executive Order 13563 (Improving Regulation and Regulatory Review), among other authorities; reviews collections of information from the public; provides guidance concerning the acquisition, use and management of federal information resources; and, coordinates policy direction on federal statistical activities. In recent years, concerns have grown that OIRA may not have sufficient staff and resources to fully execute all of its duties.

The Committee supports funding OIRA at the level necessary to enable it to execute fully its statutory and other duties.

FEDERAL TRADE COMMISSION

BUREAU OF COMPETITION

The Federal Trade Commission's Bureau of Competition shares jurisdiction to enforce the nation's antitrust laws with the Antitrust Division of the Justice Department.

The Committee supports funding the Bureau of Competition at a level necessary to accomplish its mission.

OTHER ENTITIES

ADMINISTRATIVE CONFERENCE OF THE UNITED STATES

The Administrative Conference of the United States (ACUS) is an independent, nonpartisan agency that was created to analyze the federal administrative law process and to provide Congress, the President, the Judicial Conference of the United States, and federal agencies with recommendations and guidance.

The Committee supports funding ACUS at a level necessary to accomplish its mission.

COMMISSION ON CIVIL RIGHTS

The Commission on Civil Rights was established by the Civil Rights Act of 1957 (Public Law No. 85-315), to serve as a bipartisan, fact-finding agency to investigate and report on the status of civil rights, and inform the development of national civil rights policy. The Committee will examine the continuing mission of the Commission and its ability to perform core functions in its current configuration and level of funding.

The Committee supports funding the U.S. Commission on Civil Rights at levels necessary to perform its mission.

COPYRIGHT OFFICE

The U.S. Copyright Office is required by statute to independently advise Congress, the judiciary, and other federal agencies on domestic and international copyright law and policy; to participate in international meetings and events concerning copyright; and to conduct studies and programs related to its duties. The U.S. Copyright Office is responsible for registering copyright claims and renewals, vessel hull designs, and mask works; recording assignments and related documents; acquiring U.S. copyrighted works for possible inclusion in the Library of Congress collections; creating and making available records of copyright ownership; and providing copyright information to the public. The Copyright Office is engaged in a multi-year project to meet its responsibilities in this digital age by making necessary technological upgrades to its systems and processes. The Copyright Office is also currently engaged in implementing the recently-passed Orrin G. Hatch-Bob Goodlatte Music Modernization Act of 2018 (Public Law No. 115-264). The Copyright Office is funded, in part, through the collection of fees received for services rendered.

The Committee supports funding for the Copyright Office at a level necessary for the Office to accomplish its various missions and necessary technology upgrades independent of the Library of Congress.

LEGAL SERVICES CORPORATION

The Legal Services Corporation (LSC) is a non-membership, non-profit corporation established by federal statute to provide funding for civil legal assistance to low-income Americans. The Committee recognizes the importance of affording meaningful access to courts by providing low-income Americans the opportunity to have legal counsel.

The Committee supports funding LSC at its request level.

OFFICE OF GOVERNMENT ETHICS

The Office of Government Ethics (OGE) is responsible for providing the overall direction of executive branch policies designed to prevent conflicts of interest and to ensure high ethical standards. In partnership with executive branch agencies and departments, OGE develops ethics training courses and other educational materials for government employees, conducts on-site reviews of existing ethics programs, and provides advice and guidance on the Standards of Ethical Conduct for Employees of the Executive Branch. The Committee recognizes the critical work of OGE in maintaining the public's trust in government by ensuring that public officials comply with conflicts-of-interest requirements and other ethical standards.

The Committee supports funding OGE at a level necessary to accomplish its various missions.

STATE JUSTICE INSTITUTE

The State Justice Institute was established by federal law in 1984 to award grants to improve the quality of justice in State courts, facilitate better coordination between state and federal courts, and foster innovative, efficient solutions to common issues faced by all courts.

The Committee supports funding the State Justice Institute at a level necessary to accomplish its mission.

RAÚL M. GRIJALVA OF ARIZONA
CHAIRMAN

DAVID WATKINS
STAFF DIRECTOR

ROB BISHOP OF UTAH
RANKING REPUBLICAN

PARISH BRADEN
REPUBLICAN STAFF DIRECTOR

U.S. House of Representatives
Committee on Natural Resources
Washington, DC 20515

March 8, 2019

The Honorable John Yarmuth
Chairman
Committee on the Budget
U.S. House of Representatives
204-E Cannon House Office Building
Washington, DC 20515

Dear Mr. Chairman,

Pursuant to the provisions of clause 4(f) of Rule X of the Rules of the House of Representatives for the 116th Congress and Section 301(d) of the Congressional Budget Act of 1974 as amended, I am transmitting the Views and Estimates, including the Minority Views, of the Committee on Natural Resources for Fiscal Year 2020.

Sincerely,

Raúl M. Grijalva
Chairman
House Committee on Natural Resources

NATURAL RESOURCES
COMMITTEE
CHAIR RAÚL M. GRIJALVA

116th Congress
Views and Estimates
House Committee on Natural Resources Majority

Department of the Interior

Office of Insular Affairs (OIA)

The Territorial Clause of the U.S. Constitution provides Congress with powers to "dispose of and make all needful Rules and Regulations respecting the Territory or other Property belonging to the United States..." The enactment of certain federal laws has provided the Secretary of the Interior with the authority to carry out functions to improve the economic and political development of the U.S. territories of the Virgin Islands (USVI), Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands (CNMI). Congress makes annual appropriations available to the Interior Department's Office of Insular Affairs to assist in its mission to help the aforementioned U.S. territories. Additionally, annual appropriations for three former U.N. Trust Territories of the Pacific Islands, whose political relationship and funding agreements are governed under Compacts of Free Association, are carried out through the Department of the Interior's Office of Insular Affairs.

Administration of Territories: The U.S. insular areas other than Puerto Rico (American Samoa, Guam, the CNMI, and the USVI) are provided special assistance through the Administration of Territories appropriations. This Department of the Interior account also funds technical assistance to these areas, as well as the three Freely Associated States: the Federated States of Micronesia (FSM), the Republic of the Marshall Islands (RMI), and the Republic of Palau (RP).

The Fiscal Year (FY) 2019 enacted budget provided $100,688,000 in current appropriations, an amount which is $3.8 million above the FY 2018 enacted level and $19.8 million below the President's Fiscal Year 2019 budget request. We applaud the appropriations committees for strengthening investments in insular communities. For the FY 2020 budget, we encourage the committee to provide funding for programs to implement private sector economic development and promote sound financial management practices in the insular governments.

Territorial Assistance: The Office of Insular Affairs is intended to be the Executive Branch's primary agency for matters concerning all of the insular areas other than Puerto Rico. It is charged with providing financial and technical assistance to these areas and it is expected to be an expert on and advocate for them within the Executive Branch.

The Committee continues to acknowledge and support recommendations made by the Interior Department's Inspector General and the Government Accountability Office that a more coordinated effort should be made between OIA and other federal grant-making agencies on issues of common concern relating to insular governments. Some of the ongoing concerns are single audit reports, high-risk designations, and deficiencies in financial management systems and practices.

The technical assistance program is one of OIA's most useful programs because it provides insular governments with relatively small amounts of assistance for projects of all kinds on a discretionary basis. The program allows each government to identify pressing needs and priorities and develop action plans to mitigate these problems, which OIA then funds. A major focus of the program has been to help insular governments improve the productivity and efficiency of government operations.

The Committee supports an increase to OIA's Technical Assistance account to provide more assistance to insular governments to establish sound financial management systems, improve accounting systems, and promote stable economic development.

American Samoa Government Operations: In addition to having to recover from the effects of a devastating tsunamis and typhoon in recent years, American Samoa, like the other territories, continues to face serious economic challenges. The Committee continues to recognize that the American Samoa government is working towards establishing a healthy financial position. However, continued pressures on the local government should be considered in funding decisions.

The Committee believes that maximum consideration for funding should be given to those governments that are under federal court orders and consent decrees for compliance or violations of federal environmental laws. Additionally, the Committee has growing concerns that a significant amount of Capital Infrastructure Project funding appropriated in previous fiscal years remains either unspent or unobligated.

Compacts of Free Association: Funding to the FSM, RMI and RP are almost entirely met through permanent, indefinite, or mandatory appropriations. The Committee has supported the President's budget in previous years for the mandatory and other federal services requests in accordance with the different negotiated agreements.

Bureau of Indian Affairs (BIA)

The Bureau of Indian Affairs (BIA) provides services to approximately 1.9 million American Indians and Alaska Natives that are members of the 573 federally recognized American Indian tribes and Alaska Native Villages in the United States. The BIA is also responsible for the administration and management of 55 million surface acres and 57 million acres of subsurface mineral estate held in trust by the United States for American Indians, Indian tribes, and Alaska Natives. The mission statement of the BIA is "to enhance the quality of life, to promote economic opportunity, and to carry out the responsibility to protect and improve the trust assets of American Indians, Indian tribes, and Alaska Natives."

The United States' relationship with Native American tribes reflects centuries of history enshrined in treaties, as well as hundreds of years of federal policy and jurisprudence recognizing a fiduciary responsibility on the part of the United States toward Tribes. Special programs for Native Americans are derived from this trust responsibility.

The federal programs designed to uphold the federal trust responsibility should not be construed to be a handout or entitlement for the purposes of providing adequate funding for BIA and its related programs. Current funding levels across the board are woefully inadequate, and any program cuts or eliminations will only exacerbate the current hardships faced by tribes and their members.

The BIA budget must reflect its mission statement, and the federal trust responsibility to indigenous peoples, by fully funding programs and offices. Direct funding that is allotted to tribes should be increased. The BIA should also guarantee that grant-funded programs allow tribes the flexibility to spend funding on creating culturally competent programs that work for their specific communities. Establishing funding to promote the safety, financial security, social welfare, and housing for Native communities must be a priority for the BIA.

Office of Justice Services: The Office of Justice Services directly operates or funds the Division of Corrections, Division of Drug Enforcement, Division of Highway Safety, and Emergency Management Division, which oversee law enforcement, investigations, tribal courts, and detention centers. The BIA must prioritize funding the programs within this office equally, without preference to one program. Tribal justice systems include a holistic purview including law enforcement, investigations, court systems, victim assistance, and detention centers. Any deviation from funding all programs is a fast track to inefficiencies.

For FY2020, tribal courts should be funded at $83 million, with incremental increases over the next four years. Further, tribal police departments and detention centers need at least $573 million, including incremental increases of $200 million over the next five years with additional funding open to tribes in

"PL280" states. By prioritizing tribes in non-"PL280" states, tribes in "PL280" states are not provided the opportunities to receive additional BIA funding for law enforcement. The lack of funding in victim assistance and investigations is notable, and BIA must prioritize funding for these programs to drastically aid in the decrease of violence against native women and murdered and missing indigenous women.

Office of Indian Services: The Office of Indian Services facilitates support for tribal families and tribal governments by enhancing self-sufficient rights and protection of lives. This office must be funded to uphold tribal sovereignty and maintain the federal government's fiduciary responsibility. The budget must fund programs within the Division of Human Services, like the welfare assistance program at $80 million, Indian child welfare at $25 million (including on, near, and off reservation), child and family violence protection program at $43 million, and housing improvement programs at $23 million. The budget must fully fund the Division of Self-Determination Services to promote and develop tribal capacity for self-determination through training and technical assistance and increase direct tribal funding.

As was witnessed in the recent partial federal government shutdown, sustainable funding is essential to the safety of tribal roads. When federal funding is not consistently available for road maintenance projects, tribes are not able to address drastic changes to road conditions due to weather. The FY2020 budget must adequately fund programs in the Division of Transportation and the Tribal Transportation Program to ensure tribal roads are well maintained.

Office of Trust Services: The Office of Trust Services works with tribes and individual American Indians and Alaska Natives in the management of their trust lands, assets, fee to trust, natural resources, and real estate services. As the indigenous peoples of the land, tribes and individuals are often committed to a stewardship of the land and animals. With BIA funding, tribes will be able to fully use management tools for lands and natural resources. Natural resource programs should be funded at $10 million, and tribal management and development programs at $25 million.

Bureau of Indian Education (BIE)

The Bureau of Indian Education (BIE) provides education services to approximately 42,000 Indian students at 183 Bureau-funded elementary and secondary schools located on 64 reservations in 23 states. The BIE estimates that the cost to replace or repair the existing facilities in poor condition to be $1.3 billion. Additionally, the deferred maintenance backlog is estimated to be over $377 million. The Administration and Congress must prioritize funding for construction and repair of BIE schools.

At least $430 million is needed in FY202 to cover school construction and repair. Additionally, BIE facilities operations and maintenance funding must be at least $185 million; to assist in BIE school utilities as well as upkeep. Investing in BIE facilities maintenance must be a priority to ensure the deferred maintenance backlog does not increase over the next five years. Given the high cost of transportation due to rural roads on tribal lands, $73 million should be allocated for BIE student transportation systems.

It is imperative to fund the Indian School Equalization Program at $431 million to ensure adequate funding for core staff. To provide equity among BIE schools, at least $40 million should be provided for education for information technology and broadband. Software and IT infrastructure must not be an afterthought while striving to provide quality education to Native students.

Bureau of Land Management (BLM)

The Bureau of Land Management (BLM) manages more than 247 million acres of land and 700 million acres of subsurface mineral estate under the principles of multiple use and sustained yield. On its lands, BLM oversees conventional and renewable energy development, grazing, wildlife, recreation, timber harvesting, and more. BLM also manages the National Conservation Lands, which are managed primarily for conservation rather than multiple-use.

For its energy and minerals program, BLM's FY 2020 budget should make investments that promote safe and environmentally-sound energy development on public lands, consider the role of public lands in mitigating and adapting to climate change, and ensure taxpayers receive a fair return for the use of the public's resources.

Oil and Gas Program: Over the last two years, BLM has prioritized the development of oil and gas at the expense of other public land uses and, in many instances, against the desires of local communities. If BLM is going to continue its lopsided management of energy resources, at the very least the agency should implement reforms such as raising revenues by adjusting onshore royalty and rental rates, protecting taxpayers by increasing financial assurance amounts, and safeguarding our water and air by reinstituting hydraulic fracturing and methane regulations, among other long overdue changes. Furthermore, BLM should establish an oil and gas inspection fee. Unlike offshore oil and gas, where the industry pays its share for safety and production inspections, the taxpayers pay the full cost for BLM to inspect onshore oil and gas operations. Establishing inspection fees for onshore oil and gas would help provide the resources BLM needs to ensure that companies are operating safely and responsibly on public lands. The fee is estimated to generate approximately $48 million per year.

Reform of the General Mining Law of 1872: This 19th century law allows the purchase of public lands at 1872 prices and the removal of valuable minerals, including gold, silver, and uranium, from public lands without any royalty payment to American taxpayers. According to a Congressional Budget Office analysis in 2007, when gold prices were significantly lower, even a 4 percent royalty on existing claims would result in more than $300 million in proceeds to the public over a 10-year period.

Abandoned Hardrock Mine Lands Fee: According to the Environmental Protection Agency and the Congressional Research Service, there are more than 500,000 abandoned mine sites on public and private lands in the United States, with approximately 100,000 sites on BLM and Forest Service lands alone. A recent article found that more than 50 million gallons of toxic wastewater–the equivalent of 2,000 tanker trucks–flows from abandoned mines every day.[1] Cleanup of these abandoned mines is currently paid for by taxpayers rather than the mining industry, and existing funding sources are inadequate to truly address this problem. Instituting a reclamation fee for material displaced during hardrock mining operations, similar to how coal companies fund the Abandoned Mine Land Fund, would raise $1.8 billion over 10 years toward abandoned hardrock mine cleanups. Implementing this fee would lower discretionary spending on mine cleanups for which taxpayers currently foot the entire bill and provide sorely needed resources to greatly speed the reclamation of these dangerous and environmentally-damaging sites.

Renewables: Our public lands are home to some of the most plentiful wind, solar, and geothermal resources in the country, yet the administration has paid lip service to renewable energy by claiming support for an "all-of-the-above" energy strategy while simultaneously trying to drastically cut renewable energy programs and prioritize oil, gas, and coal. There is a tremendous opportunity to take advantage of the abundant renewable energy resources in western states, but BLM must have effective leadership, policy guidance, and regulations in place to support the growing U.S. renewable energy industry. Funding for renewable energy programs and staffing levels at BLM should be increased in order to build on the tremendous momentum on renewable energy generated by the Obama administration. With effective

[1]M. Brown, "50M gallons of polluted water pours daily from US mine sites." *Associated Press.* (February 20, 2019) *https://apnews.com/8158167fd9ab4cd8966e47a6dd6cbe96*

leadership and science-based policies, our public lands can propel the country's transition to a clean energy economy in a way that considers community input, protects sensitive environments, and supports job creation in local communities.

Wildlife Management and Transparency: The BLM is tasked with managing its lands for the protection of wildlife habitat, both for threatened and endangered (T&E) species and non-Endangered Species Act programs such as sagebrush habitat improvement. In BLM's FY 19 Budget request, the agency recommended combining funding streams for general Wildlife Management and T&E species management under the auspices of greater "flexibility." However, the Committee has serious concerns about the impacts such a proposal would have on management and accountability. It is already difficult to discern spending for specific programs within BLM's budget; bringing the T&E program under a funding umbrella with three other programs would only make that more difficult. This would then open the door to management inadequacies, in which T&E habitats were managed along the lines of other land management guidelines, reversing the significant work BLM has done to improve management for T&E species. The Committee strongly believes BLM should forego this consolidation in the FY 20 budget.

Grazing: The BLM administers over 20,000 grazing allotments across approximately 150 million acres. Unfortunately, data from within BLM suggests that 29 percent of this acreage has failed to meet BLM standards for rangeland health directly due to grazing, and there are reasons to believe the actual amount of grazing-degraded land is significantly higher.[2] At the same time, BLM plans to lower its already rock-bottom grazing fees from $1.41 per animal unit month (AUM) to $1.35 per AUM.[3] It is unacceptable that BLM would ask taxpayers to further subsidize an industry that is directly degrading our public lands, and even more egregious that BLM requested in its FY 19 budget request that this program receive less oversight and expedited permitting authorities under the National Environmental Policy Act (NEPA). Grazing fees should be increased to provide the necessary funding to restore degraded rangelands, and to limit taxpayer subsidies for an already heavily subsidized industry.

Outdoor Recreation: Public lands are the backbone of an outdoor recreation economy that supports millions of jobs and generates billions of dollars in economic activity. Many of these jobs go towards revitalizing rural and impoverished communities, especially those seeking to move away from the toxic legacies of extraction on our public lands. The BLM should prioritize funding towards enhancing access to public land recreation through increased funding for land acquisition. By emphasizing recreation BLM can promote activities supported by local communities that provide significant economic benefits without exposing American communities to the health and environmental impacts of extraction.

National Conservation Lands: Over the past two decades BLM's National Conservation Lands (NCL; formerly the National Landscape Conservation System) has grown into one of America's premier conservation systems, preserving nearly 15 percent of all BLM lands as National Monuments, Wilderness Areas, Wild and Scenic Rivers, and other protective designations. This system demonstrates a prioritization, by both Congress and the American people, of robust conservation and habitat protection on public lands. These protections will be especially important in the face of climate change, as protected public lands are a critical component of our national climate adaptation strategy. The Committee recommends robust funding for NCL and recommends increasing budgetary authorities for studies and land acquisition to continue to build upon this important conservation network.

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[2] https://www.peer.org/campaigns/public-lands/public-lands-grazing-reform/blm-grazing-data.html

[3] https://www.blm.gov/press-release/blm-and-forest-service-grazing-fees-lowered-2019

Bureau of Ocean Energy Management (BOEM)

The Bureau of Ocean Energy Management (BOEM) manages the development of the nation's offshore resources, including management of oil and gas lease sales and oversight of renewable energy siting on the Outer Continental Shelf (OCS).

Offshore Oil and Gas Program: In early 2017, BOEM began planning for a new Five-Year OCS Oil and Gas Leasing Program to replace the 2017-2022 Program that was approved on January 17, 2017, by the Obama administration. This has been a completely unnecessary process since lease sales are already scheduled through 2022, and has squandered taxpayer dollars and BOEM resources that the agency could have devoted to growing America's offshore wind industry, conducting additional scientific studies on our oceans and resources, or meeting other agency needs. On January 4, 2018, BOEM published the 2019-2024 Draft Proposed Program, which proposed opening up more than 90 percent of the OCS to oil and gas leasing, including the entirety of America's Atlantic, Pacific, and Arctic coasts. Many of the communities along our nation's coasts rely on clean oceans and beaches to power the tourism and outdoor recreation economies their residents depend on. Seismic testing, offshore oil and gas development, and the onshore infrastructure necessary to support offshore operations would threaten the sustainable livelihoods of these regions and is opposed by the clear majority of local residents. BOEM should immediately cease wasting taxpayer money on an unnecessary five-year program designed to expand offshore drilling to areas where it is not wanted, and instead prioritize implementation of the existing program to the best of its ability.

Offshore Renewables: American's offshore wind resources are an untapped source of sustainable, carbon-free energy and hold significant potential to power coastal regions and create new jobs. While the U.S. offshore wind technical potential is roughly double the entire country's electricity consumption, only a single offshore wind project is operational as of 2019, and no turbines are located in federal waters. In September 2016, the Department of Energy and the Department of the Interior jointly released their most recent national offshore wind strategy, which found that achieving a deployment of 86 GW of offshore wind energy by 2050–the identified market opportunity–would reduce greenhouse gas emissions, support approximately 160,000 jobs, and lead to greater energy diversity and security. BOEM should increase funding and prioritize staff for the agency's engagement with various wind stakeholders, fund additional studies of the environmental and marine impacts of offshore wind, and explore the best ways to develop a domestic offshore wind workforce and supply chain.

Bureau of Safety and Environmental Enforcement (BSEE)

The Bureau of Safety and Environmental Enforcement (BSEE) is responsible, primarily, for permitting and regulating offshore oil and gas activities and conducting oil spill response research. BSEE was created in the aftermath of the Deepwater Horizon incident and has been provided increased funding to build its inspection and permitting capabilities above those of the former Minerals Management Service.

At the same time as the Trump administration has proposed to open over 90 percent of America's oceans to risky oil and gas drilling, BSEE is working to weaken offshore safety and environmental rules that were implemented following the Deepwater Horizon oil spill. Instead of gutting critical safety rules, BSEE should focus on enforcing existing regulations, conducting sound permitting, implementing risk-based inspections, and real-time, on-shore monitoring of offshore activities.

BSEE currently collects around $65 million, or nearly a third of its budget, through inspection fees levied on production platforms and drilling rigs. Active drilling rigs are inspected approximately once a month, and a fee is charged for each inspection. In contrast, production platforms are charged a single annual fee based on the number of wells, not the number of inspections. BSEE should move to a per-inspection fee for production platforms, which would incentivize operators to keep platforms in regulatory compliance, as high-violation facilities are inspected more often.

Office of Surface Mining Reclamation and Enforcement (OSMRE)

The Office of Surface Mining Reclamation and Enforcement is responsible for ensuring that coal mining is conducted in a manner that protects communities and the environment, restoring the land to beneficial use after mining, and mitigating the effects of past mining.

Abandoned Mine Lands: We continue to support the use of Abandoned Mine Lands (AML) funds in order to accelerate abandoned coalmine cleanup and help revitalize Appalachian communities that have been hurt in recent years by the increased use of natural gas and Western federal coal for electric generation.

In addition to the AML program, the agency must receive sustained funding in order to maintain reclamation research and training programs, grant programs, and the capacity to meet regulatory responsibilities through the oversight of surface coal mining.

U.S. Geological Survey (USGS)

The mission of the U.S. Geological Survey (USGS) is to provide reliable scientific information to describe and understand the Earth, minimize loss of life and property from natural disasters, support the sustainable stewardship of land and water, and manage biological, energy, and mineral resources.

Energy and Mineral Resources & Environmental Health: In recent years, funding for Energy and Mineral Resources saw proposed increases at the expense of the Environmental Health program. While the identification and assessment of energy and mineral resources is important, so is research into the health hazards posed by natural and human-produced environmental contaminants. The continued funding of the Environmental Health mission area is crucial in informing best practices for waste management resulting from energy and mineral extraction, in addition to monitoring the health of our nation's water resources.

Natural Hazards: This mission area is the keystone of USGS, providing monitoring and early warning systems that help protect millions of Americans from earthquakes, volcanoes, and other hazards. This program must receive sustained funding to continue its vital work, and work on earthquake early warning systems should continue to be prioritized.

Climate Change Science: The USGS budget should include increased funding for climate science. Unfortunately, the Administration's last two budgets proposed to reduce the number of climate research centers and nearly abandon climate change science. We face increasingly grave effects of climate change, and federal science agencies should be expanding research programs on climate change mitigation and adaptation, not cutting them.

National Park Service (NPS)

The National Park Service Organic Act of 1916 (P.L. 64-235) established the agency with the clear mission, "to conserve the scenery and the natural and historic objects and the wild life therein and to provide for the enjoyment of the same in such manner and by such means as will leave them unimpaired for the enjoyment of future generations." Reaffirmed by the 1978 Redwoods National Park Expansion Act (P.L. 95-250), the Organic Act, above all else, directs the NPS to manage parks to conserve their natural, cultural and historic resources unimpaired for eternity. The National Park System consists of 418 units covering more than 85 million acres in every state, the District of Columbia, American Samoa, Guam, Puerto Rico, and the Virgin Islands. These areas include national parks, monuments, battlefields, military parks, historical parks, historic sites, lakeshores, seashores, recreation areas, scenic rivers and trails, and the White House. It is our responsibility to help fulfill the NPS' mission of protecting and preserving our natural and cultural resources for future generations by providing the NPS with a sound budget that meets its operational needs.

The NPS must prioritize funding for climate change within its budget to preserve and protect natural and cultural resources. Climate change continues to cause glaciers to retreat, wildlife habitat to be disrupted, and more frequent and destructive storms to batter cultural resources and park facilities. It is imperative the NPS fully understand the impacts that climate change has on its resources and how to implement adaptive measures to combat future impacts and preserve the National Park System for future generations.

Following the National Park Service's 100th anniversary in 2016, the 114th and 115th Congresses failed to make any real investment in "America's Best Idea." While the National Park Service Centennial Act (P.L. 114-289) modestly enhanced park funding and identified new revenue streams to improve visitor experience and address critical maintenance within the parks, it failed to provide the necessary funding required to ensure our national parks are ready for the next hundred years and beyond. For example, the Act precluded spending money to address the maintenance requirements of support facilities and neglected to increase the NPS' operations funding for the future costs to operate and maintain the projects that it did fund.

The American public continues to support expanding and diversifying conservation and recreation opportunities within our National Park System. Responding to a steady demand from Members of both parties, Congress rightly continues to authorize new site studies, new parks, and new memorials and commemorations that reflect the varied and changing cultures and interests of the American people. Approving these units, but then denying the agency the increased funding required to effectively plan, construct infrastructure, manage, and staff the sites is a disservice to our ancestors, ourselves, and our future generations and sets the National Parks up for failure.

Historically, the operations budget, which pays salaries and benefits and covers day-to-day business, has not kept up with the cost of inflation. In most years there is a positive adjustment to base salaries and benefits and an increase in the cost of obtaining goods and services, but the operations budget is not adjusted to account for these annual increases. The funding for these higher costs must come out of the existing budget, frequently at the expense of staffing, maintenance, and other lost opportunities that diminish the visitor experience.

Bureau of Reclamation (Reclamation)

The Bureau of Reclamation (Reclamation) is the largest supplier and manager of water in the Western United States and is responsible for constructing, maintaining, and managing water infrastructure across the 17 Western states. This infrastructure includes hundreds of dams, reservoirs, hydroelectric power plants, water reuse projects, and other associated infrastructure.

Reclamation's budget must begin to prioritize funding for new water infrastructure that is resilient to climate change. Climate change is already affecting the hydrology of the Western United States. Average temperatures are on the rise and snowpack – a major water source for the West – is declining. To properly address future challenges to our water supply, Reclamation must fund modern water infrastructure such as desalination and water reuse projects, which provide drought-proof water supplies that do not depend on the whims of our increasingly unreliable hydrology.

Reclamation's budget must also properly fund programs like WaterSMART, which has a large non-federal cost share that helps leverage limited federal dollars. WaterSMART's cost sharing activities include the Title XVI Water Reuse and Recycling Program (1:3 match), WaterSMART Grants (1:1 match), and the basin studies (1:1 match). These programs are models for doing "more with less."

Together, the Title XVI Water Reuse and Recycling Program and the WaterSMART Grants program have spurred more than $2.8 billion in non-federal funding for water supply improvements. Given that Reclamation has a backlog of $464 million for authorized Title XVI projects, current funding levels must be increased dramatically. Additionally, there is $513 million in funding needed for reuse projects eligible for funding through the Water Infrastructure Improvements for the Nation (WIIN) Act. Funding should also be prioritized for other modern infrastructure projects that promote climate change resilience such as groundwater recharge, stormwater capture, and water-use efficiency projects.

Additionally, Reclamation must increase funding to implement Indian water rights settlements and rural water projects that deliver potable water to tribal communities. Given that rural water projects are projected to take more than 50 years to complete at current funding levels, Congress should invest more in these projects to expedite project completion. Recognizing that most Reclamation projects are at, or approaching, their engineering design life, we also support robust funding levels for water project rehabilitation and maintenance needs for the Dam Safety Program.

Fish and Wildlife Service (FWS)

The U.S. Fish and Wildlife Service (FWS) provides critical management and protections for U.S. and international wildlife through the National Wildlife Refuge System, implementation of laws such as the Endangered Species Act, Migratory Bird Treaty Act, and Lacey Act, and international conservation and enforcement programs.

The Endangered Species Act (ESA) has been extremely successful in protecting wildlife in danger of extinction, preventing more than 99 percent of listed species from going extinct, including the American bald eagle and the Florida manatee. It is our responsibility to protect our natural heritage for our children and grandchildren by protecting endangered species and their habitat. The Administration is attempting to circumvent the ESA process to delist species such as the red wolf based on political motivations, rather than allow scientists to make decisions about which species need protection based on the status of the population, threats to the species, and scientifically-based recovery metrics. High-ranking political appointees in the Trump administration are suspected of using their positions and influence to meddle in scientific decisions under the ESA and alter policy outcomes, potentially harming species and certainly harming the integrity of the law, as well as the morale and reputation of the agencies charged with its implementation. Ultimately, Endangered Species Act programs have been severely underfunded for many years, limiting progress on recovery. To reverse this trend and assure recovery success, Congress should appropriate $192 million for the recovery program, more than double the FY19 amount.[4]

The National Wildlife Refuge System, which encompasses more than 850 million acres, provides necessary habitat for fish, animals, plants, and other organisms, while at the same time providing incredible recreational opportunities for hunters, anglers, and outdoor enthusiasts of all kinds. These refuges generate $2.5 billion and provide 35,000 jobs to local economies annually, returning nearly five dollars to taxpayers for every dollar invested. Unfortunately, funding for the Refuge System has remained flat for years, limiting the benefits it can provide to the American people. For example, there are 560 refuges across the United States, and in 2004 the International Association of Chiefs of Police estimated that over 800 full-time law enforcement officers were necessary to adequately cover the system. Currently, there are only 238 federal

[4] Evans et al., *Species recovery in the United States: increasing the effectiveness of the Endangered Species Act*, Ecological Applications (Jan. 2016), *available at*: https://www.researchgate.net/publication/289249207_Species_recovery_in_the_United_States_increasing_the_effectiveness_of_the_Endangered_Species_Act.

wildlife officers across the system, including those in training. Congress must increase funding to protect our public lands and native species.

In addition, the Administration's budget may eliminate the National Wildlife Refuge Fund. This fund was established to provide payments to counties and other municipalities that possess national wildlife refuges to help offset lost property tax revenue due to federal land ownership. The FY19 budget proposed to eliminate this program under the rationale that communities see enough economic benefit from proximity to refuges. Communities that support our public lands should not be penalized.

Wildlife trafficking is the fourth biggest organized criminal activity in the world and is linked to organized crime syndicates, terrorists, and insurgent groups. FWS law enforcement is critical for combatting illegal wildlife trade and trafficking. The FY19 budget proposed a drastic reduction in funding for law enforcement, which would decrease the number of special agents that work to stop domestic and international wildlife crimes. While we have made progress working with other governments and partners on the ground in Africa, Asia, and South America to make wildlife trafficking more difficult and less profitable, there is still much to be done if we hope to save elephants, rhinos, sharks, and other species from extinction.

The North American Wetlands Conservation Act (NAWCA) is a partnership-based program that leverages non-federal funds to protect, restore, and manage wetlands and associated habitats for migratory birds and other wildlife. NAWCA is one of the most cost-effective conservation programs: each federal dollar invested in NAWCA is typically matched by more than three dollars from non-federal partners at the local and state level, including corporations, private landowners, and non-profits. Since its enactment, the program has generated over $4.68 billion in partner funds leveraged by $1.6 billion in grant funds to protect nearly 30 million acres across the nation. Despite the program's demonstrable success, the President's budget has proposed cuts to the program the past two years.

Sexual Harassment

The Department of the Interior (DOI) released the results of an anonymous employee survey in 2017 that showed that harassment, including sexual harassment, is a significant problem across the DOI's bureaus. A subsequent minority committee staff report showed that the bureaus have a number of organizational risk factors that put their employees at increased risk for harassment. These risk factors include geographically isolated workplaces, homogenous workforces, and gendered power disparities, among others. DOI has made some important policy changes since the survey and staff report were released, but fully addressing the cultural issues that underpin persistent organizational harassment problems requires a major commitment of leadership over a period of years. Money, time, and personnel dedicated specifically to building and enhancing DOI's anti-harassment program are required.

Office of the Inspector General (OIG)

The Department's Office of the Inspector General, whose funding boasts a 20:1 return on investment, is underfunded. For FY2017, the most recent available data, there were 276 DOI employees for every OIG employee. Only 3 of the 23 OIGs for which the OIG has data have higher ratios: the Departments of Justice, Treasury, and Veteran's Affairs.

At the same time, the OIG has "seen a significant increase in complaints received," an increase in the percentage of complaints referred to the agency in question, and a decrease in the percentage of complaints for which the OIG initiated an investigation. Each trend indicates an under-resourced OIG.

Compounding the demand on the OIG is the number of high-profile cases it has handled and is still handling. For example, an ongoing investigation into former Secretary Ryan Zinke's role in a land deal called 95 Karrow in Whitefish, MT, reportedly led to a criminal referral to the Department of Justice (DOJ). A separate investigation into his role in a proposed casino near the Massachusetts and Connecticut border reportedly led to an active DOJ investigation into whether he lied to the OIG.

The ethics problems among political appointees at DOI did not end with Ryan Zinke's departure. Evidence is accumulating that Acting Secretary Bernhardt may have failed to honor his ethics pledge when he met with entities about issues for which he should have recused himself. Several other high-ranking DOI political appointees were lobbyists for or employees of the industries they now regulate. The complicated financial interests and lack of previous public-sector experience characteristic of many serving in the Trump Administration create a challenging environment for ethical watchdogs at Interior and across the executive branch. In this environment, a fully staffed and funded Office of Inspector General is more crucial than ever. OIG staff are hard-working and dedicated to their mission, but they cannot perform their duties to the American people without adequate resources.

Department Reorganization

Wholesale reorganizations can be smart investments that are essential to maintaining relevance, efficiency, and innovation. It is possible that the DOI reorganization that former Secretary Zinke talked about publicly since his second day in office is such an investment. But when Members of Congress have asked for a copy of the plans, DOI repeatedly refused, giving assurances that details would be made available along with the release of the proposed budget for FY2019 as required by the Office of Management and Budget (OMB). Those assurances were not honored. The then-majority's own witnesses lamented the fact that a hearing on the reorganization plan did not include a witness from DOI or a copy of the plan, including the one submitted to OMB.

The few details of the reorganization that have been disclosed through the press have raised concerns that it could be little more than an effort to weaken DOI and its bureaus by threatening funding, forcing the departure of thousands of valued employees, and putting regulated entities like fossil fuel companies in the driver's seat. Recent reports indicate the proposed regional structure concentrates power in the hands of the Deputy Secretary, and away from career experts.

Though the reorganization cannot be fully realized without approval from Congress, DOI has taken multiple steps to partially implement it. It has been used to justify significant agency actions like reassigning dozens of members of the Senior Executive Service, the rescission of an existing 100-year plan for the NPS, the ongoing hiring freeze, and the expansion of authority for the Assistant Secretary for Insular Areas, Doug Domenech.

Acting Secretary Bernhardt appears to be moving forward with the next big steps in the reorganization – proceeding with new regional boundary maps, and deciding who will run each of the regions, what their authorities will be, and how much the changes will cost the taxpayer.

Implementing what has been called the "greatest reorganization in the history of" DOI in a piecemeal fashion using existing, unrelated authorities to avoid full scrutiny by Congress will make the task of Congressional approval more difficult, if not impossible, and ultimately result in countless inefficiencies, unintended consequences, and wasted resources. A comprehensive reorganization plan and an analysis of the costs and benefits should be produced before any further funds are expended on the reorganization.

Freedom of Information Act (FOIA)

DOI has put a political appointee in charge of FOIA at DOI, released guidance that reduces the volume of information that will be released to the public, proposed regulations to choke off the flow of documents even more, and required any political appointee who shows up in a document production to have a chance to review the documents before they are released. A responsible budget would provide sufficient funds to allow the increase in FOIA requests for this administration to be filled. Instead, the administration is trying to reduce its massive backlog of FOIA requests by being less responsive. More transparency, not less, is the answer.

Department of Commerce

National Oceanic and Atmospheric Administration

The National Oceanic and Atmospheric Administration (NOAA) within the Department of Commerce provides critical information to support the American economy and protect our oceans and coasts. Unfortunately, past budget proposals from the administration have sought deep cuts to major NOAA programs, which would undermine decades of ocean and fisheries conservation. Particularly in this time of rapid climate change, we need more of the science NOAA produces, not less, to fully understand our fisheries and make informed management decisions that allow sustainable harvests as species move and ocean chemistry changes.

The National Marine Fisheries Service (NMFS) supports programs that promote productive and sustainable fisheries, restore important fisheries habitat, and conserve our protected resources such as marine mammals, sea turtles, and other marine species. In 2015, saltwater fishing generated $208 billion and supported 1.6 million jobs. Instead of decreasing NMFS's budget, as we expect the President to propose, Congress should invest in sustainable fisheries management that, in turn, results in increased profits for America's fishermen and fisherwomen. Of all the fish species under fishery management plans, approximately half have had stock assessments completed. Investing in science will lead to better data and therefore better management of fish stocks. In addition, Congress should fully fund the Cooperative Enforcement Program to effectively enforce protections for marine species and prevent the capture and sale of illegal seafood, and the Protected Resources programs to address endangered species listing and recovery efforts, as well as marine mammal and sea turtle conservation.

The National Ocean Service (NOS) is essential to the sustainable management, protection, and restoration of our ocean and coastal resources. NOS projects help support coastal economic activity and reduce the threat to life and property on our coasts. However, grant programs that address coastal management issues, such as harmful algal blooms and ocean acidification, and promote coastal resilience are under threat. Congress must increase funding to NOAA's Office of Oceanic and Atmospheric Research to help protect our nation's ocean and coastal resources from the threat of climate change and changing ocean conditions.

We need to dedicate significantly more resources to increase the resiliency of our oceans and coasts and to address the impacts of climate change now so that industries like fishing, ecotourism, shipping, and others can continue to thrive. This includes protecting important ocean habitats through sound stewardship of Marine National Monuments and National Marine Sanctuaries. Properly funding the management of these areas will help us better understand our changing oceans by giving us a baseline against which to study the true impacts of extractive activities elsewhere.

The National Sea Grant College Program provides high impact research, extension, and education across the country. Sea Grant's work promotes collaborative knowledge and science-based management of ocean, coastal, and Great Lakes resources. The partnership between federal and state governments allows for local needs to be addressed with outcomes that benefit the entire country. Federal resources that are invested in Sea Grant are matched by state and local partners, and the program has established a successful record. In 2017, the program reported $611 million in economic impact, an 826 percent return on the federal investment of $74 million. Additionally, 1,300 businesses and 7,100 jobs have been created or sustained by Sea Grant's work. The FY19 budget proposed the elimination of Sea Grant's educational programs. Congress should provide funding for Sea Grant to ensure that the program can continue to fill its essential role in coastal communities across the United States. Funding for the program should keep pace with the growing needs of coastal communities and economies.

The Marine Mammal Commission, authorized by the Marine Mammal Protection Act, provides independent, science-based oversight of all federal and international actions related to the implementation of the Marine Mammal Protection Act as well as all science, policy, and management actions affecting marine mammals. In the last budget, the President misguidedly proposed to eliminate funding for the Commission. With increasing pressures on marine mammals, from seismic testing to shifting ecosystems due to climate change, Congress must provide the funding needed for the Commission to carry out its important work and strengthen the conservation of marine mammals.

NOAA is studying its options for reorganizing and consolidating its thousands of facilities and offices across the country through its NOAA 2030 Footprint Initiative. Consolidating and updating facilities has the potential to save millions of dollars per year in operating costs, but the Committee recognizes that this must be done in a way that maximizes the mission and capabilities of NOAA and its employees.

In 2018, NOAA released a Sexual Assault and Sexual Harassment Prevention and Response policy in accordance with requirements of the FY17 National Defense Authorization Act. The Committee applauds this step and recommends that NOAA receives the resources it needs to enforce and oversee the implementation of this policy throughout the agency.

Department of Agriculture

U.S. Forest Service (USFS)

The USFS is responsible for managing America's National Forest System (NFS) in a manner that promotes forest health and resiliency, while preserving habitat for wildlife and opportunities for outdoor recreation and economic productivity.

Unfortunately, as we have heard in expert testimony before the Committee from USFS personnel and scientists, human-caused climate change is having significant impacts on our NFS lands. Higher temperatures and changing seasonal regimes and precipitation patterns are leading to increased tree mortality, outbreaks of invasive species, and increased wildfire risks. These impacts to the NFS hurt American communities through changes in wildfire patterns and because our forest lands are a primary source of clean water, clean air, carbon sequestration, flood control, and other important ecosystem services.

We need to make sure our forests are prepared to adapt to a changing world; the first step towards adaptation is for the administration to recognize the reality of climate change and incorporate it into its fiscal and operational considerations. This can be accomplished by increasing budgetary provisions for land acquisition, wilderness protection, habitat restoration, and other scientifically-based ecosystem adaptation measures.

The most evident impact of climate change on NFS lands is an increase in wildfire activity. Congress has provided USFS with numerous tools to address wildfire management, including: guaranteed funding for fire suppression at the 10-year average rate, with additional funding availability (which will come into effect in the FY 20 budget); expanded Good Neighbor Authority, increasing the role of Tribal, State, and local governments in forest resiliency projects; extended stewardship contracts; and additional tools to prioritize the most critical forest management projects by limiting environmental reviews.

With these new authorities and tools, USFS also has an additional responsibility to ensure it is prioritizing projects that will most enhance community safety and ensure a fair return for the taxpayer. Forest management projects need to be science-based, locally appropriate, and should start in the vicinity of the homes that need protection. The USFS manages over 190 million acres of federal land, far too many for active management to be an effective strategy on every acre. The USFS needs to ensure that funding for all projects, including those under the newly granted authorities, goes to protecting communities, not to offsetting costs through timber extraction and sale. The USFS also needs to promote robust funding for its own forest resiliency activities, rather than relying on outside partners under authorities like Good Neighbor. The USFS has the obligation to maintain the NFS for Congressionally mandated purposes; it cannot abdicate its responsibility to other, less qualified actors.

Similarly, newly granted "fire fix" funding should not be used to justify the dilution of USFS' other budgetary authorities. While fire suppression funds are critical for community safety, USFS programs that promote forest resiliency, such as controlled burns, help reduce suppression costs in the long run by making forests healthier. They cannot be short changed. One impetus behind the fire fix was to ensure that USFS' other critical programs, from controlled burns to recreation access and habitat protection, are not impacted by growing wildfire suppression costs. The budget should reflect those priorities, rather than following in the footsteps of an FY 19 budget that cut funding for recreation, heritage, and wilderness by over $22 million, and slashed funding for capital improvement and maintenance by over $260 million.

The House Natural Resources Committee encourages similar fiscal discretion in USFS' implementation of President Trump's Executive Order (EO) 13855, "Promoting Active Management of America's Forests, Rangelands, and other Federal Lands to Improve Conditions and Reduce Wildfire Risk." This EO sets out broad timber production goals and greatly expands some forest management programs. The Committee cautions that timber sales are not an adequate measure of forest health and that any fuels management project needs to be science-based and cost-effective. Budgetary requests relying on this EO need to reflect the prioritization of forest resiliency to protect American communities and taxpayer interests.

In the interests of safeguarding taxpayer returns, USFS should also be judicious in its request for funding towards its rewrite of protocols under NEPA and for its development of specific provisions for Alaska under the 2001 Roadless Rule. Both attempts to alter longstanding environmental policy run the risk of making changes that will costs taxpayers and damage ecosystems in the long run. The USFS should recognize that funding towards these efforts needs to result in a process that includes broad public input and stakeholder support and produces a product that benefits USFS management alongside environmental protections and fair taxpayer returns.

Across the board the Committee requests enhanced tracking of budgetary obligations, so funding can be traced to specific projects and management activities. In order for the Committee to understand the cost efficacy or protective qualities of any USFS action, we need clearer indications of where and how appropriated dollars are being spent.

Minerals and Geology Program

The mission of the USFS Minerals & Geology Management Program is to provide for the sustainable use and enjoyment of mineral and geologic resources on the National Forests. In recent years, the mission of multiple use and sustained yield has given way to a mission of extraction first. This includes accelerating the permitting process for oil, gas, and mineral extraction on Forest Service lands, and pushing through economically and environmentally un-sound projects such as reinstating mineral leases near the Boundary Waters Canoe Wilderness area. Funding in this program should not be used only for permit processing, but for managing the geological resources and abandoned mine lands that are also within the mission of this program.

Department of Energy

Power Marketing Administrations (PMA)

The four Power Marketing Administrations sell electricity primarily generated by federally-owned hydropower projects. Preference in the sale of power is given to public entities and electric cooperatives. Revenues from the sale of federal power and transmission services are used to repay all related power costs. The Committee will pay particular attention to spending on environmental mitigation programs, physical and cyber security planning, and ongoing efforts to update hydropower operations to ensure compliance with our nation's bedrock environmental laws.

House Natural Resources Committee Republicans
Ranking Republican Rob Bishop
Fiscal Year 2020 Budget Views and Estimates
Dissenting and Additional Views
March 7, 2019

Department of Health and Human Services

Indian Health Service (IHS)

Tribal Healthcare. Committee Republicans are extremely alarmed that the Majority has neglected to include or even mention funding or a plan to address the federal government's trust responsibility to deliver, in accordance with the Snyder Act and the Indian Healthcare Improvement Act, healthcare to the approximately 2.2 million American Indians and Alaska Natives (AI/ANs) eligible for such care. The Indian Health Service (IHS) serves as the principal federal agency charged with raising the physical, mental, social, and spiritual health of AI/ANs to the highest level. The IHS received more than $5 billion in discretionary funding appropriated by Congress in FY2019.

From 2010 through 2018, Republicans in Congress exceeded the Obama Administration's budget request for the IHS after Indian Country called for increased funding and improved services. Despite these large spending increases, the IHS was added to the Government Accountability Office's high-risk list in 2017. After throwing the permanent reauthorization for the Indian Health Care Improvement Act into the Affordable Care Act in 2009, the Obama Administration seemingly forgot to properly manage the IHS. If this Committee truly wishes to save AI/ANs from high rates of mortality and needless suffering, oversight of IHS and its funding is paramount and major legislative reforms, such as those reviewed by the Committee in the previous Congress as H.R. 5874 (Noem), Restoring Accountability in the IHS Act, should be considered. Paying lip service to tribes on this important issue won't reduce disparities in Indian Country.

Department of the Interior

Bureau of Land Management (BLM)

Multiple-Use and Sustained Yield Mandate. Setting budget priorities that promote sound, multiple-use management of BLM lands will significantly contribute to the following goals: increased energy and resource security, sustainable livestock grazing, ample opportunities for outdoor recreational activities, job creation, economic growth, reduced deficit spending, and increased national security. The BLM under the Obama Administration often succumbed to outside pressure from environmental interest groups to convert its multiple-use mandate into one focused solely on preservation, a mission better aligned with the National Park Service. The Republicans support various administrative steps taken by the Trump Administration to appropriately return the BLM to the promotion of the multiple-use and sustained yield mandate provided for under the Federal Land Policy and Management Act of 1976.

Land Acquisition. BLM needs to provide balanced management of the 245 million surface acres and 700 million subsurface acres already in its care. With the agency's current fiscal challenges managing its existing surface and mineral estate, BLM must forego further land expansion and therefore funding for that purpose should be reduced. Throughout the West, BLM ownership and policies should not be an obstacle to the growth and prosperity of neighboring communities whose viability depends on responsible access to existing federal land. The Republicans recommend that Congress fund a BLM searchable online database of all lands that have been identified for disposal. The Republicans note that lands identified for disposal do not typically contain the presence of endangered or threatened species, cultural or historic resources, mining claims, mineral leases, rights-of-way, or grazing permits. Further, lands are identified that may have recreation and public purpose use to the local community including public schools, fire stations and other public needs.

National Monuments. The Republicans support funding the work of the Trump Administration to identify previously declared national monuments that are suitable to be rescinded or reduced in size and support funding for these activities. Recent progress in this effort included a review of 27 monuments and, with the support of local stakeholders, reframing the boundaries of two BLM monuments to the "smallest area compatible with the proper care and management of the objects to be protected" as required under the Antiquities Act.

Onshore Oil and Gas Development. For too long, delays in the federal onshore oil and gas leasing and permitting process have discouraged investment on federal lands. Funding to streamline the leasing and permitting process for onshore oil and gas production and expand access to federal lands for responsible development will increase revenues from bonus bids, rental payments, royalties and fees for the U.S. Treasury and for States with energy development within their borders. These revenues are used by the States to support schools, infrastructure projects and environmental restoration.

Onshore Renewable Energy Development. There is a significant disparity in the share of renewable energy production on federal land relative to non-federal land. The current solar and wind leasing and permitting process discourages the development of renewable resources on federal lands, and the Republicans support funding to streamline the regulatory process to expand onshore renewable development.

Energy Development on Alaska's North Slope. The Tax Cuts and Jobs Act of 2017 authorized oil and gas exploration and development in the limited 1002 Area of the Arctic National Wildlife Refuge. Responsible development of these areas will generate significant revenue for the State of Alaska and the federal government. Further, Republicans support funding that prioritizes development in the National Petroleum Reserve in Alaska by streamlining oil and gas permitting, improving infrastructure and increasing land access in the North Slope region.

Federal Coal Leasing Program. Under the Obama Administration, the Department of the Interior imposed a moratorium on new coal leases until a Programmatic Environmental Impact Statement

(PEIS) was completed. The new PEIS sought to include impacts on climate change and the "social cost of carbon." The Republicans support former Secretary Zinke's March 2017 Secretarial Order 3348 overturning the 2016 moratorium, and support funding a robust domestic coal leasing program to sustain jobs and affordable electricity for American citizens.

Abandoned Hardrock Mine Reclamation. There is currently no centralized federal program for the reclamation of abandoned hardrock mines. A conglomeration of agencies, including the Environmental Protection Agency, BLM, and U.S. Forest Service, conduct abandoned hardrock mine reclamation, but there remains a very strong need for a centralized program. The Republicans support legislative proposals, including a pilot program, to allow interested third-parties to conduct mine reclamation in exchange for limitations on environmental liabilities. This would both save funding for other priorities while expediting environmental cleanups.

Bureau of Ocean Energy Management (BOEM)

Offshore Energy Development on the Outer Continental Shelf (OCS). In 2017, the Trump Administration announced the development of a new National OCS Oil and Gas Leasing Program. The Republicans support the implementation of a more robust leasing schedule, including in offshore planning areas with energy resources that have not yet been tapped. Expanding access on the OCS will result in increased revenues from bonus bids, rental payments, royalties and fees for the U.S. Treasury and certain Gulf States.

Offshore Wind Development. The Republicans support funding the development of a stronger and more streamlined OCS wind leasing structure within BOEM as well as additional lease sales for OCS wind energy development. Expanded lease sales will result in significant revenues for the U.S. Treasury from bonus bids, as evidenced by the December 2018 lease sales resulting in $405 million in bonus bid payments. The Republicans also support amending the Outer Continental Shelf Lands Act to authorize offshore wind development for U.S. territories, providing an additional source of revenue and energy for these communities who often must depend on fossil fuels for energy.

National Park Service (NPS)

Deferred Maintenance Backlog. NPS estimates its deferred maintenance backlog sits at nearly $12 billion. Despite agency efforts to address the backlog through improved asset management, it grew substantially over the past decade. The Republicans support new and innovative ideas for tackling the backlog including: increasing concession opportunities, expanding use of historic leasing, establishing additional public-private partnerships, studying the potential for tolling in certain areas, and modernizing the collection of entrance and recreation fees. The Republicans are pleased with the Trump Administration's proposal to utilize revenue generated from energy development on federal lands to complete critical deferred maintenance projects, and will be working to advance related reforms through Congress.

Centennial Challenge Fund. The passage of the National Park Service Centennial Act (Public Law 114-289) ushered in a new era of public-private partnerships and funding for national parks. Two funds established by the Act, the National Park Centennial Challenge Fund and the Second

Century Endowment for the National Park Service, have begun to receive funds from sales of the America the Beautiful senior pass to improve visitor access and address deferred maintenance. The National Park Foundation utilizes these funds to leverage private donations to complete important parks projects and ease the burden on the American taxpayer. The Republicans support providing additional discretionary appropriations for the Centennial Challenge Fund.

Fish and Wildlife Service (FWS)

Ensuring Successful Recovery of Species Under the Endangered Species Act. The original intent of the Endangered Species Act of 1973 (ESA) was to create federal policies and actions to recover the endangered or threatened species. Republicans are concerned that the ESA has been used more as a litigation tool to prevent the building and upgrading of public infrastructure and halting environmentally conscious grazing and forestry practices than it has been used to recover, down-list and delist species the ESA was intended to protect. Republicans are further concerned that the two agencies tasked with implementing the ESA, the U.S. Fish and Wildlife Service and the National Marine Fisheries Service, are not harmonized in their application of the statute and routinely take actions that are duplicative or contradict each other. Republicans support funding to meet the goal of species recovery under the ESA and to further coordinate among the implementing agencies.

United States Geological Survey (USGS)

Critical and Strategic Minerals. The U.S. has become increasingly dependent on foreign sources of mined materials essential to our national and economic security. Recently released Mineral Commodity Summaries from USGS indicates that in 2018, 48 nonfuel minerals required imports at a rate of 50% to meet U.S. demand, with 18 of those being 100% imported. Notably, most high-tech equipment – from smart phones and laptops to wind turbines and solar panels – require certain strategic and critical minerals to function. The Republicans support continued funding for Administrative efforts to ensure a reliable domestic supply of critical minerals.

Office of Surface Mining, Reclamation, and Enforcement (OSM)

Abandoned Mine Funds Priorities. Thousands of inactive coal mines, abandoned before the era of modern regulation, can be found across the U.S. These sites have no living responsible party and pose safety and health risks or environmental hazards to nearby communities. In an effort to address the nearly $10.5 billion in remaining Abandoned Mine Lands (AML) cleanup sites, the Republicans support "Good Samaritan" legislation to allow non-governmental entities to assist with AML cleanup such as the Community Reclamation Partnerships Act. This will save taxpayer dollars while ensuring more rapid mine cleanups.

Department of Agriculture

U.S. Forest Service (USFS)

Wildfires and Forest Health. The health of the National Forest System (NFS) continues to decline. Almost 80,000,000 acres of NFS land are in urgent need of treatment to reduce the risk of catastrophic wildfire, the spread of invasive species, and threats to watershed health. The poor health of the NFS has many adverse effects on rural communities, whether it is the closure of sawmills due to a lack of proper timber management by the NFS, or poor water quality due to runoff caused by catastrophic wildfires. Republicans support continued funding to address forest health and prevention and control of wildfires.

Expand Access to Federal Land for Timber Harvest. Timber harvest rates on federal land have declined for nearly 30 years. As a result, the States and localities that depend on their share of timber receipts have been shortchanged the funding they expected for schools and other local priorities. Increased timber harvests will generate economic growth in localities throughout the country and increase receipts to the federal government, States and localities. Republican support funding to expand access for timber harvests on federal land.

Land Acquisition. Given the lack of active management on forest lands within USFS's existing responsibility, the Republicans do not support funding for acquiring additional lands because basic stewardship responsibilities go unmet on the 193 million acres managed by USFS.

Litigation Costs. The Republicans are concerned that litigation adversely affects the ability of USFS to properly manage its land. Over the last several Congresses, the Committee heard repeated testimony about how needless litigation and the fear of litigation cause USFS to avoid engaging in necessary stewardship activities. The Republicans support binding arbitration as an effective means to streamline litigation against USFS and reduce litigation costs within USFS budget. The Republicans are concerned that USFS, faced with serious threats to forest health from fires, beetle infestations, and the demise of significant local wood products-based employment is not properly addressing the challenges facing rural America. If properly managed, national forests can contribute to our national well-being, while providing economic opportunities that flow to surrounding communities and keep the forests healthy and productive.

Department of Energy

Power Marketing Administrations. The four Power Marketing Administrations' (PMAs) core missions are to deliver hydropower generated at federal dams to wholesale power customers at the lowest cost consistent with sound business principles. Since these agencies are largely ratepayer-financed, the Republicans will closely monitor the PMAs activities to ensure that ratepayers will not bear any undue costs over this and coming fiscal years.

Multi-Agency Priorities

Efficient Environmental Permitting to Support New Public Infrastructure. As the Administration and Congress work to craft and fund a comprehensive public infrastructure package, Republicans would urge a broader application of reforms in the FAST Act and MAP 21 to ensure that critical public infrastructure projects can be constructed or repaired expeditiously for the benefit of the American people.

ELIJAH E. CUMMINGS, MARYLAND
CHAIRMAN

ONE HUNDRED SIXTEENTH CONGRESS

JIM JORDAN, OHIO
RANKING MINORITY MEMBER

Congress of the United States

House of Representatives

COMMITTEE ON OVERSIGHT AND REFORM

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March 8, 2019

The Honorable John Yarmuth
Chairman
Committee on the Budget
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairman Yarmuth:

Pursuant to § 301(d) of the Congressional Budget Act of 1974 and House Rule X, clause 4(f), I am submitting the enclosed Views and Estimates, including Minority Views, of the Committee on Oversight and Reform for the fiscal year 2020 budget.

If you have any questions, please contact Jason Powell with my staff at (202) 225-5051.

Sincerely,

Elijah E. Cummings
Chairman

Enclosure

cc: The Honorable Steve Womack, Ranking Member
Committee on the Budget

The Honorable Jim Jordan, Ranking Member
Committee on Oversight and Reform

Budget Views and Estimates for Fiscal Year 2020
Committee on Oversight and Reform
U.S. House of Representatives
116th Congress
The Honorable Elijah E. Cummings, Chairman

March 8, 2019

The Committee on Oversight and Reform offers these Views and Estimates on the fiscal year (FY) 2020 budget pursuant to § 301(d) of the Congressional Budget Act of 1974 and House Rule X, clause 4(f).

The Budget and Accounting Act of 1921, as amended, requires the President to submit a consolidated federal budget to Congress at the beginning of each regular session of Congress. Specifically, under 31 U.S.C. §1105(a), the President is required to submit the budget—which contains budgetary proposals, projections, and other required reports—to Congress no later than the first Monday in February.[1]

The Trump Administration has failed to meet the statutory deadline for the submission of the FY 2020 budget to Congress. Because it has not been submitted, the Committee was unable to review the budget during the preparation of these Views and Estimates. Therefore, this document comments on funding and initiatives expected to be included in the President's FY 2020 budget.

Last year, President Trump's budget called for devastating cuts to programs that benefit the middle class and less fortunate Americans and undermined our nation's commitments to education, research, and other critical engines of economic prosperity. There are indications that this year's budget will no different.

On February 25, 2019, Office and Management and Budget Acting Director Russ Vought wrote that the President's 2020 budget will include "a 5 percent reduction to non-defense discretionary spending, by means of one of the largest spending reductions in history."[2] This comes in the wake of the largest tax cut in American history, the vast majority of which benefits corporations and the wealthiest Americans while increasing the nation's deficit by 1.5 trillion dollars. The Committee opposes cuts to programs like Medicare and Medicaid and other cuts that would undermine vital programs and projects and weaken the safety net for the most vulnerable Americans.

[1] Congressional Research Service, *The President's Budget: Overview of Structure and Timing of Submission to Congress* (Feb. 9, 2016) (online at www.crs.gov/Reports/R43163?source=search&guid=8dc310dee3354ef4a76ae29a08c94137&index=1).

[2] *Congress Must Join the President in Cutting Spending*, Real Clear Politics (Feb. 25, 2019) (online at www.realclearpolitics.com/articles/2019/02/25/congress_must_join_the_president_in_cutting_spending_139568.html).

Prescription Drugs

The Committee's most important health care priority for the 116th Congress is investigating the actions of drug companies in raising prescription drug prices in the United States, as well as the effects of these actions on federal and state budgets and on American families. The Committee supports efforts to lower drug prices, but opposes proposals that have the effect of increasing costs to beneficiaries, including in the form of higher out-of-pocket costs or premiums. The Committee also opposes efforts to cut funding for federal agencies or health care programs that enhance Americans' access to prescription drugs, including the Affordable Care Act (ACA) and Medicaid.

Office of National Drug Control Policy

The Office of National Drug Control Policy (ONDCP) was reauthorized during the 115th Congress by provisions that were enacted into law as part of the SUPPORT for Patients and Communities Act. Many of the provisions included in the reauthorization derived from H.R. 5925, the Coordinated Response Through Interagency Strategy and Information Sharing Act (CRISIS Act), which was bipartisan legislation developed by the Committee.

Among other critical reforms, the SUPPORT Act strengthens ONDCP's authority to coordinate the national response to the drug crisis, which claimed more than 70,000 lives in 2017. The SUPPORT Act also requires ONDCP to report whether drug control program agency budgets are adequate to achieve the goals of the National Drug Control Strategy, and it requires the compilation of essential data on overdoses, deaths, and interdictions in a data dashboard so the American people have a clear, accessible picture of the effectiveness of efforts to combat the drug crisis. Further, the SUPPORT Act creates a Demand Reduction Coordinator position, parallel to the existing Interdiction Coordinator, to strengthen demand reduction initiatives, including efforts to expand treatment.

The SUPPORT Act authorizes $18.4 million per year to fund the operations of ONDCP and $25 million per year to enable ONDCP to respond to emerging drug threats and carry out a comprehensive media campaign. The Committee urges that funding for ONDCP be appropriated in the full amounts authorized by statute.

The Committee strongly opposes any effort by the Administration to move the High Intensity Drug Trafficking Areas (HIDTA) or the Drug-Free Communities (DFC) program out of ONDCP. These programs are successful in their present configuration within ONDCP, and the SUPPORT Act makes administration of the HIDTA and DFC programs an explicit responsibility of ONDCP.

The Committee believes that access to treatment and wrap-around services for individuals with substance use disorders must be significantly expanded and that such an expansion requires the provision of sustained, predictable, long-term funding.

The Committee strongly opposes efforts to defund, weaken, or sabotage the ACA. The ACA requires coverage for substance use disorders and mental health treatment—requirements that need to be strengthened rather than weakened.

The Committee opposes efforts to undermine the Medicaid program. Medicaid is the country's largest financer of behavioral health services, including substance use disorder and mental health services.

The Committee supports expansion of coverage of evidence-based Medication Assisted Treatment programs and will continue to work to increase access to Naloxone and to reach a negotiated fixed price for this life-saving opioid overdose-reversal drug.

Postal Reform

The financial condition of the Postal Service remains fragile. At the end of FY 2018, the Postal Service's total liabilities exceeded its assets by $63 billion. It continues to default on payments due for amortization of unfunded health and pension liabilities and the normal cost of retiree health benefits. First class mail volume, the primary source of revenue for the Postal Service, has declined, and that trend is expected to continue.

Despite its financial challenges, the Postal Service has been able to reduce some of the impact of the decline of first class mail through increased volume in its shipping and package services, though the rate of increase slowed in the last fiscal year. The Postal Service's long-term financial stability depends on the enactment of legislative reforms.

Last Congress, the Committee passed a bipartisan postal reform bill, H.R. 756, introduced by then-Chairman Chaffetz, then-Ranking Member Cummings, and other Committee Members. Unfortunately, that bill did not receive a vote on the House floor. The Committee is committed to addressing the Postal Service's financial stability and will work to pass postal reform legislation during the 116th Congress.

The Postal Service's financial stability also would be improved through the issuance of the Postal Regulatory Commission's rule on the ratemaking system. The Commission recently determined that the Postal Service's current system has not achieved the objectives of the 2006 Postal Accountability and Enhancement Act, including medium-term and long-term financial stability. It issued a proposed rule that would allow the Postal Service to raise rates on market-dominant products by no more that 3% above the inflation rate. A final Rule has yet to be issued.

Census

The Decennial Census is a once-a-decade, constitutionally-mandated cornerstone of our democracy. The Census affects every single person, and the data is used to apportion seats in the House of Representatives, allocate billions of dollars of federal funds, and inform the investment decisions of private sector entities.

The Committee strongly opposes attempts to underfund and politicize the Decennial Census. The Committee opposes the last-minute addition of an untested citizenship question to the Census that will affect the accuracy, cost, and fairness of the Census. The Committee will continue to work to ensure that the Census is administered in an apolitical manner without efforts to bias the process against immigrant and minority communities.

The President's proposed increase in funding for the Census Bureau in FY 2019 was insufficient, particularly given the chronic underfunding it has experienced in recent years and recent testing cuts. Historically, the Bureau's funding increased significantly in the years approaching the end of a decade to accommodate the necessary ramp up in operations, testing, and hiring for the decennial census. Further, the cost per household has increased over time alongside a decrease in census self-response. The Administration's proposed FY 2019 budget of $3.8 billion did not adequately account for the needed ramp-up, security testing, and other necessary costs. It is critical that the Census is adequately funded, ready and able to complete a fair and accurate count.

Federal Workforce

The Committee has primary jurisdiction of governmentwide personnel agencies including the Merit Systems Protection Board, the Office of Special Counsel, the Office of Government Ethics, the Federal Labor Relations Authority, and the Office of Personnel Management (OPM).

The Committee oversees OPM's administration of the Federal Employees Health Benefits Program (FEHBP) and the federal retirement programs, the Civil Service Retirement System, and the Federal Employees Retirement System. The Committee also has jurisdiction over the Federal Thrift Savings Plan administered by the Federal Retirement Thrift Investment Board.

Federal workers provide vital services to the American people including protecting our homeland and borders, ensuring the safety of our air, water, and environment, researching cures for deadly diseases, and conducting search and rescues during natural disasters.

Over the last ten years, the federal workforce has been subjected to relentless attacks on their pay and benefits. Federal employees have sacrificed about $200 billion to help reduce the federal deficit and fund other government programs. They have endured a three-year pay freeze, furloughs due to sequestration, increases in retirement contributions, and furloughs due to shutdowns, the most recent of which was the longest in our nation's history.

The Committee strongly supports efforts to increase the pay of federal workers to mitigate the losses they have suffered and ensure that their pay does not continue to fall behind their private sector counterparts. The Committee supports proposals to ensure accurate and timely payment of backpay owed to federal employees as a result of the recent 35-day government shutdown. The Committee supports pay equity between military members and the civilian employees who oftentimes work alongside each other. The Committee supported H.R. 790, the Federal Civilian Workforce Pay Raise Fairness Act of 2019, which passed the House on January 30, 2019. The Committee urges the Senate to act on the bill.

The Committee strongly opposes proposals to cut the pay and benefits of hardworking middle class employees. It would be unfair to impose additional financial burdens on federal employees in order to pay for $1.5 trillion in tax cuts for millionaires and corporations. Rather than strengthening the federal workforce and making the federal government the model employer, such proposals would decimate the civil service and endanger agency missions. The Committee may seek to reverse previously implemented cuts.

More than 8 million employees, retirees, and their families depend on affordable, quality healthcare through the FEHBP. The Committee opposes proposals to reduce the federal government contribution rate for employee healthcare premiums or voucherize federal healthcare benefits. The Committee will work to ensure that OPM limits increases in healthcare premiums and drug prices.

The Committee opposes proposals to jeopardize the pensions of more than 2 million federal employees who dedicate their lives to public service, including those that would increase employee contributions or eliminate pensions for existing or new employees. The Committee opposes proposals that would decrease the interest rate earned by the Thrift Savings Plan government securities investment fund.

The Committee opposes proposals to change the current federal personnel system (the General Schedule system) into a pay-for-performance system. The Department of Defense tried unsuccessfully to implement a pay-for-performance system, the National Security Personnel System, but Congress terminated it because of concerns regarding inconsistent application, lack of transparency on performance appraisal ratings, lack of stakeholder involvement, and pay inequities.

The Committee is supportive of hiring improvements as long as merit-based selection for the civil service is preserved. The Committee opposes efforts to expedite dismissal processes that would infringe on due process rights designed to protect whistleblowers and those who are wrongly accused.

The Committee strongly supports increasing federal agency budgets to provide for managerial and employee training. Mission-critical skills gaps at federal agencies have been included on the Government Accountability Office's High Risk List since 2001. GAO and OPM have identified skills gaps in government occupations in the fields of science, technology, engineering, mathematics, cybersecurity, and acquisitions. The high percentage of retirement-eligible employees is contributing to gaps in leadership and institutional knowledge. Approximately one-third of permanent federal employees will be eligible to retire in the next five years.[3] The Committee believes federal agencies need to improve employee training in areas related to ethics, sexual harassment, equal employment opportunity, and whistleblower retaliation.

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[3] Government Accountability Office, *High-Risk Series: Substantial Efforts Needed to Achieve Greater Progress on High-Risk Areas* (Mar. 2019) (GAO-19-157SP).

The Committee supports proposals to address the vast number of vacancies in the federal government at all levels. According to the Washington Post, many of the agency leadership positions remain unfilled to this day: "From the Justice Department to Veterans Affairs, vast swaths of the government have top positions filled by officials serving in an acting capacity – or no one at all." The Partnership for Public Service, which has tracked nominations for over 30 years, stated: "The Trump administration is slower to fill jobs and has higher turnover than any administration we have records for."[4]

The vacancies are not confined to top agency positions. For example, there are about 49,000 vacancies at the Department of Veterans Affairs, the vast majority of which are within the Veterans Health Administration, the division responsible for veterans' health care.[5]

The Committee opposes efforts to arbitrarily reduce the size of the federal workforce as part of federal government reorganizations mandated by the Administration. The Committee will press for full transparency of agency reorganizations, as well as detailed justifications for program changes, staffing reductions, or contracting out of federal functions.

Office of Management and Budget

The Office of Management and Budget (OMB) within the Executive Office of the President is responsible for coordinating the President's budgetary duties. The Committee is the primary authorizing committee for OMB and oversees OMB functions for financial management and regulatory affairs. Outlays at OMB have been relatively consistent and should continue to remain so. For FY2019, OMB received $102 million in budget authority.

Government Accountability Office

The Committee strongly supports funding for the Government Accountability Office (GAO). The work performed by GAO, which includes audits, investigations, and testimony, is invaluable for Congress. GAO identified $73.9 billion in financial benefits in fiscal year 2017—a return of $128 for each dollar invested.[6]

Office of Government Ethics

The Office of Government Ethics (OGE) is responsible for overseeing ethics in the Executive Branch. OGE needs resources to provide guidance to nominees and government employees and to provide information to Congress and the public. H.R. 1, the For the People

[4] *'It's Way Too Many': As Vacancies Pile Up in Trump Administration, Senators Grow Concerned,* Washington Post (Feb. 4, 2019) (online at www.washingtonpost.com/national/health-science/its-way-too-many-as-vacancies-pile-up-in-trump-administration-senators-grow-concerned/2019/02/03/c570eb94-24b2-11e9-ad53-824486280311_story.html?utm_term=.6d4dc2b5861d).

[5] *VA Secretary Prioritizing Job Vacancies, Offering Financial Incentives,* Stars and Stripes (Feb. 27, 2019) (online at www.stripes.com/news/us/va-secretary-prioritizing-job-vacancies-offering-financial-incentives-1.570664).

[6] Government Accountability Office, *About GAO* (online at www.gao.gov/legal/) (accessed on Mar. 3, 2019).

Act, would reauthorize OGE and provide the agency with increased authority. Additional resources would enable OGE to exercise that authority most effectively.

Office of Special Counsel

The Office of Special Counsel (OSC) investigates prohibited personnel practices, including whistleblower retaliation, receives disclosures from whistleblowers, and implements the Hatch Act. OSC has received higher numbers of complaints in recent years. In fiscal year 2018, OSC received more than 6,000 new matters and carried a backlog of 2,600 matters. OSC has reduced the cost of processing matters to from $6,127 per matter in 2009 to $4,400 in 2018. The Committee supports funding OSC at a level of $28,000,000 to allow the agency to address the increased workload. The Committee supports this requested increase in funding over the level in the continuing resolution.

Federal Acquisition

In FY 2017, the federal government spent more than $500 billion on federal contracts, representing a 6% increase over FY 2016.

With the increasing predominance of e-commerce in the private sector, the federal government is taking steps to incorporate the process into federal acquisition procedures. While this could provide administrative savings through burden reduction on federal contracting officers, it must be done in a way that would maximize competition and ensure that federal procurement statutes continue to be enforced.

Current law requires federal contractors with significant tax debts to be considered for suspension or debarment. Enforcing this law could improve compliance by contractors with tax law and help shrink what is known as the tax gap. The Committee will continue to monitor and seek to improve contractors' compliance with federal tax law through this mechanism.

Federal Real Property

The federal government continues to maintain much excess and underutilized property. Since 2003, federal real property management has appeared on the GAO High Risk List due to concerns about the reliability of real property data, the deteriorating conditions of facilities, the quantity of excess and underutilized properties, an overreliance on leasing, and building security.

The federal government could realize hundreds of millions of dollars in savings by disposing of unneeded or underutilized property, as well as by consolidating and co-locating properties to realize cost efficiencies and improve shared resources.

Unfortunately, the Public Buildings Reform Board, authorized by the Federal Assets Sale and Transfer Act of 2016, is not yet operational, and potential savings have not been realized.

Program Redundancy

Since 2011, GAO has issued annual reports on duplicative, overlapping, or fragmented programs and other areas of potential cost savings across the federal government. In its 2017 report, GAO found the federal government has already saved $75 billion from 2011 to 2016, with 82% of recommendations successfully implemented. If recommendations are fully addressed, the federal government could save an additional $61 billion. Duplicative programs present an obvious area to increase efficiency and effectiveness.

Unfortunately, GAO's ability to identify waste and duplication across the federal government is limited by poor data quality and a lack of transparency into federal government operations. Transparency into federal spending and program-level activities is essential to ensure Congress and the Executive Branch are effective stewards of taxpayer dollars. The Digital Accountability and Transparency Act (DATA) of 2014 requires standardized federal spending data. Full implementation of the DATA Act will help GAO and Congress better identify waste and inefficiencies by increasing transparency into federal spending decisions and duplicative or overlapping programs.

Federal Information Technology and Cybersecurity

The Committee supports increased funding for cybersecurity and information technology funding governmentwide and opposes cuts from the National Institute of Standards and Technology (NIST), which sets the cybersecurity standards for every government agency. A reduction in funding would jeopardize that mission. The Committee opposes cuts to cyber research and development, as such cuts would risk putting the nation at a competitive disadvantage to other nations, including our adversaries, in the development of new technology.

The Committee opposes Administration proposals to defund the Department of Homeland Security's Office of Science and Technology.

The Committee supports funding for the Technology Modernization Fund to implement the Modernizing Government Technology Act and continued investment in non-defense research and development in order to spur innovation in both the public and private sectors.

National Archives and Records Administration

The Committee strongly opposes cuts in funding for the National Archives and Records Administration (NARA). NARA is responsible for ensuring that presidential and federal records are preserved and accessible for future generations. The volume of electronic records has increased, and it is imperative that NARA have the resources necessary to process those records and provide guidance to the White House and federal agencies on records retention and transparency.

The Office of Government Information Services (OGIS), the Freedom of Information Act (FOIA) ombudsman, is funded through the budget of NARA. OGIS plays a critical role by helping mediate FOIA disputes and evaluate agency compliance with FOIA.

National Historical Publications and Records Commission

The Committee strongly supports the National Historical Publications and Records Commission Grants Program. The Commission awards competitive matching grants to help finance the nation's non-federal archives and projects to edit and publish historical records of national importance. These grants make it possible for scholars and school children to have access to the papers of the Founding Fathers and national leaders like Abraham Lincoln and Dr. Martin Luther King, Jr. These grants supported the Freedmen and Southern Society project, a documentary history in the words of emancipated slaves of the transition from slavery to freedom in the southern United States. These grants also fund projects to improve electronic archiving. Eliminating this program would negatively affect archives and historical records programs across the country and could put our national history at risk.

District of Columbia

The Committee opposes the repeal of the District of Columbia's local laws and restrictions on the District's local funds.

The Committee supports funding for the D.C. Tuition Assistance Grant Program. Congress established this program on a bipartisan basis to equalize access for D.C. students to public institutions of higher education and to stabilize and increase the District's tax base. This program continues to meet its purposes.

The Committee opposes funding for the federal private school voucher program in the District, which has not improved students' academic achievement as intended.[7] Any federal funding for elementary and secondary schools in the District should be directed to D.C. Public Schools and D.C. public charter schools, which, unlike private schools, are accountable to the public and subject to all federal civil rights laws.

The Committee supports federal funding for the Washington Metropolitan Area Transit Authority, which is critical to the operations of the federal government in the national capital region.

Immigration Enforcement and Border Security

The Committee strongly opposes the President's emergency declaration on the southern border as an illegal attempt to obtain funding that Congress refused to provide for a wall. The Committee will continue to work to ensure that border security efforts and spending priorities focus on strengthening national security and public safety in a manner consistent with due process and fundamental American values. The Committee supports funding for sufficient personnel and infrastructure at ports of entry to facilitate travel and trade while ensuring proper security vetting and interdiction of contraband. The Committee supports additional funding for

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[7] Department of Education, Institute of Education Sciences, *Evaluation of the DC Opportunity Scholarship Program: Final Report* (June 2010) (online at www.ies.ed.gov/ncee/pubs/20104018/pdf/20104018.pdf).

immigration judges and resources for those seeking lawful entry, including those seeking asylum, into the United States.

The Committee has strong concerns about the recent massive expansion of immigration detention capacity amid reports that there is little oversight or accountability for these facilities or the immigration detention system as a whole. The Committee is concerned about significant funding increases for enforcement efforts given the Administration's targeting of refugees and asylum-seekers, those eligible for Deferred Action for Childhood Arrivals, and other undocumented immigrants with no criminal records.

Environmental Protection Agency

Under the current Administration, funding for climate change programs has been substantially decreased at a time when authors of the fourth National Climate Assessment highlighted serious threats climate change poses to all aspects of our society, including infrastructure, public health, and water. It is imperative that the Environmental Protection Agency's budget for FY 20 for programs on climate change be restored to previous levels. It is also critical to re-build the workforce at the Environmental Protection Agency so it can more effectively carry out its mission and help combat climate change.

Elijah E. Cummings

Elijah E. Cummings
Chairman

Republican Views

Budget Views and Estimates for Fiscal Year 2020
Committee on Oversight and Reform

March 8, 2019

The Republicans Members of the Committee on Oversight and Reform offer these Views and Estimates on the Fiscal Year 2020 budget pursuant to § 301(d) of the Congressional Budget Act of 1974 and House Rule X, clause 4(f).

Last year, President Trump submitted a budget to Congress that kept his promise to reign in federal spending and drain the swamp. We expect the President's FY2020 budget to likewise recommend reducing or eliminating wasteful government spending and programs, as well as trim a bloated federal bureaucracy. Committee Republicans support the President's tax cuts, which put more money in the pockets of hard-working American taxpayers.

The Democrat Majority intends to depart from President Trump's blueprint to develop a Democrat budget for FY2020. If prior Democrat budgets are precedent, their FY2020 budget will call for devastating tax increases on middle-class American families. The Democrat Majority's budget will also likely further weaken our defense and national security programs by cutting mission-critical programs that protect our war fighters. Past Democrat budgets have also relied on massive accounting gimmicks to hide the true cost of their socialist agenda.

For the first time in 50 years, the Committee no longer carries the word "government" in its title. Whether this committee is called the Committee on Oversight and Reform or the Committee on Oversight and Government Reform, we have a mandate to "review and study on a continuing basis the operation of Government activities at all levels with a view to determining their economy and efficiency"[1] We have a duty to root out waste, fraud and abuse and Committee Republicans stand ready to work with the President to accomplish this goal.

The Democrat Majority has cited health care as its highest priority for the 116th Congress. While federal health care programs like Medicare and Medicaid serve an important role for American seniors and the poor, they are not immune from waste, fraud and abuse. Committee Republicans stand ready to work in a bipartisan manner to find the fraud and abuse in these programs and eliminate it.

Office of National Drug Control Policy

Committee Republicans support the prevention, treatment, and interdiction drug control efforts of the Office of National Drug Control Policy (ONDCP). Additionally, Committee Republicans support the drug-trafficking disruption and dismantling assistance that the High Intensity Drug Trafficking Areas (HIDTA) program provides to Federal, state, and local

[1] House Rule X, clauses 2.

authorities. The Drug Free Communities (DFC) program is critical to reduce illicit substance use in youths across local communities.

Committee Republicans strongly support action taken by the President to address the opioid crisis, including the President's Initiative to Stop Opioid Abuse and its focus on reducing the international and domestic illicit drug supply and drug demand through prevention, treatment, and education efforts. Additionally, Committee Republicans support the President's agenda to strengthen border security and support the law enforcement activity of federal agencies. Finally, the Republican Members support the President's efforts to strengthen interdiction efforts by equipping the relevant agencies with resources to stop drug shipments from entering the country, improve the ability to interdict and detect illicit fentanyl, heroin, and other drugs, and investigate opioid and drug smuggling and importation efforts.

Federal Workforce

The Committee has primary jurisdiction of government-wide federal personnel agencies including: Office of Government Ethics (OGE); Merit Systems Protection Board (MSPB); Office of Special Counsel (OSC); Federal Retirement Thrift Investment Board (FRTIB); Federal Labor Relations Board (FLRB); and Office of Personnel Management (OPM). At OPM, the Committee oversees the Federal Employees Health Benefits Program (FEHBP) and the two federal retirement programs Civil Service Retirement System (CSRS) and Federal Employees Retirement System (FERS). FEHBP, CSRS, and FERS are the largest mandatory budget programs authorized by the Committee.

For FY2017, the Office of Personnel Management (OPM) reported there are over two million people employed by the federal government. Committee Republicans support efforts to cultivate a civilian workforce with skills that can be applied to tomorrow's challenges. Managing such a large workforce in a consistent manner has been a challenge. In fact, human capital management in the federal government was added to the Government Accountability Office (GAO) High Risk List in 2001.

In 2018, President Trump issued three Executive Orders to enhance accountability across the federal workforce. Executive Order 13836 directs all agencies to reevaluate and, where appropriate, renegotiate the collective bargaining agreements between the agency and its employee's unions.[2] Executive Order 13837 puts a stop to unauthorized union time. Federal employees now need to seek authorization before engaging in union activity on official time. Unauthorized union time will be treated as leave without pay. Additionally, federal employees may not devote more than 25 percent of their paid time to union business or use union time on lobbying activities.[3] Finally, Executive Order 13839 provides additional flexibility for managers to discipline and remove federal employees with a history of poor performance. The order prioritizes job performance over tenure.[4] Committee Republicans support the President's

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[2] Executive Office of the President, Executive Order 13836, 83 Fed. Reg. 25329- 25334 (May 25, 3018).
[3] Executive Office of the President, Executive Order 13837, 83 Fed. Reg. 25335- 25340 (May 25, 3018).
[4] Executive Office of the President, Executive Order 13839, 83 Fed. Reg. 25343-25347 (May 25, 3018).

executive orders, which are consistent with policies pursued by Committee Republicans for several years.

The Democrat Majority and its union allies continue to stand in the way of a modern, 21st century federal workforce. Instead, the Democrat Majority and its union allies would rather keep the status quo—to the detriment of taxpayers. Federal union officials have an economic interest in keeping the status quo. According to data from the Federal Election Commission analyzed by OpenSecrets.org, during the 2018 election cycle public sector unions donated more than $15.7 million to Democrats.[5]

Committee Republicans will continue to support policies to better align compensation of federal workers with those of the private sector. At the request of the Committee, the Congressional Budget Office (CBO) released a 2017 report on options for changing the retirement system for federal civilian workers. CBO reported that on average federal employees receive a combined 17 percent higher wage and benefits package than the private sector over the 2011–2015 period. CBO found federal benefits to be 47 percent more generous than the private sector, while federal employees on average received three percent more in pay.[6] Committee Republicans will continue to pursue policies to ensure federal employees are contributing an equitable share toward the cost of their retirement.

United States Postal Service

The financial situation at the United State Postal Service (USPS) is dire. In FY2018, the USPS completed its 12th consecutive year of net losses of $3.9 billion. From FY2007 to FY2018, unfunded liabilities now total over $124 billion. Declining mail volume, increased costs for healthcare and pensions, and increased infrastructure expenses all contribute to the current financial state. The Government Accountability Office (GAO) has included the problems at the USPS on their High-Risk List for the last 10 years. Committee Republicans are determined to ensure USPS's failure to maintain a sustainable and profitable path does become a burden for American taxpayers.

District of Columbia

Committee Republicans oppose authorizing budget autonomy for the District of Columbia, which would allow the District of Columbia to spend its local funds without Congressional approval. Maintaining the Congressional review process for District laws is an important oversight function of Congress and the federal government.

Committee Republicans strongly support the continuation of the District of Columbia Opportunity Scholarship program (DCOSP) to provide access to a quality education for students

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[5] Public Sector Unions: Money to Congress available at https://www.opensecrets.org/industries/summary.php?ind=P04&cycle=2018&recipdetail=A&sortorder=U.
[6] CONG. BUDGET OFFICE, COMPARING THE COMPENSATION OF FEDERAL AND PRIVATE-SECTOR EMPLOYEES, 2011 TO 2015 (APR. 25, 2017)

of low-income families. The DCOSP is a critical component of ensuring low income families have the same opportunities to choose between public school, charter schools, and quality private schools.

Census

A decennial census is constitutionally mandated under Article I, Section 2, clause 3, as modified by Section 2 of the 14th Amendment. The 2020 Census is in the final, and most critical, phase of implementation. Funding for the 2020 Census must be maintained to ensure an accurate population count. The majority continues to pursue investigations into the addition of the citizenship question; however, such work must not detract from oversight and funding of the 2020 Census. Committee Republican support finalizing the 2020 Census questionnaire as submitted by the Secretary of Commerce on March 26, 2018. Continued uncertainty surrounding the questions drives up the cost of the census.

The Administration's FY2019 budget proposed a $3.8 billion budget for the Census Bureau, an increase of $2.3 billion over FY2017. Of this $3.8 billion request, $3 billion is planned for the 2020 Census. The Appropriations Committee has provided forward funding for 2020 Census operations ensuring 2020 Census operations continue in a funding lapse. Committee Republicans support forward funding for 2020 Census operations.

IT Modernization and Management

The federal government spends more than $90 billion annually on information technology (IT). Over 80 percent of this money is spent to operate and maintain out-of-date, legacy technology. Legacy technology is costly to maintain, insecure from modern cyber threats, and an inefficient use of agency resources. There are significant opportunities for cost savings in the federal government's approach to IT procurement and maintenance. Committee Republicans support smart deployment of budgetary resources to implement modern technology solutions.

One major problem preventing true progress toward IT modernization is that many federal agencies do not know all the hardware and software connected to their networks. Committee Republicans will join the Democrat Majority in conducting oversight of agency efforts to identify all its technology investments, recognize duplication and wasteful spending, and consolidate contracts for goods and services. Committee Republicans will continue to focus on modernized, secure, and cost-efficient spending on information technology across the federal government.

Federal Acquisition

In FY2017, the federal government spent more than $500 billion on federal contracts, with the biggest spenders being the Departments of Defense, Energy, and Veterans Affairs—with the Department of Defense spending more than all other agencies combined.

Over the past year, there have been advances in de-tangling the complex web of executive orders, regulations, and other barriers to entry, particularly at the Department of Defense (DOD). The FY2016 National Defense Authorization Act (NDAA) authorized the Advisory Panel on Streamlining and Codifying Acquisition Regulations, known as the Section 809 Panel. The Panel's goal was to take government acquisition from the "industrial age" to a "dynamic marketplace" for a growing 21st Century economy. Over the past two years, the Panel made 98 recommendations focusing on improving DOD acquisition, for the government, contractors, and taxpayers. Many of the Panel's recommendations were included in the House's FY2019 NDAA. The ideas the Panel expressed, while specific to DOD, can be applied government-wide to simplify the process, promote fiscal responsibility, and encourage small business participation.

The Administration's FY2019 budget proposal highlighted the need for increased small business participation. Small business contracts represent the single largest form of direct monetary support from the Federal Government. The contracting process includes set-asides for women-owned, disadvantaged, historically underutilized, and service-disabled veteran owned small business, encouraging development and advancement.

The Government Services Administration (GSA) has also focused on its acquisition policies in its four-year strategic plan. GSA's plan is to make access to the Government market easier, faster, and less costly. GSA plans to do this through increased innovation, creativity, and streamlining of the process. Furthermore, by making the regulatory process simpler and less burdensome, GSA can encourage greater competition by opening the government market to a wider swath of businesses. GSA's goal is to decrease regulation and increase completion to not only provide better products to Government agencies but also increase negotiating power, driving costs down and saving the taxpayers money.

Waste, Fraud and Abuse

Committee Republicans take seriously the Committee's responsibility to combat waste, fraud and abuse across the government. In previous years, the Committee shown bipartisan support for the work of Inspectors General (IGs) who play a critical role in identifying waste, fraud, and abuse government-wide. Likewise, GAO plays a role in identifying wasteful and duplicative programs across agencies. Investing in the IGs and GAO yields significant returns throughout the government and Committee Republicans their ongoing efforts.

Immigration and Border Security

Committee Republicans strongly support President Trump's plan to secure our borders and enforce our nation's immigration laws. The Democrat Majority cites health care as their top priority for this Congress, including the recent reauthorization of the Office of National Drug Control Policy (ONDCP). Addressing our nation's opioid crisis is nearly impossible if our southern border remains unsecured.

We are a nation of laws and we welcome those immigrants who make the effort to come to this country legally. However, to those who break our laws to enter our country illegally, we must assert our rights as a sovereign nation to secure our borders and enforce our laws. Committee Republicans stand ready to assist the President in pursuing strong border policies.

Jim Jordan

Jim Jordan
Ranking Member

EDDIE BERNICE JOHNSON, Texas
CHAIRWOMAN

FRANK D. LUCAS, Oklahoma
RANKING MEMBER

Congress of the United States
House of Representatives

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March 8, 2019

The Honorable John Yarmuth
Chairman
Committee on the Budget
U.S. House of Representatives
204-E Cannon House Office Building
Washington, DC 20515

The Honorable Steve Womack
Ranking Member
Committee on the Budget
U.S. House of Representatives
507 Cannon House Office Building
Washington, DC 20515

Chairman Yarmuth and Ranking Member Womack:

Please find enclosed the Majority Views and Estimates of the Committee on Science, Space, and Technology on the FY 2020 Budget Request. Thank you for your consideration.

Sincerely,

Eddie Bernice Johnson

Eddie Bernice Johnson
Chairwoman
Committee on Science, Space, and Technology

Views and Estimates of the Committee on Science, Space, and Technology on the FY 2020 Budget Request for Submission to the Budget Committee

Views and Estimates of the Committee on Science, Space, and Technology on the FY 2020 Budget Request for Submission to the Budget Committee

While it obviously is impossible to prepare a comprehensive review of the President's Fiscal Year (FY) 2020 budget request given that the FY 2020 budget request has not yet been released to Congress, we would note that in the President's FY 2019 budget request we witnessed a continued disregard for science as massive cuts were made to vital research and development (R&D) funding. Unfortunately, we again expect to see more proposed cuts in crucial funding areas like R&D, innovation, education, and technology in the FY 2020 request. We will not attempt to engage in detailed discussion of recommended funding levels for specific programs in these Views and Estimates. However, upon the release of the President's FY 2020 budget, we urge the Budget Committee, as it works to craft its Budget Resolution, to reject further cuts to civilian R&D and science and technology programs. These programs are vital to our scientific enterprise and further cutbacks would put our Nation's global competitiveness in jeopardy. We need to invest in our research agencies NASA, NOAA, NSF, NIST, DOE, EPA, and others that enhance America's economic strength, address our national priorities, advance knowledge, and inspire our youth.

Below are a few key priorities that we wanted to highlight. We hope they will be supported in the Budget Resolution presented to the House of Representatives.

Clean Energy Technologies

Department of Energy (DOE) funds a wide range of research, development, demonstration, and commercial application activities. Given the President's repeated promises to revitalize American infrastructure, and the need to transition to a clean energy economy, we believe strong investments across DOE's civilian energy activities should be a top priority. Instead, the Trump Administration has continually proposed cutting the Department of Energy's science and technology programs in its past budget requests. These proposed cuts would have significantly harmed the development of new clean energy technologies and done lasting damage to the U.S. research enterprise. Despite the proposed cuts for FY 2019, Congress provided DOE with an overall funding increase of 3.3% or $1.14 billion over its FY 2018 level.

While the Administration requested the *elimination* of ARPA-E and the Loan Programs Office (LPO), Congress provided $366 million for ARPA-E, a 3.6% increase from FY 2018, and maintained LPO's spending authority. Given ARPA-E's and LPO's strong records of success we support increased investments (in the case of ARPA-E) and increased leveraging of current statutory loan and loan guarantee authorities (in the case of LPO) going forward.

DOE's other energy technology offices received funding increases from Congress in FY 2019 despite the Administration proposing significant cuts in its request. These include the Office of Energy Efficiency and Renewable Energy, Fossil Energy R&D, and Nuclear Energy. The activities of the Office of Electricity and the Office of Cybersecurity, Energy Security, and Emergency Response were also slated for large decreases in FY 2019 by the Administration, which Congress rejected. To enhance these programs' roles in accelerating the United States toward a clean energy economy, we support continued increases to their funding well above inflationary levels.

The Trump Administration's FY 2019 request would also have cut the Office of Science's overall budget by 14% compared to FY 2018 funding levels. Yet the funding approved by Congress increased support for this Office by 5%, totaling $6.59 billion. The Office of Science is responsible for carrying out some of the most important science and energy research programs in the world. Without consistent, strong investments, the world-class user facilities and national laboratories stewarded by the Office will experience setbacks in facility construction, operations, and critical upgrades. Within the Office of Science, Fusion Energy Sciences received a 6% (or $32 million) funding increase, despite the Administration's proposal to cut this critical program by 36.1%. The ITER project, within the Fusion Energy Sciences program, ultimately received $10 million more compared to FY 2018 in contrast to a 38.5% cut proposed by the Administration, but its overall funding still failed to meet the levels that DOE has projected are required to keep this project on schedule and minimize its cost. Due to the previous shortfalls in meeting the U.S. commitments to this project, the required investment in the U.S. contribution to the ITER project is now $280 million in FY 2020, including $100 million for the cash contribution to the ITER Organization. We would strongly urge that substantially stronger support for each of these programs be in the Budget Resolution.

Strong Environmental Protection Agency

Though a few will point to the successes of the Environmental Protection Agency (EPA) in protecting public health and the environment over the past 40 years as a reason to stop pushing for stricter limits on pollution, it is important to note that these protections must be sustained with robust funding for the Agency. Maintaining clean air and water, and protecting our most vulnerable populations from environmental contaminants, is a continuing endeavor. We should be investing more in EPA, not less. America has proven that a strong economy and a healthy and safe environment are not mutually exclusive.

This Administration has sought to cut the overall budget of the Agency by over 25% in both the FY 2018 and FY 2019 proposed budget requests. The Office of Research and Development (ORD), responsible for crosscutting research programs that provide the scientific foundation for many of the Agency's regulatory actions, has seen dramatic proposed cuts from this Administration of almost 50% in both the FY 2018 and FY 2019 budget requests, with some programs proposed to be eliminated altogether. Fortunately, Congress has stepped in these past two years and rejected these drastic cuts.

The FY 2019 Omnibus Appropriations Act provided flat funding compared to the FY 2018 enacted budget for both the Agency overall, as well as the Science and Technology programs. The FY 2019 Omnibus bill also provides funding for extramural research through the Science to Achieve Results (STAR) Research Grants, which funds research that is unique to the EPA and is not funded anywhere else in the federal government.

We would urge the Budget Committee to continue on the path laid out in the FY 2019 Omnibus Appropriations Act and maintain the top-line funding for the Agency and the EPA's Science and Technology programs, while continuing to provide sustained funding for the Office of Research and Development to meet critical research needs.

Climate Change Research

Last year, the publication of the second volume of the Fourth National Climate Assessment made it clear that our climate is already changing and will affect all Americans across the country. Our coastal communities are being threatened by rising sea levels, strong storm surges, and heavy precipitation. We have seen unprecedented extreme weather events in 2017 and 2018 ranging from drought, flooding, wildfires, and record heat and cold waves, which caused billions of dollars in disaster costs annually. These events are becoming more intense and frequent due to a changing climate, and will have numerous impacts to our public health, our economy, and our society.

Though our understanding of the physical drivers of climate change has improved, there is a clear need for continued sustained funding for research at agencies such as NOAA and NASA that will help inform robust solutions to one of our nation's greatest challenges: climate change.

Civil Space and Aeronautics

The National Aeronautics and Space Administration (NASA) has long been recognized as the world leader in aeronautics and space research and exploration. We support robust funding that will allow NASA to maintain a balanced and healthy portfolio of programs in aeronautics, Earth and space science, technology development, and human spaceflight and exploration, as well as allowing investments in the infrastructure that will be required if NASA is to carry out the tasks our nation has given it.

With respect to NASA, ensuring the health of all of NASA's mission areas will require, among other things, that: scientific priorities established by the National Academies decadal surveys continue to be supported; NASA's role in educating and inspiring the next generation is maintained through its educational programs; that NASA's space technology research and development program continues to support cross-cutting mission areas; and, that any new initiatives in exploration be funded through increasing NASA's topline budget and not by robbing Peter to pay Paul.

The FY 2019 NASA budget request of $19.89 billion proposed to initiate a significant lunar exploration program by cutting high priority science and educational activities. In addition, the FY 2019 budget for NASA proposed a topline budget for NASA that was assumed to remain flat in the outyears. That approach is not one that facilitates sustainability, a much needed element of a long-term exploration program. Congress, in maintaining its strong, bipartisan support of NASA, appropriated $21.5 billion for FY 2019, a $1.6 billion increase over the enacted FY 2018 appropriation. In addition, Congress sustained funding for high-priority science and educational activities that were proposed to be eliminated in the FY 2019 budget proposal.

For FY 2020, we urge the Budget Committee to advocate for NASA funding that supports a robust, multi-mission agency, and that NASA's proposed outyear budgets reflect the resources required to maintain NASA's inspiring mission and global leadership in aeronautics, science, technology, and human exploration.

National Oceanic and Atmospheric Administration (NOAA)

The National Oceanic and Atmospheric Administration (NOAA) is responsible for collecting environmental data with its cutting-edge network of satellites and in-situ observations, and uses this data to protect life and property through weather forecasts and warnings of hazardous weather by the National Weather Service.

This Administration's last two budget requests have called for draconian cuts to the line offices within the Committee's jurisdiction, and has proposed deep cuts or complete elimination of numerous climate, oceanic, and atmospheric programs and grants. The FY 2019 Omnibus Appropriations Act provides $5.4 billion for NOAA, almost $900 million above the budget request, which includes funding for climate research, the National Weather Service, and procurement of future weather satellites.

We encourage the Budget Committee to maintain robust funding for NOAA across all line offices, especially for environmental data collection and scientific research needs to ensure the agency can continue to meet its critical mission.

It is also imperative that funding for the next generation of NOAA's weather satellites be maintained to ensure that those satellite programs remain on track for successful development and launch.

National Science Foundation (NSF)

Unfortunately, we expect another disappointing budget request for the National Science Foundation (NSF). NSF is the only federal agency to support basic research across all fields of science and engineering. At a time of increasing global competition and national urgency in critical research areas like quantum science, artificial intelligence, the future of work, and climate change, the Administration proposed a 4 percent cut to NSF for FY 2019, and an 11 percent cut in FY 2018. Congress had it right by appropriating a 4 percent budget increase for NSF in FY 2019. At a minimum, NSF should be funded at the FY 2019 level to support the cutting edge research that makes the U.S. the global leader in innovation.

National Institutes of Standards and Technology (NIST)

For two years in a row, the Administration requested significant cuts to the NIST budget. In FY 2018, it was a 24 percent cut, including a 13 percent cut to NIST's core measurement research and standards account, and complete elimination of the Manufacturing Extension Partnership (MEP) Program. There were cuts across the board, including in areas of immediate importance to U.S. competitiveness and national security. Two years in a row the Administration also proposed to slash funding for forensics research, including the elimination of funding for the Forensic Science Center of Excellence awarded in 2015, as well as funding for the Organization of Scientific Area Committees which led the forensic standards development process - even though the evidence is clear that there is much more work that needs to be done to strengthen forensic science and standards. The Administration also proposed to terminate support for three university-based testbeds under the Greenhouse Gas Measurements program, as well as for several other environmental measurements projects across NIST laboratories. The refusal to measure our changing environment doesn't mean it is not changing- it just means we won't have all the tools needed to prepare for and adapt to those changes. Even support for NIST's two major user facilities, the Center for Neutron Research and the NanoFab, was slated for cuts. We write this without an FY 2020 request in hand, but with little doubt that we will see an equally alarming budget request this year.

NIST is one of the most important but underappreciated agencies in our government. The work NIST does with its relatively modest budget yields incalculable benefits to the competitiveness of U.S. industry across all sectors while also protecting the security, privacy, safety, and wellbeing of all Americans. Any proposed cuts to NIST should be rejected. To the contrary, NIST is worthy of additional support in the Budget Resolution.

Department of Homeland Security (DHS)

DHS's Science and Technology (S&T) Directorate is responsible for providing the research and technology capabilities for the operational components of the Department. While the FY 2019 funding level of $309 million represented a 2.5 percent decrease from FY 2018, it was still a clear rebuke of the Administration's FY 2019 proposal to cut the office by 29 percent. The Countering Weapons of Mass Destruction Office (CWMD), which combined the functions of the Domestic Nuclear Detection Office and the Office of Health Affairs, received a nearly 5 percent decrease in FY 2019. S&T and CWMD carry out critical research and development programs in cybersecurity, first responder technologies, critical infrastructure resilience, threat detection, and many more areas that keep Americans safe. For fiscal year 2020, we urge the Budget Committee to provide the level of funding necessary to fully support the work of both the S&T Directorate and CWMD Office.

EDDIE BERNICE JOHNSON, Texas
CHAIRWOMAN

FRANK D. LUCAS, Oklahoma
RANKING MEMBER

Congress of the United States
House of Representatives

COMMITTEE ON SCIENCE, SPACE, AND TECHNOLOGY
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March 13, 2019

The Honorable John Yarmuth
Chairman
Committee on the Budget
U.S. House of Representatives
204-E Cannon House Office Building
Washington, DC 20515

The Honorable Steve Womack
Ranking Member
Committee on the Budget
U.S. House of Representatives
507 Cannon House Office Building
Washington, DC 20515

Chairman Yarmuth and Ranking Member Womack,

Please find enclosed the Minority Views and Estimates of the Committee on Science, Space, and Technology on the FY 2020 Budget Request. Thank you for your consideration.

Sincerely,

Frank D. Lucas

Frank D. Lucas
Ranking Member
Committee on Science, Space, and Technology

BUDGET VIEWS AND ESTIMATES OF THE REPUBLICAN MEMBERS OF THE COMMITTEE ON SCIENCE, SPACE, AND TECHNOLOGY FOR FISCAL YEAR 2020

Science and technology are essential to America's national defense and economic security. The basic research our government supports is foundational to our economic success. It allows us to stay at the forefront of cybersecurity, medical treatments, agricultural production, and technological exports.

The Republican Members of the Committee on Science, Space, and Technology will continue to build on the Committee's work over the last eight years to ensure that the United States remains the world's leader in Research and Development. This is not an easy task as we face enormous budget challenges. But it can be done. On a bipartisan basis this year Congress supported $151.5 billion in Fiscal Year 2019 for federal R&D, a 6 percent increase and the highest point ever in inflation-adjusted dollars.

Committee Republicans will seek to increase support for basic research in the physical sciences. These are the areas with the greatest potential for scientific breakthroughs that will benefit new industries and U.S. jobs. America's universities and research institutions carry out federally-funded basic and fundamental scientific research that drives new discoveries and innovations - creating new companies, new industries, more private sector jobs, and economic growth and security.

Committee Republicans support reauthorizing key federal science agencies, including the National Aeronautics and Space Administration (NASA), the Department of Energy's (DOE's) Office of Science and applied energy programs, the National Science Foundation (NSF), the National Institute of Standards and Technology (NIST), the National Oceanic and Atmospheric Administration's research, data, and weather programs, science and technology at the Department of Homeland Security, and research and development components within the Federal Aviation Administration.

Department of Energy (DOE)

- The minority seeks to prioritize basic research and science as directed in P.L. 115-246, the Department of Energy Research and Innovation Act, which was signed into law in September 2018. The minority seeks to provide researchers in all 50 states with access to world-class user facilities, including supercomputers and light sources at DOE national labs. Federal funding focused on the commercialization of energy technologies often competes with private sector funding, and rarely provides the best investment of taxpayer dollars. A more appropriate role for the federal government sponsoring basic scientific research that cannot be undertaken by industry, often carried out in universities and the DOE national labs.

- The minority supports robust funding for the DOE Office of Science account funding level in Function 250. The minority will seek to prioritize basic research in the physical sciences, with specific focus on providing funding to high performance computing, nuclear physics, high energy physics, fusion energy sciences, and investments in critical user facility upgrades across the DOE national lab complex.
- The minority supports responsible funding for the DOE applied energy research programs, prioritizing early-stage research applied research that cannot be undertaken by industry. This includes investing in user facilities and computing capabilities that facilitate the demonstration of technologies to improve the efficiency, affordability, and reliability of all forms of energy.
- The minority recognizes that nuclear power is a vital emissions-free energy source, and seeks to prioritize nuclear energy R&D in accordance with P.L. 115-248, the Nuclear Energy Innovation Capabilities Act, which was signed into law in September 2018. This legislation authorizes the construction of the Versatile Test Reactor user facility, and combines the strengths of the DOE national labs, universities, and the private sector in the establishment of the National Reactor Innovation Center. These are critical tools necessary to facilitate private sector development of advanced nuclear reactor technology, and the minority is committed to ensuring full implementation of this legislation.
- The National Quantum Initiative Act (P.L. 115-368) was signed into law by the President in December 2018. This legislation authorizes basic research in quantum information science within the DOE Office of Science, and the establishment of up to five National Quantum Information Science Research Centers. The minority supports full implementation of this legislation.
- The minority seeks to promote collaborative, interagency research partnerships that leverage DOE's world-class computing capabilities. The minority supports passage of H.R. 617, the Department of Energy Veterans' Health Initiative Act, which authorizes the continuation of the MVP-CHAMPION partnership with the Department of Veterans Affairs, and a two-year DOE pilot program to advance research in artificial intelligence, data analytics, and computational research. Through this legislation, the minority strives to further enhance DOE's computing capabilities to meet nuclear science, energy, and security mission goals of the Department.

Environmental Protection Agency (EPA) Science

- EPA funding should be reflective of the Agency's mission focus of protecting human health and the environment. Office of Research and Development resources should be focused on meeting EPA program and regional office priorities to prevent waste and promote efficiency.

National Science Foundation (NSF)

- The minority supports NSF's efforts to promote interdisciplinary research across its research directorates through the "10 Big Ideas," which are high-priority areas that integrate multiple fields of science and engineering and create opportunities to partner with industry, private foundations, other federal agencies and the education sector. Last year's budget request called for NSF to invest $60 million in two Convergence Accelerators – new vehicles to leverage resources across the agency to support the most innovative science, pursuant to the Harnessing the Data Revolution and The Future of Work at the Human Technology Frontier Big Ideas. The minority supports prioritizing funding for NSF to continue these initiatives, while maintaining core research funding in priority areas like math and physical sciences, computer information science, engineering, and biological science.
- The National Quantum Initiative Act (P.L. 115-368) was signed into law by the President last Congress. As part of the initiative, NSF is directed to carry out a basic research and education programing on quantum information science and engineering. It also provides for NSF to award grants for the establishment of Multidisciplinary Centers for Quantum Research and Education. The minority will push for full implementation of policy provisions in P.L. 115-368,
- The minority will ensure that federally funded research conducted through NSF, and all agencies, is in the national interest. Throughout its history, the NSF has played an integral part in funding breakthrough discoveries in fields as diverse as mathematics, physics, chemistry, computer science, engineering and biology. A defined "national interest" requirement and criteria, as part of the American Innovation and Competitiveness Act (P.L. 114-329), has gone a long way towards ensuring the grant-making process at NSF is transparent and accountable to the American public.

Science, Technology, Engineering, Mathematics and Computer Science (STEM) Education

- The Administration recently released its 5-year STEM strategic plan, "Charting a Course for Success: America's Strategy for STEM Education." The three guiding objectives of the plan are to (1) build strong foundations for STEM Literacy; (2) increase diversity, equity, and inclusion in STEM; and (3) prepare the STEM workforce of the future. The minority supports and applauds these objectives and looks forward to following the subsequent implementation of the plan by federal science agencies.
- The federal government invests more than $4.3 billion into 255 different programs with the primary goal of growing the STEM workforce. Despite these investments, the number of students prepared for STEM degrees, pursuing STEM degrees, and staying in STEM careers continues to lag. While the minority believes these investments are of critical importance, it is also important to ensure they are not duplicative. It should be a priority for these agencies to improve the coordination of STEM education and workforce

development activities across the Federal agencies, including disseminating the latest discoveries on what works in teaching and learning and facilitating equal access.

- Last Congress, the president signed into law the "Innovations in Mentoring, Training and Apprenticeships Act" (P.L. 115-975). The minority will push to build off this progress and continue its work to ensure the American workforce has the flexible STEM skills needed to compete in the global economy. The number of U.S. jobs that require STEM skills has grown nearly 34 percent over the past decade and is expected to continue this trajectory. To remain competitive, the U.S. needs flexible STEM-capable works at every education level. A well-educated, trained and diverse STEM proficient workforce ensures our future economic prosperity.

National Institute of Standards and Technology (NIST)

- Last Congress, the president signed into law the "National Quantum Initiative Act" (P.L. 115-368). At NIST, the bill supports basic quantum information science research and standards development and provides funds to convene a workshop to examine the development of a quantum science and technology industry. These investments will allow the U.S. to take the lead in developing global quantum standards and measures. The minority will push for full implementation of policy provisions in P.L. 115-368.
- The minority supports prioritizing NIST's core lab capabilities in the Scientific and Technical Research and Services account to support the transformation of basic research into innovations and new technologies that are critical to America's industrial competitiveness, with a focus on emerging technology areas.
- It is important that NIST remains a global leader in cybersecurity knowledge, scientific standards-setting, and research and analysis of cyber security readiness. NIST should also prioritize its fundamental and applied cybersecurity research to address key questions relating to measurement of privacy, security, and vulnerability of software tools and communication networks, which will be essential as emerging technologies like artificial intelligence and internet of things are adopted.

National Aeronautics and Space Administration (NASA)

- With President Trump's enactment of P.L. 115-10, the NASA Transition Authorization Act of 2017, the Committee has reignited America's pioneering spirit for exploration of new frontiers and worlds through reinvigoration of our space science program with the entrepreneurial drive of commercial incentives and ideas.
- The minority will push for full implementation of the policy provisions in P.L. 115-10, as well as for at least maintaining the Fiscal Year 2019 funding level established in the recent omnibus appropriations bill.
- The minority is also cognizant of the counterproductive nature of authorizing funding for NASA that Appropriators are unable to match because of other statutory limitations. The

result leaves NASA with unfunded obligations, fails to set national priorities, abdicates the responsibilities of an authorizing Committee, and sets NASA up for failure.

- NASA should maintain a balanced portfolio of programs, including Deep Space Exploration, Space Operations, Planetary Science, Astrophysics, Earth Science, and Heliophysics, and Aeronautics, while also being conscientious of expending taxpayer funding.
- NASA should ensure that the Space Launch System and Orion programs receive adequate funding to launch Exploration Mission 1 and Exploration Mission 2 on schedule.
- NASA should fully fund the commercial cargo and crew programs and support commercial low earth orbit and lunar payload development.

Department of Commerce

- The Department of Commerce should elevate the Office of Space Commerce in order to enhance its stature in interagency deliberations. The Office should be funded at no less than $5 million in order to expedite licensing of commercial remote sensing activities as well as additional responsibilities directed in the House-passed American Space Commerce Free Enterprise Act (H.R. 2809, 115th Congress).

Federal Aviation Administration (FAA)

- FAA R&D in FY 2020 should reflect a balanced portfolio of activities that appropriately prioritizes aviation safety. FAA R&D should also assist in the certification of new technologies, particularly unmanned aerial systems (UAS), into the national airspace system (NAS).
- FAA's Office of Commercial Space Transportation should be adequately funded at $21.6 million to license and permit commercial launch or reentry activities without delay. The Office should focus and prioritize its resources in order to execute these statutory responsibilities and not take on additional work beyond those explicitly tasked by Congress.

National Oceanic and Atmospheric Association (NOAA)

- Fund priority public safety NOAA Weather Research in the Office of Oceanic and Atmospheric Research at the $131.5 million authorized in P.L. 115-25, the Weather Research and Forecasting Innovation Act of 2017, in Function 300. Saving lives and protecting property must be NOAA's primary mission.
- Provide $6 million for the NOAA Commercial Weather Data Pilot project out of existing funding in the NOAA Procurement, Acquisition, and Construction account as authorized in P.L. 115-25.

- Improve weather observation data through the required use of observing system simulation experiments and next generation computing and modeling capabilities consistent with P.L. 115-25. This new law provides NOAA with the flexibility to buy new, affordable, and potentially better sources of data from the private sector that have the power to make real improvements to our weather forecasting capabilities and creates a much-needed new $20 million technology transfer initiative in NOAA's Office of Oceanic and Atmospheric Research.
- Funding for NOAA's climate change programs should be focused on shorter term predictions and local risk planning to mitigate the immediate impacts of climate change and adapt to changing weather patterns.

NYDIA M. VELAZQUEZ, NEW YORK
CHAIRWOMAN

STEVE CHABOT, OHIO
RANKING MEMBER

Congress of the United States
U.S. House of Representatives
Committee on Small Business

2361 Rayburn House Office Building
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March 7, 2019

The Honorable John Yarmuth
Chairman
Committee on the Budget
United States House of Representatives
204-E Cannon House Office Building
Washington, DC 20515

Dear Chairman Yarmuth:

Pursuant to clause 4(f) of Rule X of the Rules of the House and § 301(d) of the Congressional Budget Act of 1974, 2 U.S.C § 632(d), I am transmitting the "Views and Estimates of the Committee on Small Business on Matters to be set forth in the Concurrent Resolution on the Budget for Fiscal Year 2020." Dissenting views will be transmitted separately by Members of the Committee.

The Committee approved, with a quorum being present, the Views and Estimates contained herein on March 6, 2019 by voice vote.

Should you or your staff have further questions regarding this document, please contact Melissa Jung, Deputy Staff Director and Chief Counsel for the Committee, at 202.225.4038.

Sincerely,

Nydia M. Velázquez
Chairwoman

Enclosure

Views and Estimates of the Committee on Small Business on Matters to be set forth in the Concurrent Resolution on the Budget for Fiscal Year 2020

Pursuant to clause 4(f) of Rule X of the Rules of the House and § 301(d) of the Congressional Budget Act of 1974, the Committee on Small Business is transmitting herein: (1) the views and estimates on the priorities within its jurisdiction or functions to be set forth in the concurrent resolution on the budget.

The Committee on Small Business has legislative jurisdiction over the Small Business Administration (SBA) and this letter accordingly focuses on the FY 2020 budget request for this agency and the programs it operates under the authorizations contained in the Small Business Act (15 U.S.C. 631 et seq.) and the Small Business Investment Act (15 U.S.C. 661 et seq.).

OVERVIEW

America's 30 million small businesses are the key component to continued job creation and economic growth in this country. In 2018, there were 30.2 million small businesses in the United States, accounting for 99.9 percent of all businesses and employing nearly 59 million employees.[1] Throughout history small businesses have touched the lives of so many in perceptible ways. Nearly half the country's workers are employed at small firms, helping to reduce the unemployment rate to 4.1 percent in February 2018.[2] Not only do they create jobs, entrepreneurs support local communities and towns through innovation, trade, and business reinvestment. As a result, more small businesses than ever are counting on the SBA and its programs to deliver assistance with access to capital, counseling, and other services.

Since 1953, the U.S. Small Business Administration (SBA) has held the responsibility to ensure that these businesses have the tools and resources they need to start and expand their operations and create jobs that support a growing economy and a strengthened middle class. Entrepreneurs continue to depend heavily on these programs not only to provide capital, but also advising, mentoring and training.

The SBA meets its statutory mission through three major components: 1) assisting small businesses obtain capital; 2) helping small businesses navigate the federal procurement marketplace; and 3) offering managerial counseling and assistance. Each component is carried out through Congressionally-mandated programs, sometimes in conjunction with private sector partners. Specifically, the SBA provides loans and loan guarantees to credit-worthy small businesses; entrepreneurial counseling and technical assistance; and disaster services to disaster survivors. The majority of these services are delivered, either by SBA or one of its partner organizations, through SBA's district offices throughout the United States.

[1] SBA Office of Advocacy, 2018 SMALL BUSINESS PROFILE (2018), https://www.sba.gov/sites/default/files/advocacy/2018-Small-Business-Profiles-US.pdf.
[2] *Id.*

On October 11, 2018, SBA's Office of the Inspector General (IG) released a report outlining SBA's most significant challenges.[3] The report cited ongoing weaknesses in small business contracting programs and inaccurate procurement data;[4] technology capabilities;[5] human capital,[6] and risk management and oversight practices.[7] The report also noted that SBA needs to improve its loan programs to reduce improper payments[8] and that disaster assistance should balance competing priorities to deliver timely assistance.[9] Finally, the report found that SBA must more effectively manage the needs of 8(a) program participants, ensure only eligible firms are admitted, and justify relevant standards.[10] The Committee trusts that the agency will make progress in addressing its challenges in Fiscal Year 2020.

SBA released its FY 2018-2022 Strategic Plan wherein SBA summarizes the strategies that SBA intends to use to accomplish its four strategic goals.[11] The goals are: (1) increase the number of loans by 5 percent to small businesses in socially and economically disadvantaged urban and rural areas; (2) maximize the percent of federal contracts set aside for small businesses; (3) increase the number of unique 8(a) small business contracts awarded by 10 percent; and (4) increase the average number of disaster loan applications processed from three to six applications per loan specialist.[12] The Committee will closely follow SBA's efforts to accomplish its goals during the upcoming five year period.

The Committee reiterates its ongoing concerns about SBA-created initiatives. Many of these efforts have not been reviewed, approved or sanctioned by this Committee and often duplicate longstanding small business outreach efforts funded through SBA's annual appropriation. In addition, often these SBA-created initiatives have not been adequately assessed by SBA prior to or after their implementation. In the Committee's view, this funding could be eliminated without hindering outreach to small businesses, and the funds saved could be reallocated to technology improvements, hiring appropriate SBA employees to assist small businesses gain their fair share of federal government contracts, or implementing the priorities that Congress has mandated for SBA.

ACCESS TO CAPITAL

When testifying before the Committee, small business owners consistently cite the lack of available capital as a significant problem. SBA administers four major capital financing programs: (1) 7(a) Guaranteed Loan Program; (2) Certified Development Company Loan Program; (3) Small

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[3] SBA, OFFICE OF INSPECTOR GENERAL, REPORT ON THE MOST SERIOUS MANAGEMENT AND PERFORMANCE CHALLENGES FACING THE SMALL BUSINESS ADMINISTRATION (Oct. 11, 2018).
[4] *Id.* at 1.
[5] *Id.* at 4.
[6] *Id.* at 6.
[7] *Id.* at 7.
[8] *Id.* at 14.
[9] *Id.* at 17.
[10] *Id.* at 21.
[11] SBA, STRATEGIC PLAN FOR FY2018-2022, *available at* https://www.sba.gov/sites/default/files/aboutsbaarticle/SBA_FY_2018-2022_Strategic_Plan.pdf.
[12] *Id.* SBA stated that the goals were developed through the Administrator and in consultation with the Office of Management and Budget and SBA's committees in Congress. *Id.*

Business Investment Company (SBIC) Program; and (4) Microloan Program. Through the SBA 7(a) and 504/CDC programs, entrepreneurs are provided with greater access to capital through the extension of federal guarantees on long-term loans. The 7(m) microloan program provides loans and technical assistance to traditionally underserved borrowers, including women, minorities, and veterans. Finally, the Small Business Investment Company (SBIC) program leverages public and private capital to assist small high-growth firms.

In these programs, SBA does not lend funds directly to small businesses, but through government guarantees, SBA works with private-sector and non-profit partners and intermediaries on the repayment of issuance of credit and equity. The SBA must operate its capital access programs within the Federal Credit Reform Act[13] (FCRA). Under FCRA, the budget records the federal government's estimated long-term cost (its subsidy cost) in the year the direct loan or loan guarantee is made. Agencies generally update these subsidy costs annually to reflect loan performance. To the extent that the President's budget states the need for appropriations to cover the cost of loan programs, the Committee believes that the budget resolution should provide sufficient funds to do so.

SBA 7(a) Program

SBA's flagship lending program, the 7(a) Program, provides small businesses with comprehensive financial assistance including working capital, fixed, and intangible asset financing, as well as refinance and export support through term and revolving loans. The original mission of the 7(a) program was to provide entrepreneurs who could not access traditional capital markets with an affordable source of loans. During FY 2018, the 7(a) program supported substantial lending nationally, more than $25.34 billion across over 60,300 loans. This amount nearly matches the record-high set in FY 2017. The Committee recommends the FY 2020 authorization level for the 7(a) program be set at a robust level to take into account natural growth in the program, but no less than $30 billion, as was enacted for FY 2019.

SBA Oversight and Cap Flexibility

In its annual reports, the SBA OIG has repeatedly pointed to lender oversight and loan agent fraud as management challenges that the agency has faced.[14] Relatedly, questions have been raised about whether the loans being made are reaching the small business borrowers the program is intended to serve, and whether participating lenders are taking on appropriate levels of risk. Additionally, although lending remained under the $27.5 billion authorization cap set by Congress in FY 2017, SBA has run out of authority to make loans twice recently.[15] Furthermore, SBA has underestimated the level of 7(a) lending for at least the last seven years.[16] For example, actual lending volume exceeded SBA's estimates by 30 percent in FY 2014, 56 percent in FY 2015, and 15 percent in FT 2016.

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[13] 2 U.S.C. §661-661f.

[14] According to the SBA OIG, with limited resources, SBA's Office of Credit Risk Management manages credit risk for a nearly $120 billion loan portfolio originated by over 2,400 active lenders and Certified Development Companies that have various degrees of expertise regarding SBA loan program requirements. *See* SBA OIG, Report on the Most Serious Management and Performance Challenges in Fiscal Year 2017.

[15] SBA required and additional $1 billion FY 2014 and more than $4 billion FY 2015.

[16] *See* SBA FY2018 Congressional Budget Justification, table 1.1d.

The Committee recognized that some of the challenges presented may be best addressed through legislation. As such, H.R. 4743, the *Small Business 7(a) Lending Oversight Reform Act of 2018*[17] was enacted into law with the primary goals of strengthening the ability of the SBA to conduct lender oversight, increase transparency of the oversight process, provide Congress with regular updates of SBA's oversight actions and the performance of its portfolio, and establishing a notification-and-approval process by which SBA can request an increase of the 7(a) lending cap (up to 15%). The Committee expects SBA to work with Members and staff to address and correct identified deficiencies in the oversight functions of the Agency, closely monitor loan volume and provide Congress with regular reports, and coordinate efforts in the implementation of P.L. 115-189.

7(a) Secondary Market Re-estimate and Changes to SBA Procedure

The 7(a) secondary market program allows lenders participating in the 7(a) loan program to sell the guaranteed portion of their loans on to investors. Similar to the process of packaging and securitizing mortgages, SBA works with financial institutions known as "assemblers" to package SBA loans into a "pool" that is sold off fractionally to investors in shares known as Pool Certificates. Holders of pool certificates are entitled to receive a proportionate share of the principal and interest payments made by the borrowers of the underlying loans.

To ensure timely payment of pool payments to holders of certificates, SBA established the Master Reserve Fund (MRF) and contracted with Colson Services Corp. to act as Fiscal and Transfer Agent (FTA) to collect and disburse payments in and out of the MRF.

In FY 2018, SBA indicated the secondary market guarantee program required a $511 million upward reestimate to cover deficiencies in the MRF dating back to FY 2004. At the same time, SBA issued a notice in the Federal Register making a change to how the pass through of principal payments in the MRF would be made. Both the upward reestimate and the procedural changes have raised concerns in Congress about SBA's oversight of the secondary market guarantee program. Therefore, the Committee recommends additional Congressional oversight and investigation during FY 2019, and FY 2020 if necessary, into the events that led to the reestimate, the reasons why over 12 years elapsed before the underlying causes were identified, and what effect, if any, the policy changes made by SBA in October 2017 will have on the secondary market guarantee program.

Access to Capital in Underserved Markets

SBA 7(a) lending in underserved communities, including to minority and women-owned businesses must be improved. In FY 2017, 27 percent of 7(a) loans went to minorities, and only 18 percent to women-owned firms.[18] While the overall number of loans has increased, the percentage going to minority and women-owned firms has remained fairly consistent since 2010, and is lower than before or during the recession (2006-2009). Women-owned business used to account for about 40 percent of 7(a) lending activity while the average loan size going to a woman-owned business is roughly 30 percent *less* than SBA loans going to businesses owned by men. Similarly, minority owned firms used to receive 35 percent of all 7(a) loans. The Committee

[17] P.L. No. 115-189.

[18] A woman-owned firm is defined as a one that is more than 50 percent female-owned.

recommends SBA improve outreach to borrowers and lenders in underserved communities and funds should be made available to the agency to boost access to capital for these firms.

7(m) Microloan Program

The SBA Microloan Program provides loans to intermediaries, which are nonprofit community-based organizations with experience in lending as well as management and technical assistance. The intermediaries in turn help the smallest of small businesses and startups access capital to help new businesses get off the ground. The program plays a critical role in the small business economy, providing credit to those unable to secure traditional bank-based financing. In FY 2018, SBA approved 58 loans to intermediaries totaling over $37.3 million. Microloan intermediaries, in turn, provided 5,459 loans totaling $76.8 million. Due to the success of the program in traditionally underserved communities, the Committee recommends robust funding be made available to operate the program at or above a program level of $45 million. It should be noted that this program level can be accomplished with less funding than years past due to a steady decline in the subsidy rate since FY 2014 when it was nearly double today's rate.

Additionally, the technical assistance provided under the microloan program helps microentrepreneurs succeed. Therefore, the Committee recommends at least $32 million in grant funding should be provided related to technical assistance to meet the demand associated with proposed lending activity.

504/CDC loan Program

The 504/CDC program provides permanent, fixed rate financing for businesses to acquire industrial or commercial buildings or heavy equipment and machinery. The program is delivered by local Certified Development Companies (CDCs) working in partnership with private lenders and the SBA. During FY 2018, the program experienced over $4.753 billion in loans approved. In FY 2016, FY 2017, FY 2018, and FY 2019 SBA requested no subsidy appropriation. Regardless of fluctuations in the overall economy, the Committee recommends SBA administer the program such that it remains zero-subsidy in FY 2020, with any fee increases being borne by CDCs and lenders participating in the program.

Small Business Investment Company Program

The Small Business Investment Company (SBIC) Program is an investment program that increases access to capital for high-growth start-up businesses. Specifically, with a $4 billion authorization per year, the SBIC program provides long-term loans and equity capital to small businesses with potential for substantial job growth and economic impact. SBICs are privately owned and managed investment funds, licensed and regulated by SBA, that use their own capital plus funds borrowed with an SBA guarantee to make equity and debt investments in qualifying small businesses. SBA provides funding to qualified investment management firms with expertise in certain industries. From FY 2014-2018, the program has channeled over $28 billion of capital to more than 5,700 small businesses in a variety of sectors across the country. In FY 2018, the program provided over $5.5 billion in financing to 1,151 small businesses. However, only 7.9 percent of those companies were women-, minority-, or veteran-owned. Therefore, the Committee recommends SBA prioritize expanding outreach to increase minority-led and women-led funds, and to increase the number of women-, minority-, and veteran-owned businesses that benefit from the program.

Disaster Assistance Program

The SBA's Disaster Assistance program was implemented for the purpose of providing timely financial assistance in the form of low interest loans and working capital for businesses and homeowners devastated by a disaster. During FY 2017 and FY 2018, the SBA Office of Disaster Assistance responded to several major disasters across the country, including the aftermath of hurricanes Harvey, Irma, Maria, Florence, and Michael. As of February 22, 2019, SBA has approved 170,506 homeowner and business applications worth more than $8.484 billion for these storms. SBA's disaster loans are the primary form of federal assistance for the repair and rebuilding of non-farm, private sector disaster losses. In light of the critical need for funding to help home-owners and small businesses following devastating natural disasters, the Committee supports appropriating amounts necessary to support the SBA's disaster loan-making functions.

Although the SBA Disaster Loan program continues making loans during a short-term continuing resolution, SBA may require additional appropriations to make such loans in the form of a funding anomaly. In the absence of securing an anomaly, SBA may exhaust its disaster subsidy, which has not occurred since 1988. The continued ability of SBA to make disaster loans available to victims in disaster areas is of utmost importance to the Committee. Therefore, the Committee recommends sustained coordination between the Committee, appropriators, and the agency during FY 2019 and FY 2020 if necessary to ensure adequate disaster funding is in place, particularly during continuing resolutions.

ENTREPRENEURIAL DEVELOPMENT PROGRAMS

Each year, more than one million entrepreneurs come through SBA's resource partner network of small business development centers (SBDC), women's business centers (WBC), SCORE chapters, and veterans business outreach centers.[19] They provide free and low-cost counseling services and training to entrepreneurs for every stage of business growth and development. Research has shown a direct correlation between counseling and the profitability, longevity and growth of small businesses. Providing sufficient levels of funding for counseling and training programs to support small businesses is a prudent use of taxpayer dollars. These providers deliver vital services to small businesses and, as more entrepreneurs seek their counseling, SBA should ensure that these partners, specifically those highlighted below, are provided robust levels of funding to serve small businesses.

SBA's entrepreneurial development programs provide the foundation for the agency's small business development efforts. In the past, the SBA has repeatedly funded unproven pilot programs

[19] Small business development centers provide technical assistance to small businesses and aspiring entrepreneurs. Women's business centers assist women in starting and growing small businesses. The SCORE Association is a nonprofit association comprised of over 13,000 volunteer business counselors located in 348 chapters throughout the U.S. and its territories. SCORE members are trained to serve as counselors, advisors, and mentors to aspiring entrepreneurs and business owners. Veteran business outreach centers provide entrepreneurial development services for eligible veterans.

that lack a specific authorization at the expense of proven core programs. Concerns that have been raised repeatedly include a lack of demonstrated need and the absence of robust controls. In addition, given the deficiency of performance data SBA should establish metrics for its pilot programs to understand if these initiatives are successful or not. More importantly, the agency should focus on strengthening its existing network of entrepreneurial development service providers, rather than continuing to establish and operate untested and unproven initiatives. The Committee will continue to work with SBA to ensure priority is given to Congressionally-mandated initiatives.

Small Business Development Centers

The SBDC program provides SBA grants to small business development centers and leverages a unique mix of federal, state, and private sector financial resources. This funding model enables SBDCs across the country to foster the economic growth of small businesses that generates business revenue, creates and retains jobs, and enhances local and regional economies. SBDCs deliver management and technical assistance to small businesses through an extensive business education network comprised of 63 lead centers managing more than 900 outreach locations throughout the country. SBDCs deliver professional business advising and training focused on strategic planning, business development, financial planning, and cash flow management to hundreds of thousands of business clients annually. In FY 2017, SBDC professional business advisors helped clients start more than 14,000 new businesses; provided training and advising to more than 430,000 entrepreneurs including 62,000 long-term clients; helped clients obtain $5 billion in capital for their businesses; and helped clients secure $1 billion in federal government contracts.

Despite these efforts, there have been concerns that SBA has undervalued the SBDC program. To improve the quality and quantity of services provided by the primary source of entrepreneurial development assistance at the SBA, the Committee requests robust funding in the FY 2020 budget for the SBDC program to meet the rising and urgent demands for business development assistance from entrepreneurs throughout the country and the growing areas of assistance provided by SBDCs. The Committee expects to lead legislation in the 116th Congress to improve the program.

Women's Business Centers

The WBC program provides grants to more than 100 non-profit organizations that provide quality advising and training services primarily to women entrepreneurs, many of whom are socially and economically disadvantaged. The program is a competitive grant program, where WBCs compete for federal funding. This differs from the SBDC program where each state is allotted funding based on a federal funding formula. SBA provides grants to eligible private, non-profit, and community-based organizations to operate WBCs. Participating organizations must match the federal funding with one non-federal dollar for every two federal dollars during the first two years and on a one-to-one basis thereafter. The Administrator selects a grantee or grantees and then enters into a grant agreement covering a five-year period specifying how the grantee will deliver the services to be provided at a WBC. Unlike any other SBA entrepreneurial program, WBCs are also required to serve disadvantaged communities in underserved areas. In FY 2017, the WBC program reached more than 140,000 small business owners and helped nearly 17,500 entrepreneurs launch small businesses. For FY 2019, the SBA received $18.5 million for WBCs. Last year WBC opened nine new centers in order to cover more areas of the country and are in the initial stages of the grant and building clientele to leverage this expansion. Furthermore, the SBA conducted a survey of WBC clientele to cover both advising and training to better understand the value and impact of WBC program services.

To effectively target business assistance to women entrepreneurs, one of the fastest growing small business sectors, the Committee recommends robust levels of funding for the WBC program to ensure these entrepreneurs have access to the tools that promote their growth. The Committee recommends raising the authorization and the cap to expand the reach of the program and to increase opportunities for women-owned small businesses. Further, the Committee intends to lead legislation in the 116th Congress to modernize the program.

SCORE

The SCORE Program provides face-to-face counseling by over 300 chapters with more than 11,000 SCORE volunteers. SCORE volunteers provide a full range of business consultation services, such as business plan development; strategic marketing; and financing ideas. SBA's SCORE database enables small businesses to find SCORE volunteers that best match the needs of the business. The Committee remains focused on improving mentorships and requests reasonable levels of funding for this program.

Veteran's Business Outreach Centers

To meet the growing number of separating service members and reservists seeking new economic opportunities, the Veteran Business Outreach Center (VBOC) program provides entrepreneurial development services such as business training, counseling and mentoring, and referrals for eligible veterans owning or considering starting a small business. This program is the only program operated for veterans that is statutorily authorized. It is designed to assist the thousands of veterans returning home with skills, experience, and leadership to pursue entrepreneurship and create jobs. There are currently 22 VBOCs responsible for ensuring veterans' access to capital through marketing and outreach efforts as well as promoting veterans for federal procurement opportunities to ensure three percent of federal prime contracts and subcontracts go to service-disabled veteran-owned small businesses.[20] The VBOC program is critical to addressing the high unemployment rate among veterans, service members, and reservists. VBOCs serve nearly 49,000 veteran small business owners each year.[21]

The Committee requests robust funding for the Veterans Outreach program, which includes the Boots to Business program that the Committee plans to authorize during the 116th Congress. This program will modernize and streamline the federal governments core veterans' entrepreneurial development training initiative and provide returning service -men and –women with the tools they need to start a business.

[20] Small Business Administration. (2016). Six New Veterans Business Outreach Centers Open [Press release]. Retrieved from https://www.sba.gov/about-sba/sba-newsroom/press-releases-media-advisories/six-new-veterans-business-outreach-centers-open.
[21] Id.

GOVERNMENT CONTRACTING PROGRAMS

The primary purpose of the SBA's Government Contracting and Business Development programs is to assist small businesses increase their access to the federal marketplace. Through federal contracts, small businesses are able to increase their capabilities and capacity thereby improving their competiveness. To assist small businesses that want to contract with the federal government, Congress created a number of programs designed to increase their contracting opportunities. However, the creation of these programs has not expanded the number of contracts awarded each year. Rather, many agencies are awarding fewer contracts worth higher values. Thus, while some agencies and the government have been able to meet their small business goals, the participation of small firms has declined. This trend coupled with a system that has become complex and countless management problems continues to raise concern as to whether the SBA is effectively and efficiently advocating for small businesses in the marketplace.

Procurement Staffing Levels

Currently, there are less than sixty Procurement Center Representatives (PCRs) responsible for overseeing over $500 billion in federal contracting. However, the shortage of personnel is not limited to PCRs. To date, there are approximately a limited number of Commercial Market Representatives assisting small businesses with subcontracting opportunities. Similarly, staffing for the Service-Disabled Veteran-Owned Small Business Program, one of the set-asides discussed below, has decreased. The lack of resources available to review contracting actions has prevented small businesses from receiving the maximum practicable opportunities available to them and as a result fewer of these firms have been able to participate in the marketplace. Therefore, the Committee recommends funding be made available to increase the overall number of small business advocates.

Small Business Set-Aside Programs

Government contracts can be set-aside for classes of small businesses, such as socially and economically disadvantaged firms, whose members might not otherwise be considered for award in full and open competition. There are government-wide statutory contracting goals for small businesses as well as sub-goals for small business categories.[22] SBA has several set-aside programs including the 8(a) Business Development, Historically Underutilized Business Zone (HUBZone), Service-Disabled Veteran-Owned, and the Women-Owned Small Business (WOSB) programs designed to promote small business participation in federal contracting. Traditionally, SBA has broken out the funds for these programs in its budget; instead, the funds are subsumed in SBA's general salaries and expenses accounts. Given that the SBA OIG has identified small business

[22] The federal government has the following statutory goals for small business procurement: 23 percent of prime contracts for small businesses; 5 percent of prime and subcontracts for women-owned small businesses; 5 percent of prime and subcontracts for small disadvantaged businesses; 3 percent of prime and subcontracts for service-disabled veteran-owned small businesses; and 3 percent of prime and subcontracts for HUBZone-certified small businesses. These goals are tracked based on the dollar amount of contracts awarded. A business may qualify for more than one socioeconomic category.

contracting as a serious management challenge since FY 2005, SBA should have adequate resources to improve these programs.

8(a) Business Development Program and 7(j) Technical Assistance Program

The 8(a) program was created to provide business development assistant to eligible small disadvantaged businesses seeking to participate in federal contracting. A major benefit of the program is that 8(a) firms can receive sole source, as well as set-aside competitive federal contracts so that small businesses do not need to compete with large businesses that may have an industry advantage. In addition to receiving contracts, 8(a) participant firms are eligible for business training funded by the SBA's 7(j) program, which provided management and technical assistance to 8(a) businesses. The number of businesses that have sought assistance through this program has continually increased.

The number of participants has continually declined from about 7,000 in 2010 to about 3,421 in FY 2017, and this trend has been seen in the number of new applications to the program as well. Similarly, the number of businesses that have sought assistance through the 7(j) program, which supports 8(a) firms, is now also experiencing a decline after several years of growth and a decline in dedicated administrative resources. In FY 2012, 3,272 small businesses were assisted with the number peaking in FY 2015 at 5,360. Much of this increase was due to an effort by the agency to refocus efforts in this area. However, since then the number has dropped to 4,100 in FY 2017 with agency resources dedicated to the program near a record low. If the number of businesses seeking assistance does, indeed, rebound with improved agency outreach, small firms may see a reduction in the amount of funds spent per business.

The Committee requests any funding increase within the 8(a) program to be spent to help reverse the declining trend of participants by providing outreach to those businesses that may be eligible for the program, implementing controls to ensure only eligible firms are admitted, and developing a system to identify and address business development needs and monitor progress within the program. SBA must also begin to plan for higher numbers of firms to ensure the current level of service continues. As a result, the Committee recommends funding for the 8(a) and 7(j) programs be increased to escalate the levels of outreach to reverse the decline of program participants.

HUBZone Program

The HUBZone program aids urban and rural small businesses that are located in designated distressed areas in accessing federal procurement opportunities. There have been many reports detailing fraud and abuse that has resulted from lack of eligibility verification by SBA of program participants. While the required information was requested to support the applications, SBA failed to verify that the firms had legitimate principle places of business in HUBZones. While the administration has made efforts to combat fraud by increasing site visits and reviewing firms that had previously been certified under the new review guidelines, doubts still remain as to whether enough has been done to ensure that only eligible firms receive contracting dollars from this program.

In addition, SBA has yet to provide metrics that would show whether or not the program is meeting its mission of increasing employment opportunities and stimulating capital investment in designated HUBZones. Furthermore, although the HUBZone program continues to recruit new small businesses, over the years, the program has not met its target contracting goal, with only 1.65 percent of contracts awarded to HUBZones in FY 2017 worth $7.3 billion. Therefore, considering the challenges that SBA has faced in carrying out this program, the Committee suggests SBA focus more oversight in how resources for the program are spent.

Women-Owned Small Business Contracting Program

An issue of great importance to women-owned businesses is their lack of access to federal contracting. After taking more than ten years to implement the Women-Owned Small Business (WOSB) Federal Contracting program, SBA continues to devote few resources to the program. As a result, few contracts have been awarded using the program with 438,597 contract actions worth $20.8 billion awarded in FY 2017. Congress has made several changes over the past several years to the program including: the removal of caps on award size for set-aside contracts; allowing contracting officers to award contracts through a sole-source contract; the removal of self-certification to participate in the program; and reiterating the original mandate that SBA create its own certification process.

While SBA has implemented the cap removal and sole-source changes, they have been slow to remove self-certification from the program and implement their own certification process. The SBA OIG and GAO have both reported weaknesses in SBA's controls that would ensure only eligible firms receive the woman-owned small business set-aside. Thus, the Committee recommends SBA dedicate funding to this program to maintain its integrity as well as participants.

Service-Disabled Veteran-Owned Small Business Program

The Service-Disabled Veteran-Owned Small Business (SDVOSB) Program provides procuring agencies with the authority to set aside contracts for exclusive competition among eligible participants as well as the authority to make sole source awards. Although the goals for SDVOSB contracting have been met in recent years, the program faces many challenges that the Committee recommends SBA address, including the need for adequate staffing levels and providing contracting education for participating firms.

CONCLUSION

The Committee has provided priorities for how the SBA should operate in FY 2020. SBA should put the appropriate level of resources to its programs and should focus its efforts on increasing outreach and access to both capital and contracting opportunities for traditionally underserved communities, including minority- and women-owned businesses. The agency should also be provided with the resources necessary to administer and oversee its core lending, entrepreneurial development, and contracting programs. With the assistance of these tools, small firms will grow financially stronger and continue to create new and sustainable jobs in diverse industries and locations. The Committee will continue to work with the SBA and appropriators to ensure small businesses and burgeoning entrepreneurs can compete in a global economy.

NYDIA M. VELAZQUEZ, NEW YORK
CHAIRWOMAN

STEVE CHABOT, OHIO
RANKING MEMBER

Congress of the United States
U.S. House of Representatives
Committee on Small Business
2361 Rayburn House Office Building
Washington, DC 20515–0515

March 6, 2019

The Honorable John Yarmuth
Chairman
Committee on the Budget
United States House of Representatives
204 E Cannon House Office Building
Washington, DC 20515

The Honorable Steve Womack
Ranking Member
Committee on the Budget
507 Cannon House Office Building
United States House of Representatives
Washington, DC 20515

Dear Chairman Yarmuth and Ranking Member Womack:

I am writing to advise you of the additional Budget Views and Estimates on the President's Budget for Fiscal Year 2020 of the Committee on Small Business minority Members. These are in addition to the Views and Estimates on the President's Fiscal Year 2020 Budget adopted by the Committee on Small Business at a full Committee meeting on March 6, 2019.

Should you have questions on this document, please contact Jan Oliver, Deputy Staff Director and Chief Counsel, House Committee on Small Business minority staff, at 202.225.5821.

Sincerely,

Steve Chabot
Ranking Member

Minority Views

Views of the Republican Members of the House Committee on Small Business

on Matters to be Set Forth in

The Budget of the United States for the Fiscal Year 2020

March 6, 2019

Pursuant to clause 4(f) of Rule X of the Rules of the House of Representatives and § 301(d) of the Congressional Budget Act of 1974,[1] I am writing to advise you of the additional views and estimates of the Committee on Small Business on matters in the Budget of the United States for Fiscal Year 2020. These views are in addition to those submitted by the Committee's majority Members. While we concur in several areas, there are areas of disagreement, which are discussed in greater detail below.

Under clause 1(q) of Rule 10 of the Rules of the United States House of Representatives, the Committee on Small Business has legislative jurisdiction over the United States Small Business Administration, including financial aid, regulatory flexibility, paperwork reduction, and the participation of small businesses in federal government procurement and federal government contracts. The Committee also has continuing jurisdiction to study and investigate the problems of all types of small businesses. This letter, accordingly, focuses on the Fiscal Year 2020 budget request for the Small Business Administration and the programs it operates under the authorizations provided in the Small Business Act[2] and the Small Business Investment Act.[3]

The SBA has responsibility for programs that help create jobs and grow the economy of the United States. Our nation's entrepreneurs depend on these programs not only to provide capital, but also advising, mentoring, training, and other services. It is essential that SBA programs are efficient, effective and achieve real results for small businesses and America's taxpayers.

We reiterate our ongoing concerns about SBA-created initiatives. Many of these efforts have not been reviewed, approved or sanctioned by this Committee and often duplicate longstanding small business outreach efforts funded through SBA's annual appropriation. In addition, often these SBA-created initiatives have not been adequately assessed by SBA prior to or after their implementation. In our view, this funding could be eliminated without hindering outreach to small businesses, and the funds saved could be reallocated to technology improvements, hiring appropriate SBA employees to assist small businesses gain their fair share of federal government contracts, or implementing the priorities that Congress has mandated that the SBA carry out. Furthermore, we believe SBA and its programs can operate more efficiently and effectively with this reassignment and reallocation of existing resources.

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[1] 2 U.S.C. §632(d).

[2] 15 U.S.C. § 631 et seq.

[3] 15 U.S.C. §661 et seq.

I. Introduction – SBA's Mission, Strategic Plan, and Objectives

The numbers are telling: according to the SBA, the 30 million small businesses in America account for 99.9% of all United States businesses and 58.9 million people, or 47% of the private sector workforce.[4] Small businesses provide 55% of all jobs and 62% of all net new jobs from 1993 to 2016.[5] Since 2015, small businesses have added 1.9 million net new jobs.[6]

Because of these impressive gains, more small businesses than ever are counting on the SBA and its programs to deliver assistance with access to capital, counseling, and other services.

The SBA was created in 1953 by President Eisenhower to replace the Small Defense Plants Administration[7] and the Reconstruction Finance Corporation.[8] According to the Small Business Act, 15 U.S.C. §§ 631-57s, the SBA's mission is to "aid, counsel, assist, and protect, insofar as is possible, the interests of small business concerns…."[9] The SBA has grown since its inception, but its mission remains the same: to help Americans start, build and grow small businesses.[10]

The SBA meets its statutory mission through three major components: 1) assisting small businesses in obtaining needed capital; 2) helping small businesses to navigate the federal procurement marketplace; and 3) offering managerial counseling and assistance to small businesses. Each component is carried out through Congressionally-mandated programs, sometimes in conjunction with private sector partners. Specifically, the SBA provides loans and loan guarantees to credit-worthy small businesses; entrepreneurial counseling and technical assistance; and disaster services to disaster survivors. The majority of these services are delivered, either by SBA or one of its partner organizations, through SBA's district offices throughout the United States.

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[4] OFFICE OF ADVOCACY, UNITED STATES SMALL BUSINESS ADMINISTRATION, 2018 SMALL BUSINESS PROFILE, *available at* https://www.sba.gov/sites/default/files/advocacy/2018-Small-Business-Profiles-US.pdf.

[5] *Id.* at 1.

[6] *Id.*

[7] The Small Defense Plants Administration was created during the Korean War to help maintain a robust small business industrial base for providing goods to the United States military services. United States Small Business Administration (SBA), *available at* https://www.sba.gov/about-sba/what-we-do/history. Available at a

[8] The Reconstruction Finance Corporation began in 1932 as a federal lender to businesses. United States Small Business Administration (SBA), *available at* https://www.sba.gov/about-sba/what-we-do/history.

[9] 15 U.S.C. § 631(a).

[10] SMALL BUSINESS ADMINISTRATION, STRATEGIC PLAN, FISCAL YEARS 2018-2022, SMALL BUSINESS ADMINISTRATION 2, *available at* https://www.sba.gov/sites/default/files/aboutsbaarticle/SBA_FY_2018-2022_Strategic_Plan.pdf.

The SBA's Strategic Plan for Fiscal Years 2018-2022 states that SBA has four goals: 1) supporting small business revenue and job growth; 2) building healthy entrepreneurial ecosystems and creating small business friendly environments; 3) restoring small businesses and communities after disasters; and 4) strengthening SBA's ability to serve small businesses.[11]

The plan, which SBA called the principal document within the agency's comprehensive management framework, summarizes the strategies that SBA intends to use to accomplish its four strategic goals.[12] The goals are: 1) increase the number of loans by 5% to small businesses in socially and economically disadvantaged areas; 2) maximize the percent of federal contracts set aside for small businesses; 3) increase the number of unique 8(a) small business contracts awarded; and 4) increase the average number of disaster loan applications processed from three to six applications per loan specialist.[13] The Committee will closely follow SBA's efforts to accomplish its goals during the upcoming five year period.

II. Capital Access Programs

When testifying before the Committee, small business owners consistently cite the lack of available capital as a significant problem. Although the economy has improved, all small firms still do not have access to the capital to grow and create jobs. SBA administers four major capital financing programs: the 7(a) Guaranteed Loan; the Certified Development Company Loan Program; the Small Business Investment Company (SBIC) Program; and the Microloan Program. In these programs, SBA does not lend funds directly to small businesses, but through government guarantees, SBA works with private-sector and non-profit partners and intermediaries on the repayment of issuance of credit and equity. The SBA must operate its capital access programs within the Federal Credit Reform Act, 2 U.S.C. §661-661f (FCRA). Under FCRA, the budget records the federal government's estimated long-term cost (its subsidy cost) in the year the direct loan or loan guarantee is made. Agencies generally update these subsidy costs annually to reflect loan performance. To the extent that the President's budget states the need for appropriations to cover the cost of loan programs, the Committee believes that the budget resolution should provide sufficient funds to do so.

Many of the SBA's programs are designed to operate without a federal government subsidy. However, if SBA does require a subsidy to operate these programs, the rationale has been that because small businesses create much needed jobs, it would be counterproductive to increase the cost of making loans to them. In 2015, SBA's 7(a) Program experienced unprecedented demand and reached its $18.75 billion authorized loan limit. Unfortunately, SBA did not inform

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[11] SMALL BUSINESS ADMINISTRATION, STRATEGIC PLAN, FISCAL YEARS 2018-2022, SMALL BUSINESS ADMINISTRATION 1, *available at* https://www.sba.gov/sites/default/files/aboutsbaarticle/SBA_FY_2018-2022_Strategic_Plan.pdf.

[12] *Id.* at 6.

[13] *Id.* SBA stated that the goals were developed through the Administrator and in consultation with the Office of Management and Budget and SBA's committees in Congress. *Id.*

Congress until the lending ceiling was reached, and lending was temporarily delayed until Congress took emergency action. In legislation to raise the lending level to $23.5 billion, Congress required SBA to regularly report on loan levels so in the future, emergency action will not be needed. The Committee will continue to monitor the authorized lending limit.

In addition to multiple Congressional hearings and Congressional inquiries, the SBA Inspector General in recent years identified SBA's failure to provide effective lender oversight as one of the most serious issues facing the agency. It is critical for SBA to improve its oversight of its lending program participants and ensure that it can provide proper oversight of the capital access programs so that the underlying policy goals are met. Because so many small businesses rely on the 7(a) Program in particular, last year, Chairman Steve Chabot joined with Ranking Member Nydia Velázquez to introduce bipartisan, landmark legislation, H.R. 4743, the Small Business Lending Oversight Reform Act of 2018. The legislation passed the House and Senate and was signed into law by President Trump on June 21, 2018.[14] The law will ensure that SBA's flagship loan program will continue to serve the small businesses it was designed to serve.

The SBDC Program is operated through cooperative agreements with either state agencies or institutions of higher education. Most state agency grantees subcontract operations to institutions of higher education in that state. The grantees have established over 1,000 service centers that provide technical assistance to small businesses for business strategy; technology transfer; government procurement; engineering; and accounting. The SBDC Program is an important and time-tested program on which small businesses depend. The Committee has stated in the past that it believes the SBA undervalues the SBDC Program, and the Committee has supported a small increase of funding to be reallocated from SBA-created initiatives to the SBDC Program.

The SCORE Program provides face-to-face counseling by over 300 chapters with more than 11,000 SCORE volunteers. SCORE volunteers, business experts in various capacities, provide a full range of business consultation services, such as business plan development; strategic marketing; and financing ideas. SBA's SCORE database enables small businesses to find SCORE volunteers that best match the needs of the business. As with the SBDC Program, should SBA-created initiatives place additional burdens on SCORE volunteers, the Committee recommends that SBA reprogram funds from SBA's general salaries and expenses account to cover these services.

Women's Business Centers (WBC or Centers) provide training, counseling, and mentoring to women entrepreneurs. WBCs are public/private partnerships in which the federal government provides funds that are matched by private donors. There are currently over 100 Centers across the country. Many WBCs seek to provide their clients with flexible training opportunities, offering courses at night or on weekends and often in more than one language. The Committee believes that WBCs could further increase their impact by locating in areas not already served by SBDCs and tailoring their training to women. Again, this goal could be achieved through reprogramming funds and focus from SBA-created initiatives to the WBC program.

[14] Pub. L. No. 115-189.

We pledge to continue to work with Congressional appropriators to ensure that priority is given to statutory mandates rather than optional initiatives that SBA has created on its own and without Congressional authorization.

III. Cyber Security Programs for Small Businesses

Small businesses are increasingly victims of cyber attacks, and improving cyber security for small businesses has been a priority for the Committee over the last two Congresses. In 2016, the House passed H.R. 5064, the Improving Small Business Cyber Security Act, bipartisan legislation introduced by Chairman Steve Chabot and Ranking Member Nydia Velázquez. In the 115th Congress, the Committee held cyber security hearings on March 8, 2017, July 26, 2017 and November 15, 2017. On December 18, 2017, Chairman Steve Chabot and Ranking Member Nydia Velázquez introduced H.R. 4668, the Small Business Advanced Cybersecurity Enhancements Act, bipartisan legislation to provide for the establishment of enhanced cybersecurity assistance and protections for small businesses. H.R. 4668 was reported as amended by the Committee on Small Business on April 25, 2018 and was the subject of House Report 115-654.

IV. Federal Procurement Programs

To assist small businesses that want to contract with the federal government, Congress created a number of programs designed to increase their contracting opportunities. Traditionally, SBA has broken out the funds for these programs in its budget; instead, the funds are subsumed in SBA's general salaries and expenses accounts.

The Committee has long been concerned that SBA has failed to implement regulatory changes necessitated by Congress that would enhance the participation of small businesses in the marketplace, and has failed to devote sufficient funds to the hiring and retention of personnel that is vital to maximizing the participation of small businesses in federal contracting programs.

The Historically Underutilized Business Zone (HUBZone) Program was designed to direct federal contracts to small businesses in distressed areas and promote the economic development of those businesses. Federal contracting officers are permitted to set aside contracts for limited competition among HUBZone eligible small businesses, sole source or use bid preferences when HUBZone small businesses and large businesses are in competition. HUBZones are distressed urban and rural areas with chronically high unemployment, low household income, or both. Numerous investigations over several years by the Government Accountability Office (GAO) found weaknesses and vulnerabilities in the HUBZone Program, including inadequate vetting of participants, fraudulent awards, and falsified documents and employee information.[15]

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[15] *See* UNITED STATES GOVERNMENT ACCOUNTABILITY OFFICE (GAO), HUBZONE PROGRAM: FRAUD AND ABUSE IDENTIFIED IN FOUR METROPOLITAN AREAS (GAO-9-440) (2009); GAO, SMALL BUSINESS ADMINISTRATION: UNDERCOVER TESTS SHOW HUBZONE PROGRAM REMAINS VULNERABLE TO FRAUD AND ABUSE (GAO-10-759) (2010); GAO, HUBZONE PROGRAM: ACTIONS TAKEN ON FEBRUARY 2015

At the Committee's hearing on the HUBZone Program in March, 2017, GAO testified that SBA was slow to take action on its recommendations, and although the agency has made improvements, it still faces significant challenges with certification and reporting, making the program vulnerable to fraud and abuse.[16] SBA's Office of the Inspector General (OIG) identified weaknesses in small business contracting programs and inaccurate procurement data as a top management challenge.[17] Those weaknesses and inaccuracies, the SBA IG testified, undermine the reliability of contracting goal achievement reporting to Congress.[18] Other witnesses testified that because it has been more than fifteen years since changes have been made to the Program, it should be modernized to reach its potential.[19]

The Committee has worked to strengthen the program. Ranking Member Velázquez and Chairman Chabot introduced H.R. 3294, the HUBZone Unification and Business Stability Act of 2017, to remedy weaknesses in the existing law and strengthen its provisions. H.R. 3294 was included in the Fiscal Year 2019 National Defense Authorization Act (NDAA)[20] with minor changes and became law. The Committee expects to continue to work with SBA as the law is implemented to further improve the program.

Committee Members have continued to address issues in federal agency construction contracts with small businesses. Two other legislative initiatives were also included in the FY 2019 NDAA and became law. H.R. 4754, the Change Order Transparency for Federal Contractors Act, requires federal agencies to provide notice to small business bidders about the agency's policies related to equitable payments, and the agency's past performance on equitable payments. H.R. 5337, the Accelerated Payments for Small Businesses Act of 2017 requires agencies to establish accelerated payments for certain small businesses. We will continue to work to establish bipartisan policies that provide opportunities for small businesses to contract with the federal government.

GAO RECOMMENDATIONS (GAO-16-423R) (2016); and HUBZONE PROGRAM: OPPORTUNITIES EXIST TO FURTHER IMPROVE OVERSIGHT (GAO-16-866T) (2016).

[16] *Learning from History: Ideas to Strengthen the HUBZone Program: Hearing Before the House Comm. on Small Business*, 115th Cong. (2017) (statement of William Shear, Director of Financial Markets and Community Investment, GAO).

[17] *Learning from History: Ideas to Strengthen the HUBZone Program: Hearing Before the House Comm. on Small Business*, 115th Cong. (2017) (statement of Hannibal "Mike" Ware, Acting Inspector General, SBA).

[18] *Id.*

[19] *Learning from History: Ideas to Strengthen the HUBZone Program: Hearing Before the House Comm. on Small Business*, 115th Cong. (2017) (statement of Shirley Bailey, Co-owner, EVP and COO at GCC Technologies LLC and Board Chair, HUBZone Contractors National Council).

[20] Pub. L. No. 115-91.

V. Regulatory Reform and Paperwork Reduction

Under Rule X, Cl. 1(q) of the Rules of the House,[21] the Committee's legislative jurisdiction includes the protection of small businesses related to regulatory flexibility. This Rule recognizes that federal regulations can pose significant challenges for small businesses, which have less revenue and a smaller employee base over which regulatory and paperwork compliance costs can be spread.

America's entrepreneurs believe some regulations are necessary, and they want to comply, but they cannot do so if the regulations are crafted in a way that makes it impossible for them to do so. Recognition that small businesses are disproportionately burdened by one-size-fits-all regulations and underrepresented in the federal rulemaking process encouraged Congress to enact the Regulatory Flexibility Act (RFA)[22] in 1980. The RFA requires federal agencies to assess the economic impacts of regulations and to consider alternatives to reduce burdens on small businesses. The RFA has been amended twice, in 1996 and 2010, to improve agency compliance with the statute's analytical requirements. Those amendments made marginal changes, but agency compliance has remained inconsistent.

The Committee has been at the forefront of efforts to strengthen the RFA so that the nation's regulatory process will work better for entrepreneurs. In the 115th Congress, Chairman Chabot introduced H.R. 33, the Small Business Regulatory Flexibility Improvements Act, to remedy weaknesses in the existing law and strengthen its provisions. H.R. 33 was included as Title III of H.R. 5, the Regulatory Accountability Act, which passed the House but was not considered by the Senate. If enacted, we believe that no additional funds would be needed to implement the Act because federal agencies already engage in the type of outreach and analysis that is required by the legislation.

Federal paperwork can also pose a substantial burden on small businesses. The amount and complexity of information collection requests can be daunting, and minor mistakes can often result in significant fines. While the federal government needs accurate information on the economy and activities of small firms, small businesses have fewer resources to absorb the paperwork burden. In addition, time spent on paperwork diverts resources from growing the business, creating jobs, and benefiting the economy as a whole.

Recognition of these challenges led Congress to enact the Paperwork Reduction Act (PRA)[23] in 1980. The PRA was revised in 1986 and 1995, and in 2002, the Small Business Paperwork Relief Act (SBPRA)[24] was enacted. Despite those efforts, the paperwork burden for small businesses continues to grow. In the 115th Congress, the Committee held two hearings on the

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[21] Rules of the United States House of Representatives, 116th Congress (2019), *available at* https://rules.house.gov/sites/democrats.rules.house.gov/files/116-1/116-House-Rules-Clerk.pdf.

[22] 5 U.S.C. §§ 601-612.

[23] 44 U.S.C. §§ 3501-3521.

[24] 5 U.S.C. § 601.

Paperwork Reduction Act, on March 29, 2017, October 11, 2017, to evaluate the Paperwork Reduction Act and learn how paperwork burdens on small firms may be reduced.[25]

VI. Conclusion

Members of the Committee's minority will continue to work with SBA and Congressional appropriators to ensure that small business owners receive the services that they need to start and grow their businesses. For much of its history, the United States has formulated policies that focused on the facilitation of economic growth. We will continue to do all that we can to help small businesses grow, create jobs and compete in the global economy.

Respectfully,

[25] *Evaluating the Paperwork Reduction Act: Are Burdens Being Reduced? Hearing Before the House Comm. On Small Business*, 115th Cong. (Mar. 29, 2017) and *Evaluating the Paperwork Reduction Act Part II: Are Burdens Being Reduced? Hearing Before the House Comm. On Small Business*, 115th Cong. (Oct. 11, 2017).

Committee on Transportation and Infrastructure
U.S. House of Representatives

Peter A. DeFazio
Chairman

Washington, DC 20515

Sam Graves, MO
Ranking Member

Katherine W. Dedrick, Staff Director

Paul J. Sass, Republican Staff Director

March 7, 2019

The Honorable John Yarmuth
Chairman
Committee on the Budget
204-E Cannon House Office Building
Washington, DC 20515

Dear Chairman Yarmuth:

As required by section 301(d) of the Congressional Budget Act of 1974 and Rule X, clause 4(f) of the House of Representatives, the Committee on Transportation and Infrastructure submits its views and estimates for the Fiscal Year 2020 budget resolution. On February 27, 2019, the Committee on Transportation and Infrastructure met in open session and adopted the enclosed Fiscal Year 2020 Views and Estimates by voice vote.

Thank you for the opportunity to present these views and estimates.

Sincerely,

Peter A. DeFazio
Chairman

Enclosure

cc: The Honorable Steve Womack, Ranking Member, Committee on the Budget
The Honorable Sam Graves, Ranking Member, Committee on Transportation and Infrastructure

VIEWS AND ESTIMATES
OF THE
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
FOR FISCAL YEAR 2020

Overview:

Under current law and House rules, standing committees are required to submit to the Committee on the Budget views and estimates. The Congressional Budget Act sets April 15, 2019, as the date for the completion of the concurrent resolution on the budget. To assist the Committee on the Budget with meeting this deadline, we submit the views and estimates of the Committee on Transportation and Infrastructure (Committee).

The Committee believes that America's infrastructure network is essential to the quality of life of our citizens and the productivity of the nation's economy. In the 116th Congress, the Committee continues to focus on improving and strengthening our Nation's infrastructure and communities to meet the challenges of today and tomorrow. Through direct investment, we can build a 21st century infrastructure for America that creates jobs, including family-wage jobs, facilitates economic growth, and ensures global competitiveness.

The detailed views and estimates presented below requests that the fiscal year 2020 budget resolution repeal the rescission in Section 1438 of the FAST Act and reflect the authorized levels in the FAST Act after adjusting for this repeal. In addition, it requests a deficit neutral reserve fund for infrastructure. Our views and estimates also identifies priorities within the Committee's jurisdiction.

The Committee will continue to perform oversight on programs within our jurisdiction as well as focus on reauthorizing numerous key programs. The Committee's bipartisan legislative priorities this year include: an infrastructure investment bill; a long-term surface transportation bill; a Water Resources Development Act (WRDA) bill; measures to improve economic development programs; and, reauthorizing the United States Coast Guard, the Federal Maritime Commission (FMC), the Federal Emergency Management Agency (FEMA), the John F. Kennedy Center for the Performing Arts, the Pipeline and Hazardous Materials Safety Administration's pipeline safety programs, and the Clean Water State Revolving Fund.

Transportation and the Economy:

Our transportation networks provide a strong backbone that creates jobs, including family-wage American jobs, ensures global competitiveness, and spurs economic growth. Providing the country with this support has long been recognized as a federal responsibility that is shared with states and local governments. From the Transcontinental Railroad to the Panama Canal to the Interstate Highway System and more, Congress has played a critical role in ensuring the connectedness of our communities and supporting the infrastructure needs of the American people. Throughout U.S. history, economic growth, prosperity, and opportunity have followed investments in our infrastructure.

Today, the U.S. transportation system is an extensive network of highways, airports, railroads, public transportation systems, waterways, ports, and pipelines that provides a means for

Americans to travel to and from work and to conduct business. The U.S. transportation system not only provides the foundation of our economy by safely and efficiently moving people and goods, it also employs millions of workers and generates a significant share of total economic output. Economic growth and vitality are also dependent upon high quality water and wastewater infrastructure systems, and upon resilient infrastructure designed to protect lives and properties from more frequent and consequential storms and flooding.

In addition to creating jobs and facilitating economic growth, our transportation system has a direct and significant impact on the daily lives of nearly all Americans. To the average American, investment in transportation infrastructure will mean shorter commutes that save time, reduce fuel consumption, and lower pollution; lives saved; safer systems to accommodate the transportation of hazardous materials; and fewer delays for the more than 800 million passengers who travel by air each year.

Policies to address the increasing demands on our infrastructure and to provide for a 21st century infrastructure network must be guided by strong principles that will create and sustain jobs and promote economic growth, such as:

- Making smart investments, consistent with the fundamental federal role, to ensure modern, safe, and efficient transportation infrastructure;
- Recognizing, promoting, and developing integrated transportation systems;
- Preserving affordable access to transportation and water systems;
- Encouraging technological solutions and promoting innovation;
- Providing flexibility to states and local governments; and
- Ensuring the timely and coordinated completion of federal regulatory reviews while protecting natural resources and enhancing public participation.

Federal Surface Transportation Programs:

On December 4, 2015, the President signed into law the *Fixing America's Surface Transportation Act* (FAST Act) (P.L. 114-94), which authorized funding to improve U.S. surface transportation infrastructure, including our roads, bridges, and public transit systems, for fiscal years 2016 – 2020.

Since the FAST Act is set to expire on September 30, 2020, reauthorization of federal surface transportation programs is a major priority for the Committee on Transportation and Infrastructure this Congress. The Committee will formally begin its process for developing a surface transportation reauthorization bill with hearings and roundtables in the months ahead to gather public and private sector input on key policy priorities for the next bill, but we already know that our infrastructure investment needs are massive.

- According to the American Society of Civil Engineers' 2017 Infrastructure Report Card, America's roads receive a D rating, and bridges receive a C+ rating, both unchanged since 2013, and our Nation's transit gets a D-, which is a downgrade from its previous D rating.

- Nationwide, 33 percent of urban roads are in poor condition and driving on roads in need of repair costs motorists $130 billion in extra vehicle operating costs annually – or $599 per average motorist, according to TRIP.

- One in three U.S. bridges have identified repair needs, while nearly ten percent of all bridges are structurally deficient, according to American Road & Transportation Builders Association.

- The cost of bringing the Nation's rail transit and bus systems into a state of good repair is estimated at $90 billion, according to the U.S. Department of Transportation.

- In 2017, 37,133 people died in traffic crashes.

The last two surface transportation reauthorization bills – the Moving Ahead for Progress in the 21st Century Act in 2012 and the FAST Act in 2015 – generally maintained the amount of federal investment in our roads, bridges, and public transit systems. The Committee intends to develop a long-term, bipartisan bill that improves the condition, performance, and safety of the Nation's surface transportation network in a way that creates jobs, including family-wage jobs in the U.S., spurs innovation and integrates technological advances, and improves our economy and global competitiveness.

The Committee also looks forward to working with other Committees of jurisdiction to address the challenges facing the Highway Trust Fund and to ensure that there is revenue in place to support enacting a long-term surface transportation reauthorization bill. The detailed views and estimates presented below requests that the fiscal year 2020 budget resolution repeal the rescission in Section 1438 of the FAST Act and reflect the authorized levels in the FAST Act after adjusting for this repeal. The Committee also requests a deficit neutral reserve fund for infrastructure in the upcoming budget resolution.

Federal Aviation Administration:

On October 5, 2018, the President signed the *FAA Reauthorization Act of 2018* (P.L. 115-254). The law extends the agency's authorities through fiscal year 2023.

One of the top agenda items for the Committee will be to pursue oversight of the FAA's implementation of the new law, including provisions that streamline the FAA's safety certification processes, address key safety and airline consumer protection issues, advance modernization of the National Airspace System, improve the FAA's programs and processes, and promote further safe and efficient integration of unmanned aircraft systems and commercial space transportation. Another agenda item for the Committee will be to advance an infrastructure bill that increases investment in airports of all sizes, throughout the country, to meet growing demands and projected passenger growth.

Coast Guard and Federal Maritime Commission Authorization Acts:

On December 4, 2018, the President signed the *Frank LoBiondo Coast Guard Authorization Act of 2018* into law (P.L. 115-282), reauthorizing appropriations for the Coast Guard and the Federal

Maritime Commission (FMC) for fiscal years 2018 and 2019. Consequently, with authorized funding expiring in 2019, the Committee intends to move legislation to reauthorize the United States Coast Guard, one of the nation's five armed services, for fiscal years 2020 and 2021.

The global maritime environment is diverse and complex, generating both tremendous opportunities for the U.S. economy and challenges to national security and sovereign U.S. interests in the maritime sphere. It remains vital that Congress provide the Coast Guard with the resources, vessels, and technology it needs to ensure that the Service can successfully conduct its critical missions of maritime border protection, migrant and drug interdiction, search and rescue, marine safety, oil spill and emergency response, and fisheries and other maritime law enforcement.

In addition, the Arctic is fast becoming a new maritime border and geopolitical concern for the United States. Yet the icebreaking capabilities of the U.S. remain severely limited and in need of recapitalization to meet Coast Guard mission needs in both the Arctic and Antarctic. Moreover, the Committee remains concerned that the federal government is underestimating the rate of change in the polar regions. Assuming that rates of change will continue to accelerate beyond projected levels, the Committee will assess unmet infrastructure needs in the Arctic and examine strategies to fill gaps in capabilities.

Our maritime border capabilities also must be fortified for the future, which will require greater investment in Coast Guard air, surface, and unmanned assets to support offshore operations. Moreover, the Committee is concerned with the Coast Guard's diminished marine safety competence and will examine options to strengthen Coast Guard capability for this important mission.

Additionally, the Committee intends again to reauthorize the FMC within the context of a larger Coast Guard bill. The Committee will also conduct oversight of the Commission's implementation of amendments made to the Shipping Act within Title VII of P.L. 115-282 to ensure fair and competitive marine transportation serving the U.S. foreign trades.

Water Resources Development Act:

On October 23, 2018, the President signed the *America's Water Infrastructure Act of 2018* (P.L. 115-270), which contained the *Water Resources Development Act (WRDA) of 2018*. The Committee intends to keep WRDA on a two-year cycle and will develop a WRDA bill to address the needs of ports, inland waterways, flood damage reduction, significant environmental restoration, and other programs and activities of the U.S. Army Corps of Engineers (Corps).

Legislation authorizing activities under the Corps' Civil Works program has been authorized by Congress since the 1800s. Later WRDA legislation established the Inland Waterways Trust Fund (IWTF) and the Harbor Maintenance Trust Fund (HMTF) to help pay for the modernization of locks and dams on America's inland navigation system and maintenance of waterways and ports, respectively.

IWTF revenues are derived from a 29-cent per-gallon user fee on diesel fuel used by commercial vessels engaged in inland waterway transportation, plus investment income. The IWTF pays for one-half of the costs associated with the construction, replacement, expansion, and major rehabilitation of federal inland waterways projects, with the other half coming from the Treasury's general fund. Prior to the enactment of a nine-cent diesel fuel increase in 2014 (which brought the tax to the current 29 cents per gallon) the Corps was spending the funds at the same rate that it was collected, and that was insufficient to maintain an efficient construction schedule for existing projects or to begin any significant new investments. In fiscal year 2020, the Congressional Budget Office estimates that the IWTF will collect approximately $118 million in receipts.

The inland waterway infrastructure system is old and in need of repair, replacement, and rehabilitation. Of the 236 lock chambers currently in operation, 139 are more than 50 years old. Investment in the replacement and rehabilitation of these projects is necessary to ensure products and commodities produced in the U.S. remain competitive in the global marketplace. The American Society of Civil Engineers estimates that underinvestment in America's inland waterways cost American businesses $33 billion in 2010. Without significantly increased investment, those costs could rise to $49 billion by 2020.

The HMTF is meant to pay for the federal share of harbor maintenance needs. Funds are collected through a 0.125-percent tax imposed on the value of cargo loaded or unloaded at American ports. Fiscal year 2019 appropriations from the HMTF was approximately $1.5 billion. According to the Congressional Budget Office, the HMTF will collect approximately $1.6 billion in receipts in fiscal year 2019. The Committee requests, at a minimum, that the revenues collected in fiscal year 2019 be allocated to the Corps in fiscal year 2020 to address the operation and maintenance needs of federal commercial harbors, including authorized jetty and breakwater needs. Moreover, the balance in the HMTF continues to grow. By the end of fiscal year 2019, the balance will be approximately $9.5 billion; and by the end of fiscal year 2029, the balance will be $14.4 billion. Full utilization of the funds collected for the HMTF would address U.S. port maintenance requirements.

America's businesses and consumers depend on these ports, as 70 percent of America's imports and 75 percent of its exports go through the U.S. ports. The number of ships calling on U.S. ports is rising, and with the expansion of the Panama Canal, the size of ships will grow. With an expanded Panama Canal, increasingly larger container ships will become the norm, although the number of American container ports that currently receive such ships is limited. The current rate of investment by the trust funds may not be sustainable in the long term if we are to keep inland waterways and ports as a viable part of a multimodal transportation system.

In addition, the Corps is challenged with an enormous backlog of Congressionally-authorized projects and deferred maintenance of its aging water resources infrastructure, increased demands, reduced budgets, and severe weather and water conditions. Ensuring that the Corps has the capability and direction necessary to meet expectations requires a thorough review and understanding of its priorities and its ability to manage its portfolio of assets in the context of recent federal budgets. The Committee intends to conduct technical and budget oversight of the Corps funding, backlog, and future needs. Additionally, the Committee looks forward to working with the Administration on completing the implementation of the Water Resources Reform and Development Act of 2014, WRDA 2016, and WRDA 2018.

Environmental Protection Agency:

The Committee continues to believe that investment in critical Environmental Protection Agency (EPA) programs, like the Clean Water Act State Revolving Fund and the Brownfields program, is important for sustainable long-term economic growth. Both of these programs provide substantial returns on investment, and consistently receive more requests for participation than can be met by appropriated funding levels. Congress should continue to provide funds that support these activities, and should seek to increase the level of appropriated funds for these programs commensurate with state and local needs. The Committee intends to reauthorize federal appropriations for the Clean Water State Revolving Fund, as well as provide communities with federal resources and the appropriate tools to address local water infrastructure affordability concerns.

For the Superfund program administered by the EPA, the Committee is aware of a 2015 Governmental Accountability Office report (GAO-15-812) that documented a general decline in federal appropriations to the Superfund program over the last decade. The Committee recommends funding at a level that matches its capability, so that no cleanup projects fail to advance due to lack of funding, thereby delaying public health and environmental benefits, as well as economic benefits derived from returning sites to productive use. As with other accounts, the EPA should give highest priority to projects that protect human health, water quality, and the environment, while creating the most jobs and economic activities.

Rail Legislation:

The *Fixing America's Surface Transportation Act* (FAST Act) (P.L. 114-94) included the reauthorization of Amtrak, Amtrak's Office of Inspector General, and the Northeast Corridor Commission through fiscal year 2020. The FAST Act also included reforms to provide greater accountability and transparency for Amtrak, improve our rail infrastructure, enhance rail safety, accelerate project delivery, and leverage innovative financing.

The FAST Act reorganized Amtrak's authorization structure into the Northeast Corridor (NEC) and National Network lines of business, to ensure NEC profits are reinvested in the Corridor, while authorizing Amtrak to transfer funding between the two accounts to ensure Amtrak is able to operate a national rail passenger transportation system. The FAST Act also created a State-Supported Route Committee to promote cooperation and planning pertaining to the rail operations and performance of Amtrak and related activities of trains operated by Amtrak on state-supported routes.

The FAST Act also restructured and consolidated rail grant programs administered by the Federal Railroad Administration (FRA) for passenger, freight, and other rail activities. These include: Consolidated Rail Infrastructure and Safety Improvement Grants to improve safety, reliability or efficiency for passenger and freight rail projects; Federal-State Partnership for State of Good Repair Grants to reduce the state of good repair backlog for assets used to provide intercity passenger rail service, particularly on the NEC; and, Restoration and Enhancement Grants to initiate, restore, or enhance intercity passenger rail service.

Additionally, the FAST Act authorized several activities to improve the safety of highway-railway grade crossings and strengthened passenger and commuter rail safety, including use of speed limit action plans and locomotive cab alerters. It improved track and bridge safety by reviewing innovative technologies and creating a process for states to monitor bridge conditions, and it provided commuter railroads with competitive grants and loans funded out of the Highway Trust Fund to spur timely positive train control (PTC) implementation. The FAST Act also applies highway and transit streamlining provisions to rail, speeding up timelines, enhancing coordination among agencies, and ensuring public investment early in the environmental review process. Moreover, it unlocked the underutilized Railroad Rehabilitation and Improvement Financing (RRIF) loan program with programmatic and process reforms and enhanced transparency for RRIF applicants.

In October 2015, Congress enacted the *Positive Train Control Enforcement and Implementation Act of 2015*, as part of the *Surface Transportation Extension Act of 2015* (P.L. 114-73), which extended the deadline for installation of PTC to December 31, 2018. The *Positive Train Control Enforcement and Implementation Act of 2015* required each railroad carrier to report annually to the Department of Transportation (DOT) on its progress toward implementing PTC systems; the FRA requires additional reporting on a quarterly basis. At the end of 2018, the FRA reported that, according to the railroads' self-reported progress, all railroads required to meet the positive train control mandate had either met the December 31, 2018, deadline or had submitted requests for extensions.

Finally, in December 2015, the *Surface Transportation Board Reauthorization Act of 2015* (P.L. 114-110) was signed into law, reauthorizing the Surface Transportation Board (STB) for the first time since the agency's creation in 1995. The Act authorized the STB through fiscal year 2020 and included a series of reforms to improve the STB's efficiency and responsiveness to allow the railroad industry to better serve its customers. It gave the STB authority to investigate issues of national or regional significance on its own initiative; directed the STB to modify its voluntary arbitration process; and made important structural changes, such as establishing the STB as a fully independent agency and expanding STB membership from three to five members.

This year, the Committee will continue to monitor the implementation of the programs, policies, and funding authorized in the *Passenger Rail Investment and Improvement Act of 2008* (P.L. 110-432), the FAST Act, the *Surface Transportation Extension Act of 2015*, and the *Surface Transportation Board Reauthorization Act.*

Pipelines and Hazardous Materials:

The FAST Act also reauthorized the Pipeline and Hazardous Materials Safety Administration's (PHMSA) hazardous materials safety program and included several reforms for the safe transportation of hazardous materials.

The FAST Act authorized grants to assist communities in preparing for and responding to hazardous materials accidents; required railroads to provide information on the identity, quantity, and location of crude oil movements to states and local responders; and improved the process for review of special permits and approvals. In addition, the FAST Act enhanced safety by requiring new tank cars to be equipped with "thermal blankets" and top fittings protection and by requiring that all legacy tank cars to be retrofitted to the new standards. Finally, the FAST Act provided the PHMSA with authority to respond during national emergencies.

Moreover, Congress reauthorized the PHMSA's pipeline safety program in the 114th Congress by enacting the *Protecting our Infrastructure of Pipelines and Enhancing Safety Act of 2016* (PIPES Act) (P.L. 114-183). The PIPES Act ensured the agency completed its responsibilities under the *Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011* (P.L. 112-90); provided for a number of assessments of the current safety program; included the establishment of minimum standards for underground natural gas storage systems and liquefied natural gas facilities; provided the PHMSA with emergency order authority to impose emergency restrictions on pipeline operations and safety measures on owners and operators of pipeline facilities to abate imminent hazards; created a working group to develop recommendations on how to create an information sharing system; and required the PHMSA to report on the feasibility of establishing a national integrated pipeline safety regulatory inspection database to improve communication and collaboration. The PIPES Act will expire in September 2019.

This year, the Committee intends to reauthorize the PHMSA's pipeline safety programs, as well as continue to review the PHMSA's implementation of the mandates included in the FAST and PIPES Acts, and the *Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011* (P.L. 112-90), much of which remains to be implemented.

General Services Administration – Federal Real Property and Public Buildings:

The Committee intends to advance legislation related to the General Services Administration (GSA). The GSA continues to face significant asset management challenges because of chronic underfunding of its maintenance and repair budget, difficulties in disposing of surplus property, and an aging inventory. For these reasons, in 2003, the GAO placed real property management on its list of "high risk" government activities, where it remains today.

Considerable amounts of vacant or underperforming assets can translate into significant costs associated with their operation, maintenance, and security, and the Committee believes there are significant opportunities to save taxpayers money through disposal of unneeded government property and improving the leasing process. On December 16, 2016, President Obama signed into law the *Federal Assets Sale and Transfer Act* (FASTA) (P.L. 114-287), which established pilot authority for the President to sell or redevelop vacant and underutilized federal real property and buildings. FASTA also codified the requirements for the Federal Real Property Database to ensure better accuracy and management of real property. On that same day, the President signed into law the *Federal Property Management Reform Act of 2016* (P.L. 114-318) which, among other things, codified the Federal Real Property Council. The Committee plans to continue its oversight to ensure the timely and effective implementation of these laws. In addition, the Committee may move a bill that works to reform the GSA leasing program and enable it to get lower leasing rates.

With respect to the GSA's leasing program, over one-half of the GSA's office space inventory consists of privately leased buildings, and an unusually large number of those leases expire over the next five years. This large turnover of GSA leases is taking place at a time when vacancy rates for commercial office space remain high and market rents low in some markets where the GSA has large lease holdings. The Committee intends to explore ways to help the GSA maximize this market opportunity by accelerating long-term lease replacements and improving utilization rates.

The Federal Buildings Fund (FBF), the primary source of funding for the GSA's capital investment program, is struggling to maintain a balanced portfolio of owned properties through construction or purchase of new federal buildings and the repair of existing buildings. The FBF is supported by rental payments charged to federal agencies occupying space in the GSA's facilities.

The Committee recommends that the Administration carefully review the need for any new space, and base determinations of whether to lease or own on what would provide the greatest return on investment to the taxpayer. The Administration should also address issues related to the high number of old buildings in the federal inventory that drain resources from the FBF and are no longer efficient for modern office space. The Committee will also continue to take steps to ensure that federal agencies decrease office space, improve space utilization, and increase efficiency to lower costs.

Furthermore, the GSA has several statutory authorities that, if used appropriately, could reduce costs and result in ownership opportunities in federal real estate. The Committee will examine how these authorities could be used more effectively to address space underutilization, reuse vacant space, convert long-term leased space into owned space, and provide more efficient space by leveraging concessions from private landlords. The Administration should examine how these authorities could be best used; however, the Administration should work with Congress when using these authorities and there should be authorization and strong congressional oversight of such projects.

Finally, the GSA's repair and alteration program has been underfunded in previous years and has failed to meet projected demand for the modernization of the GSA's aging inventory of retained federal buildings. The Committee continues to believe that the GSA should adhere to criteria in modernization and efficiency priorities that target investment in federal buildings that maximize space utilization and dispose of underutilized assets where appropriate. The Committee will also examine whether opportunities exist to leverage private sector interests in federal real estate, not only in providing new office space but also in modernizing existing inventory.

Federal Emergency Management Agency:

The Federal Emergency Management Agency (FEMA) manages and coordinates the federal response to and recovery from major domestic disasters and emergencies of all types, in accordance with the Robert T. Stafford Disaster Relief and Emergency Assistance Act, as amended. The agency leads the U.S. in preparing for, preventing, mitigating the effects of, responding to, and recovering from all domestic disasters, whether natural or man-made, including terrorist attacks.

Across the U.S., 2018 was another devastating year for natural disasters. In addition to the tragic wildfire that devoured Paradise, California, and Hurricane Michael's wrath in the Florida panhandle, Anchorage, Alaska, and the surrounding area was subjected to a 7.0 magnitude earthquake, and Category 5 Super Typhoon Yutu slammed into the Commonwealth of the Northern Mariana Islands. Not only was the FEMA responsible for supporting state, local and tribal governments hit by these disasters in 2018, it was also still responsible for ongoing recoveries from a record-breaking 2017–which included three back-to-back hurricanes— Harvey, Irma, and Maria— as well as another year's worth of catastrophic floods, wildfires, and earthquakes that affected hundreds of thousands of Americans. The Committee has been, and will continue to be, actively involved in providing assistance and guidance to Members of Congress whose districts have been impacted by these disasters.

Last year, the Committee advanced the *Disaster Recovery Reform Act* (DRRA), which was signed into law in October 2018 as part of the broader FAA reauthorization package (P.L. 115-254). The DRRA increases the federal focus on disaster mitigation to proactively reduce loss of life and property by lessening the impact of future disasters and to require stronger, more resilient rebuilding after disaster strikes. It makes other critical reforms to FEMA's disaster response and recovery programs that will help communities better prepare for, respond to, recover from, and mitigate against disasters of all kinds.

The Committee will continue to conduct oversight on FEMA's disaster response and recovery activities—especially the 2017 hurricanes—as well as identify any additional necessary reforms to ensure the FEMA is able to effectively support its state, local, tribal, and territorial partners. Additionally, the Committee will also continue its oversight as the FEMA continues to implement the Sandy Recovery Improvement Act authorities enacted in early 2013, as well as its new DRRA authorities. Additional mitigation reforms were also enacted as part of the *Bipartisan Budget Act of 2018* (P.L. 115-123).

Conclusion:

This report was circulated to all Members of the Committee on Transportation and Infrastructure for their review and comment and was approved in a Full Committee meeting on February 27, 2019. While the report reflects a bipartisan effort, the Committee wishes to emphasize that not all Members of the Committee necessarily agree with every aspect of the report. Accordingly, the Committee reserves its flexibility to determine program needs, and recognizes the potential for funding changes as the Committee and Congress work their will through the legislative process.

DEMOCRATS
MARK TAKANO, CALIFORNIA, CHAIRMAN

REPUBLICANS
DAVID P. ROE, TENNESSEE, RANKING

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March 8, 2019

The Honorable John Yarmuth
Chairman, Committee on the Budget
Washington, DC 20515

The Honorable Steve Womack
Ranking Member, Committee on the Budget
Washington, DC 20515

Dear Chairman Yarmuth and Ranking Member Womack:

Pursuant to section 301(d) of the Congressional Budget Act of 1974, and clause 4(f) of rule X of the Rules of the House of Representatives, and in response to your request, the Committee on Veterans' Affairs (the Committee) submits its Views and Estimates for fiscal year 2020 (FY 20).

The Committee anticipates President Trump will cut the Department of Veterans Affairs (VA) budget by up to 5 percent. Despite repeated requests, VA has not provided a list of programs or budget line items that will be subject to the proposed cuts but has suggested that it will meet the 5 percent reduction from VA accounts other than the Medical Community Care Account. At the same time, the Trump Administration has confirmed that it intends to propose an increase to defense spending by adding $174 billion to the Overseas Contingency Operation (OCO) fund so it can stay within defense budget limits.

The Committee strongly opposes cuts to the VA's budget and a 5 percent cut to non-defense discretionary budgets, while adding $174 billion to OCO. This proposal is an attempt to end run around the defense budget caps and federal budget process, and it shortchanges veterans. Caring for veterans should be factored in to the cost of military operations if Congress is to live up to the promise made to military servicemembers when they answer the call to serve. If defense discretionary spending increases, spending for VA healthcare, programs, and benefits for veterans should increase too.

Based on the FY 20 Independent Budget,[1] the Congressional Budget Office's (CBO) estimate that the VA MISSION Act of 2018[2] (MISSION Act) will cost an additional $47 billion

[1] The Independent Budget is published by The Veterans of Foreign Wars (VFW), Disabled American Veterans (DAV) and Paralyzed Veterans of America (PVA).

over 5 years, and historical spending amounts, VA needs an increase to its budget to provide healthcare and benefits to veterans. VA must be appropriately funded so it has the resources to meet the needs of the current and future veteran population by making VA easier to navigate and able to quickly adapt and respond to the changing needs and demographics of the veteran population.

In contrast to an anticipated 5 percent cut to VA's proposed budget, the veteran service organizations who represent millions of veterans in communities across the country advocate for a budget increase. The Independent Budget authors—The Veterans of Foreign Wars (VFW), Disabled American Veterans (DAV) and Paralyzed Veterans of America (PVA)—propose a total increase of $15.1 billion in VA's discretionary budget, mostly to meet the demand for VA medical care, and to address VA's ageing infrastructure. Specifically, the Independent Budget authors propose $89 billion for total medical care budget authority, an increase of $15.6 billion from FY 19 levels for Medical Care, and a $12.6 billion increase over the current authorized levels for Medical Care in FY 20. This is based on a projected increase of 90,000 new, unique patients.

[2] Pub .L. 115-182.

The Honorable John Yarmuth
The Honorable Steve Womack
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VA Accounts for FY 2020 and FY 2021 Advance Appropriations	FY 2019 Appropriation	FY 2020 Adv Approp	FY 2020 Appropriation IB	FY 2021 Adv Approp Administration	FY 2021 Adv Approp IB
Veterans Health Administration (VHA)					
Medical Services	49,911,165	51,411,165	56,097,047		57,987,858
Medical Community Care*	9,384,704	10,758,399	18,097,004		18,568,672
Subtotal Medical Services	**59,295,869**	**62,169,564**	**74,194,051**		**76,556,530**
Medical Support and Compliance	7,239,156	7,239,156	7,400,062		7,564,221
Medical Facilities	6,004,468	6,141,880	6,550,600		6,701,933
Subtotal Medical Care, Discretionary	**72,539,493**	**75,650,600**	**88,144,713**		**90,822,684**
Medical Care Collections	*3,443,133*	*3,580,999*			
Total, Medical Care Budget Authority *(including Medical Collections)*	***75,982,626***	***79,131,599***	***88,144,713***		***90,822,684***
Medical and Prosthetic Research	779,000		840,000		
Total, Veterans Health Administration	**76,761,626**		**88,984,713**		
General Operating Expenses					
Veterans Benefits Administration	2,956,316		3,035,253		
General Administration	355,897		360,621		
Board of Veterans Appeals	174,748		178,182		
Total, General Operating Expenses	**3,486,961**		**3,574,056**		
Departmental Admin. and Misc. Programs					
Information Technology	4,103,000		4,336,601		
IT Modernization	*1,107,000*		1,800,000		
National Cemetery Administration	315,836		321,439		
Office of Inspector General	192,000		192,176		
Total, Dept. Admin. and Misc. Programs	**5,717,836**		**6,650,216**		
Construction Programs					
Construction, Major	1,127,486		2,780,000		
Construction, Minor	649,514		761,000		
Grants for State Extended Care Facilities	150,000		250,000		
Grants for State Vets Cemeteries	45,000		51,000		
Total, Construction Programs	**1,972,000**		**3,842,000**		
Other Discretionary	[illegible]		[illegible]		
Total, Discretionary Budget Authority (including Medical Collections)	[illegible]		[illegible]		

* - On June 6, 2018, Section 510 of Public Law 115-182 provided an additional $5.2 billion to be deposited in the Veterans Choice Fund under section 802 of the Veterans Access, Choice, and Accountability Act of 2014 (Public Law 113-146, 38 U.S.C. 1701 note) and remain available until expended

Table 1 - Independent Budget Fiscal Years 2020 and 2021

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New military recruits born after September 11, 2001 are enlisting in the Armed Forces as our country begins its eighteenth year of war. Four generations of veterans need VA healthcare and benefits, and VA's budget must reflect that demand. VA cannot return to being shamefully underfunded and unprepared for an influx of veterans as it was in 2003, and it cannot be forced to ration care when it runs out of resources. Furthermore, VA must have resources to address additional Vietnam veterans who were exposed to Agent Orange, changes to GI Bill eligibility, procurement of the $16 billion 10-year Electronic Health Record Modernization project, and long-term care support and services (LTSS) for the aging veteran population. Therefore, the Committee intends to pursue the following legislative and oversight priorities.

The Committee believes a funding solution is needed to pay for the MISSION Act, without forcing VA to cut care provided in VA medical facilities or to cut other VA programs. The MISSION Act is estimated by CBO to cost roughly $47 billion over five years; however, the MISSION Act was passed after the Bipartisan Budget Act of 2018, which did not contemplate authorization of a high-cost VA community care program and expansion of benefits to caregivers.

Absent another budget agreement or legislative solution, VA may be forced to cut funding to other VA programs—including healthcare provided in VA facilities—to pay for more expensive, less culturally competent care provided in the community. Without a solution to address VA's discretionary budget caps, it will be forced to cut programs to prevent triggering sequestration. VFW, DAV, and PVA warn lawmakers of the need for a MISSION Act funding solution in the Independent Budget, writing: "if implementation deviates from the clear and widespread consensus reached by all key stakeholders, the VA health care system could enter a period of decline with devastating consequences for veterans who rely on VA for their care, and perhaps even threaten the viability of the VA health care system itself." Measures offered by Representatives Tim Walz and Conor Lamb, and Senators Richard Shelby and Patrick Leahy in the 115th Congress would have addressed budget cap concerns by holding the non-defense discretionary caps harmless allowing for VA to pay for community care without devastating cuts to the VA system. Whether one of these measures is the solution, or another solution is developed, the Committee supports a permanent solution to address VA's discretionary spending limits in the 116th Congress that does not cut VA programs and benefits to veterans.

Moreover, the Committee will not support any Trump Administration proposal to merge VA's Medical Community Care account with its Medical Services account. A consolidation of the two accounts into one would prevent Congress from overseeing the amount of care being provided by community providers versus VA providers in VA facilities. Appropriators refused to support this proposal last Congress, and the Committee will advocate against any proposal to disguise spending on community care by VA.

VA's recently proposed access standards used to determine veterans' eligibility to receive care from community providers has the potential to further increase costs beyond CBO's projected $47 billion for community care under the MISSION Act. The proposed access standards are once again arbitrary standards like the previous Choice Act program. One of the biggest criticisms of the Choice Program was Congress' adoption of arbitrary access standards – 30 days or 40 miles driving distance from a facility. In response to this criticism, the MISSION Act was drafted to allow veterans to seek care from private providers based on criteria developed by VA in consultation with veteran service organizations, federal agencies, private sector providers, and other stakeholders. Instead, VA published proposed access standards without consulting veterans service organizations or Congress. The proposal would allow veterans to see private providers if the drive time to a VA facility is longer than 30 minutes, or if the wait for an appointment were greater than 20 days, decreasing to 14 days in 2020. This proposal is projected to make 20 to 30 percent of the 7 million veterans treated in VA facilities annually eligible for community care, likely adding additional costs to the pricy, $9.4 billion a year program.

Further, the proposed access standards represent only one of six different criteria for accessing community care. Although lawmakers agree veterans deserve to choose when and where to receive their healthcare, the new standards raise concerns over the likely expansion of the program without a clear solution to pay for the program—including increased costs and administrative fees—or requirements that demonstrate improved quality of care or healthcare outcomes. The Committee remains concerned that VA is too focused on sending veterans to see private providers, without taking steps to fill the 48,985 vacancies at the Department—most of those being healthcare providers—or demonstrate measurable efforts toward removing VHA from the Government Accountability Office's High Risk List.

Expansion of the Program for Comprehensive Assistance for Family Caregivers to family caregivers of veterans of all generations and conflicts (not just veterans who served after September 11, 2001)—and also authorized in the MISSION Act—was not contemplated in the Bipartisan Budget Act of 2018 and must be included in any funding solution or VA budget this Congress. The Committee supports a significant increase in funding for the Caregiver Program. This funding should be used to (1) implement a capable IT system, (2) assess the capacity of the current program to serve the Caregiver population, and (3) hire the staff necessary to properly implement the program's first phase of expansion. According to the Independent Budget, these requirements will cost approximately $253 million in FY 20.

The Committee is committed to addressing health disparities and better understanding the role of social determinants on veterans' healthcare. This includes a focus on underserved veterans from tribal communities, homeless veterans, and even deported veterans. Demographics demonstrate increasing diversity within the veteran population. Almost a quarter of all veterans are minorities and nearly ten percent of veterans are women. Eligible veterans, regardless of social or physical disparities, should not face barriers to care at VHA facilities. According to the Centers for Disease Control and Prevention, health inequities can result in lower life expectancy, lower quality of life, disability, higher rates of disease, and death.

VHA does not collect data related to each veteran's sexual orientation. However, it is estimated 1 million LGBTQ Americans are veterans. Approximately 134,000 veterans are transgender according to estimates. Despite the Trump Administration's ban on transgender

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servicemembers, VA should offer the most comprehensive treatment for LGBTQ veterans, including gender reassignment surgery. This will place VHA on par with past Department of Defense policies. The LGBTQ Health Program under VHA's Office of Patient Care Services should be sufficiently funded and Congressional oversight is needed to make sure this office is providing specific services and outreach to this veteran cohort.

The Committee strongly supports funding for gender-specific healthcare for women, including an additional $540 million for FY 20. According to the Independent Budget, additional funds would allow VA to hire 200 new physicians as designated women's health providers as well as hire and provide specialized training for 100 women veteran peer support specialists for placement in primary care clinics and mental healthcare teams to work with more complex patients, including efforts related to suicide prevention. The Committee has established the Task Force on Women Veterans to ensure VA is meeting their current and future healthcare needs, including making permanent VA's authority to refer veterans for In Vitro Fertilization (IVF) treatment and provide the benefit to eligible same-sex couples.

The Committee supports an increase of $534 million for the Long Term Services and Support (LTSS) budget in FY 20. The median age of the veteran population is 64 compared to the median age of 44 for the non-veteran population. VA's VetPop 2016 Projection Model shows that despite an expected decrease in the veteran population from 20 million in 2017 to 13.6 million in 2037, the aging baby boomer generation (born 1946-1964), will continue to be a substantial percentage of the total population and will increasingly need more healthcare services and LTSS.

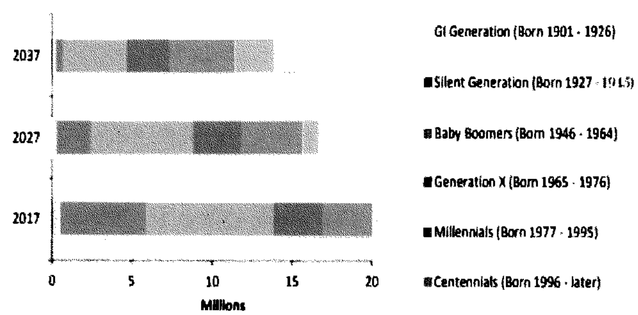

Table 2 – Veteran population by cohort 2017 - 2037

In preparation for providing LTSS to more veterans, VA must continue its efforts to better balance the percentage of its budget spent on institutional versus non-institutional care. From 2008 to 2017, the percentage of VA's LTSS spending on non-institutional care rose from 15 percent to 36 percent. The $534 million increase for LTSS proposed by the VFW, DAV, and PVA in the Independent Budget is essential to ensuring VA is able to maintain its

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network of institutional care providers, such as Community Living Centers and State Veterans Homes, while increasing veteran access to non-institutional care. Until VA's LTSS expenditures are more on par with the Center for Medicaid and Medicare Services—which currently sit near 50 percent—the Committee cannot be certain VA's injured and aging population of veterans has access to LTSS equal to that of the civilian population.

The Committee will make access to timely, effective, mental healthcare a top priority of the 116th Congress. The number of veterans battling mental health disorders, including post-traumatic stress disorder (PTSD) and substance use disorder continues to rise. Twenty veterans and servicemembers are still dying from suicide every day, and there is a growing trend of veterans committing suicide in VA hospital parking lots. In December 2018, the Government Accountability Office (GAO) found that VHA's suicide prevention outreach declined significantly since 2016 due to lack of leadership and significant employee turnover. Of the $6.2 million obligated for suicide prevention paid media, VHA had spent only $57,000 of its paid media budget as of September 2018. Significant Committee oversight to ensure VA is appropriately resourcing and managing efforts to prevent veteran suicide, provide mental health treatment to veterans in crisis, and implement the President's January 2018 Executive Order, "Supporting our Veterans During their Transition from Uniformed Service to Civilian Life," will continue this Congress. The Committee also supports innovative VA research in this area, such as the development of the REACHVET technology with the National Institutes of Health.

For several years, the budget requests for construction, leasing and non-recurring maintenance had been woefully under representative of need. For that reason, the $4 billion assumed in the deal to raise the discretionary spending caps in the Bipartisan Budget Act of 2018 was a commitment that $2 billion in FY 18 and $2 billion in FY 19 would be used for "rebuild[ing] and improv[ing] VA hospitals and clinics." Instead, VA requested to spend half of the $4 billion negotiated for VA construction and infrastructure on care provided by private providers in FY 19.

Last year, VA received an increase of nearly $700 million in funding for major construction projects. However, other sites that had received initial funding now lack the necessary funds to complete the project. The Independent Budget calls for an increase of $1.73 in FY 20 to VA's construction budget and another increase in FY 21 so that projects paused due to lack of funds can be completed in the next 5 years, including projects that present a safety risk to veterans and employees.

The Committee also remains concerned with the limited resources being committed to VA's nearly $7 billion deficit in seismic corrections. VA's FY 19 budget request of $400 million was a good start, but at that funding rate, the Independent Budget authors correctly noted that it would take VA 18 years to address the problem. The Committee supports the Independent Budget's recommendation of funding $1 billion a year to quickly rectify seismic defects and to work with stakeholders to find practical solutions to ongoing challenges related to facility leases.

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The Committee hopes to see a significant increase in VA's research budget, and the budgets of the National Institutes of Health and the Centers for Disease Control and Prevention because these institutions often work together to perform and fund research integral to developing treatments and medical technologies to improve the lives of veterans. VA's research budget has lagged since FY 2010. As a result, what was once the nation's most cutting-edge research institution is at risk for prematurely ending current research initiatives, failing to properly fund emerging areas of research important to veterans' healthcare, and becoming a less competitive employer to clinicians seeking to perform research.

The Committee will oversee the VA's medical and prosthetic research program to identify and eliminate redundancies and ensure the dissemination of best practices and a veteran-centric research focus. The Committee intends to support research into high rates of infertility among servicemembers, the effects of hazardous exposures on veterans and their families including exposure to Agent Orange, Gulf War Illness, and exposure to open-air burn pits, and the effectiveness of medicinal cannabis as a treatment for common medical conditions in the veteran population.

Furthermore, VA research funding must reflect annual biomedical research inflation rates and commitments to research focusing on conditions unique to Operation Iraqi Freedom (OIF)/Operation Enduring Freedom (OEF) veterans. A cut or failure to increase VA's research budget and the budget of other federal research institutions will negatively affect healthcare research for the veteran population. The Committee agrees with the Independent Budget's recommendation of at least a $61 million increase to VA's research budget over its FY 19 appropriation of $779 million.

The overall budget for the Office of Information and Technology (OI&T) has remained relatively static over the last several years, yet the enterprise needs of VA have only grown. VA has several complex ongoing projects, such as the Electronic Health Record Modernization (EHRM) and the Financial Management Business Transformation (FMBT), which are both projected to take at least a decade to implement. VA's FY 19 budget request was for $4.185 billion, which represented little change from FY 17 ($4.27 billion, actuals) and FY 18 ($4.056 billion, estimated). In addition to managing major IT investments, OI&T is responsible for legacy system maintenance, including critical systems such as VistA, and data center consolidation efforts. OI&T also serves as a major collaborator with other VA components to direct and guide IT investments for specific programs, such as community care and benefits processing.

In this role, OI&T should be a powerful partner for steering VA enterprise investments in an innovative and efficient direction. However, it has often suffered from a lack of consistent leadership and a clear strategic vision. This vision spans the basic -- a regular technology refresh schedule -- to the complex -- the deployment of a single instance of a VA/DoD health record system. In addition to leadership challenges, there has been slow growth in highly skilled staff, particularly in the EHRM program office (OEHRM), leaving OI&T heavily dependent on contractor support and detailed staff from other programs. This staffing struggle led OI&T to

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underestimate the program costs associated with the EHRM. OEHRM has cited challenges with classifying these positions, which require competitive pay to attract quality candidates. These challenges have not set up OI&T and the EHRM program on a solid footing for a 10-year, $16 billion investment.

Despite anticipated proposals to cut VA's budget, the Committee expects OI&T to present a strong vision statement and concrete plans to execute on a committed program agenda in its FY 20 budget now that OI&T finally has a confirmed appointee to the position of Assistant Secretary for Information and Technology and Chief Information Officer. The Committee will be looking for certain indicators that OI&T will be able to deliver on its promises, and will hold VA accountable for failing to put forth a budget request that reflects the requirements necessary to successfully implement these large projects.

First, there must be a comprehensive infrastructure plan that extends beyond the first few years of the EHRM implementation. There should be an enterprise-wide plan that will engage in a strategically sourced technology refresh schedule while assuming VA will need to continuously acquire and implement innovative technologies. Second, VA must produce and commit to a workable staffing plan that shows a dedication to investing in a strong IT workforce. The Committee is willing to work with VA to address statutory issues related to hiring technical program staff. Third, VA must be transparent about its cost-estimates and timelines for major programs. The Committee assumes that these programs will have challenges, but it expects VA to be upfront about these issues so that Congress and VA can collaborate on workable solutions.

The Committee advocates for a disability compensation system that provides a fair rating before separation for transitioning veterans (except those with a highly complicated illness or injury).

Servicemembers are better served when their separation from military service is seamless. Particularly for those who need mental health care support, or advanced degrees or certifications before taking jobs in their chosen careers, providing a rating decision before separation can eliminate time gaps which studies show can mean the difference between meeting Transition Assistance Program (TAP) goals, or languishing for months in limbo. Current programs such as the Benefits Delivery at Discharge (BDD) and the Integrated Disability Evaluation System (IDES) programs are a good framework to build upon towards achieving this goal.

The Committee will also closely oversee the Appeals Modernization Act's implementation, paying attention to the IT systems at the Board of Veterans Appeals, to ensure problems are identified and remediated immediately. It will also closely monitor the Appeals Modernization system, and champion VA's success delivering decisions on appeal significantly faster than in past years because of the Appeals Modernization Act reforms.

The Committee will continue to review and advocate for improvement in all VBA communications to veterans to ensure clarity and understanding for veterans, who too often are

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left frightened and confused by notices that do not use plain language and contain legal citations and unnecessarily blunt, authoritative language. We will also insist on full VBA compliance by 2020 with current law requiring websites and written guidance for veterans to be accessible to disabled veterans.

The Committee will work to eliminate barriers to fair and timely disability compensation for all veterans, particularly those with post-traumatic stress disorder (PTSD), veterans who were victims of military sexual trauma (MST), insular and tribal veterans, deported veterans, veterans suffering illness or injury from Traumatic Brain Injury (TBI), Gulf War Illness, and toxic exposure. This effort will include working with stakeholders on policy reforms and supporting scientists' attempts to find timely and reliable scientific evidence necessary to support service-connection for illness or injury resulting from exposure to toxic chemicals. This includes authorizing VA to presume veterans serving on U.S. Navy ships within the territorial waters of the Republic of Vietnam were exposed to the toxic herbicide Agent Orange if they develop health conditions associated with its exposure. These veterans have been denied disability and healthcare benefits because VA interprets the Agent Orange Act of 1991,[3] to apply only to those who have served on land or the inland waterways of Vietnam. This requires veterans who served outside of this geographic area to prove independently through paper records mostly lost, destroyed, or never created that they were exposed to Agent Orange.

Last Congress, H.R. 299, the Blue Water Navy Vietnam Veterans Act of 2017 passed the House unanimously with over 300 co-sponsors. The same measure has been introduced in the 116th Congress, and already has 278 co-sponsors. According to CBO, extending the presumption of Agent Orange exposure to 'Blue Water Navy veterans' without an offset is estimated to cost $2.52 billion in direct spending over 10 years to provide disability compensation to these veterans, and $294 million in discretionary outlays over 5 years to provide healthcare benefits.[4] However, the recent decision by the U.S. Court of Appeals for the Federal Circuit in *Procopio v. Wilkie*[5] found that the Agent Orange exposure presumption applies to veterans who served within the territorial sea of the Republic of Vietnam, making Blue Water Navy veterans eligible for disability benefits. The Trump Administration has not decided whether it will appeal the decision, but this Committee will not wait on the Administration to pass H.R. 299 which will permanently authorize disability compensation and healthcare benefits to these veterans.

The Committee will oppose any proposal to round-down the computation of the cost of living adjustment (COLA) for service-connected compensation and dependency and indemnity compensation (DIC). Such a round down is strongly opposed by the Committee and veterans service organizations because it undercuts the goal of ensuring veterans' compensation keeps

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[3] Pub. L. 102-4.

[4] Congressional Budget Office, Letter to the Honorable Senator Enzi, *Blue Water Navy Vietnam Veterans Act of 2018* (Dec. 18, 2018). https://www.cbo.gov/system/files/2018-12/HR299Revised.pdf

[5] *Procopio v. Wilkie*, No. 17-1821 (Fed. Cir. Jan. 29, 2019). http://www.cafc.uscourts.gov/sites/default/files/opinions-orders/17-1821.Opinion.1-29-2019.pdf

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pace with the economy. Disabled veterans and their surviving spouses and children should not be made to pay for other veterans' programs and benefits through cuts to their own benefits.

The Committee supports legislation changing VA policy so that VA can reissue benefits to all veterans in the event a VA-appointed fiduciary misuses those benefits. The Committee advocates for increases in full-time equivalent positions beyond the 225 positions recommended in previous budget proposals so that VA is able to closely monitor VA-appointed fiduciaries and protect vulnerable veterans.

The findings in three VA Office of Inspector General (IG) reports on adjudication of MST, TBI, Amyotrophic Lateral Sclerosis (ALS) claims, show that claims adjudicator training is inadequate, and many veterans are being denied the accuracy and timeliness they deserve when they file compensation claims. The Committee will hold the agency responsible for clear program training improvement action plans and will conduct ongoing oversight of the implementation of these plans to ensure improved results for veterans.

The Committee remains concerned that some benefits and programs administered by the VBA continue to be largely ignored. In recent years, the bulk of the staffing and resource increases have been directed toward the administration of disability compensation and pension claims. This primary focus on compensation and pension claims has resulted in a lack of attention placed on the administration of other VBA benefits such as the GI Bill, Vocational Rehabilitation, Home Loan benefits, and VA's portion of the Transition Assistance Program (TAP).

Ensuring economic and educational opportunities for veterans, particularly those transitioning from active duty, is an area of continued focus and prioritization for the Committee. Under the John S. McCain National Defense Authorization Act for Fiscal Year 2019 (FY20 NDAA), significant changes were made to DOD requirements under TAP. Corresponding changes to VA and Department of Labor - Veterans' Employment and Training Service (DOL-VETS) transition programs passed the House, but not the Senate. These changes at VA and DOL-VETS will continue to be a focus for the Committee and relevant agencies, and will require attention, funding, and political will to shift TAP to an individually tailored program that can address the critical needs of service members leaving the military. In addition to examining TAP, the Committee will look for ways to take a more holistic view of the transition process to coordinate efforts between federal, state, and local governmental agencies, veterans groups, and community providers.

The Committee will continue oversight efforts of implementation of the Harry W. Colmery Educational Assistance Act of 2017,[6] also known as the Forever G.I. Bill. This bipartisan law is the largest expansion of educational benefits since the passage of title V of the Post 9/11 G.I. Bill.[7] The Committee is concerned with the issues VBA faced with the

[6] Pub. L. 115-48.

[7] Pub. L. 110-252.

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implementation of Sections 107 and 501 of Forever G.I. Bill, and realizes those issues are a symptom of larger project management, contract design and enforcement, and information technology acquisition problems within VA. A talented, empowered, and motivated workforce will be necessary to overcome these obstacles and complete implementation of the Forever G.I. Bill.

The Committee will remain focused on implementation of the Forever G.I. Bill according to Congressional intent. This oversight will ensure the Forever G.I. Bill provides opportunities for service members and veterans to reintegrate into civilian life and enables them to access the same economic opportunities as their civilian peers. The Committee will make sure VA prevents bad actors in the education and economic sectors from targeting veterans because of the generous benefits of the G.I. Bill. VA will need to better enforce protections for student veterans and enable private, non-profit, and governmental entities to work within existing regulations to quickly create on-the-job trainings, apprenticeships, and DoD Skillbridge programs. Under Committee oversight, VA must develop identifying and measuring metrics that accurately quantify the quantity and quality of educational and economic opportunities, which will require data tracking and sharing across Cabinet level agencies and sub-agencies. The Committee will also focus on closing the "90/10 loophole" in the Higher Education Act to curb abusive practices by some entities.

The Vocational Rehabilitation and Employment (VR&E) program provides education and training benefits for disabled veterans with barriers to employment. It also manages the Independent Living (IL) program, designed to enable the most severely injured veterans to live as independently as possible, and the Veteran Success on Campus (VSOC) program, which stations VA Vocational Rehabilitation staff at institutions of higher learning. The Committee continues to be concerned about counselor caseloads and outcomes of VR&E programs as well as the administration of the self-employment track of the VR&E program, which can often result in high costs. Extensive study and reform of the VR&E program will be necessary to preserve and improve its ability to address the needs of vulnerable veterans before they are in crisis and ensure their successful reintegration into civilian life.

VA's Loan Guaranty Service administers grants under the Specially Adapted Housing (SAH) program and the Special Housing Adaptation (SHA) program. These grants address subgroups of veterans facing greater difficulty in reintegration, and those with permanent and total service-connected disabilities. These programs enable veterans to adapt their home, or construct a new home, to accommodate their disabilities. The SAH and SHA grants are beneficial for the most severely injured veterans, and the Committee intends to evaluate the overall grant amounts to determine if the grant amounts meet the current requirements to adapt a home for this disabled veteran population.

VA has been successful at reducing veteran homelessness by providing homeless and at-risk veterans with appropriate housing and supportive services. However, many veterans remain in danger of losing their homes or are currently homeless. The Committee strongly supports Supportive Services for Veteran Families (SSVF) and Housing and Urban Development-

Veterans Affairs Supportive Housing (HUD-VASH) programs, and opposes any actions by the Administration to reallocate funds or reduce staff for these programs. The Committee will continue to support efforts to better understand and address the myriad factors that underlie veteran homelessness, including collaboration with other Committees of jurisdiction to end veteran homelessness.

Finally, the work of the VA Office of Inspector General (IG) has been invaluable to the Committee's work due to their unbiased investigations and audits. The Committee supports full funding for IG's work and increases to its budget. IG has been under-resourced while responding to numerous whistleblower complaints, congressional investigation requests, and performing statutorily mandated audits. The Committee will oppose Administration proposals to flat-fund or cut IG's budget.

The Committee appreciates your strong support of programs and benefits for veterans and looks forward to working with you to adequately resource VA in FY 20.

Sincerely,

Mark Takano

Mark Takano
Chairman

DEMOCRATS
MARK TAKANO, CALIFORNIA, CHAIRMAN

REPUBLICANS
DAVID P. ROE, TENNESSEE, RANKING

U.S. House of Representatives

COMMITTEE ON VETERANS' AFFAIRS

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March 8, 2019

The Honorable John Yarmuth
Chairman
Committee on the Budget
Washington, D.C. 20515

The Honorable Steve Womack
Ranking Member
Committee on the Budget
Washington, D.C. 20515

Dear Chairman Yarmuth and Ranking Member Womack:

We dissent to the majority's Fiscal Year 2020 views and estimates (V&E) letter because, in a departure from past practice, the minority was not consulted in its preparation and, as a result, the majority's letter represents a political document rather than a bipartisan framework for funding the Department of Veterans Affairs.

For the past eight years under Republican leadership, the practice of the Committee on Veterans' Affairs was to share the committee's proposed V&E letter with the minority and prepare a bipartisan estimate. Since the 112th Congress, the committee's V&E letters have been signed by both the Chair and Ranking Member and, in several of those Congresses, a near unanimous committee panel. Regrettably, this year the majority did not seek the minority's input. Rather, the majority provided its letter on the afternoon of March 5 and advised us that we had three days to submit additional views. With that, we offer, the following dissenting views on the FY20 budget for the Department of Veterans Affairs.

In General

We appreciate the difficult task the committee has preparing its views and estimates without the benefit of the president's budget. However, the majority's concern that the president will cut the department's budget by five percent flies in the face of historical trends. The department's actual budget authority in FY 2009 was $99.8 billion, including $47.8 billion for mandatory benefits and $44.5 billion (including collections) for medical programs. In FY 2017, President Trump's first year in office, the department's budget was $182.3 billion in actual budget authority, including $102.3 for mandatory benefits and $68.8 billion (including collections) for medical programs. In FY 2019 the president again requested an increase in the budget with Congress appropriating a record budget of well over $200 billion. Far from budget cuts, this president has supported record funding for VA.

Budget Caps

The majority argues that any defense discretionary spending increases should result in increases to the non-defense discretionary cap. We disagree. In November of 2017, the committee began debate on H.R. 4242, a bill to replace the Choice program and consolidate the several other community care programs into a single program. In fact, every minority committee member in the 115th Congress signed on as original cosponsors to that legislation. In February of 2018, the Bipartisan Budget Act of 2018 (BBA) was enacted which set the present budget cap framework. Contrary to the majority's assertion, negotiators for the BBA were well aware of the debate concerning the VA's community care program. Four months later, on June 6, 2018, the president signed the VA MISSION Act of 2018 into law and, all but one member supported passage of the bill under the existing BBA's framework in the U.S. House of Representatives.

Irrespective of whether spending has been uncapped or capped (as it has been for the last eight years) VA has, and will continue to be, adequately funded. As is appropriate, we recognize that Congress will have to make tough choices when deciding what discretionary programs to fund. It is not without a hint of irony that while the majority raises concerns about the existing caps, it also advocates for billions in new VA discretionary programs of questionable priority in a tight fiscal climate. We believe that fully funding the department is a top priority for the nation and we will fervently take up that fight under any cap structure.

Community Care

Our first oversight and budgetary priority will be ensuring that the VA healthcare system is well-resourced to continue to provide veteran patients with timely, high-quality care either in VA medical facilities or through the consolidated community care program that was established in the MISSION Act. Since FY 2014, community care appointments have increased by approximately 56 percent and, in FY 2018, approximately 1.78 million veterans were authorized by VA to receive care in their communities. Following the implementation of the MISSION Act community care program, average veteran reliance on VA to meet their healthcare needs is expected to increase from 36 percent to 40 percent. These statistics clearly indicate that community care is an important component in VA's overall ability to ensure access to care for veterans in need.

We are supportive of the access standards that VA has proposed for the MISSION Act community care program. As noted in the Independent Assessment that was required by the Choice Act, "national standards for access and wait-times do not presently exist." The majority's allegation that the standards are "arbitrary" is specious. We appreciate VA's work to analyze best practices in the government and private sector when contemplating access standards for the MISSION Act community care program and recognize that the proposed access standards related to drive time are based on standards that currently exist in the TRICARE Prime program, in nine state Medicaid programs, and in insurance standards across six states.

We support efforts to ensure that the information technology systems needed to support the MISSION Act community care program are fully funded and appropriately prioritized. We are aware that VA intends to request authority to repurpose certain funds from the Community Care account and the Medical Services account to the Information Technology account to support the development and implementation of systems related to decision support and claims processing. We support that request.

Asset and Infrastructure Review (AIR)

Another important aspect of access to care is ensuring that VA medical facilities are appropriately located, equipped, and staffed to provide high-quality care to veteran patients. To that end, we must fully fund VA's programs for assessing its vast and aging capital asset portfolio through extensive data analysis and market assessments. In light of the growing budget demands driven by aging and inappropriate infrastructure, we would also like to see an acceleration of the process to seat the Asset and Infrastructure Review Commission. Secretary Wilkie called for such an acceleration at the Committee's February 27, 2019 hearing. We will also weigh options on how to move forward with VA major medical facility lease authorizations in light of continued complications resulting from Congressional budgeting rules and VA and General Services Administration leasing protocols.

VBA Staffing

In VA's budget request for Fiscal Year 2019, the Department requested $2,868,909,000 for VBA's General Operating Expenses (GOE). This request included funding for an additional $22 million to hire 225 fiduciary field examiners. As you know, last year, Congress enacted the Energy and Water, Legislative Branch, and Military Construction and Veterans Affairs Appropriations Act, 2019. This law appropriated $2,956,316,000 towards VBA's General Operating Expenses, which was $87,407,000 above VA's request. As a result, VBA received all the funding it needed to hire the additional fiduciary field examiners that were previously requested.

While the majority recommends increases in full time equivalents (FTE) above the 225 FTE funded last year, at present, VA has not indicated that it lacks a sufficient workforce to effectively manage fiduciary field examinations. Therefore, the committee should continue oversight of VA's hiring efforts for field examiners and assess, in collaboration with VA and stakeholders, whether additional FTE for the fiduciary program are needed in the months ahead.

Electronic Health Record Modernization and Office of Information Technology:

We continue to support the Department's Electronic Health Record Modernization (EHRM) program but have serious concerns about the veracity of cost estimate information that has been provided, and believe EHRM must be implemented in the context of a versatile, open interoperability platform that the Department owns and controls. We believe it will be unsustainable to continue to eschew any internal funding reallocations, which VA initially proposed making, and fund EHRM entirely with new appropriations; this has only been possible to date because of temporary circumstances. We also continue to support the Office of

Information Technology's (OIT) declared "Buy First" policy to purchase commercial off-the-shelf software and customize it to the minimum extent necessary, rather than develop proprietary systems, while believing VA must maintain the expertise and capability of federal employees sufficient to exercise strategic and operational control of IT activities. We agree with the majority that the OIT appropriation has remained relatively static over the last several years, yet the enterprise technology needs of VA have only grown, and we add that the EHRM program's needs have put additional strains on the already constrained OIT appropriation. We similarly agree with the majority's concern that OIT has suffered from a lack of consistent leadership and clear strategic vision.

Education Programs

While certainly not a budget issue, it is worth pointing out that the majority's statement in their views and estimates that they would "focus on closing the '90/10 loophole' in the Higher Education Act to curb abusive practices by some entities" is in direct violation of the committee's jurisdiction. The Higher Education Act is under the purview of the committee on Education and Labor. Furthermore, there is no indication that the closing of this supposed loophole would improve the quality of education programs as it is simply an accounting measure to track the amount of funding provided to for-profit institutions. If there are schools that are not providing an appropriate level of education and training to veterans, those programs should be dis-approved for GI Bill benefits, period. However, it is inappropriate and unfair to punish a school or training program solely on the basis of their tax status and by doing so Congress would be un-necessarily limiting veterans' choices in education.

As always, we appreciate the Budget Committee's continued support and look forward to working with you.

Sincerely,

David P. Roe, M.D.
Ranking Member

Republican Members

[illegible] [illegible]

[illegible] Steve Watkins

Jim Banks [illegible]

MIKE BOST
12TH DISTRICT, ILLINOIS

AGRICULTURE COMMITTEE
TRANSPORTATION & INFRASTRUCTURE COMMITTEE
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March 8, 2019

The Honorable John Yarmuth
Chairman, Committee on the Budget
Washington, DC 20515

The Honorable Steve Womack
Ranking Member, Committee on the Budget
Washington, DC 20515

Dear Chairman Yarmuth and Ranking Member Womack:

Pursuant to section 301(d) of the Congressional Budget Act of 1974, and clause 4(f) of rule X of the Rules of the House of Representatives, and in response to your request, the Committee on Veterans' Affairs (the Committee) submits its Views and Estimates for fiscal year 2020 (FY 20).

Unfortunately, I write to you with dissenting views from the Committee on Veterans' Affairs Views and Estimates for fiscal year 2020 (FY 20). Unlike past years, the Committee's Views and Estimates were not established in a bipartisan manner and reflect only the political positions of the majority. The document submitted by Chairman Takano does not represent an accurate depiction of where the Budget Committee should focus funding levels for the Department of Veterans Affairs (VA).

The Views and Estimates document utilized an inaccurate depiction of how the VA determined access standards under the MISSION Act to claim, erroneously that the VA is attempting to drive more veterans to care in the community. As Secretary Wilkie has stated numerous times, he and the VA are not attempting to privatize veterans' healthcare. Instead, the VA utilized information from meetings and data gathered from Department of Defense, Department of Health and Human Services, the Centers for Medicare & Medicaid Services, the private sector, and other non-governmental entities before proposing its standards.

I also would dissent from the Chairman's views that the budget for the VA should include funding for gender reassignment surgery. Unfortunately, at no point was my office consulted on this policy position. Allowing gender reassignment surgery would be change in VA policy that should be discussed in the Committee before it is unilaterally imposed upon the Department.

I appreciate your strong support of programs and benefits for veterans and look forward to working with you to adequately resource VA in FY 20.

Sincerely,

Mike Bost
Member of Congress

NEAL P. DUNN, MD
2ND DISTRICT, FLORIDA

COMMITTEE ON AGRICULTURE
COMMITTEE ON VETERANS' AFFAIRS
COMMITTEE ON SCIENCE, SPACE, AND TECHNOLOGY

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March 8, 2019

The Honorable John Yarmuth
Chairman, Committee on the Budget
Washington, DC 20515

The Honorable Steve Womack
Ranking Member, Committee on the Budget
Washington, DC 20515

Dear Chairman Yarmuth and Ranking Member Womack:

By virtue of being a member of the House Veterans Affairs Committee, I wish to submit a supplemental view, in addition to the Committee's "Views and Estimates" letter for fiscal year 2020 (FY 20). I appreciate the opportunity to provide these additional views.

I am aware that female veterans continue to constitute an increasing percentage of the veteran population and I am concerned that the VA does not have sufficient gender-specific infrastructure required to provide quality healthcare to the female veteran population that meets the standard of care within the community where care is being provided. It is worth noting that the Hepatitis C positive patient population within VA, once the largest in the world, continues to decline and move toward functional zero; this is due in large part to significant investments by the VA in advanced pharmaceutical regimens that cure Hepatitis C. I contend that the declining Hepatitis C population and the provisions within the VA MISSION ACT that address organ transplants within the VA will cause the existing VA transplant center infrastructure to be underutilized and cost inefficient.

Therefore, it is my recommendation that the VA utilize the existing expertise of VA's academic affiliates in the specialty care area of organ transplant care to service eligible veterans in need of organ transplants and repurpose existing Veterans Affairs Transplant Centers (VATCs). The cost-savings associated with repurposing VATCs should offset additional dollars for female veterans healthcare and research, including the possible expansion of female veteran healthcare centers and clinics. The use of academic affiliates and the cost savings of repurposing VATCs would expediently and efficiently address the needs of our female veterans and veterans who are eligible for transplants, while also embracing the evolving healthcare needs of our veteran population.

I appreciate your efforts in supporting the House Veterans Affairs Committee as we work towards serving the veterans through the Department's programs and outreach efforts. Thank you.

Sincerely,

Neal P. Dunn

Neal P. Dunn, M.D.
Ranking Member, Subcommittee on Health
House Veteran's Affairs Committee

COMMITTEE ON WAYS AND MEANS

U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, DC 20515

March 6, 2019

The Honorable John Yarmuth
Chairman
Committee on the Budget
U.S. House of Representatives
204-E Cannon House Office Building

The Honorable Steve Womack
Ranking Member
507 Cannon House Office Building
Washington, D.C. 20515

Dear Chairman Yarmuth and Ranking Member Womack:

As required by Section 301(d) of Congressional Budget Act of 1974 and rule X, clause 4(f) of the Rules of the House of Representatives, the Committee hereby transmits our "views and estimates" letter, which was approved by the House Ways and Means Committee in open meeting by voice vote on March 6, 2019.

Sincerely,

Richard E. Neal
Chairman

COMMITTEE ON WAYS AND MEANS

U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, D.C. 20515

March 6, 2019

The Honorable John Yarmuth
Chairman
House Committee on the Budget
204-E Cannon House Office Building
Washington, DC 20515

Dear Chairman Yarmuth:

As required by Section 301(d) of the Congressional Budget Act of 1974 (P.L. 93-344) and pursuant to your letter of February 5, 2019, this letter transmits the Views and Estimates of the Committee on Ways and Means on those aspects of the Federal budget for Fiscal Year 2020 that fall within the Committee's jurisdiction.

The Committee plans to focus on advancing policies that put American families first in all areas of our jurisdiction. As discussed in more detail below, our priorities include ensuring that our tax and trade systems benefit middle-income Americans and small businesses; affordable and accessible health care for all Americans; innovative solutions to ensure that our infrastructure is safe and efficient; leveling the playing field to provide real opportunities for families struggling to get ahead; and protecting Medicare and Social Security.

I. Legislative Issues with Budgetary Impact

A. Health Care – The Committee will work to advance policies that improve health care coverage and affordability for all Americans. In particular, we will seek out solutions that lower the cost to the patient and federal government for prescription medicines. Of critical importance is improving the individual market. Through oversight of Administrative actions and advancement of legislation, the Committee will work to lower costs, improve coverage for Americans and protect individuals with pre-existing conditions. Likewise, for those Americans affected by "surprise medical bills," the Committee will seek to address the root causes and stop this practice entirely. Also importantly, the Committee will work to address Medicare's solvency, gaps in Medicare coverage and improve heath security for older Americans and people living with disabilities on Medicare. The Committee will consider policies in the Medicare program to drive value and ensure that patients continue to have access to quality health care providers.

Through all of these initiatives, the Committee will examine the impact social determinants of health and health disparities have on affordability and access to care and pursue policies to address inequality and encourage upward mobility throughout the health system and in the economy as a whole.

B. Social Security – The Committee will work to protect and strengthen our nation's most important insurance system, Social Security, so it remains a secure foundation of economic security for retirees and for families who have lost a breadwinner to death or a severe disability. It will reject proposals to reduce Social Security benefits, either through proposed cuts in the President's budget request or through regulatory or administrative changes that deny benefits to individuals who meet the eligibility criteria in the law. It will work with the Appropriations Committee to ensure that the Social Security Administration (SSA) is provided sufficient administrative resources to enable SSA to provide prompt and accurate service to beneficiaries, including reducing excessive wait times for disability appeals hearings, responding to phone calls, serving customers in local field offices, investing in information technology modernization, and meeting its statutory obligation to mail benefit-estimate statements to taxpayers. Additionally, the Committee will continue to oversee SSA operations to ensure that all beneficiaries, workers, and their families are able to access their earned benefits.

C. Tax Policy – The Ways and Means Committee will prioritize tax policies that benefit middle class families and those working to climb up into the middle class. The Committee recognizes that for more than two decades, even though the economy has grown significantly, middle class expenses like housing, health care, and higher education have steadily become more expensive. The tax code influences nearly every aspect of middle class economic struggles: wage levels, housing and health care markets, access to higher education and worker training, and the cost of raising children. The Ways and Means Committee will examine policies that deliver economic growth that supports and grows America's middle class. These worker-focused policies will include infrastructure investment, retirement savings, workforce development, access to higher education, and small business growth. In addition, the Committee will continue to review other tax matters, including administration of the tax laws by the Internal Revenue Service (IRS), and will closely scrutinize the revenue recommendations contained in the President's Fiscal Year 2020 Budget.

D. Trade – The Committee seeks to ensure that U.S. trade policies and practices, including in coordination with other economic policies, work to the benefit of regular Americans today and in the future. This includes prioritizing the enforcement of U.S. trade laws, trade agreements, and preference programs. The Committee also intends to review and work with the Administration on the terms of the renegotiated North American Free Trade Agreement (NAFTA), known as the U.S.-Mexico-Canada Agreement (USMCA), including its plans and resources for its implementation. The Committee will exercise robust oversight over the Administration's efforts to negotiate with foreign countries to reduce or eliminate restrictions on trade with the United States, including ongoing or soon-to-be initiated negotiations with China, Japan, the European Union, the United Kingdom, and any other potential partners. The Committee will also oversee Administration efforts and initiatives to engage in negotiations and other reform efforts at and under the auspices of the WTO. The Committee intends to consider updates and enhancements in legislation to reauthorize: Bipartisan Congressional Trade Priorities and Accountability Act, which expires in June 2021; Trade Adjustment Assistance, which expires in June 2021; U.S. preference programs (including the Generalized System of Preferences, which expires in December 2020 and the Caribbean Basin Trade Preferences Act (CBTPA), which expires in September 2020); and the Miscellaneous Tariff Bill, which expires December 2020. Finally, the Committee will continue its oversight over the budgets and activities of agencies within its jurisdiction, including the Office of the U.S. Trade Representative, U.S. Customs and Border Protection, and the U.S. International Trade Commission.

E. Worker and Family Support – The Committee will work to level the playing field for Americans who are struggling, including expanding access to quality, affordable child care for working parents and grandparents, providing necessary paid family and medical leave to working Americans of all ages who need it, and improving career pathways for individuals who face barriers to employment and economic mobility. The Committee will continue to oversee the implementation of the bipartisan Family First Prevention Services Act and consider any needed policies to smooth implementation or improve child welfare services to better protect children and support families. The Committee will also support and oversee the expansion of services to help unemployed workers return to work more quickly. The Committee will also act to prevent any lapse in funding for the Temporary Assistance for Needy Families Program, the Child Care Entitlement to States, or the Healthy Marriage and Fatherhood grants, which are currently set to expire this year.

II. The Fiscal Year 2020 Budget

The Committee will review the President's Fiscal Year 2020 Budget when it is received. This review will provide an opportunity to conduct much-needed oversight of the Republican tax law and other Administration policies, as well as to evaluate the effectiveness of any legislative solutions proposed by the Administration.

III. Public Debt Limit

The current debt limit suspension period ended March 1. We have requested, but not yet received, a specific Administration estimate for how much the statutory debt limit will need to be increased to accommodate declines in projected revenue or how long "extraordinary measures" will allow us to meet our obligations without a change in the debt limit. The Committee expects the Treasury Secretary to testify at a public hearing before the Committee very soon, and looks forward to receiving more specific information from the Administration at that time so that we can enact debt limit legislation to protect the full faith and credit of the United States.

The Committee on Ways and Means looks forward to working with the Committee on the Budget to increase opportunity for the American people and restore integrity and accountability to the federal government.

Sincerely,

Richard E. Neal
Chairman

Congress of the United States
JOINT ECONOMIC COMMITTEE
(CREATED PURSUANT TO SEC. 5(a) OF PUBLIC LAW 304, 79TH CONGRESS)
Washington, DC 20510–6602

March 8, 2019

The Honorable John Yarmuth
Chairman
Committee on the Budget
U.S. House of Representatives
204-E Cannon House Office Building
Washington, D.C. 20515

Dear Chairman Yarmuth,

Pursuant to section 301(d) of the Budget Act of 1974, I have asked the Democratic staff of the Joint Economic Committee to evaluate the state of the economy in accordance with the goals of the Employment Act of 1946. Below, I have included the staff's assessment of current economic trends and the implications of those trends for the federal budget.

Our primary recommendation is to focus on smart investments that grow the economy for future generations. Now is the time to think long-term and make investments with high social returns, like affordable child care, modern infrastructure and clean energy. Further, we should reject the indiscriminate and harmful cuts likely to be proposed by this administration following their wasteful tax cuts.

I also would like to take this opportunity express my concern about an issue of importance to many of my constituents – the $10,000 cap on State and Local Tax (SALT) deductions that was part of the Tax Cuts and Jobs Act (TCJA). Individuals and families are in the process of filing their 2018 tax returns, and too many are discovering that the Republican tax cuts left them with unanticipated new burdens. New York state officials are also finding that the tax cuts have hurt the state's ability to invest in programs that New Yorkers rely on. In putting together the FY2020 budget, I encourage the Budget Committee to consider ways that Congress can mitigate the worst effects of the TCJA.

I appreciate the opportunity to provide the Joint Economic Committee Democratic views. I look forward to reviewing the budget that your committee puts forth for consideration.

Sincerely,

Carolyn B. Maloney

Carolyn Maloney
Vice Chair
Joint Economic Committee

Assessment of Economy as it Pertains to the Federal Budget

The Budget Act of 1974 instructs the Joint Economic Committee to provide recommendations to the Budget Committee "as to the fiscal policy appropriate to the goals of the Employment Act of 1946." The goals set forth in the Employment Act are to ensure that there are jobs available to all who are "able, willing and seeking to work" and to "promote maximum employment, production and purchasing power." Below are the recommendations of the Democratic staff of the Joint Economic Committee in accordance with these goals.

Current state of the economy

After a steady nine-year long recovery, the economy appears to be a strong position from a cyclical standpoint. The economy has added jobs for 101 consecutive months, and unemployment stands at 3.8 percent. With the tighter labor market, wages are finally starting to grow faster, although they still have room to rise after decades of low growth, and workers are coming off the sidelines and back into the labor force. This has led many economists to conjecture that the economy is near full employment. At the same time, inflation remains just below the Federal Reserve's target of 2 percent and interest rates are relatively low.

Progress toward full employment

Full employment is a term used by economists to denote when employment reaches a level where further expansion leads to rising inflation. Considering whether the economy is at this level requires evaluating a range of economic indicators. The most common is the unemployment rate, which has remained at or below 4 percent since March 2018. Despite this low level, the economy continues to add jobs at a robust pace – adding an average of 209,000 jobs per month over the last 12 months, similar to the pace over the preceding several years.

Understanding how the economy can continue to add so many jobs despite the low level of unemployment requires looking at other indicators. Labor force participation (LFPR) fell from a pre-Great Recession level of around 66 percent to a low of 62.4 percent in 2015. Recently, this rate has started ticking back up – showing that tighter labor markets are attracting workers back into the labor force. The aging of the labor force drove part of this decline in LFPR, so we cannot expect participation to completely reach its prerecession level.

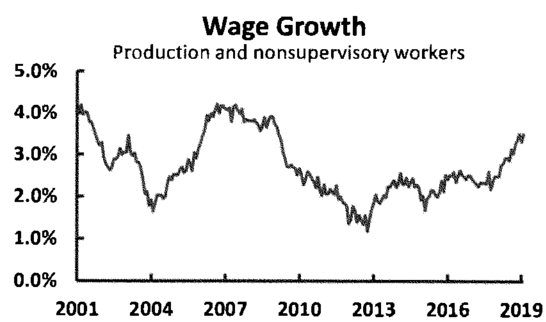
The employment to population (EPOP) ratio of prime-aged workers (ages 25 to 54) may be a better measure of full employment. This measure is just starting to get to its prerecession level – it stood at just above 80 percent prior to the recession and has risen back to 79.9 percent in February 2019. Although EPOP is at nearly precession levels, determining the specific level of true full employment is an endeavor best suited for post-hoc analysis.

Source: St Louis Federal Reserve

It is important to note that even at levels economists consider full employment, there are people on the sidelines of the workforce who would benefit from jobs. Often, these individuals face high barriers to work, such as disabilities, opioid addictions or substantial caregiving responsibilities. A tight labor market may lead to jobs for some of these individuals, but not all. Addressing these structural barriers to work should always be a priority for Congress.

Wage growth

With a tighter labor market, employers must bid against each other for qualified workers and workers feel more empowered to demand raises or leave jobs for better paying ones. The economy started to experience this in 2018, as wage growth for production and nonsupervisory workers started to rise above the pace of inflation. There is still room for wages to continue to grow, as the level of year-over-year wage growth remains below its prerecession level.



Source: Bureau of Labor Statistics

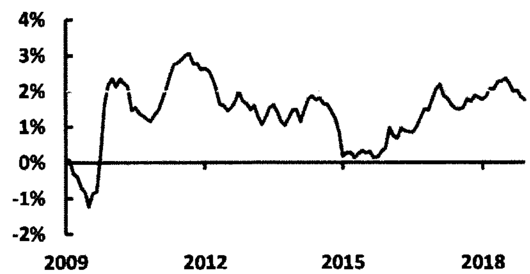
Note: Shows average hourly year-over-year growth, seasonally adjusted

Maintaining full employment for as long as possible should be a priority for all policymakers. Full employment creates an environment where workers at all levels can leverage opportunities to increase their earnings, and where employers are more willing to hire and train individuals with high barriers to employment.

Inflation and the Federal Reserve

Inflation remains low, despite the tightening labor market and rising wages. The Federal Reserve monitors the PCE inflation index – which measures the change in prices of goods and services – with a target of a 2 percent annual pace of inflation. The index has remained around or below that level for most of the recovery, and currently stands at 1.7 percent year-over-year growth. Forward-looking inflation expectations remain modest as well.

PCE Inflation Rate



Source: Bureau of Economic Analysis
Note: the grey line represents the Federal Reserve's 2 percent target rate

In response to the tightening labor market, the Fed raised the federal funds rate four times in 2018, on top of five hikes over the previous three years. Although the Fed's estimates suggest that we are still below the neutral rate of interest and experiencing unemployment below the long-term natural rate, inflation remains low. Fed Chair Jerome Powell has recognized the uncertainty in current estimates, pledging that policy will be data-dependent moving forward. Analysts expect the pace of rate hikes to slow in 2019. Further, the Fed has been engaging in reducing the size of its balance sheet, but has stated that they will stop short of reaching their prerecession level.

Impact of the Republican tax cuts

The most significant fiscal policy enacted last Congress was the Republican Tax Cuts and Jobs Act (TCJA). Since enactment of the TCJA, the economy experienced a small temporary stimulus, which already appears to be waning. The promised investment boom – which Republicans claimed would fuel long-term growth – has failed to materialize. One common measure of expected investment, new orders for nondefense capital goods excluding aircraft, fell in four of the last five months of 2018. A survey of business economists found that 84 percent reported no change to their firms' hiring or investment plans because of the tax cuts.

To partially offset the projected $1.9 trillion cost of the tax cuts, the TCJA enacted a cap on state and local tax deductions. This cap may result in higher taxes for some middle-class families, particularly those who live in high cost of living areas but also are not wealthy enough to benefit from some of the other provisions of the TCJA. Further, the cap inhibits state and local governments' ability to raise the revenue necessary to invest in areas like education, infrastructure and health care.

The failure of the tax cuts to drive private sector investment and the added pressure the law puts on state and local investment means that the Budget Committee should not expect robust tax cut-driven growth in the near future. The Congressional Budget Office (CBO) projects that the sugar high of the tax cuts will wear off shortly and the economy will return to its long-term trend of growth below 2 percent by 2020. Further, it increases the pressure on the federal government to make the productivity-boosting investments that the economy needs.

The impact of deficits and debt

Traditional economic models suggest that the public sector should expand deficits when the economy enters a downturn, and decrease deficits as the economy improves. This is because government spending has the ability to boost aggregate demand as long as workers who want a job remain unemployed. Once the economy reaches its maximum productive capacity, deficits are traditionally thought to crowd out private investment as the government pushes the interest rate above its "natural" level to compete with other borrowers for loanable funds.

Economists have tended to emphasize the risks of chronic over borrowing, but recent research, as well as the sudden and traumatic fiscal consolidations experienced by several European countries during their recent fiscal crisis, have caused some prominent voices to warn against the opposite extreme of prioritizing budget surpluses over necessary public spending. In his presidential address this year to the American Economic Association, former International Monetary Fund chief economist Olivier Blanchard pointed out that when the interest rate on government borrowing is below the growth rate of the economy, then the government can roll over its debt while still watching it shrink as a fraction of gross domestic product. Perhaps surprisingly, the U.S. government has found itself in this position more often than not in every recent decade except the 1980s.

Former Treasury Secretary Lawrence Summers, and former Council of Economic Advisers Chair Jason Furman have expressed doubt that current deficits are negatively affecting the economy and suggested that low interest rates imply that we should focus more on sustaining future growth through sound public investments than on eliminating short-term deficits. Summers also has urged policymakers to consider the infrastructure debt we pass along to the next generation when we fail to make and maintain critical investments.

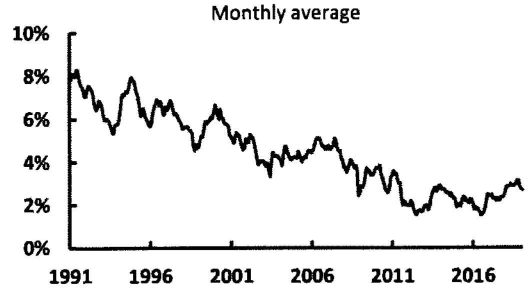
Interest rates

There remains the question of why interest rates on U.S. government debt are still so low, despite unprecedented current and projected debt levels.

Interest rates have dropped considerably over the last several decades. Although they have risen somewhat over the last couple of years, the interest rates on various U.S. debt maturities remain low relative to historical norms. The interest on a 10-year Treasury bill, for instance, is roughly half its prerecession level.

Rate on 10-Year Treasury

Monthly average



Source: St Louis Federal Reserve

There are likely multiple pressures pushing interest rates down even as the economy recovers. An aging population and slow productivity growth are likely contributors, as well as increasing foreign demand for U.S. debt. A former Obama administration economist recently pointed out that these factors are likely outweighing the rising deficit and keeping overall interest rates low. These trends are projected to continue into the near future.

Long-term debt concerns

Domestic and international demand for U.S. debt seems to be strong enough that we can borrow more, and more cheaply, than we had previously thought. This added fiscal space presents opportunities, but depends on the confidence of our creditors in the future of the American economy and the sound management of government finances. Sound management requires us to take a long-term perspective of both the growth of our debt and our economy.

Projections of long-run cost growth need to be analyzed and understood before they are acted on. CBO Director Keith Hall and Federal Reserve Chair Powell have both said this year that projections of dramatic federal spending increases are largely driven by population aging and health care cost inflation. Cutting benefits, other mandatory programs or discretionary spending instead of targeting health care cost inflation would inflict unnecessary harm on people and the economy without addressing the underlying problem.

Implications for fiscal policy

Considering the state of the economy and drawing on recent economic research, the committee staff recommends that the Budget Committee focus on long-term investments that grow the economy and long-term debt stability, rather than short-term deficit reduction.

Low interest rates and a strong labor market mean that now is the time for Congress to think about the future and make investments that address structural concerns and grow the economy in the long run. This includes investing in productivity-boosting policies like upgrading the nation's infrastructure, making education more accessible and affordable, and boosting federal research and development efforts. It also includes policies that enable all Americans to join the labor force, such as in expanding access to affordable child care that enables parents to succeed in the workforce. Addressing long-term economic threats, such as climate change and rising income and wealth inequality, should be priorities for the Budget Committee as well.

With interest rates at low levels and the economy steadily growing, now is the right time to make smart investments. At the same time, evidence suggests that higher levels of debt have economic consequences in the long run. To this end, the committee suggests that the Budget Committee avoids calls for cuts to programs with high returns on investment in the name of deficit reduction, as the president's budget is reported to do. Simultaneously, the committee recommends thinking about how to raise enough revenue in the long run to support the programs that American families rely on.

One-time investments that take advantage of low interest rates to boost long-run economic growth can be worth adding to the debt, and can even decrease the debt-to-GDP ratio in the future. On the other hand, cutting taxes for favored political groups is an unproductive use of debt and simply burdens future generations.

ADAM B. SCHIFF, CALIFORNIA
CHAIRMAN

TIMOTHY BERGREEN, STAFF DIRECTOR
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ONE HUNDRED SIXTEENTH CONGRESS

DEVIN NUNES, CALIFORNIA
RANKING MEMBER

SCOTT GLABE, MINORITY STAFF DIRECTOR

Permanent Select Committee
on Intelligence
U.S. House of Representatives

March 7, 2019

The Honorable John Yarmuth
Chairman
Committee on the Budget
United States House of Representatives
Washington, D.C., 20515

Dear Chairman Yarmuth,

Pursuant to Section 301(d) of the Congressional Budget Act of 1974 and rule X, clause 11(c) of the Rules of the House of Representatives, and in response to your letter dated February 5, 2019, the Permanent Select Committee on Intelligence herewith provides its views and estimates for Fiscal Year 2020.

America today faces a rapidly evolving strategic threat landscape. In addition to countering the continuing terrorist threat posed by violent extremist organizations, our Nation must also posture itself to address increasing challenges posed by near-peer strategic competitors such as Russia and China, the proliferation of weapons of mass destruction, and new paradigms for operating across multiple domains that include space and cyberspace.

The rapid development of emerging technologies, such as in artificial intelligence, high-performance computing, telecommunications, and commercial space have the potential to drastically shift the environment in which the United States' Intelligence Community (IC) and its supported departments and agencies operate. This creates both opportunities and risks for the IC's ability to collect, process, evaluate, and disseminate the intelligence that keeps our Nation safe. At the same time, the growing use of the Internet of Things (IoT) provides an engine for growth and prosperity, but the proliferation of cyber threats to the IoT portends increasing risks to our national security, including to critical infrastructure, public health and safety, and economic stability.

Furthermore, traditional threats against which the IC and its partner organizations have defended our Nation have not dissipated. To wit, recent public developments in North Korea's weapons programs serve only to underscore the relevance and urgency of intelligence collection and analysis that support our Nation's counterproliferation programs and policies. If anything, traditional threats are further complicated today because of increasing synergies between global social, economic, and security interests. Counterproliferation challenges are now also counterterrorism ones in a world where a non-state actor can easily acquire destructive technologies online while masking its identity using the very same commercial encryption tools that global financial institutions use to protect their customers' privacy.

It is critical to our Nation's security that the IC receives the resources it needs to successfully face these challenges. Our Nation needs to invest in capabilities and technologies to not only counter current threats, but also be prepared to meet the unique challenges posed by emerging ones across a range of domains.

Because the details of funding within the Committee's jurisdiction remain classified, the Committee is unable to provide you with detailed, public recommendations for Fiscal Year 2020. However, the Committee is concerned that the funding levels for Fiscal Year 2020 set forth in current law would seriously degrade the IC's ability to execute its missions at this critical time and thus, would jeopardize our national security. The Committee notes that the Bipartisan Budget Act of 2018 provided much-needed relief from post-sequester levels in Fiscal Years 2018 and 2019, thereby avoiding harmful reductions to critical IC programs. We would urge our colleagues to consider supporting similar budgetary relief for FY 2020. Sequestration levels for national security programs must be avoided.

Sincerely,

Adam B. Schiff
Chairman

Devin G. Nunes
Ranking Member