

**TESTIMONY
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BEFORE THE HOUSE COMMITTEE ON THE BUDGET**

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Chairman Yarmouth, Ranking Member Womack, Members of the Committee:

Thank you for this opportunity to testify on President Trump's Fiscal Year (FY) 2021 Budget.

PRO-GROWTH, PRO-WORKER

This Administration's pro-growth policies have ushered in one of the greatest economies in our history and have restored America's economic strength. President Trump's agenda of tax cuts, deregulation, trade reform, and energy independence has delivered incredible results for the American people.

More than 7 million jobs have been added to the economy since President Trump's election, with unemployment dropping to historic lows. There are more job openings than job seekers.

Americans of all backgrounds are thriving thanks to America's restored economic vitality. The unemployment rates for African Americans, Hispanic Americans, and Asian Americans have all reached record lows under President Trump. The unemployment rate for women reached its lowest level in nearly 70 years. After being stuck on the sidelines for years, workers by the thousands are jumping back into the labor pool to fuel our booming economy.

Today's economy is about the forgotten man and has rightfully been called a Blue Collar Boom. Almost 2.5 million Americans have been lifted out of poverty, including nearly 1.4 million children. Ten million people have come off welfare and seven million off SNAP (food stamps). And, under President Trump, the bottom half of households in our nation have seen their net worth grow by 47%—more than three times faster than the top 1%.

But as President Trump said during the State of the Union Address, "the best is yet to come." The current job market, and the economic confidence it has inspired in consumers and entrepreneurs, is the direct result of pro-growth policies put in place over the past three years. We have a firm foundation on which to take our prosperity to the next level. The FY 2021 Budget embodies the hope and optimism of this Great American Comeback and advances policies that will help working families across the country continue to prosper.

FISCAL RESPONSIBILITY

In fact, this Budget provides the path for an enduring economic expansion by tackling the very real problem of deficits and our Nation's debt. Washington's pastime of spending without

consequence must be stopped as it threatens long-term economic prosperity. By 2021, the United States will be spending more money to pay for the debt than for the budgets of the Departments of Veterans Affairs, Justice, and Homeland Security, and the National Aeronautics and Space Administration combined. If America's spending and debt crisis are not addressed, American families will experience a much lower standard of living.

The Budget policies offered today would bring deficits down each year and put the Federal Government on a path to a balanced budget in 15 years. It proposes more \$4.6 trillion in deficit reduction, including more spending reductions than any president in history. The Budget includes \$1.5 trillion in deficit reduction from non-defense discretionary programs, including a 5-percent cut in 2021 and continuing reductions of 2 percent per year thereafter.

The trillion-dollar deficits stretch as far as the eye can see – with debt as a percent of GDP now at 81% and growing to nearly 100% within just ten years – will be a thing of the past, reduced to \$261 billion in 2030, with a surplus by 2035. Debt as a percentage of GDP will drop to 66% by the end of the ten-year window.

The Budget cuts low-priority and wasteful Government spending, reduces duplication, and eliminates programs and agencies that do not fulfill a Federal role or demonstrate results. It also includes a number of policies to improve payment accuracy and eliminate wasteful spending in mandatory programs. But, it is not simply a “green eye shades” Budget. The Budget includes spending restraint for Federal agencies while ensuring that vital priorities for the security and prosperity of the American people are funded.

BORDER SECURITY AND IMMIGRATION ENFORCEMENT

While working to further the dreams of the American people, the Administration is continuing to safeguard America's borders from uncontrolled illegal migration, dangerous criminals, and lethal drugs. With a focus on infrastructure, technology, and law enforcement personnel, this Budget is based on what is required to keep the President's promise to gain operational control of the border. With funding made available from Fiscal Years 2017 to 2020, including \$2 billion in this Budget, the Administration will build up to an estimated 1,000 miles of border wall on the Southwest border.

The President's FY 2021 Budget provides funding for sizable investments in:

- Border security technology and equipment;
- Additional law enforcement personnel at U.S. Customs and Border Protection (CBP) and Immigration and Customs Enforcement (ICE);
- Increased capacity to administratively detain criminal aliens and those ordered removed;
- Increased capacity to adjudicate immigration cases at the Executive Office for Immigration Review (EOIR);
- Increased capacity to remove illegal aliens; and
- Shelter capacity and care for families and Unaccompanied Alien Children.

NATIONAL SECURITY

Abroad, the Budget promotes an America First agenda by advancing the four pillars of national power – economic competitiveness, national security strength, fair and free trade, and foreign partnerships that match intent and rhetoric with action and resources. It contains \$741 billion for the Nation’s defense – built upon the foundation of prior Trump Administration Budgets that included \$700 billion, \$716 billion, and \$738 billion.

The Administration has rebuilt our great and powerful military to deter aggression, counter adversaries, fight and win wars. The Budget reflects the Administration’s assumption that our overseas operations will require less funding as President Trump works to end “endless wars.”

The FY 2021 Budget builds a more lethal Joint Force by prioritizing investments in U.S. air, sea, land, space, and cyber capabilities that would support operations to ensure continued military superiority. Critical investments include procuring advanced fighter aircraft and new battle force ships, modernizing Army armored brigade combat teams, and funding recapitalization of the strategic ballistic missile submarine fleet. The Budget also supports exploring modifications to existing missile defense capabilities to defend the U.S. homeland, providing additional coverage on a faster timeline.

Modernization of our nuclear weapons stockpile alone will receive a nearly 20% increase over last fiscal year. And, the Budget supports the growth of the recently established U.S. Space Force, the sixth branch of the U.S. Armed Forces, to ensure that the United States can protect and defend America’s national interests in space.

But, the threats we face as a nation are rapidly changing and this Budget also reflects the need for a new American posture to match the realities of this new era. It promotes a whole-of-government approach to overcome rising risks from great power rivals and adversaries armed with emerging technology. This includes prioritizing Artificial Intelligence (AI), 5G, and industries of the future.

FAIRER TRADE

To keep America economically strong, the Administration’s trade policy has been designed to create more manufacturing jobs, protect America’s competitive advantage in technology and innovation, and secure greater market access for American businesses.

The Budget provides robust support towards these goals, including the Administration’s efforts to enforce trade agreements and protect American businesses and workers from trade violations and predatory business practices. The Budget also supports implementation of the United States-Mexico-Canada Agreement (USMCA) and next-step negotiations with China following the landmark phase one trade agreement.

ENERGY INDEPENDENCE

The Budget supports growth in the energy sector by removing unnecessary regulation and promoting domestic energy production and continues to promote the rise of the United States as the preeminent energy producer in the world. The Budget supports an array of efforts that emphasize and strengthen that unique advantage, leveraging the Nation's position as a global leader in energy production and technological innovation. With this development comes an evolution in U.S. energy independence as U.S. consumers become less dependent on foreign sources of energy -- and that independence can be seen, among other places, at the gas pump.

MANDATORY SPENDING REFORMS

The Budget also keeps the promises that President Trump has made to the American people, such as protecting Social Security and Medicare for seniors. In fact, Medicare will grow at 6% per year under this Budget

There are “good Government” reforms in Medicare to lower drug prices, root out improper payments, and address wasteful and inefficient spending, as well. For instance, this Budget proposes to remove from Medicare certain programs that are not paying for direct services for seniors – such as uncompensated care and graduate medical education – and that are draining the Medicare Trust Fund. These program costs will be funded outside of Medicare, with reforms to moderate their growth.

Similarly, this Budget proposes Medicare payment neutrality for the same services, whether it is performed at a doctor's office or as an outpatient service at a hospital. A CAT scan is a CAT scan. Lowering the cost of healthcare is not a cut and it provides substantial benefits to the American healthcare consumer.

Medicaid will grow at more than 3% on average over the Budget window, which is much higher than the rate of inflation. Medicaid actually had \$57 billion in improper payments last year, but HHS lacks the statutory tools to recoup most of it. This Budget will provide that commonsense authority and also give states new flexibility to manage the program's finances.

There are other commonsense mandatory reforms, such as universal work requirements for Medicaid, TANF, housing, and SNAP. We are helping lift able-bodied adults off the cycle of dependency and onto a ladder of opportunity.

While some agencies will see increases in spending, such as the VA, DHS, and NASA, some will be asked to eliminate waste and inefficient programs. Veterans medical care grows at 13% to fully fund the MISSION Act. NASA's return to the moon by 2024 as a platform to Mars is funded. And, there's a trillion dollars in infrastructure funding to rebuild our roads and bridges. The Budget ensures that every high school will have a high-quality Career and Technical Education program, and includes substantial resources to fight the opioid epidemic. But, foreign

aid, as an example, will be cut by 21%. Budgets are about priorities. This Budget meets our Nation's priorities.

Implementing the real spending restraint proposed in the FY 2021 Budget, coupled with other pro-growth policies, will keep the economy thriving and America prosperous for generations to come. Congress can choose this new path that the Administration offers with the Budget, or continue the path Washington has traditionally followed.

This Budget is a resounding statement of the President's commitment to stand with families and businesses across the country that have to balance their own budgets every day. Washington, for far too long, has operated under a different principle of recklessly spending other people's money. That has to change, and this Budget can start that change.

Thank you for your time, and I look forward to your questions.