

**TESTIMONY OF
SHAUN DONOVAN
DIRECTOR
OFFICE OF MANAGEMENT AND BUDGET
BEFORE THE
HOUSE COMMITTEE ON THE BUDGET**

February 4, 2015

Chairman Price, Ranking Member Van Hollen, members of the Committee, thank you for welcoming me here today and giving me the opportunity to present the President's 2016 Budget.

This Budget comes on the heels of a breakthrough year for America. Our economy is growing – in 2014, we added more jobs than in any year since the 1990s, and in 58 months we have created over 11 million jobs. Our unemployment rate fell 1.2 percentage points from the previous year, the largest annual decline in the last 30 years. For the first time in two decades, the United States has started producing more oil than it imports, and domestic natural gas production set a new record high in 2014. Today, America is an energy super power. Our manufacturing sector continues to experience its strongest period of job growth since the late 1990s, and our auto industry is thriving. Rising home prices are bringing millions of homeowners back above water, restoring nearly \$5 trillion in home equity. The number of uninsured Americans has dropped by an estimated 10 million. And we've brought our deficits below 3 percent of GDP, less than the 40-year average.

This Budget builds on that progress by making needed investments that accelerate economic growth, and ensuring that all Americans have the opportunity to share in that growth. It helps middle-class families get ahead, with a package of tax cuts and targeted investments in child care, early education, and paid leave. It invests in helping workers gain the skills they need for the new economy, through job training, apprenticeships, and the President's proposal to make two years of community college free for responsible students. It builds a 21st century economy, with investments in manufacturing, infrastructure, and research and development. And it makes responsible investments in defense to protect our national security. We cannot afford a return to mindless austerity, so this Budget proposes to end sequestration, fully reversing it for domestic priorities in 2016, matched by equal dollar increases for defense. These investments are more than paid for with smart spending cuts, program integrity measures, and commonsense loophole closers. We don't have to choose between investing in our middle class and fiscal responsibility. This year's Budget supports the President's ambitious vision for supporting growth and opportunity, and does so while meeting key tests of fiscal sustainability: reducing deficits to below 3 percent of GDP, stabilizing debt as a share of the economy and putting it on a declining path. It achieves these goals by replacing mindless sequestration cuts with smart reforms, paying for all new investments, and achieving \$1.8 trillion in deficit reduction primarily from reforms to health programs, the tax system, and our broken immigration system.

Middle Class Economics for the 21st Century

In last month's State of the Union, the President laid out his vision for middle class economics: restoring the link between hard work and opportunity, and ensuring that every American has the chance to share in the benefits of economic growth. To achieve this, the Budget helps working families make their paychecks go further, prepares hardworking Americans to earn higher wages, and creates the infrastructure that allows businesses to create good, high-paying jobs and thrive.

Helping Middle-Class Families Get Ahead. Middle class economics for the 21st century means helping working families afford the cornerstones of economic security – child care, college, healthcare, a home, and a secure retirement, while also making sure that work pays.

Access to child care and early education not only supports healthy child development, but also supports parents struggling to balance work and family obligations. The Budget streamlines child care tax benefits and triples the Child and Dependent Care Tax Credit (CDCTC) for families with children under the age of five, while making the full credit available to middle class families. It provides \$82 billion to make quality, affordable child care available to all eligible low-and moderate-income working families with young children through the Child Care and Development Fund (CCDF), expanding access to more than 1.1 million additional children under the age of four by 2025.

The Budget expands access to high-quality care for tens of thousands of additional infants and toddlers through Early Head Start and the Early Head Start-Child Care Partnerships, and provides over \$1 billion in additional funding for Head Start to make sure children are served in full-day, full-year programs that research shows lead to better outcomes. Finally, it continues to support the President's Preschool for All initiative designed to ensure that all four-year olds have access to affordable, high-quality preschool, while also including additional discretionary funding for Preschool Development Grants that help pave the way for the broader Preschool for All goal.

When both spouses work, the family incurs additional costs in the form of commuting costs, professional expenses, child care, and, increasingly, elder care. To support and reward work, the Budget proposes a new \$500 "second earner" tax credit, which will benefit 24 million dual-earner couples. It also proposes to expand the Earned Income Tax Credit for workers without children and non-custodial parents, while making permanent important EITC and Child Tax Credit (EITC) improvements first enacted in 2009. The Administration continues to support raising the minimum wage so hard-working Americans can earn enough to support their families and make ends meet -- raising the minimum wage is good for workers, their families, and for the economy. The President took an important step in this effort by signing an Executive Order (EO) to increase the minimum wage to \$10.10 for those working on new and replacement Federal contracts. 17 States and the District of Columbia have passed increases in their minimum wage since the President called for an increase, and he stands ready to work with the Congress to pass legislation to increase the minimum wage for the rest of the workforce as soon as possible.

The Budget also recognizes that too many American workers must make a painful choice between caring for their families and a paycheck they desperately need. Last month, the President called on Congress to pass legislation that would allow millions of working Americans to earn up to seven days of paid sick leave per year. To support this proposal, the Budget provides \$2 billion for a Paid Leave Partnership Initiative, which will allow up to five States to receive funds to cover the initial set up and half of the benefit costs of a paid leave program for three years, and a \$35 million State Paid Leave Fund, to provide technical assistance and support to States that are still building the infrastructure they need to launch paid leave programs.

Since the full implementation of the Affordable Care Act (ACA) began, about 10 million Americans have gained health coverage. The Budget fully funds ongoing implementation of the ACA, which is helping to expand coverage, enhance competition, and increase affordability. The Budget also proposes a four year extension of the Children's Health Insurance Program (CHIP) through 2019, ensuring continued, comprehensive, affordable coverage for children of working parents who are not eligible for Medicaid. As the President recently announced, the Federal Housing Administration reduced annual premiums by half of a percent in January 2015, easing access to credit for housing and saving homeowners an average of \$900 annually. The Budget also dramatically expands access to employer-based retirement savings options, including by automatically enrolling workers without employer-based retirement plans in Individual Retirement Arrangements (IRAs) through payroll deposit contributions at their workplace, giving 30 million additional workers access to a workplace savings opportunity. It would also ensure that long-term part-time employees can participate in their employers' retirement plans, and provide tax incentives to offset administrative expenses for small businesses that adopt retirement plans.

Helping Americans Upgrade their Skills. Americans must be prepared with the skills and knowledge necessary to compete in the 21st Century economy, and the Budget invests in what works to improve student outcomes and to ensure our workforce has the skills it needs.

The Budget continues the work to make America a leader in elementary and secondary education, by promoting equity and opportunity for all students in elementary and secondary education and supporting teachers and school leaders. The Budget proposes a \$1 billion increase from the 2015 enacted level for Title I, the Department of Education's largest K-12 grant program and the cornerstone of its commitment to supporting low-income schools with the funding necessary to provide high-need students access to an excellent education, and makes critical new investments in efforts to help develop and support teachers throughout their careers.

By 2020, an estimated two-thirds of job openings will require some postsecondary education and training, and the President is committed to making a college education affordable and accessible for everyone. The Budget invests \$60 billion in the President's recently-announced America's College Promise initiative, which creates new Federal-state partnerships to provide two years of free community college to responsible students, while promoting key reforms to improve the

quality of community college offerings to ensure that they are a gateway to a career or four-year degree. If all states participate, an estimated 9 million students could benefit from this proposal. The Budget also ensures that the Pell Grant program remains a strong source of support for low- and moderate-income college students. Beginning in 2009, the Administration has increased the maximum Pell Grant by more than \$1,000, to \$5,775 in school year 2015-16. Since 2013, Pell Grants have been adjusted for inflation annually, but unless Congress acts, this will end in 2017 and the value of Pell Grants will start to erode. The Budget addresses this, supporting the continued indexing of Pell Grants. In addition, the Budget simplifies, consolidates, and expands education tax credits, cutting taxes for 8.5 million families and students, simplifying taxes for the more than 25 million families and students claiming education tax benefits, and providing students working toward a college degree with up to \$2,500 of assistance each year for five years. Building on recent bipartisan legislation, the Budget also includes a proposal to significantly simplify the Free Application for Federal Student Aid (FAFSA).

As the economy changes, we must invest in training and employment programs that help American workers gain the skills they need to find good jobs. The Budget builds on the bipartisan Workforce Innovation and Opportunity Act (WIOA), increasing funding for core WIOA grants and providing \$1.2 billion for in-person employment services that help unemployed workers find a job or the training they need to prepare for one. It provides \$16 billion over ten years to double the number of workers receiving training through the workforce development system, with a focus on industries that are expected to experience significant growth in the coming decades, such as health care, energy, advanced manufacturing, and cybersecurity. Building on the success of the Trade Adjustment Assistance Community College and Career Training grants, the Budget includes \$200 million to fund State expansion of postsecondary programs based on defined competencies for high-demand jobs, with strong employer partnerships. The Budget also acts on the findings of the Vice President's job-driven training review, emphasizing employer connections and expanding funding for evidence-based strategies like apprenticeship, a cost-effective pathway into the middle class. The Budget invests \$2 billion to achieve the goal of doubling Registered Apprenticeships across the United States over the next five years.

Creating a 21st Century Economy. Since 2010, America has put more people back to work than Europe, Japan, and all advanced economies combined. But creating a sustainable 21st century economy requires building the most competitive economy in the world, a place where businesses want to locate and hire. To ensure America remains a magnet for jobs, the Budget builds on investments in manufacturing and innovation including through clean energy technology programs and tax policies that position America as a global clean energy leader with a strong and modern energy infrastructure. To fix the Nation's roads and bridges and create more middle class jobs, it continues the progress toward building a 21st Century infrastructure. And to ensure our long-term competitiveness and growth, it provides robust investment in research and development (R&D).

The President has placed a high priority on bringing back the American manufacturing sector, which has added more than 750,000 new jobs over the past 58 months. Building on progress made in 2015 that included enactment of bipartisan legislation authorizing a network of manufacturing institutes, the Budget funds this network to bring together universities, the private sector, and the Government to invest in the development of new technologies and capabilities. Specifically, the Budget funds 45 manufacturing institutes across the country, including \$350 million in discretionary funds to support seven new institutes in the Departments of Commerce, Agriculture, Defense, and Energy, and \$1.9 billion in mandatory funding for the remaining 29 institutes. In addition, the Budget provides \$2.4 billion for Federal R&D that directly supports the development and commercialization of advanced manufacturing technology, and calls on the Congress to work with the President to launch a public-private Scale-Up Fund to help emerging American-made advanced manufacturing technologies reach commercial scale production.

21st century businesses require 21st century infrastructure. To spur economic growth and encourage States and localities to invest in modern infrastructure, the Budget includes a \$478 billion surface transportation reauthorization proposal. This proposal would ensure the health of the Highway Trust Fund for another six years and provide funding for needed additional investments by levying a one-time 14 percent transition toll charge on the untaxed foreign earnings that U.S. companies have accumulated overseas. The proposal will allow for increased investment to repair existing highways and bridges, while modernizing our infrastructure with new investments in bus, subway, rapid transit, light rail, and passenger rail systems. In addition, the Budget permanently authorizes the competitive TIGER grant program, which funds multi-modal, multi-jurisdictional projects that spur innovation and accelerate job growth. In addition to improvements to transportation infrastructure, the Budget proposes to expand broadband access by doubling funding for the BroadbandUSA initiative, which can help communities plan and deploy new community broadband systems, and for the USDA Rural Utilities Service, which provides broadband access in rural communities. Building on the success of the recent FCC auctions, which contributed more than \$20 billion to deficit reduction and fully funded FirstNet, the Nation's first interoperable broadband public safety network for first responders, the Budget also continues to advance the President's goal of making available 500 megahertz of spectrum for commercial use by 2020 through actions such as freeing up Federally-held spectrum, fueling the expansion of wireless broadband.

Our long-term economic competitiveness depends upon continued robust investment in R&D, as we look to science and engineering to address our biggest challenges, from enhancing access to clean water and energy to ensuring the security of our Nation. Federal funding for R&D has helped lead to new products, capabilities, and industries, resulting in economic growth and the creation of highly-skilled jobs and products that benefit every American. The Budget provides \$146 billion for Federal R&D, a 6 percent increase over 2015, including significant investments in basic research, which has the potential to drive the great discoveries of the 21st century. Specifically, the Budget provides \$31.3 billion to support biomedical research at NIH, an amount sufficient to fund 10,000 new research grants and increase resources devoted to curing Alzheimer's, cancer, and other diseases. It also includes \$1.2 billion to support a government-

wide effort to combat antibiotic-resistant bacteria, and \$215 million to launch a Precision Medicine initiative to develop treatment approaches tailored to individual patients. To spur innovation and scientific advancement, the Budget proposes to reform and make permanent the Research and Experimentation tax credit, creating a single formula with an 18 percent credit rate to incentivize private sector R&D. In addition, the Budget invests more than \$3 billion, a 4 percent increase over 2015, to equip more students with the 21st century skills they need to excel in science, technology, engineering, and mathematics (STEM).

Our long-term economic competitiveness also depends on our ability to tackle the challenge posed by our changing climate – the impacts of which are increasingly visible across the American landscape. Along our Eastern seaboard, a number of cities now flood regularly at high tide. The vast majority of the largest fires in modern U.S. history have occurred in just the last decade. In parts of the Midwest, higher temperatures will increase irrigation demand and exacerbate current stresses on agricultural productivity. And along the Mississippi and Missouri River Basins, numerous studies indicate increasing severity and frequency of flooding leading to disruptions to the Nation’s inland water system. For the Federal Budget, this means escalating costs of disaster relief, flood and crop insurance, wildland fire management, and a host of other programs. And for those of us charged with making sound investment decisions, providing stewardship of the Federal budget over the long term, and supporting American economic competitiveness – taking action on climate is an imperative. This Budget does that, supporting action on climate by investing in cutting carbon pollution and in preparedness and resilience — providing necessary tools, technical assistance, and on-the-ground partnership to communities that are dealing with the effects of climate change today.

Responsible Investments in Our National Security

Today the United States is strong and well-positioned to seize the opportunities of a new century, but we must still safeguard our interests against the risks of an insecure world. This is a strategy-driven Budget that confronts global challenges with strong and sustained American leadership, directly supporting the President’s forthcoming *National Security Strategy*.

The Budget requests \$561 billion in base discretionary funding for national defense, including \$534 billion for the Department of Defense (DOD), an 8 percent increase over FY 2015, as well as \$46 billion in base discretionary funding for the Department of State and Other International Programs (OIP). These levels provide a responsible and sustainable alternative to current law, allowing for the restoration of readiness and investment in modernization needed to ensure America’s continued technological edge. At the same time, the Budget continues to balance defense spending with our priorities here at home, calling for a smaller but more modern and ready military, and reiterating the need for reforms to force structure, compensation, and infrastructure to generate efficiencies critical to enhancing our national security.

The Budget funds the completion of the U.S. military’s transition in Afghanistan from a prolonged combat mission to a mission of training, advising, and assisting the Afghan National

Security Forces and maintaining a necessary counterterrorism capability to continue targeting the remnants of al Qaeda. As we move beyond the large ground wars in Iraq and Afghanistan, we have responsibly drawn down our Overseas Contingency Operations (OCO) budget by \$129 billion, from a peak of \$187 billion in FY 2008 to the Administration's request of \$58 billion this year. Furthermore, the Budget proposes to transition all enduring OCO costs to the base budget beginning in FY 2017 so that we can more fully and responsibly budget for our national security.

The Budget supports our continued fight to degrade and ultimately defeat the Islamic State of Iraq and the Levant (ISIL). In response to Russia's aggressive acts, it includes proposals for political, economic, and military support to NATO allies and partner states in Europe and to increase resilience within the governments and economies most targeted by Russian coercion. It also continues the progress made to reassert American leadership in Asia and the Pacific, aligning resources and activities to strengthen U.S. alliances, forge deeper partnerships with emerging powers, and pursue a productive relationship with China. Lastly, the Budget honors our commitment to America's veterans, providing a significant increase to ensure continued high-quality and timely health care, both through the Veterans Affairs system and via implementation of the Veterans Choice Act. The Budget also supports efforts to ensure veterans receive their earned benefits quickly and efficiently, to end veteran homelessness, and to help veterans and their families get good jobs, education, and access to affordable housing.

While our homeland is more secure, we must continue to learn and adapt to evolving threats and hazards. The Budget continues our risk-based, Whole of Community approach to homeland security, bringing together all levels of Government with other elements of our society to make sure America is resilient in the face of adversity. The Budget funds our Global Health Security Agenda and also our domestic preparedness efforts to more effectively respond to potential future outbreaks like Ebola that could follow a similarly devastating, costly, and destabilizing trajectory. Cyber threats targeting the private sector, critical infrastructure, and the Federal Government demonstrate that no system is immune to infiltration by those seeking to steal commercial or Government secrets or perpetrate malicious activity, and the Budget provides \$14 billion to support cybersecurity efforts across the Government to strengthen U.S. cybersecurity defenses and make cyberspace more secure. These resources will allow the Government to more rapidly protect American citizens, systems, and information from cyber threats. Today's Border Patrol has the largest deployment of people, vehicles, aircraft, boats and equipment along the southwest border in its 90-year history. While our borders are more secure than ever before, the Budget continues investment in border security by maintaining U.S. Customs and Border Protection front line operations, and also provides \$1 billion to support a comprehensive strategy for Central America designed to address challenges such as the lack of economic opportunity, the need for institutional reforms and the extreme violence that have resulted in an influx of migration from the region.

Achieving Fiscal Sustainability and Promoting Sustainable Growth

This year's Budget supports the President's ambitious vision for increasing growth and opportunity, and does so while meeting key tests of fiscal sustainability: reducing deficits to

below 3 percent of GDP, stabilizing debt as a share of the economy, and putting it on a declining path. It achieves two goals by replacing mindless austerity with smart reforms, paying for all new investments, and obtaining \$1.8 trillion in deficit reduction primarily from health, tax, and immigration reforms.

Ending Mindless Austerity. In 2014, we began to move away from manufactured crises and austerity, helping to lay the groundwork for stronger growth and job market gains. The Bipartisan Budget Act of 2013 (“Murray-Ryan”) reversed a portion of sequestration and allowed for higher investment levels in 2014 and 2015. Over the last two years, we have seen the gains that are possible from coming together on a bipartisan basis to reverse mindless austerity. Not only has the Murray-Ryan agreement contributed to an improving job market and accelerating growth, but it created room for important investments in critical domestic priorities like early education programs, allowing for the creation of Preschool Development Grants and a 14 percent increase in Head Start, while also providing needed funds for national security.

Returning to the mindless austerity of sequestration in 2016 would bring discretionary funding to its lowest level, adjusted for inflation, since 2006. This is despite the fact that, since 2006, the U.S. population has grown by 7 percent, and costs in some key areas have grown much faster than inflation; for example, VA medical care costs have nearly doubled. Failing to make the investments described in the Budget would weaken America’s security and our economy at a time of accelerating growth.

The Budget proposes to end sequestration, fully reversing it for domestic priorities in 2016, matched by equal dollar increases for defense. These investments are more than paid for with smart spending cuts, program integrity measures, and commonsense loophole closers – including, for example, targeted reforms to crop insurance programs; program integrity investments across a range of programs; and closing the “carried interest” tax loophole.

The proposed increases in the discretionary budget caps will make room for a range of domestic and security investments that will help move the Nation forward – including a number of the investments discussed above. The contrast between what results from mindless sequestration versus what can be achieved under the President’s Budget is particularly stark in a few key areas:

- *Research and Development.* Under the 2016 sequester levels, assuming roughly current funding patterns, research funding adjusted for inflation would reach its lowest levels since 2002 – other than when sequestration was in full effect in 2013. The President’s Budget would increase funding by nearly 6 percent over 2015, including investments in precision medicine, the Brain Initiative, and other areas.
- *Early Learning.* When sequestration last took full effect in 2013, 57,000 children lost access to Head Start, with enrollment falling to the lowest level since 2001. Researchers have established that supporting children during this critical stage yields benefits that far outweigh the costs of the investment. The President’s Budget makes major investments in early learning on the discretionary as well as the mandatory side, including making

sure children can be served in full-day, full-year Head Start programs that research shows lead to better outcomes for kids.

- *National Security.* The Joint Chiefs have been very clear that a return to sequestration levels would significantly reduce the military's ability to fully implement the President's defense strategy. The military would be unbalanced and eventually too small and insufficiently modern to meet the needs of our strategy, leading to greater risk of longer wars with higher casualties for the United States and our allies and partners.

Paying for all new investments. Every investment in the Budget – not only the discretionary investments made possible by reversing sequestration, but also the new and expanded tax credits for middle-class and working families, and mandatory investments that will expand access to community college and preschool – is fully paid for through spending or tax reforms. In particular, the Budget pays for many of its investments in helping middle class families get ahead through three important reforms to the tax system. First, it would eliminate what may be the largest single loophole in the tax code – a provision known as “stepped-up basis” that lets wealthy households avoid taxes on hundreds of billions in capital gains taxes each year. Second, it would raise the top capital gains and dividend rate for high-income households to 28 percent, the rate under President Reagan. Third, it reforms financial sector taxation to make it more costly for large, highly-leveraged financial firms to finance their activities with excessive borrowing, reducing risks to the broader economy.

Deficit Reduction from Health, Tax, and Immigration Reform. While the Budget's new investments are paid for with smart reforms across a range of programs, as well as commonsense tax loophole closers, the \$1.8 trillion in deficit reduction in the Budget is achieved primarily by focusing on the key drivers of our Budget challenges: health care cost growth and inadequate revenue levels in the face of an aging population. Specifically, the Budget includes:

- *\$400 Billion in Health Savings.* Over the last few years, we've seen historically slow rates of health care cost growth, which are already yielding fiscal dividends. If we could maintain a substantial share of that slow-down, it would make a dramatic difference to the fiscal outlook going forward. The Budget includes about \$400 billion in health savings that build on the ACA – complementing the Administration's other efforts on delivery system reform. Notably, the Budget's health savings grow over time – raising about \$1 trillion in the second decade, and extending the Medicare Hospital Insurance trust fund solvency by approximately 5 years. Since the ACA's enactment, the Trustees' estimate of Medicare solvency has already improved by 13 years.
- *\$640 Billion in Net Deficit Reduction from Tax Reforms.* The Budget raises about \$640 billion net revenue for deficit reduction from curbing high-income tax expenditures in addition to those discussed above. These savings come from limiting tax benefits that are not efficient in achieving social goals, raising revenue without raising tax rates.
- *\$160 Billion in Savings from Immigration Reform.* This year's Budget again reflects the President's support for commonsense, comprehensive immigration reform along the lines

of the bipartisan Senate-passed bill. In part because it helps balance out an aging population, immigration helps both the Budget – by almost \$1 trillion over two decades – and the Social Security Trust Fund, closing about 8 percent of the Trust Fund shortfall and moving insolvency out two years. It also strengthens the economy, both by increasing the size of the labor force and by raising productivity.

Through these policies, the President’s Budget further reduces the deficit and accomplishes the key fiscal milestone of stabilizing debt as a share of the economy and putting it on a downward path. The Budget maintains deficits well below the 40-year historical average of 3.2 percent of GDP during every year of the budget window. A key test of fiscal sustainability is whether debt is stable or declining as a share of the economy, resulting in interest payments that consume a stable or falling share of the Nation’s resources over time. The Budget meets that test, showing that investments in growth and opportunity are compatible with also putting the Nation’s finances on a strong and sustainable path.

Creating a 21st Century Government

In addition to achieving key metrics of fiscal responsibility, the Budget continues the Administration’s efforts to make Government more effective and efficient. The President is committed to creating a Government that makes a significant, tangible, and positive difference in the economy and the lives of the American people, and to driving lasting change in how Government works. Consistent with our efforts to maximize the impact of taxpayer dollars, the Budget fully supports the President’s Management Agenda, a comprehensive and forward-looking plan to modernize and improve government to ultimately deliver better, faster, and smarter services to citizens and businesses, making it more efficient every day.

To keep pace with the innovation and user experiences that the public expects, the Administration is working to leverage transformative IT to deliver world-class services to the American people. Building on last year’s launch of the U.S. Digital Service, a small team of our Nation’s best digital experts working to build the Federal Government’s digital capacity, the Budget scales and institutionalizes this new approach to technology by providing funding to 25 agencies for the development of their own high-impact agency digital services teams. In addition, we continue to invest in PortfolioStat, a data-based review of agency IT portfolios that has helped the Government achieve more than \$2.2 billion in savings over the past three years alone. The Budget proposes to streamline acquisition, opening contracts to small and innovative businesses, expanding benchmarking efforts and shared services platforms, and maximizing the Government’s purchasing power through a new Category Management approach to procurement. It continues efforts to shrink the Federal real estate footprint, and invests in fostering a culture of excellence and developing the workforce the Federal Government needs for the 21st century.

Consistent with these efforts, the President is again renewing his request for reorganization authority, which would allow the Administration to submit plans to consolidate departments and agencies for fast track consideration by the Congress in order to cut costs. The Budget outlines a set of cross-government reorganizations that would make the Government more efficient and effective, including the consolidation of the two primary food safety agencies into one agency

responsible for inspections, enforcement, and outbreak response. The Budget also embraces evidence-based approaches, investing in evidence-building efforts, scaling successful interventions, and promoting greater use of data and research in policymaking and program management to achieve results. And the Budget invests in continued efforts to open data to drive economic growth, unlock opportunities for entrepreneurs, and open the door to innovative research that can improve program outcomes.

Conclusion

The President's 2016 Budget makes smart, responsible investments that will build on economic progress to date to accelerate our economic growth, while protecting our national security. It ensures that every American has the chance to share in the benefits of growth -- helping working families make their paychecks go further, preparing hardworking Americans to earn higher wages, and creating a thriving 21st century economy here at home. It does all this by rejecting mindless austerity and reversing sequestration, while still making progress in meeting the Nation's fiscal goal by focusing on the true drivers of debt and deficits. And it shows how we can build on the progress that has been made over the last five years and ensure that our country remains strong and prosperous, both now and in the future. I look forward to working with the Congress and this Committee in the coming months. Thank you and I'd be glad to take your questions.