MARCH 28, 2022

BIDEN BUDGET REINVESTS IN THE FOUNDATIONS OF OUR NATION'S STRENGTH

SUMMARY OF THE PRESIDENT'S FY23 BUDGET

House Committee on the BUDGET

This document has not been reviewed and approved by the Democratic Caucus of the Budget Committee and may not necessarily reflect the views of all members.

Under the leadership of President Biden and Congressional Democrats, America is back on track. COVID cases are down, and vaccination rates are up. Students are back in classrooms and parents are returning to work. Our recovery is booming: unemployment has dropped to its lowest level since the pandemic began; initial unemployment claims are at their lowest level in more than half a century; we've added more than 7 million jobs back to our economy; GDP growth is at a 40-year high; and wages are up. This recovery was far from inevitable. Before the American Rescue Plan, our recovery was not projected to reach many of these milestones until at least 2024. We have made tremendous progress in a short period of time; but barriers remain, and new challenges have emerged at home and abroad.

A devastating pandemic, painful economic downturn, and a decade of chronic underinvestment in everything from health care, infrastructure, and schooling, to workforce development, research and development, and housing have created serious challenges for families and exacerbated underlying issues in our society. Families are now grappling with rising costs as supply chain disruptions have wreaked havoc on economies across the globe and Russia's unlawful and unprovoked invasion of Ukraine has destabilized an already volatile oil market.

These pressing challenges demand a unified, comprehensive plan. Democrats are working to advance our shared vision for a stronger, better, and more equitable America. The Budget Committee and House Democrats have consistently led the charge to enact President Biden's transformational agenda to strengthen our economy and improve the lives of American families. We have already delivered lifesaving and life-changing relief through the American Rescue Plan; long-overdue, bipartisan investments to repair and modernize our infrastructure through the Infrastructure Investment and Jobs Act; and a historic 2022 funding package that will help reverse years of chronic underinvestment in pivotal priorities. And soon we will send the COMPETES Act to the President's desk to make the transformational investments in research, innovation, and American manufacturing needed to lower costs, create additional good-paying American jobs, and outcompete our global competitors.

The President's budget request for 2023 takes the next steps toward achieving our shared goals. It provides a discretionary topline of nearly $1.6 trillion for annually funded programs, building on the enacted 2022 appropriations and continuing to repair the damage done by previous years of self-defeating austerity measures. Its fiscally responsible and pro-growth investments – whether through discretionary funding, direct spending programs, or revenue changes – will help increase the productive capacity of our economy, lower costs for families, create more opportunities for more Americans, and strengthen our long-term recovery. It includes key investments in K-12 education, housing, combatting the climate crisis, improving public health, and other vital priorities. Alongside these necessary investments, the budget proposes long-overdue changes to our tax code to ensure corporations and wealthy individuals pay their fair share.

Comparison of the President's 2023 Base Discretionary Request to 2022 *Billions of dollars*				
	2022 Enacted	2023 Request	Dollar Change	% Change
"Topline" Discretionary Totals	1,473	1,582	109	7.4%
Defense	782	813	31	4.0%
Non-Defense (NDD)*	594	650	56	9.5%
Veterans Medical Care	97	119	22	22.2%

** Excludes amounts for disaster relief, program integrity, Cures, and emergency funding. Includes amounts for the Harbor Maintenance Trust Fund. Totals may not add due to rounding.*

As negotiations continue with the Senate on the FY22 reconciliation bill, the President's budget will kickstart the FY23 appropriations process so Congress can work to deliver the strategic and crucial investments needed to build a better, stronger, more secure, and more inclusive America. This budget represents an excellent approach to the important investments we need to make for the American people and for our nation's long-term fiscal health.

President's 2023 Budget Totals *Billions of dollars*											
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2023-2032
Receipts.....	4,638	4,874	5,076	5,406	5,696	5,969	6,227	6,500	6,795	7,083	58,264
Outlays.....	5,792	6,075	6,406	6,734	7,048	7,502	7,670	8,114	8,477	8,867	72,685
Deficit.....	1,154	1,201	1,330	1,328	1,352	1,533	1,443	1,614	1,682	1,784	14,421
Debt held by the public.....	26,033	27,271	28,644	29,988	31,368	32,923	34,388	36,022	37,727	39,542	

MAKES HISTORIC EDUCATION INVESTMENTS TO STRENGTHEN THE FUTURES OF CHILDREN AND STUDENTS

Investments in education both support students in the near term and develop the next generation to create a well-educated, flexible workforce. The budget makes critical investments- in our littlest learners in pre-k, children in elementary and high school, and students in higher education.

The budget recognizes that children who receive high-quality care and education in their earliest years reap the benefits for years to come. It invests $7.6 billion in discretionary funding for the Child Care and Development Block Grant to expand access to affordable high-quality childcare. The budget also provides more than $12 billion in discretionary funding for Head Start so that students from underserved communities can enter kindergarten on strong footing.

The budget also makes investments in primary and high school education. For example, the budget invests nearly $37 billion for Title I grants (a combination of mandatory and discretionary funding), which supports under-resourced public schools and ensures that students from all backgrounds have a shot at a world-class education. This funding doubles 2021 enacted levels and supports 25 million students in nearly 90 percent of school districts. The budget also provides $1 billion to increase the number of school psychologists, counselors, and other health professionals to help support the mental and physical health of students and teachers. In addition, the budget provides more than $16 billion (including mandatory and discretionary resources) to support Individuals with Disabilities Education Act (IDEA) grants to states.

The budget also makes critical investments in higher education. The budget meets the President's commitment to double the maximum Pell Grant by 2029, making it more affordable for low-income students to attend college. Nearly 6.7 million students will gain access to this funding. The budget also increases funding for Historically Black Colleges and Universities (HBCUs), Tribally Controlled Colleges and Universities (TCCUs), Minority-Serving Institutions (MSIs) and Community Colleges. The budget also provides $260 million in discretionary funding for Department of Energy initiatives to build science and technology capacity in underserved institutions, including HBCUs, Hispanic Serving Institutions (HSIs), and TCCUs. In addition, the budget provides $315 million through the U.S. Department of Agriculture in agriculture research, education, and extension grants to build capacity in underserved institutions, including HBCUs, HSIs, and TCCUs.

BUILD BACK BETTER

The President's budget includes a "reserve" for deficit-neutral legislation to reduce costs for American families and strengthen our economy through investments such as for paid leave, child care, long-term care, housing, college, and others. The President will work with Congress to finalize the content of the package that was developed last year. The reserve preserves the revenue from tax and prescription drug reforms the President proposed last year to pay for this legislation.

Finally, the budget supports vulnerable children and families. The budget invests $20 billion and expands and incentivizes the use of evidence-based foster care prevention services to keep families safely together and to reduce the number of children entering foster care. For children who do need to be placed into foster care, the budget provides states with support and incentives to place more children with relatives or other adults who have an existing emotional bond with the child, and fewer children in group homes and institutions, while also providing additional funding to support youth who age out of care without a permanent caregiver. Finally, the budget provides nearly $11 billion to make the adoption tax credit refundable and expand who qualifies by allowing certain guardianship arrangements.

IMPROVES OUR CAPACITY TO COMBAT EXISTING AND EMERGING THREATS TO PUBLIC HEALTH

The budget builds on the public health investments in the American Rescue Plan to strengthen our nation's response to future public health crises and drive innovation in biomedical research. The budget invests more than $116 billion to ensure future pandemic and public health preparedness, which includes $82 billion to invest in development of medical countermeasures, surge capacity, and public health systems; $24 billion to establish the Vaccines for Adults program; and $6.5 billion to strengthen the global health workforce, advance research and development capacity, and increased health security financing. The budget provides $9.9 billion in discretionary funding for the Centers for Disease Control and Prevention, an increase of $2.8 billion over the 2021 level, to improve the core immunization program, expand public health infrastructure in States and Territories, strengthen the public health workforce, support efforts to modernize public health data collection, increase capacity for forecasting and analyzing future outbreaks, and conduct studies on long COVID conditions to inform diagnosis and treatment options. The budget also provides $142 billion over 10 years to guarantee adequate and stable funding for the Indian Health Service to improve access to high quality healthcare, rectify historical underfunding of the Indian Health system, and address health inequities.

Furthermore, the budget provides a major investment of $5 billion for the newly established Advanced Research Projects Agency for Health (ARPA-H), which includes support for the President's Cancer Moonshot initiative to cut cancer death rates by at least 50 percent over the next 25 years and improve the experience of people and their families living with and surviving cancer. This is a five-fold increase over the 2022 level. This agency will focus on advanced research specifically for our most pressing health challenges and accelerate the development of treatments and cures for cancer, diabetes, and Alzheimer's disease.

EXPANDS ACCESS TO HEALTH CARE AND SERVICES WHILE IMPROVING COVERAGE AND CARE

The budget invests $102 billion to transform mental health and substance use disorder coverage and infrastructure. This initiative includes $3 billion to improve access to behavioral health care in the private insurance market; $21 billion to require coverage of three behavioral health visits and three primary care visits without cost-sharing; $24 billion to expand and convert Medicaid demonstration programs to improve community behavioral health services into a permanent

program; $7.5 billion to invest in behavioral health workforce and delivery; $7.5 billion to establish Medicaid provider capacity grants for mental health and substance use disorder treatment; and $3.6 billion to permanently extend funding for Community Mental Health Centers.

The budget also advances maternal health and health equity by investing $3 billion over ten years to extend and expand the Maternal Infant Early Childhood Home Visiting (MIECHV) program. This program serves approximately 71,000 families at risk for poor maternal and child health outcomes each year and is proven to reduce disparities in infant mortality. The budget also provides $470 million of discretionary funds to reduce maternal mortality and morbidity rates, expand maternal health initiatives in rural communities, implement implicit bias training for health care providers, create pregnancy medical home demonstration projects, and address the highest rates of perinatal health disparities. Furthermore, the budget expands access to health care services for low-income women by providing $400 million, an increase of nearly 40 percent over the 2021 enacted level, to the Title X Family Planning program, which will improve overall access to vital reproductive and preventive health services and advance gender and health equity.

MAKES HOUSING MORE AFFORDABLE AND INVESTS TO REDUCE HOMELESSNESS

One of the largest portions of a family's budget is housing, so ensuring that they can afford safe and stable housing is vital. The budget makes housing more affordable for renters and homeowners alike. It emphasizes production of affordable housing in communities across the nation. It provides payment assistance for low-income Americans and those at risk of or experiencing homelessness, domestic violence, or other forms of violence. The budget also helps families struggling to pay their home energy and water bills through the Low-Income Home Energy Assistance Program. The budget provides nearly $48 billion to incentivize investment in affordable housing to increase the supply of such housing. Specifically, the budget provides $25 billion to the Department of Housing and Urban Development for affordable housing production grants, revolving loan funds, and other streamlined financing tools, as well as $10 billion in grants to remove barriers to the development of this housing. It also includes $5 billion to support financing of new construction and substantial rehabilitation of affordable housing. Furthermore, the budget proposes modifying the Low-Income Housing Tax Credit to increase new unit production, with a 10-year cost of almost $7.9 billion. In addition to these funds, the budget provides $5.5 billion to make the New Markets Tax Credit permanent and $1.9 billion in discretionary funding for the HOME Investment Partnerships Program. This program helps fund the construction and rehabilitation of affordable rental housing, and it provides additional homeownership opportunities. This investment is the highest funding level for HOME in nearly 15 years.

The Housing Choice Voucher program currently provides 2.3 million low-income families with rental assistance to obtain housing in the private market. The budget provides more than $32 billion in discretionary funding for this program, an increase of $6.4 billion over the 2021 enacted level, including emergency funding. This funding will maintain services for all current participants as well as expand assistance to an additional 200,000 households compared to the 2021 level, with a focus on those experiencing homelessness or leaving a dangerous living arrangement. To prevent and reduce homelessness, the budget provides $3.6 billion in discretionary funding, an increase of $580 million over the 2021 enacted level, for Homeless Assistance Grants to serve nearly 25,000 additional households, with a focus on survivors of domestic violence and homeless youth. Additionally, the budget includes $1.9 billion in discretionary funding for USDA's rural housing loan and grant programs. The request for rural multifamily housing programs includes a new policy requiring construction practices to improve energy or water efficiency, implement green features, or strengthen climate resilience.

The budget provides $4 billion in discretionary funding, a $225 million increase from the 2021 enacted level, for the Low-Income Home Energy Assistance Program (LIHEAP). LIHEAP helps families with their home energy costs, in some cases by improving weatherization in their homes. The budget gives states the option to use a portion of their LIHEAP funds to provide water bill assistance to low-income households to replace the Low-Income Household Water Assistance Program, which expires at the end of FY 2023.

INVESTS IN THE KNOWLEDGE, TECHNOLOGIES, AND ACTIONS NEEDED TO TACKLE THE CLIMATE CRISIS AND LEAD IN THE CLEAN ENERGY ECONOMY

The budget includes a total of $45 billion to tackle the climate crisis, a $17 billion increase from the 2021 level. This funding allows for major investments in climate resilience and adaption programs to reduce the risks of damages from storms, restore ecosystems, and help make our housing stock more resilient. It also supports research in climate science and innovation. In addition, the budget's significant investments in mass transit and rail transportation, electric vehicles, and repeal of a number of fossil fuel tax incentives will help reduce our reliance on fossil fuels that are contributing to climate change. The budget also makes historic investments in environmental justice and in coal and power plant communities facing energy transitions. These investments strengthen competitiveness and put America on a path to cut greenhouse emissions in half by 2030.

The budget also advances the President's Historic Climate Finance Pledge. The budget includes more than $11 billion in international climate finance, meeting the

President's pledge to quadruple international climate finance, a year ahead of schedule. This includes $5.3 billion in appropriations, including a $1.6 billion contribution to the Green Climate Fund, a critical multilateral tool for financing climate adaptation and mitigation projects in developing countries. The budget also supports a $3.2 billion loan to the Clean Technology Fund to finance clean energy projects in developing countries.

POSITIONS AMERICA TO OUTCOMPETE OUR GLOBAL COMPETITORS

The budget provides significant resources to make our economy more competitive. It funds the historic commitments included in last year's Infrastructure Investment and Jobs Act and builds on that legislation with additional investments. It provides $69 billion for highway programs, including $9.4 billion anticipated by the bipartisan infrastructure package, $8 billion to rebuild bridges, and $1.4 billion for an electric vehicle charging network. It provides $18 billion for rail transportation, a $15 billion increase from the 2021 level and $4.7 billion in funding on top of the funds provided in the bipartisan infrastructure law. These rail funds include $7.4 billion for Amtrak and $10 billion for grant programs to support passenger and freight rail modernization, safety, and expansion. Additionally, the budget provides $230 million for the Port Infrastructure Development Program and $1.7 billion for the Harbor Maintenance Trust Fund to strengthen maritime shipping and freight capacity at our nation's ports. New investments in telecommunications include $625 million to deploy and upgrade broadband internet access in underserved and rural areas.

The budget also makes important investments in small businesses, emerging technologies and domestic manufacturing. It increases the authorized lending levels in key Small Business Administration (SBA) programs by a total of $9.5 billion to significantly expand the availability of working capital, fixed capital, and venture capital funding for small businesses. It provides $880 million for the Directorate for Technology, Innovation, and Partnerships within NSF to help translate research into practical applications. To help ignite a resurgence of American manufacturing, the budget provides $372 million, an increase of $206 million from the 2021 enacted level, for the National Institutes of Standards and Technology's (NIST) manufacturing programs. These resources will help launch two additional Manufacturing Innovation Institutes in 2023 and continue support for two institutes funded in 2022 as part of the Administration's growing Manufacturing USA network, which brings together industry, academia, and government to accelerate manufacturing innovation and commercialization.

FULFILLS OUR SACRED OBLIGATION TO OUR VETERANS

The budget provides $135 billion in discretionary funding for the Department of Veterans Affairs (VA), a $31 billion or 29 percent increase from the 2021 level. This funding includes $119 billion for VA medical care, a $22 billion or 22 percent increase from the enacted 2022 level, to continue delivering world-class, timely care to our veterans. In addition to providing continued support for medical care, the budget prioritizes improving mental health support, expanding suicide prevention efforts, improving care for women veterans, bolstering efforts to end veteran homelessness, and supporting research critical to veterans' health needs. Furthermore, as the President highlighted in his State of the Union address, the budget addresses environmental exposures from military service by increasing resources for new presumptive disability compensation claims.

It also invests in research and health care programs to increase scientific understanding of and clinical support for veterans and health care providers regarding the potential adverse impacts of that environmental exposure. The budget also supports the President's Cancer Moonshot initiative to end cancer as we know it by investing in VA research programs for precision oncology to provide access to the best possible cancer care for veterans. Lastly, the budget increases resources for veterans' homelessness programs to $2.7 billion and sets a goal of ensuring every veteran has permanent, sustainable housing with access to health care and other support services to prevent and end veteran homelessness.

PROTECTS OUR COMMUNITIES WHILE ENFORCING CIVIL RIGHTS AND SUPPORTING NEEDED JUSTICE REFORMS

The budget provides $38 billion for the Department of Justice, a $4.2 billion, or 12.5 percent, increase above the 2021 enacted level. It includes $17 billion for DOJ's federal law enforcement programs, an increase of $1.7 billion above 2021 enacted levels, to combat violent crime and gun trafficking. Additionally, the budget includes nearly $30 billion in mandatory funding over the next 10 years to support law enforcement, crime prevention, and community violence protection. The budget invests $367 million, an increase of $101 million over the 2021 enacted level, in civil rights protections. It also supports key investments to implement the First Step Act, including $100 million for a joint project between the Bureau of Prisons and the Department of Labor to offer workforce development services to people in the Federal prison system and after release.

It includes an increase of $621 million above the 2021 enacted level to continue addressing the backlog of 1.5 million cases pending in immigration courts. The budget invests $150 million in discretionary resources for a new program providing

access to representation for adults and families in immigration proceedings. It further builds this new program with $4.5 billion in additional mandatory funding over the next 10 years.

The budget also includes a historic investment of $1 billion to support the Violence Against Women Act, a 95 percent increase over the 2021 enacted level. And to support environmental justice, it provides $1.4 million to launch the new Office for Environmental Justice and an additional $6.5 million for the Environment and Natural Resources Division's work on environmental justice and combatting the climate crisis.

STRENGTHENS OUR NATIONAL SECURITY AND MAKES GLOBAL LEADERSHIP A PRIORITY

The budget provides $813 billion for national defense for 2023, a 4 percent increase from the enacted 2022 level. With this funding, our military will have the resources it needs to meet challenges around the world, modernize and secure domestic defense systems, and ensure that military members and their families receive the support they deserve.

The Administration prioritizes a comprehensive security strategy that involves all elements of our nation's security strengths. The defense budget includes $773 billion for the Department of Defense (a 9.8 percent increase from the comparable 2021 level). An additional $40 billion supports the nuclear weapons-related activities of the Department of Energy and for various security activities at several other agencies including the Coast Guard and Federal Bureau of Investigation. Pending final review of the national security strategy, the budget assumes future defense increases of 3.6 percent in 2024, 1 percent in 2025, 1.6 percent in 2026 and .7 percent per year through the remainder of the 10-year window. Those rates reflect the long-run efficiency savings the Administration believes the Pentagon can achieve in the defense budget.

The budget provides $6.9 billion for Ukraine, NATO, and European deterrence to continue to counter Russian aggression and influence and to meet emerging needs related to security, energy, cyber security issues, disinformation, macroeconomic stabilization, and civil society resilience.

The budget recognizes that strong national security depends on more than just our military. It requires strong diplomacy, robust veterans' programs, effective homeland security activities, aggressive mitigation of the destabilizing effects of climate change, readied pandemic defenses, and an economy poised to compete and win, which underpins our national strength. The budget makes significant investments in each of these areas.

The budget also recognizes that U.S. election assistance is essential to our national security. Our 2020 election cycle is considered the most secure and accessible election in U.S. history. The budget builds on that success and provides $5 billion over 10 years to expand USPS delivery capacity in underserved areas and support for vote-by-mail, including reducing the cost of other election-related mail for jurisdictions and voters. The budget also invests $10 billion over 10 years in grants to the Election Assistance Commission to distribute to states and local governments for equipment and systems to increase access to and security of our elections.

PUTS OUR NATION ON A SOUND FISCAL COURSE AND BUILDS A STRONGER, MORE EQUITABLE ECONOMY

The President's budget makes critical investments for the future while also strengthening the nation's long-term fiscal health. The budget reduces the deficit by more than $1 trillion over the decade, cutting annual deficits from 12.4 percent of GDP in 2021 to under 5 percent of GDP within the 10-year budget window. The budget accomplishes this by making the tax system more equitable, asking corporations and the wealthiest to pay their fair share, and not raising any new taxes on anyone earning less than $400,000 a year. Ultimately, the budget will raise $2.5 trillion in receipts over the decade.

The budget asks corporations to pay their fair share by raising the corporate tax rate to 28 percent. Before enactment of the 2017 tax law, a corporate tax rate of 35 percent was the standard for the last several decades. This change alone will raise $1.3 trillion over the decade at a time when many corporations are enjoying record profits. Together with other tax proposals, this budget incentivizes bringing jobs back to the United States.

The budget will also increase fairness by making sure that billionaires do not pay lower tax rates than hard-working American families. The budget proposes a minimum tax on the wealthiest earners, meaning that billionaires must pay at least 20 percent in taxes on their full income, including unrealized appreciation. It would apply to those in only the top one-hundredth of one percent of earners (those worth over $100 million), and most of the revenue would come from households worth more than $1 billion. This proposal alone will raise $361 billion in revenue over the decade.

The budget will also prevent large multinational corporations from using tax havens to game the system. Building off the global minimum tax agreement that 130 countries signed onto last year, the budget includes additional measures to make sure that corporations cannot use tax havens to undermine the global minimum.

The budget also includes proposals to modify estate and gift tax exclusions, which raises nearly $48 billion over the decade. It improves fairness by closing tax loopholes, like taxing carried interest as ordinary income, so that hedge fund partners will pay ordinary income rates on their income just like every other worker. The plan also eliminates tax preferences for fossil fuels, extends and enhances incentives for clean energy, energy efficiency, and electricity transmission, and ensures polluting industries pay for environmental cleanup by restoring payments into the Superfund Trust Fund. These modifications to fossil fuel taxation will raise $45 billion over the decade.

In total, these important changes to the tax code will make our tax system more equitable, encourage investment in the United States, and help to level the playing field for all Americans.

Finally, the budget provides the Internal Revenue Service (IRS) with the resources it needs to improve taxpayer services. The budget's $14.1 billion for the IRS will provide resources to improve the taxpayer experience and expand customer service outreach to underserved communities and the taxpaying public at large. It also allows the IRS to complete its Business Systems Modernization to accelerate the development of new digital tools to enable better communication between taxpayers and the IRS. Increased funding for the IRS will also facilitate more effective oversight of high-income and corporate tax returns.