

TESTIMONY OF
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BEFORE
SENATE COMMITTEE ON THE BUDGET

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Chairman Sanders, Ranking Member Graham, and Members of the Committee—

Thank you for this opportunity to testify on President Biden’s Fiscal Year 2022 Budget.

Confronting Historic Challenges

Under the President’s leadership, our country is getting back on track after one of the most challenging periods in our history. At least 63% of American adults have now received one vaccine shot. The economy has added two million jobs since the President took office. The unemployment rate has dropped to 5.8 percent, the lowest since the start of the pandemic. A very encouraging sign is the decline we see in the long term unemployed by 431, 000 last month, as well as a decline in those seeking initial claims of unemployment by about half of what they were in January. All of this is due in no small part to the American Rescue Plan, which put money in pockets and shots in arms. The President’s Budget before you builds on this economic momentum to reimagine a new American economy that invests in the middle class and those trying to break into the middle class.

The President’s Fiscal Year 2022 Budget details the President’s agenda for this year to help grow the economy, create good paying jobs, and do so responsibly by requiring the wealthiest Americans and big corporations to pay their fair share. It includes the two historic plans the President has already put forward—the American Jobs Plan and the American Families Plan—and reinvests in education, research, public health, and other foundations of our country’s strength through the discretionary request. The Budget also calls on Congress to take action this year to lower prescription drug costs and expand and improve health coverage. And it does all of this while proposing long-overdue changes to our tax code that will improve our country’s long-run fiscal health and help lay the foundation for shared prosperity.

The American Jobs Plan

The Budget starts with the American Jobs Plan—a once-in-a-generation investment in America that will put millions of people to work rebuilding our country: fixing highways, rebuilding bridges, and upgrading our transit systems; replacing all lead pipes and service lines in our drinking water systems; investing in the infrastructure of our care economy and creating new and better jobs for caregiving workers; and much more. Specifically, it would:

- **Fix Highways, Rebuild Bridges, Upgrade Ports, Airports, and Transit Systems.** The President’s plan will modernize 20,000 miles of highways, roads, and main-streets. It will

fix the ten most economically significant bridges in the Nation in need of reconstruction. It also will repair the worst 10,000 smaller bridges, providing critical linkages to communities. And, it will replace thousands of buses and rail cars, repair hundreds of stations, renew airports, modernize Ports of Entry and expand transit and rail into new communities.

- **Deliver Clean Drinking Water, A Renewed Electric Grid, and High-Speed Broadband to All Americans.** The President’s plan will eliminate all lead pipes and service lines in our drinking water systems, improving the health of the Nation’s children and communities of color. It will put hundreds of thousands of people to work laying thousands of miles of transmission lines and capping hundreds of thousands of orphan oil and gas wells and abandoned mines. And, it will bring affordable, reliable, high-speed broadband to every American, including the more than 35 percent of rural Americans who lack access to broadband at minimally acceptable speeds.
- **Build, Preserve, and Retrofit More Than Two Million Homes and Commercial Buildings, Modernize Our Nation’s Schools and Child Care Facilities, and Upgrade Veterans’ Hospitals and Federal Buildings.** The President’s plan will create good jobs building, rehabilitating, and retrofitting affordable, accessible, energy efficient, and resilient housing, commercial buildings, schools, and child care facilities all over the Nation, while also vastly improving the Nation’s Federal facilities, especially those that serve veterans.
- **Solidify the Infrastructure of Our Care Economy by Creating Jobs and Raising Wages and Benefits for Essential Home Care Workers.** These workers—the majority of whom are women of color—have been underpaid and undervalued for too long. The President’s plan makes substantial investments in the infrastructure of our care economy, starting by creating new and better jobs for caregiving workers. It also provides home- and community-based care for seniors and people with disabilities who would otherwise have to wait years to get services they need.
- **Revitalize Manufacturing, Secure U.S. Supply Chains, Invest in R&D, and Train Americans for the Jobs of the Future.** The President’s plan will ensure that the best, diverse minds in America are put to work creating the innovations of the future while creating hundreds of thousands of quality jobs today. Our workers will build and make things in every part of America, and they will be trained for well-paying, middle-class jobs using evidence-based approaches such as sector-based training and apprenticeship.

The American Families Plan

To complement the American Jobs Plan and help extend the benefits of economic growth to all Americans, the Budget also includes the American Families Plan—a historic investment to help families cover the basic expenses that so many struggle with now, lower health insurance premiums, and continue the historic reductions in child poverty in the American Rescue Plan. It would:

- **Add at Least Four Years of Free Education.** The American Families Plan will provide universal, high-quality preschool to all three- and four- year-olds. It will provide Americans two years of free community college. It will invest in making college more affordable for low- and middle-income students, including students at Historically Black Colleges and Universities (HBCUs), Tribal Colleges and Universities (TCUs), Hispanic-serving institutions, Asian American and Native American Pacific Islander-serving institutions, and other minority-serving institutions (MSIs). And, it will invest in our teachers as well as our students, improving teacher training and support so that our schools become engines of growth at every level.
- **Provide Direct Support to Children and Families.** The American Families Plan will provide direct support to families to ensure that low- and middle-income families spend no more than seven percent of their income on child care, and that the child care they access is of high-quality. It will also provide direct support to workers and families by creating a national comprehensive paid family and medical leave program that will bring the American system in line with competitor nations that offer paid leave programs. And, the plan will provide critical nutrition assistance to families who need it most and expand access to healthy meals to our Nation’s students—dramatically reducing childhood hunger.
- **Extend Tax Cuts for Families with Children and American Workers.** The American Families Plan will extend key tax cuts in the American Rescue Plan that benefit lower- and middle-income workers and families, including the expansions of the Child Tax Credit, the Earned Income Tax Credit, and the Child and Dependent Care Tax Credit.
- **Strengthen Health Care.** The American Families Plan will also extend the expanded health insurance tax credits in the American Rescue Plan. These improvements are lowering premiums for 9 million current enrollees by an average of \$50 per person per month and making them permanent will let an estimated four million uninsured people gain coverage. The American Families Plan also makes historic investments to improve maternal health and reduce maternal mortality. The Plan will also support the families of veterans receiving health care services.

Alongside these investments, the Budget also reiterates the President’s strong call to Congress during his Joint Session address to make progress on health care by: cutting prescription drug costs; reducing deductibles for ACA marketplace plans; improving Medicare benefits through access to dental, hearing and vision coverage; creating a public option and giving people age 60 and older the option for people to enroll in Medicare; and closing the Medicaid coverage gap to help millions of uninsured Americans gain health insurance.

Reinvesting in Discretionary Programs

After a decade of underinvestment in priorities that are vital to our country’s future, the Budget also details a robust set of discretionary proposals to help reinvest in the foundations of our strength and success. That includes funding for priorities like public health, public education,

basic science, and clean energy. In total, the Budget's discretionary investments would restore non-defense appropriations to the historical average share of the economy.

Specifically, the discretionary request is another important opportunity to continue laying a stronger foundation for the future and reversing a legacy of chronic disinvestment in crucial priorities. Over the past decade, due in large measure to overly restrictive budget caps, the Nation significantly underinvested in core public services, benefits, and protections. Since FY 2010, non-defense discretionary funding—the area of the Federal budget that funds education, research, public health, and other crucial services—has shrunk significantly as a share of the economy. The President's Budget reverses that trend through targeted discretionary investments across a range of key areas. The Budget:

- **Makes Historic Investments in High-Poverty Schools.** The Budget proposes a historic \$36.5 billion investment in Title I grants, a \$20 billion increase from the 2021 enacted level. This investment would provide historically under-resourced schools with the funding needed to deliver a high-quality education to all of their students.
- **Launches Advanced Research Projects Agency for Health (ARPA-H).** The Budget includes a major investment of \$6.5 billion to launch ARPA-H, which would provide significant increases in direct Federal research and development spending in health. With an initial focus on cancer and other diseases such as diabetes and Alzheimer's, this major investment in Federal research and development would drive transformational innovation in health research and speed application and implementation of health breakthroughs.
- **Improves Readiness for Future Public Health Crises.** The Budget includes \$8.7 billion in discretionary funding for the Centers for Disease Control and Prevention (CDC) — the largest budget authority increase in nearly two decades—to restore capacity at the world's preeminent public health agency and rebuild international capacity to detect, prepare for, and respond to emerging global threats.
- **Makes a Major Investment to Help End the Opioid Epidemic.** The Budget includes a historic investment of \$10.7 billion in discretionary funding in the Department of Health and Human Services, an increase of \$3.9 billion over the 2021 enacted level, to support research, prevention, treatment, and recovery support services, with targeted investments to support populations with unique needs, including Native Americans, older Americans, and rural populations. The Budget also includes \$621 million specific to the Department of Veterans Affairs' Opioid Prevention and Treatment programs.
- **Invests in Tackling the Climate Crisis.** The Budget includes major new climate change investments—an increase of more than \$14 billion compared to 2021—across nearly every agency to: restore the critical capacity needed to carry out their core functions and to take a whole-of-government approach to tackling climate change while creating good paying jobs; secure environmental justice for communities that have been left behind through the largest direct investment in environmental justice in history; and help developing countries reduce emissions and adapt to climate change.

- **Extends Housing Vouchers and Helps End Homelessness.** The Budget proposes to provide \$30.4 billion for Housing Choice Vouchers, expanding vital housing assistance to 200,000 more families, with a focus on those who are homeless or fleeing domestic violence. The Budget also builds on important provisions included in the American Rescue Plan Act of 2021 by providing a \$500 million increase for Homeless Assistance Grants to support more than 100,000 households—including survivors of domestic violence and homeless youth, helping prevent and reduce homelessness.
- **Invests in Civil Rights Offices Across Government.** The Budget supports significant increases for civil rights offices and activities across Federal agencies to ensure that the Nation’s laws are enforced fairly and equitably.
- **Invests in Efforts to End Gender-Based Violence.** The Budget includes a historic investment of \$1 billion in total funding for DOJ Violence Against Women Act programs, nearly double the 2021 level, including funding for new programs. In addition, the request provides funding at HHS for domestic violence hotlines and for cash assistance, medical support and services, and emergency shelters for survivors.
- **Upholds Our Trust Responsibility to Tribal Nations.** To begin redressing long-standing, stark inequities experienced by American Indians and Alaska Natives, the Budget proposes to dramatically increase funding for the Indian Health Service (IHS) by \$2.2 billion and provides \$900 million to fund tribal efforts to expand affordable housing, improve housing conditions and infrastructure, and increase economic opportunities for low-income families. The Budget also includes an increase of more than \$450 million to facilitate climate mitigation, resilience, adaptation, and environmental justice projects in Indian Country, including investment to begin the process of transitioning tribal colleges in the country to renewable energy.

A Fiscally and Economically Responsible Path

The Budget makes these investments in a way that’s responsive to both the near- and medium-term economic landscape and the longer-term fiscal outlook.

In the near-term, the decades-long, global trend of declining interest rates gives us the fiscal space to make necessary upfront investments. Under this Budget’s policies, the real cost of federal debt payments will remain below the historical average through the coming decade, even as the budget assumes that interest rates will rise from their current lows, consistent with private sector forecasts. Low real debt service payments show that the cost of these up-front investments is not burdening the economy. To the contrary, failing to make these investments at a time of such low interest costs would be an historic missed opportunity that would leave future generations worse off.

This Budget does not make that mistake, and its investments will pay dividends for many years to come.

Over the long run, when we face larger fiscal challenges and more uncertainty about interest rates, the Budget will reduce the deficit and improve our Nation's finances. That's because its front-loaded investments are more than paid for through permanent tax reforms that will ensure corporations and the wealthiest Americans pay their fair share. The Budget policies reduce annual deficits beginning in 2030 and reduce deficits by over \$2 trillion in the subsequent decade, while the American Jobs Plan and American Families Plan are fully offset within fifteen years.

As a whole, the Budget will improve our nation's long-term finances while making the growth-enhancing investments that we need right now.

Thank you for the opportunity to appear before the committee today, and I would be happy to take your questions.