

**June 24, 2020**

**To:**

**From:** David Crow, Laurie-Ann Flanagan, David Beaudreau

**Re: House Committee on the Budget Hearing: Health and Wealth Inequality in America: How**

**COVID-19 Makes Clear the Need for Change**

On Tuesday, June 23, the House Committee on the Budget held a hearing to discuss the topic of “Health and Wealth Inequality in America: How COVID-19 Makes Clear the Need for Change.”

**Members Attended:**

Chairman John Yarmuth (D-KY)

Ranking Member Steve Womack (R-AR)

Representative Brian Higgins (D-NY)

Representative Bill Johnson (R-OH)

Representative Rosa DeLauro (D-CT)

Representative George Holding (R-NC)

Representative Janice Schakowsky (D-IL)

Representative Dan Meuser (R-PA)

Representative Daniel Kildee (D-MI)

Representative Dan Crenshaw (R-TX)

Representative Jimmy Panetta (D-CA)

Representative Tim Burchett (R-TN)

Representative Joseph Morelle (D-NY)

Representative Bill Flores (R-TX)

Representative Steven Horsford (D-NV)

Representative Sheila Jackson Lee (D-TX)

Representative Robert Scott (D-VA)

**Opening Statements:**

Chairman Yarmuth began the hearing by stating that the purpose of convening was to address the underlying health and economic inequalities disproportionately affecting minorities during the pandemic. He pointed out that long standing, systemic obstacles have prevented Latino and black families from receiving equitable access to healthcare, and that their median household earnings equate to 79 and 59 cents on the dollar with respect to the median white household income. He juxtaposed this issue against the reality that many of these same families comprise the essential workforce and are faced with the difficult decision to risk their health in order to provide for their families. He mentioned that the issue of racial inequality persists past disparate economic status and health care access, implicating the children of minority families’ heightened loss of access to education at 9-10 months compared to white children’s projected loss of 6 months’ time.

Ranking Member Steve Womack voiced his concern for the committee’s lack of focus on the detriments of the long-term spending ramifications, identifying the growing deficit due to bipartisan support of 2.3 T in appropriations for economic and health spending. He noted that careless spending will threaten the financial securities of Medicare, Medicaid, and the social securities that many of the vulnerable families identified by the Chairman rely upon. Despite the historically low interest rates, he noted that future generations may face a sovereign debt crisis which will increase the financial pressures many families are now feeling, urging the committee to pass a budget resolution to address the difficult fiscal challenges that Congress has brought upon themselves since the outbreak of the COVID-19.

**Witnesses:**

* **Sir Angus Deaton, Ph.D.,** Senior Scholar, Princeton University Woodrow Wilson School; and, Presidential Professor of Economics at the University of Southern California
  + Dr. Deaton’ testimony detailed several inequalities that exist across racial, educational, financial, and social axes which have been exacerbated by the pandemic and economic recession. He noted the recent pushes to reform police systems, but indicated that healthcare, antitrust and unemployment systems, and more must also be reformed in order to holistically address the inequalities that black and Latino communities face. Despite the fact that several generations have oriented their lives around the idea that higher education is indicative of success, he noted that the economy no longer caters towards those credentials, pointing towards declining wages, employment rates, marriages, church-going, and general socializing. He echoed the figures of increased mortality rates among blacks, Latinos, and natives compared to whites, mentioning the exorbitant cost of healthcare which is typically financed by employers in such a way that excludes many African Americans. Dr. Deaton concluded his opening statement by pointing out that while the four largest states contain a third of the national population, they hold only 8% of Senate votes, implying the need for electoral restructuring.
* **Patrice Harris, M.D., M.A.,** President, American Medical Association
  + Dr. Harris’s opening statement focused on the disproportionate health issues that black and Latinos face under the American health system, stating that in all fifty states, black people contract COVID at significantly higher rates, despite their makeup of the population - in some states reaching figures four times exceeding those of their white counterparts. She partly attributed this to determinants of health like housing, food, and financial security, along with the black community’s increased likelihood of working essential jobs, thus increasing their exposure. Moving forward, she suggested targeted outreach for testing, vaccine trials among diverse populations, legislative action promoting state and federal collection of data regarding infection, increased resources for mental health infrastructure, and expanded access to healthcare and insurance.
* **Damon Jones, Ph.D.,** Associate Professor, University of Chicago Harris School
  + Dr. Jones began his opening statement by identifying four key aspects of inequality. He asserted the decline in the ability of workers to leverage collective action against their employers as the first aspect, noting that the average worker is experiencing stagnant wages and is now unable to demand necessary equipment, sick leave, and hazard pay due to restrictions on organization of labor. He then mentioned the linking of insurance to employment, pointing out how problematic this system is especially during the dual challenge of economic recession during a global pandemic. He discussed how most families have less than one month of income saved for a rainy day or prolonged emergency, and that families of color have experienced damaging delays in their access to the relief provided by the Paycheck Protection Program and CARES Act which all-together ignores undocumented and homeless peoples. The last aspect he discussed was the disproportionate composition of essential workers simultaneously paired with their lack of health coverage. In terms of solutions, he proposed enforced labor standards to empower organization, expansion of Medicaid eligibility for those who have experienced job loss, distribution of direct relief payments via the IRS, extension of relief towards undocumented families, and pursuit of a racial reparations commission like that proposed by HR-40.
* **Avik Roy,** President, Foundation for Research on Equal Opportunity
  + Mr. Roy drew attention to the three main topics presented in his written statement: long-term effects of economic lockdown and its disproportionate harm to minority-owned businesses, destabilization of fiscal viability due to increased federal spending, and the failure to protect demographics in assisted living facilities which have experienced 43% of all COVID deaths. He mentioned that the unemployment rate for Latinx and black communities caused by government-imposed lockdowns has drastically increased from the record low figures in 2019 to 16.8% and 17.6% respectively. He continued by pointing out that businesses have faced 41%, 32% and 17% losses across to black, Latinx, and white ownership. Lastly, he discussed the consolidation of mortality rates among the 65+ age demographic which is illustrated by the 43% death rate amongst the 0.6% of the population which live in senior care.

**Questions:**

Representative Higgins asked Dr. Harris whether or not people should be concerned about Dr. Fauci’s optimistic vaccination development timeline. She responded that Dr. Fauci is the foremost expert on infectious diseases in the country, but that a developed vaccine is not synonymous with a manufactured and equitably distributed vaccine.

Representative Johnson asked Mr. Roy how the pandemic has accelerated the already-rising federal debt. Mr. Roy identified spending approved under the CARES Act, as well as other programs which, if left unaccounted for, will harm the most vulnerable and reliant communities when it comes time to pay the bonds which are funding federal spending. He added that the pandemic is stoking the fire by decreasing general national health as people are apprehensive to receive necessary treatments like mammograms, prostate exams, and heart attack operations, and that prolonged periods of unemployment also negatively impact life expectancy.

In reference to the American Family Act which she and her colleagues are set to introduce, Representative DeLauro asked Dr. Deaton how a monthly refundable tax credit for children under the age of six can make the difference for families who qualify. He deferred to his colleagues for expertise on childcare assistance mechanisms, but anecdotally shared his own experience indicating his support for such a bill.

Representative Holding asked Mr. Roy to speak to the long-term effects of irregular access to food and child-care facilities in light of the shutdown of most schools across the country. He responded that the closure of schools is a huge disruptor to the delivery of food to low income schools, stating that it is important to reopen schools where prudently possible and consistent with local public health capabilities.

Representative Schakowsky asked Dr. Harris and Dr. Jones why people of color may be fatally impacted by high drug prices. Dr. Harris noted that access to affordable prescription drugs is a critical issue, and that people who are reliant on Medicaid or state programs are typically unable to afford the drugs prescribed to them. Dr. Jones concurred, adding that people of color are less likely to have health insurance coverage, suggesting that a streamlined generic drug development process to introduce more competitive solutions to the market as soon as possible could help remediate the unequal situation.

Representative Meuser asked MR. Roy to speak to the positive employment trends observed prior to the pandemic, and how the nation might reach those figures again. Roy noted that the disparity between white and black unemployment rates reached record lows in late 2019 and that the shutdowns reversed nearly all of those gains. He recommended a swift and safe reopening of the economy so that the market can regain lost ground as soon as possible.

Noting his disappointment in Democrats’ refusal to co-sponsor a bill to reform unemployment programs to get suffering minority communities back to work, Representative Crenshaw asked Mr. Roy what an effective unemployment program might look like. Mr. Roy noted the unsuccessful blanket rollout under the CARES Act which dissuaded many beneficiaries from going back to work, adding that a program should target and incentivize hourly wage workers who compose the essential workforce to return to their jobs. Representative Crenshaw commented on the push for a single-payer healthcare system which his colleagues across the aisle have presented as the only solution, asking Mr. Roy if that is the case. Referencing a list published by FREOPP listing the mortality rates of the 31 wealthiest countries, Mr. Roy stated that use of a single-payer healthcare system alone is not an indicator of success with respect to addressing the pandemic, highlighting Taiwan and Italy’s placement on the list at #1 and #30 respectively, both of which employ a single-payer system.

Similarly, Representative Flores asked Mr. Roy if top-down infrastructural reform is the best approach to strengthen the economy and provide more opportunities for minorities. Indicating the need for mindfulness of policies that might, in fact, hinder job creation and economic growth, Mr. Roy urged against renewing, restoring, or extending the $600 feature of the unemployment bonus from the CARES Act, which inadvertently prevented people from going back to work.

Noting that essential farm workers are unable to work from home and that 75% of undocumented farmers do not have health insurance, Representative Panetta asked Dr. Harris what Congress can do to help them gain access. She deferred to the wisdom of the relevant committees but affirmed the importance of making sure that everyone has meaningful coverage. He followed up by asking how important the role of telemedicine has become during the pandemic. Dr. Harris strongly encouraged expansion of access to broadband connection in underserved communities, as telemedicine has proven to be a successful means by which doctors can treat patients they otherwise would not be able to, pandemic notwithstanding.

Representative Burchett asked how the government can leverage expansion of Medicaid as a solution to the vulnerable and underserved communities. Referencing his opening statement, Mr. Roy noted that the 0.6% of folks living in long-term care facilities experience 43% of the deaths, and that Medicaid is the biggest driver of this problem because of the limitations on access to care it imposes. Eligible patients have to go to nursing homes to get the care they need, nursing homes which have proven to be tremendous hotspots for exposure and, therefore, particularly threatening to the 65+ demographic which is reliant on the inflexible program.

Representative Morelle asked Dr. Harris how COVID-19 is affecting segregated neighborhoods which suffer the cycle of systemic disadvantage, academic and financial insecurity, reduced access to healthcare, etc. She responded that the pre-existing and disproportionately severe conditions such as asthma, obesity, diabetes, and more amongst these communities on top of the fact that they comprise the essential workforce make it nearly impossible for them to escape the cycle that the congressman highlighted.

Representative Sheila Lee asked Dr. Harris and Dr. Jones to speak to the idea of the Commission to Develop Proposals for African Americans to address systemic racism and deploy reparations. Dr. Harris noted her institution's initial failure to allow entry from black practitioners, but that it has since made significant efforts for reconciliation and hopes to see similar programs implemented nationwide. Dr. Jones also affirms the importance of such a commission.

Mentioning an increased minimum wage, empowerment of organized labor, investments in the education system, housing and home-ownership initiatives, fighting discrimination in business and housing loans to protect minorities, Representative Scott asked Dr. Deaton what solutions he recommends to address the financial inequalities made particularly evident by the pandemic. Dr. Deaton stated that he has made the case for all of the above in his writings, but underscores the need to reign in the cost of healthcare entitlements, noting that 50% of the costs are wasted.

Ranking Member Womack asked the panel if the national deficit and debt concerns them. Dr. Deaton responded yes, stating that even before the pandemic, it was of utmost concern but has been exacerbated by the high cost spending due to the bloated healthcare system. Dr. Jones said yes, but that Congress needs to focus on the emergency at hand and draw into the deep pockets of the federal government to save people’s lives. Mr. Roy endorsed concern for fiscal reckoning, stating that it will destroy vulnerable communities. Womack asked the panel of full broadband coverage will be crucial to innovate the way that we teach, work, and communicate. The panel agreed.

Chairman Yarmuth challenged the idea that the primary way to address systemic inequities is to strengthen the rising economic tide, stating that, historically; this approach has only furthered the economic disparities the committee is discussing today, asking Dr. Deaton to speak to the idea of trickle-down economics. Dr. Deaton affirms that in the past 30 years, the observed growth has not benefited the vulnerable communities. He noted that existing arguments about measurements of the growth and distribution of wealth typically omit the fact that 150,000 people and counting keep destroying their lives via suicide, drug addiction, etc. despite the fact that the U.S. has the strongest economy in the world. Noting that the U.S. is the only industrialized country with employer-based insurance which furthers racial disparities in access to healthcare, Chairman Yarmuth asked Dr. Jones how Medicare for All could address the current crisis. Dr. Jones stated that the cost of an employer-based system is increased as people lose access to healthcare amidst such a recession and are unable to effectively organize to secure better coverage even when they retain employment.

The hearing record will remain open for 15 days after the date of the hearing.